SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1997

OR

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

Commission File No. 1-10410

HARRAH'S ENTERTAINMENT, INC.
(Exact name of registrant as specified in its charter)

Delaware	I.R.S. No. 62-1411755
(State of Incorporation)	(I.R.S. Employer Identification No.)

1023 Cherry Road
Memphis, Tennessee 38117
(Address of principal executive offices)
(901) 762-8600
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

At March 31, 1997, there were outstanding 101,705,901 shares of the Company's Common Stock.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The accompanying unaudited Consolidated Condensed Financial Statements of Harrah's Entertainment, Inc. ("Harrah's" or the "Company"), a Delaware corporation, have been prepared in accordance with the instructions to Form 10-Q, and therefore do not include all information and notes necessary for complete financial statements in conformity with generally accepted accounting principles. The results for the periods indicated are unaudited, but reflect all adjustments (consisting only of normal recurring adjustments) which management considers necessary for a fair presentation of operating results. Results of operations for interim periods are not necessarily indicative of a full year of operations. These Consolidated Condensed Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Company's 1996 Annual Report to Stockholders.

HARRAH'S ENTERTAINMENT, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(UNAUDITED)

(In thousands, except share amounts)

	March 31, 1997	December 31, 1996
ASSETS		
Current assets		
Cash and cash equivalents	$ 103,135	$ 105,594
Receivables, less allowance for doubtful accounts of $15,542 and $14,064	37,732	41,203
Deferred income tax benefits	25,455	25,551
Prepayments and other	18,270	18,401
Inventories	10,490	10,838
Total current assets	195,082	201,587
Land, buildings, riverboats and equipment	2,039,679	1,977,960
Less: accumulated depreciation	(609,367)	(588,066)
	1,430,312	1,389,894
Investments in and advances to nonconsolidated affiliates	214,903	215,539
Deferred costs and other	162,540	167,053
	$2,002,837	$1,974,073
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 36,966	$ 44,934
Construction payables	11,587	17,975
Accrued expenses	160,585	139,892
Current portion of long-term debt	1,870	1,841
Total current liabilities	211,008	204,642
Long-term debt	937,608	889,538
Deferred credits and other	100,869	97,740
Deferred income taxes	36,546	45,443
	1,286,031	1,237,363
Minority interests	17,011	16,964
Commitments and contingencies (Notes 3, 5, 6 and 7)		
Stockholders' equity		
Common stock, $0.10 par value, authorized 360,000,000 shares, outstanding 101,705,901 and 102,969,699 shares (net of 2,065,640 and 771,571 shares held in treasury)	10,170	10,297
Capital surplus	385,636	385,941
Retained earnings	285,244	290,797
Unrealized gains on marketable equity securities	35,823	51,394
Deferred compensation related to restricted stock	(17,078)	(18,683)
	699,795	719,746
	$2,002,837	$1,974,073

See accompanying Notes to Consolidated Condensed Financial Statements.

HARRAH'S ENTERTAINMENT, INC.
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(UNAUDITED)

(In thousands, except per share amounts)

	First Quarter Ended March 31, 1997	First Quarter Ended March 31, 1996
Revenues		
Casino	$313,825	$321,146
Food and beverage	45,691	43,914
Rooms	26,700	26,850
Management fees	5,606	3,609
Other	16,512	20,725
Less: casino promotional allowances	(34,235)	(33,361)
Total revenues	374,099	382,883
Operating expenses		
Direct		
Casino	165,152	158,933
Food and beverage	22,805	22,434
Rooms	8,554	8,486
Depreciation of buildings, riverboats and equipment	24,582	20,071
Development costs	1,956	3,328
Preopening costs	7,466	214
Other	87,098	87,476
Total operating expenses	317,613	300,942
Operating profit	56,486	81,941
Corporate expense	(7,592)	(7,271)
Equity in income (losses) of nonconsolidated affiliates	(2,148)	161
Project reorganization costs	(1,455)	(2,401)
Income from operations	45,291	72,430
Interest expense, net of interest capitalized	(17,815)	(16,579)
Other income, including interest income	3,106	529
Income before income taxes and minority interests	30,582	56,380
Provision for income taxes	(11,647)	(21,383)
Minority interests	(1,824)	(3,587)
Net income	$ 17,111	$ 31,410
Earnings per share	$ 0.17	$ 0.30
Average common shares outstanding	102,156	103,379

See accompanying Notes to Consolidated Condensed Financial Statements.

HARRAH'S ENTERTAINMENT, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In thousands)

	First Quarter Ended March 31, 1997	First Quarter Ended March 31, 1996
Cash flows from operating activities		
Net income	$ 17,111	$ 31,410
Adjustments to reconcile net income to cash flows from operating activities		
Depreciation and amortization	28,010	23,434
Other noncash items	5,766	6,101
Minority interests' share of net income	1,824	3,587
Equity in losses (income) of nonconsolidated affiliates	2,148	(161)
Net gains from asset sales	(943)	-
Net change in long-term accounts	2,088	1,321
Net change in working capital accounts	15,281	12,339
Cash flows provided by operating activities	71,285	78,031
Cash flows from investing activities		
Land, buildings, riverboats and equipment additions	(65,806)	(72,856)
(Decrease) increase in construction payables	(6,388)	11,569
Proceeds from asset sales	2,846	468
Investments in and advances to nonconsolidated affiliates	(27,039)	(15,220)
Other	(886)	(4,151)
Cash flows used in investing activities	(97,273)	(80,190)
Cash flows from financing activities		
Net borrowings (repayments) under Revolving Credit Facility	48,997	(4,100)
Purchases of treasury stock	(22,790)	-
Debt retirements	(902)	(290)
Minority interests' distributions, net of contributions	(1,776)	(3,544)
Cash flows provided by (used in) financing activities	23,529	(7,934)
Net decrease in cash and cash equivalents	(2,459)	(10,093)
Cash and cash equivalents, beginning of period	105,594	96,345
Cash and cash equivalents, end of period	$103,135	$ 86,252

See accompanying Notes to Consolidated Condensed Financial Statements.

HARRAH'S ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
MARCH 31, 1997
(UNAUDITED)

Note 1 - Basis of Presentation and Organization

Harrah's Entertainment, Inc. ("Harrah's" or the "Company" and including its subsidiaries where the context requires), a Delaware corporation, is one of America's leading casino companies and currently operates casino entertainment facilities in eight states and New Zealand. Harrah's casino entertainment facilities include casino hotels in all five major Nevada and New Jersey gaming markets: Reno, Lake Tahoe, Las Vegas and Laughlin, Nevada; and Atlantic City, New Jersey. Harrah's riverboat and dockside casinos are in Joliet, Illinois; Shreveport, Louisiana; Tunica and Vicksburg, Mississippi; and North Kansas City, and St. Louis, Missouri. Harrah's owns a minority interest in and manages a casino in Auckland, New Zealand, and also manages casinos on Indian lands near Phoenix, Arizona and Seattle, Washington. Harrah's discontinued managing two limited stakes casinos in Colorado at the end of the first quarter 1997.

The Consolidated Condensed Financial Statements include the accounts of Harrah's and its majority-owned subsidiaries after elimination of all significant intercompany accounts and transactions. Investments in 20% to 50% owned companies and joint ventures are accounted for using the equity method. Harrah's reflects its share of net income of these nonconsolidated affiliates in Equity in income (losses) of nonconsolidated affiliates (see Note 7).

Certain amounts for the first quarter ended March 31, 1996 have been reclassified to conform with the presentation for the first quarter ended March 31, 1997.

Note 2 - Stockholders' Equity

In addition to its common stock, Harrah's has the following classes of stock authorized but unissued:

Preferred stock, $100 par value, 150,000 shares authorized
Special stock, 2,000,000 shares authorized -
  Series A, $1.125 par value

In October 1996, Harrah's Board of Directors approved a plan which authorized the purchase in open market and other transactions of up to 10% of Harrah's outstanding shares of common stock. As of March 31, 1997, 2,018,300 shares had been purchased at an average price of $17.74 per share, and are being held in treasury. The Company expects to acquire additional shares from time to time at prevailing market prices through the December 31, 1997, expiration of the approved plan.

Note 3 - Long-Term Debt

Planned Redemption of 10 7/8% Notes

On April 25, 1997, Harrah's announced that its principal operating subsidiary, Harrah's Operating Company, Inc. ("HOC"), had called for redemption on May 27, 1997, its $200 million in 10 7/8% Senior Subordinated Notes due 2002. The call price is 104.833% of the principal amount, plus accrued and unpaid interest through the redemption date. Harrah's will retire the notes using proceeds from its revolving bank credit facility.

Interest Rate Agreements

To manage the relative mix of its debt between fixed and variable rate instruments, Harrah's enters into interest rate swap agreements to modify the interest characteristics of its outstanding debt without an exchange of the underlying principal amount. At March 31, 1997, Harrah's was a party to the following interest rate swap agreements pursuant to which it pays a variable interest rate in exchange for receiving a fixed interest rate. The average variable rate paid by Harrah's was 5.7% at March 31, 1997, and the average fixed interest rate received was 5.9%. The impact of these interest rate swap agreements on the effective interest rates of the associated debt was as follows:

Associated Debt	Swap Rate (LIBOR+)	Effective Rate at March 31, 1997	Next Semi-Annual Rate Adjustment Date	Swap Maturity
10 7/8% Notes				
$200 million	4.73%	10.46%	April 15	October 1997
8 3/4% Notes				
$50 million	3.42%	8.99%	May 15	May 1998
$50 million	3.22%	8.95%	July 15	July 1998

In accordance with the terms of the interest rate swap agreements, the effective interest rate on the $200 million 10 7/8% Notes was adjusted on April 15, 1997 to 10.82%.

Harrah's also maintains seven additional interest rate swap agreements to effectively convert a total of $350 million in variable rate debt to a fixed rate. Pursuant to the terms of these swaps, all of which reset quarterly, Harrah's receives variable payments tied to LIBOR in exchange for its payments at a fixed interest rate. The fixed rates to be paid by Harrah's and variable rates to be received by Harrah's are summarized in the following table:

HARRAH'S ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 1997
(UNAUDITED)

Note 3 - Long-Term Debt (Continued)

Notional Amount	Swap Rate Paid (Fixed)	Swap Rate Received (Variable) at March 31, 1997	Swap Maturity
$50 million	7.910%	5.563%	January 1998
$50 million	6.985%	5.625%	March 2000
$50 million	6.951%	5.641%	March 2000
$50 million	6.945%	5.641%	March 2000
$50 million	6.651%	5.547%	May 2000
$50 million	5.788%	5.555%	June 2000
$50 million	5.785%	5.555%	June 2000

The differences to be paid or received under the terms of the interest rate swap agreements are accrued as interest rates change and recognized as an adjustment to interest expense for the related debt. Changes in the variable interest rates to be paid or received by Harrah's pursuant to the terms of its interest rate agreements will have a corresponding effect on its future cash flows. These agreements contain a credit risk that the counterparties may be unable to meet the terms of the agreements. Harrah's minimizes that risk by evaluating the creditworthiness of its counterparties, which are limited to major banks and financial institutions, and does not anticipate nonperformance by the counterparties.

Note 4 - Supplemental Disclosure of Cash Paid for Interest and Taxes

The following table reconciles Harrah's interest expense, net of interest capitalized, per the Consolidated Condensed Statements of Income, to cash paid for interest:

(In thousands)	First Quarter Ended March 31, 1997	March 31, 1996
Interest expense, net of amount capitalized	$17,815	$16,579
Adjustments to reconcile to cash paid for interest:		
Net change in accruals	(5,252)	(3,695)
Amortization of deferred finance charges	(797)	(787)
Net amortization of discounts and premiums	(3)	(5)
Cash paid for interest, net of amount capitalized	$11,763	$12,092
Cash refunds of income taxes, net of payments	$(1,343)	$(1,056)

Note 5 - Commitments and Contingent Liabilities

Contractual Commitments

Harrah's is pursuing additional casino development opportunities that may require, individually and in the aggregate, significant commitments of capital, up-front payments to third parties, guarantees by Harrah's of third party debt and development completion guarantees. As of March 31, 1997, Harrah's had guaranteed third party loans and leases of $101 million, which are secured by certain assets, and had commitments of $149 million, primarily construction-related. In addition, Harrah's has committed to guarantee, subject to completion of definitive loan documents, a $37 million third party loan for a new development.

The agreements under which Harrah's manages casinos on Indian lands contain provisions required by law which provide that a minimum monthly payment be made to the tribe. That obligation has priority over scheduled payments of borrowings for development costs. In the event that insufficient cash flow is generated by the operations to fund this payment, Harrah's must pay the shortfall to the tribe. Such advances, if any, would be repaid to Harrah's in future periods in which operations generate cash flow in excess of the required minimum payment. These commitments will terminate upon the occurrence of certain defined events, including termination of the management contract. As of March 31, 1997, the aggregate monthly commitment pursuant to these contracts, which extend for periods of up to 84 months from opening date, was $1.2 million, including commitments for two projects with contracts approved by the National Indian Gaming Commission that are under development but not yet open.

In addition to the amounts described above, as part of a transaction whereby Harrah's effectively secured an option to a site for a potential casino, Harrah's has extended its guarantee of a $22.9 million third party variable rate bank loan pursuant to an agreement which expires February 28, 1998.

See Note 7 for discussion of the proposed completion guarantees issued by Harrah's related to development of the New Orleans' casino.

Note 5 - Commitments and Contingent Liabilities (Continued)

Severance Agreements

Harrah's has severance agreements with 37 of its senior executives, which provide for payments to the executives in the event of their termination after a change in control, as defined. These agreements provide, among other things, for a compensation payment ranging from 1.5 times to 2.99 times the average of the three highest years of annual compensation of the last five calendar years preceding the change in control, as well as for accelerated vesting of any compensation or awards payable to the executive under any of Harrah's incentive plans. The estimated amount, computed as of March 31, 1997, that would be payable under the agreements to these executives based on earnings and stock options aggregated approximately $27.1 million.

Guarantee of Insurance Contract

Harrah's has guaranteed the value of a guaranteed investment contract with an insurance company held by Harrah's defined contribution savings plan. Harrah's has also agreed to provide non-interest-bearing loans to the plan to fund, on an interim basis, withdrawals from this contract by retired or terminated employees. Harrah's maximum exposure on this guarantee as of March 31, 1997, was $6.3 million.

Tax Sharing Agreements

In connection with the 1995 spin-off of certain hotel operations (the "PHC Spin-off") to Promus Hotel Corporation ("PHC"), Harrah's entered into a Tax Sharing Agreement with PHC wherein each company is obligated for those taxes associated with their respective businesses. Additionally, Harrah's is obligated for all taxes for periods prior to the PHC Spin-off date which are not specifically related to PHC operations and/or PHC hotel locations. Harrah's obligations under this agreement are not expected to have a material adverse effect on its consolidated financial position or results of operations.

Note 5 - Commitments and Contingent Liabilities (Continued)

Self-Insurance

Harrah's is self-insured for various levels of general liability, workers' compensation and employee medical coverage. Insurance claims and reserves include accruals of estimated settlements for known claims, as well as accruals of actuarial estimates of incurred but not reported claims.

Note 6 - Litigation

Harrah's is involved in various inquiries, administrative proceedings and litigation relating to contracts, sales of property and other matters arising in the normal course of business. While any proceeding or litigation has an element of uncertainty, management believes that the final outcome of these matters will not have a material adverse effect upon Harrah's consolidated financial position or its results of operations.

In addition to the matters described above, Harrah's and certain of its subsidiaries have been named as defendants in a number of lawsuits arising from the suspension of development of a land-based casino, and the closing of the temporary gaming facility, in New Orleans, Louisiana, by Harrah's Jazz Company, a partnership in which the Company owns an approximate 47% interest and which has filed for protection under Chapter 11 of the U.S. Bankruptcy Code (see Note 7). The ultimate outcomes of these lawsuits cannot be predicted at this time, and no provisions for the claims are included in the accompanying financial statements. The Company intends to defend these actions vigorously. In the event a bankruptcy reorganization plan is consummated, the Company anticipates that a significant part of such litigation will be dismissed.

Note 7 - Nonconsolidated Affiliates

Harrah's Jazz Company

A Harrah's subsidiary owns an approximate 47% interest in Harrah's Jazz Company ("Harrah's Jazz"), a partnership formed for purposes of developing, owning and operating the exclusive land-based casino entertainment facility (the "Rivergate Casino") in New Orleans, Louisiana, on the site of the former Rivergate

Note 7 - Nonconsolidated Affiliates (Continued)

Convention Center. On November 22, 1995, Harrah's Jazz and its wholly-owned subsidiary, Harrah's Jazz Finance Corp., filed petitions for relief under Chapter 11 of the Bankruptcy Code. Harrah's Jazz filed a plan of reorganization with the Bankruptcy Court on April 3, 1996 and has filed several subsequent amendments to the plan (the "Plan"). On April 28, 1997, the Bankruptcy Court held a confirmation hearing and approved the Plan.

Under the Plan, the assets and business of Harrah's Jazz would vest in Jazz Casino Corporation, a newly formed corporation ("JCC"), on the effective date of the Plan. JCC would be responsible for completing construction of the Rivergate Casino. Under the Plan, Harrah's Jazz's existing public debt would be canceled and the holders of that debt would receive 37.1% of the equity in JCC's parent ("JCC Holding"). An additional 15% of the equity in JCC Holding would be allocated to holders of such debt who execute certain releases. A subsidiary of the Company would receive, in exchange for equity investments and other consideration to be provided under the Plan, approximately 40% of the equity in JCC Holding. Approximately 7.9% of the equity in JCC Holding would be received by certain Harrah's Jazz partner-related parties. In addition, holders of the public debt would receive (i) $187.5 million in aggregate principal amount of 8% Senior Subordinated Notes of JCC due 2006 with contingent payments, and (ii) a pro rata share of Senior Subordinated Contingent Notes of JCC due 2006.

During the course of the bankruptcy of Harrah's Jazz, a subsidiary of the Company has made debtor-in-possession loans to Harrah's Jazz, totalling approximately $21.0 million as of March 31, 1997, to fund certain obligations to the City of New Orleans and other cash requirements of Harrah's Jazz. The Company has proposed to make up to $30 million in such loans, however, there is no assurance that Harrah's Jazz will not require debtor-in-possession loans from the Company in excess of the $30 million currently proposed.

If the Plan is consummated, Harrah's would make a $75 million equity investment in the project and deliver new completion guaranties. Any debtor-in-possession financing, including the approximately $21.0 million in financing already advanced and discussed above, would be repaid or converted into equity (and count toward the $75 million investment referred to above) upon

Note 7 - Nonconsolidated Affiliates (Continued)

consummation of the Plan. The Plan also provides that JCC will obtain a $155 million secured term loan and a $25 million revolving credit facility to finance completion of the Rivergate Casino and provide JCC with working capital availability, and that Harrah's will guarantee or provide credit support for $95 million of the term loan and all of the revolving credit facility. If the Plan is consummated, it is anticipated that Harrah's will also make an additional $20 million subordinated loan to JCC to assist in financing construction of the Rivergate Casino.

The Plan is subject to various approvals, including approval by the Louisiana state legislature. There can be no assurance that such approvals will be obtained, that definitive agreements necessary to consummate the Plan will be reached or that the conditions to consummation of the Plan will be met. If the Plan is consummated, it is expected that the consummation would occur in third quarter 1997, and, based upon the consummation occurring at such time, it is expected the casino would open in second quarter 1998.

Other

Summarized balance sheet and income statement information of nonconsolidated gaming affiliates, which Harrah's accounted for using the equity method, as of March 31, 1997 and December 31, 1996, and for the first quarters ended March 31, 1997 and 1996 is included in the following tables.

(In thousands) Combined Summarized Balance Sheet Information	March 31, 1997	Dec. 31, 1996
Current assets	$ 37,798	$ 33,516
Land, buildings, and equipment, net	415,514	391,133
Other assets	172,994	171,748
Total assets	626,306	596,397
Current liabilities	135,606	129,114
Long-term debt	482,962	486,740
Total liabilities	618,568	615,854
Net assets	$ 7,738	$(19,457)

Note 7 - Nonconsolidated Affiliates (Continued)

(In thousands)	First Quarter Ended March 31, 1997	First Quarter Ended March 31, 1996
Combined Summarized Statements of Operations		
Revenues	$ 7,704	$ 6,795
Operating loss	$(8,014)	$(3,279)
Net loss	$(6,382)	$(3,124)

Harrah's share of nonconsolidated affiliates' combined net operating results are reflected in the accompanying Consolidated Condensed Statements of Income as Equity in income (losses) of nonconsolidated affiliates. Harrah's investments in and advances to nonconsolidated affiliates are reflected in the accompanying Consolidated Condensed Balance Sheets as follows:

(In thousands)	March 31, 1997	Dec. 31, 1996
Harrah's investments in and advances to nonconsolidated affiliates		
Accounted for under the equity method	$123,246	$ 98,356
Equity securities available-for-sale and recorded at market value	91,657	117,183
	$214,903	$215,539

In accordance with the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities", Harrah's adjusts the carrying value of certain marketable equity securities to include unrealized gains. A corresponding adjustment is recorded in the Company's stockholders' equity and deferred income tax accounts.

Condensed financial information relating to the Company's minority ownership interest in a restaurant affiliate has not been presented since its operating results and financial position are not material to Harrah's.

Note 8 - Summarized Financial Information

HOC is a wholly owned subsidiary and the principal asset of Harrah's. Summarized financial information of HOC as of March 31, 1997 and December 31, 1996 and for the first quarters ended March 31, 1997 and 1996 prepared on the same basis as Harrah's was as follows:

Note 8 - Summarized Financial Information (Continued)

(In thousands)	March 31, 1997	Dec. 31, 1996
Current assets	$ 191,134	$ 199,838
Land, buildings, riverboats and equipment, net	1,430,312	1,389,894
Other assets	377,361	382,516
	1,998,807	1,972,248
Current liabilities	196,603	191,689
Long-term debt	937,608	889,538
Other liabilities	137,937	143,705
Minority interests	17,011	16,964
	1,289,159	1,241,896
Net assets	$ 709,648	$ 730,352

	First Quarter Ended	
(In thousands)	March 31, 1997	March 31, 1996
Revenues	$374,062	$382,838
Income from operations	$ 44,766	$ 71,830
Income before income taxes and minority interests	$ 30,057	$ 55,990
Net income	$ 16,770	$ 31,020

The agreements governing the terms of the Company's debt contain certain covenants which, among other things, place limitations on HOC's ability to pay dividends and make other restricted payments, as defined, to Harrah's. The amount of HOC's restricted net assets, as defined, computed in accordance with the most restrictive of these covenants regarding restricted payments (other than for repurchases of Harrah's common stock), was approximately $699.2 million at March 31, 1997. With respect to any payments by HOC to Harrah's for the purpose of providing funds to Harrah's for the repurchase of its common stock, the amount of HOC's restricted net assets under such covenant was approximately $545.5 million at March 31, 1997.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the financial position and operating results of Harrah's Entertainment, Inc. ("Harrah's" or the "Company") for first quarter 1997 and 1996 updates, and should be read in conjunction with, Management's Discussion and Analysis of Financial Position and Results of Operations ("MD&A") presented in Harrah's 1996 Annual Report. References to Harrah's or the Company include its consolidated subsidiaries where the context requires.

RESULTS OF OPERATIONS

Overall

In first quarter 1997, Harrah's financial results continued to be affected, as have the results of many of its competitors, by increased supply and competition within the casino entertainment industry. Also impacting Harrah's first quarter 1997 results were weather- and construction-related business interruptions at several of its properties. Though Harrah's revenue levels declined only slightly from the prior year, the impact of increased competition and business interruptions significantly impacted Harrah's operating profit and margins, as noted in the following table.

(in millions, except earnings per share)	First Quarter 1997	First Quarter 1996	Percentage Increase/ (Decrease)
Revenues	$374.1	$382.9	(2.3)%
Operating profit	56.5	81.9	(31.0)%
Income from operations	45.3	72.4	(37.4)%
Net income	17.1	31.4	(45.5)%
Earnings per share	0.17	0.30	(43.3)%
Operating margin	12.1%	18.9%	(6.8)pts

The financial impact of these events can also be seen in the following table, which summarizes contributions to operating profit (income from operations before corporate expense, equity in income (losses) of nonconsolidated affiliates and project reorganization costs) by major operating division for the twelve month periods ended March 31, 1997, 1996 and 1995 in millions of dollars and as a percent of the total for each of Harrah's divisions:

	Contribution for Twelve Months Ended March 31,					
	In Millions of Dollars			Percent of Total		
	1997	1996	1995	1997	1996	1995
Riverboat	$129	$172	$136	40%	45%	40%
Atlantic City	75	85	80	23	22	24
Southern Nevada	59	74	74	18	19	22
Northern Nevada	55	69	70	17	18	21
Indian/Limited Stakes	9	8	4	3	2	1
Development costs	(11)	(17)	(22)	(3)	(4)	(6)
Other	8	(7)	(6)	2	(2)	(2)
Subtotal	324	384	336	100%	100%	100%
Project writedowns and reserves	(52)	(93)	-			
Preopening costs	(13)	-	(15)			
Operating profit	$259	$291	$321			

DIVISION OPERATING RESULTS AND DEVELOPMENT PLANS

Riverboat Division

(in millions)	First Quarter 1997	First Quarter 1996	Percentage Increase/ (Decrease)
Casino revenues	$148.0	$145.2	1.9 %
Total revenues	157.3	152.1	3.4 %
Operating profit	29.2	41.0	(28.8)%
Operating margin	18.6%	27.0%	(8.4)pts

Despite increased revenues for the Division in first quarter 1997 over the 1996 first quarter, operating margins and profits declined in the face of new and increased competition in several riverboat markets over the past year.

First quarter revenues, operating profit and margins at Harrah's Joliet in Illinois declined as compared to the prior year due to the near doubling of regional supply introduced in neighboring Indiana since June 1996. First quarter gaming volume at Harrah's Joliet declined 26% in 1997 from the prior year period, significantly impacting property revenues. Operating profit and margins were further impacted by higher marketing and promotional expenses that resulted from the increased competition. The Company has made certain operating adjustments at the Joliet property, including a modification of the cruising schedule, in an effort to stabilize operating results. These modifications helped lead to a 35% improvement in operating profit from fourth quarter 1996 to first quarter 1997. Though management believes that these adjustments have stabilized the property's operating results, revenues and operating profit at Harrah's Joliet are not expected to return to their previous levels. Harrah's is continuing its evaluation of a proposed expansion project at the Joliet property, but no decisions regarding the expansion have been made.

Harrah's two properties in Tunica, Mississippi reported a combined operating loss for first quarter 1997 due to the continuing highly competitive environment in that market. Subsequent to the end of first quarter 1997, Harrah's announced its intention to close the original Tunica casino and focus its efforts in the Tunica market on the newer Tunica Mardi Gras property, which opened in April 1996. The Company is continuing to explore its options for the ultimate disposition of the original Tunica building. A reserve for the impairment of the original Tunica property was recorded in fourth quarter 1996. The Company will evaluate whether any additional reserves are required upon the final determination of the disposition of the property. During second quarter 1997, the Company acquired its minority partner's interest in both Tunica properties. The cost of this acquisition was not material to Harrah's.

Harrah's North Kansas City achieved higher revenues in first quarter 1997 over the 1996 period, due primarily to the Company's addition of a second riverboat casino in May 1996. Operating profit declined 21% from the prior year's first quarter, however, due to increased marketing and promotional costs brought on by additional competition, including a major new property that opened in January 1997. Also contributing to the decline was the decision during the 1996 first quarter to discontinue the property's admission charge.

Harrah's Shreveport posted record revenues and operating profit in first quarter 1997 as the Company's performance in this market remained strong. Harrah's is continuing its evaluation of various expansion scenarios for its Shreveport facility. Harrah's plans to complete this evaluation and could begin construction of the expansion as early as mid-year 1997, with phased openings and a targeted completion date during the last half of 1998, if the expansion proceeds. Any expansion project is subject to the receipt of necessary regulatory approvals and reaching a definitive agreement with the City of Shreveport.

On March 11, 1997, Harrah's opened its St. Louis Riverport casino entertainment complex in Maryland Heights, Missouri, a suburb of St. Louis. The facility includes four riverboat casinos, two of which are owned and operated by Harrah's, and shoreside facilities jointly-owned with Players International, Inc., including a 291-room Harrah's-managed hotel and an entertainment mall. Harrah's two riverboats contain a combined total of approximately 52,000 square feet of casino space, 1,230 slot machines and 80 table games. Harrah's investment in the

Maryland Heights development project is expected to total $180 million, of which approximately $156 million had been invested at March 31, 1997, including approximately $97 million in contributions to the partnership developing the shoreside facilities. Because this facility opened late in the quarter, first quarter operating results from the development were not material.

Atlantic City

(in millions)	First Quarter 1997	First Quarter 1996	Percentage Increase/ (Decrease)
Casino revenues	$76.0	$72.7	4.5 %
Total revenues	82.6	78.5	5.2 %
Operating profit	14.9	14.7	1.4 %
Operating margin	18.0%	18.7%	(0.7)pts

In Atlantic City, Harrah's 1997 first quarter revenues improved from 1996 levels, but the continuing competitive environment in that market resulted in relatively small profit growth and decreasing margins. Harrah's continues to incur higher than historical complimentary and promotional expenses in order to maintain its relative competitive position. A new 416- room hotel tower is expected to begin opening in late second quarter 1997. This represents the final phase of an $83.7 million expansion project, of which approximately $63 million had been spent as of March 31, 1997.

No decisions regarding whether or not to proceed with a possible second phase to its Atlantic City expansion have been made. Such decisions are dependent, in part, upon substantive progress on development of new casino hotel projects in the Marina area of Atlantic City by other companies.

Southern Nevada Division

(in millions)	First Quarter 1997	First Quarter 1996	Percentage Increase/ (Decrease)
Casino revenues	$43.7	$50.3	(13.1)%
Total revenues	64.6	75.6	(14.6)%
Operating profit	10.9	19.5	(44.1)%
Operating margin	16.9%	25.8%	(8.9)pts

1997 first quarter results in Southern Nevada continue to be impacted by construction disruptions at Harrah's Las Vegas, where a $200 million expansion and renovation project continues. The construction activity has often impeded access to the Las Vegas property, resulting in a 15% decrease in first quarter gaming volume compared with the prior year period. Operating profits and margins have been further impacted due to the difficulty in reducing certain fixed costs proportionately with the revenue declines, along with higher operating costs associated with the construction disruptions. The additional casino space and the facade improvements are being opened in phases and are expected to be completed during third quarter 1997. Harrah's is scheduled to begin opening the hotel rooms in May 1997, with completion of the tower expected by the end of third quarter 1997. As of March 31, 1997, approximately $123 million had been spent on this project.

Harrah's Laughlin continues to be affected by competition from neighboring Arizona and California Indian casinos and from high profile new Las Vegas area casino developments. In first quarter 1997, gaming volume declined 6.8% from the prior year period, resulting in lower revenues, operating profit and operating margin.

At the present time, no definitive plans have been completed related to Harrah's previously announced interest in the construction or acquisition of a second Las Vegas property, and there is no assurance the Company will construct or acquire such a property.

Northern Nevada Division

(in millions)	First Quarter 1997	First Quarter 1996	Percentage Increase/ (Decrease)
Casino revenues	$46.1	$52.9	(12.9)%
Total revenues	61.2	70.5	(13.2)%
Operating profit	5.2	10.4	(50.0)%
Operating margin	8.5%	14.8%	(6.3)pts

In Northern Nevada, 1997 first quarter operations were significantly impacted by weather conditions, where flooding in the region twice closed the primary access road to Lake Tahoe for a combined total of forty-five days, and closed Harrah's Reno for one day. Though Harrah's properties were able to regain portions of the lost revenue as access to the properties improved, the costs of operating the casinos during these slow periods and the additional expenses incurred in connection with these events negatively impacted overall profit margins. At Harrah's Reno and Harrah's Lake Tahoe, first quarter gaming volume fell 3.5% and 15.1% respectively, and operating profit fell 36.7% and 53.3%, respectively, from their prior year levels, due in large part to these events.

Indian and Limited Stakes

Revenues and operating profit from Harrah's Indian and limited stakes casinos increased in first quarter 1997 over the 1996 period, due primarily to higher management fees from Harrah's Phoenix Ak-Chin casino.

As previously announced, on March 31, 1997, Harrah's discontinued its management of both Colorado casinos. This action did not have a material impact on Harrah's first quarter 1997 financial statements.

Harrah's continues to pursue additional development opportunities for casinos on Indian land and has received National Indian Gaming Commission ("NIGC") approval of development and management agreements with the Eastern Band of Cherokees for a casino development at Cherokee, North Carolina. Construction on this project is underway and the $82 million facility, which will contain approximately 60,000 square feet of casino space, is expected to open during fourth quarter 1997. Though Harrah's is not funding this development, it has guaranteed the related bank financing, of which $15.6 million was outstanding at March 31, 1997.

In early 1997, Harrah's received NIGC approval of development and management agreements with the Prairie Band of Potawatomi Indians for a development near Topeka, Kansas. Construction will begin during second quarter 1997, subject to completion of financing, on a $37 million casino facility that will include approximately 27,000 square feet of casino space. This facility, which is expected to be completed by the end of 1997, assuming timely receipt of all approvals and permits, will be managed by a Harrah's subsidiary and financed by loans which Harrah's will guarantee.

Harrah's has also previously announced agreements with other Indian tribes, which are in various stages of negotiation and are subject to certain conditions, including approval from appropriate government agencies. If the necessary approvals for these projects are received, Harrah's would likely guarantee the related bank financing for the projects, which could be significant.

The agreements under which Harrah's manages casinos on Indian lands contain provisions required by law which provide that a minimum monthly payment be made to the tribe. That obligation has priority over scheduled payments of borrowings for development costs. In the event that insufficient cash flow is generated by the operations to fund this payment, Harrah's must pay the shortfall to the tribe. Such advances, if any, would be repaid to Harrah's in future periods in which operations generate cash flow in excess of the required minimum payment. These commitments will terminate upon the occurrence of certain defined events, including termination of the management contract. As of March 31, 1997, the aggregate monthly commitment pursuant to these contracts which extend for periods of up to 84 months from opening date, was $1.2 million, including commitments for two projects with contracts approved by the National Indian Gaming Commission that are under development but not yet open.

See DEBT and LIQUIDITY section for further discussion of Harrah's guarantees of debt related to Indian projects.

Other

During first quarter 1996, Harrah's Sky City in Auckland, New Zealand opened, the first Harrah's casino entertainment facility outside the United States. The facility includes 51,500 square feet of casino space, a 344-room hotel, a 770-seat theater and other amenities. Construction continues on a 1,066-foot sky tower, the final phase of the Sky City project, which is expected to open in August, 1997. This facility is owned by Sky City Limited, a New Zealand publicly-traded company in which Harrah's owns a 12.5% equity interest, and is managed by Harrah's for a fee. Management fees received from Harrah's Sky City are reported in Revenues-Management Fees. Dividends received from Sky City Limited are included in Other income.

Development costs for first quarter 1997 decreased from prior year levels due to lower levels of development activity.

OTHER FACTORS AFFECTING NET INCOME

(Income)/Expense (in millions)	First Quarter 1997	First Quarter 1996	Percentage Increase/ (Decrease)
Preopening costs	$ 7.5	$ 0.2	N/M
Equity in (income) losses of nonconsolidated affiliates	2.1	(0.2)	N/M
Corporate expense	7.6	7.3	4.1 %
Project reorganization costs	1.5	2.4	(37.5)%
Interest expense, net	17.8	16.6	7.2 %
Other income	(3.1)	(0.5)	N/M
Effective tax rate	38.1%	37.9%	0.2 pts
Minority interests	$ 1.8	$ 3.6	(50.0)%

Preopening costs for 1997 include costs incurred in connection with the first quarter 1997 opening of Harrah's St. Louis Riverport casino property, along with ongoing costs related to the expansion at Harrah's Las Vegas property. 1996 preopening costs related to an expansion at Harrah's North Kansas City property. Equity in (income) losses of nonconsolidated affiliates for first quarter 1997 consists primarily of losses from Harrah's share of the joint venture portion of the St. Louis development, including its $1.6 million share of the joint venture's preopening costs, partially offset by Harrah's share of income from a restaurant affiliate. Harrah's previously reported its share of joint venture pre-interest operating results in Revenues-other, and its share of joint venture interest expense as Interest expense, net, from nonconsolidated affiliates. Prior year amounts have been restated to conform to the current year's presentation.

Corporate expense increased slightly in 1997 over 1996. Project reorganization costs represent Harrah's costs, including legal fees, associated with the on-going development of a reorganization plan for the New Orleans casino (see Harrah's Jazz Company section). Interest expense increased in 1997 over 1996, primarily as a result of higher debt levels. Other income increased in 1997 due to the inclusion in 1997 of dividend income from Harrah's New Zealand investment and a gain on the sale of nonoperating property.

The effective tax rates for all years are higher than the federal statutory rate primarily due to state income taxes. Minority interests reflect joint venture partners' shares of income at joint venture riverboat casinos and decreased in 1997 from the prior year level as a result of lower Joliet earnings.

In fourth quarter 1997, Harrah's will adopt the provisions of Statement of Financial Accounting Standards No. 128, "Earnings per Share", which establishes new standards for computing and presenting earnings per share. The following table presents actual earnings per share and pro forma earnings per share computed as if the provisions SFAS No. 128 been in effect for the first quarter:

	First Quarter	
	1997	1996
Earnings per share		
As reported	$0.17	$0.30
Pro forma (basic)	0.17	0.31
Pro forma (diluted)	0.17	0.30

HARRAH'S JAZZ COMPANY

For an update of the status of the efforts to reorganize Harrah's Jazz Company, which filed a petition for relief under Chapter 11 of the Bankruptcy Code on November 22, 1995, see Note 7 to the accompanying Consolidated Condensed Financial Statements.

CAPITAL SPENDING AND DEVELOPMENT SUMMARY

In addition to the specific development and expansion projects discussed above, Harrah's performs on-going refurbishment and maintenance at its casino entertainment facilities in order to maintain the Company's quality standards. Harrah's also continues to pursue development opportunities for additional casino entertainment facilities that meet its strategic and return on investment criteria. Prior to the receipt of necessary regulatory approvals, the costs of pursuing development projects are expensed as incurred. Construction-related costs incurred after the receipt of necessary approvals are capitalized and depreciated over the estimated useful life of the resulting asset. Preopening costs incurred during the construction period are deferred and expensed at the respective property's opening.

The Company's planned development projects, if they go forward, will require, individually and in the aggregate, significant capital commitments and, if completed, may result in significant additional revenues. The commitment of capital, the timing of completion and the commencement of operations of casino entertainment development projects are contingent upon, among other things, negotiation of final agreements and receipt of approvals from the appropriate political and regulatory bodies. Cash needed to finance projects currently under development as well as additional projects being pursued by Harrah's will be made available from operating cash flows, the bank Facility (see Debt and Liquidity section), Harrah's existing shelf registration (see Debt and Liquidity section), joint venture partners, specific project financing, guarantees by Harrah's of third party debt and, if necessary, additional Harrah's debt and/or equity offerings. Harrah's capital spending for first quarter 1997 totalled approximately $93 million. Estimated total capital expenditures for 1997 are expected to be $325 million to $375 million, including the projects discussed in the Division Operating Results and Development Plans section, the refurbishment of existing facilities and other projects, but excluding the possible purchase or construction of a second Las Vegas property and the possible second phase of Harrah's Atlantic City expansion.

In May 1997, preliminary agreements, entered into in October 1996, relating to a potential casino development in the Philippines, were terminated.

DEBT AND LIQUIDITY

Bank Facility

As of March 31, 1997, $530.0 million in borrowings were outstanding under the Company's $1.1 billion revolving credit facility (the "Bank Facility"), with an additional $19.5 million committed to back letters of credit. After consideration of these borrowings, $550.5 million of additional borrowing capacity was available to the Company as of March 31, 1997. Subsequent to March 31, 1997, Harrah's requested and received from its bank group a consent to release collateral under the existing terms of the Bank Facility agreement, along with approval to utilize over $200 million of available capacity to retire its 10 7/8% Senior Subordinated Notes (see below).

Senior Subordinated Notes

On April 25, 1997, Harrah's announced that its principal operating subsidiary, Harrah's Operating Company, Inc. ("HOC"), had called for redemption its $200 million in 10 7/8% Senior Subordinated Notes due 2002. The redemption will occur on May 27, 1997, at a call price of 104.833%, plus accrued and unpaid interest through the redemption date. Harrah's will retire the notes using proceeds from its Bank Facility, and expects to record an extraordinary charge, net of tax, of approximately $8 million during second quarter 1997 in conjunction with the redemption.

Interest Rate Agreements

As of March 31, 1997, Harrah's was a party to the following interest rate swap agreements on certain fixed rate debt:

Associated Debt	Swap Rate (LIBOR+)	Effective Rate at March 31, 1997	Next Semi-Annual Rate Adjustment Date	Swap Maturity
10 7/8% Notes				
$200 million	4.73%	10.46%	April 15	October 1997
8 3/4% Notes				
$50 million	3.42%	8.99%	May 15	May 1998
$50 million	3.22%	8.95%	January 15	July 1998

In accordance with the terms of the interest rate swap agreements, the effective interest rate on the $200 million of 10 7/8% Notes was adjusted on April 15, 1997, to 10.82%.

Harrah's also maintains seven additional interest rate swap agreements which effectively convert variable rate debt to a fixed rate. The following table summarizes the terms of these swap agreements, all of which reset on a quarterly basis, as of March 31, 1997:

Notional Amount	Swap Rate Paid (Fixed)	Swap Rate Received (Variable) at Mar. 31, 1997	Swap Maturity
$50 million	7.910%	5.563%	January 1998
$50 million	6.985%	5.625%	March 2000
$50 million	6.951%	5.641%	March 2000
$50 million	6.945%	5.641%	March 2000
$50 million	6.651%	5.547%	May 2000
$50 million	5.788%	5.555%	June 2000
$50 million	5.785%	5.555%	June 2000

These agreements contain a credit risk that the counterparties may be unable to meet the terms of the agreements. Harrah's minimizes that risk by evaluating the creditworthiness of its counterparties, which are limited to major banks and financial institutions, and does not anticipate nonperformance by the counterparties.

Guarantees of Third Party Debt

As part of a transaction whereby Harrah's has retained an option to a site for a potential casino, Harrah's has extended its guarantee of a third party's $22.9 million variable rate bank loan through February 28, 1998. In connection with this extension, Harrah's has also agreed to fund the monthly interest payments to the lender on behalf of the third party, and is to be repaid from the proceeds from the sale of certain assets of the third party. The guaranty contains an element of risk that, should the borrower be unable to perform, the Company could become responsible for repayment of at least a portion of the obligation. Harrah's has reduced this exposure by obtaining a security interest in certain assets of the third party.

As described in the Division Operating Results and Development Plans -- Indian and Limited Stakes section, Harrah's may guarantee all or part of the debt incurred by Indian tribes with which Harrah's has entered a management contract to fund development of casinos on the Indian lands. For all existing guarantees of Indian debt, Harrah's has obtained a first lien on the personal property (tangible and intangible) of the casino enterprise. There can be no assurance, however, the value of such property would satisfy Harrah's obligations in the event these guarantees were enforced. Additionally, Harrah's has received limited waivers from the Indian tribes of their sovereign immunity to allow Harrah's to pursue its rights under the contracts between the parties and to enforce collection efforts as to any assets in which a security interest is taken.

Shelf Registration

To provide for additional financing flexibility, Harrah's, together with its wholly-owned subsidiary HOC, have available until October 1997 an effective shelf registration statement with the Securities and Exchange Commission. The statement allows the issuance of up to $200 million of Harrah's common stock or HOC preferred stock or debt securities. The issue price of the Harrah's common stock or the terms and conditions of the HOC preferred stock or debt securities, which would be unconditionally guaranteed by Harrah's, would be determined by market conditions at the time of issuance.

EQUITY TRANSACTIONS

In October 1996, Harrah's Board of Directors approved a plan which authorizes the purchase in the open market of up to ten percent of Harrah's outstanding shares of common stock. As of March 31, 1997, 2,018,300 shares had been purchased at a cost of approximately $35.8 million and are being held in treasury. The Company expects to acquire additional shares from time to time at prevailing market prices through the December 31, 1997 expiration of the approved plan.

EFFECTS OF CURRENT ECONOMIC AND POLITICAL CONDITIONS

Competitive Pressures

As compared to the early 1990's, the number of new markets opening for development in the past year has been much more limited and existing markets have become much more competitive. The focus of many casino operators has shifted to investing in existing markets, in an effort both to attract new customers and to gain a greater market share of existing customers. As companies have completed these expansion projects, supply has grown at a faster pace than demand in some markets and competition has increased significantly. Furthermore, several operators, including Harrah's, have announced plans for additional developments or expansions in some markets. The impact that these projects will have on Harrah's operations, if they are completed, cannot be determined at this time.

Harrah's properties in the traditional gaming markets of Nevada and New Jersey have generally reacted less significantly to the changing competitive conditions, as the amount of supply change within these markets has represented a smaller percentage change than that experienced in some riverboat markets. In Las Vegas, several major developments have opened within the past few years and numerous new developments and property expansions, including an expansion at Harrah's Las Vegas, are underway. Historically, the Las Vegas market has grown sufficiently to absorb these additions to its supply, but there can be no assurance that such growth will continue. In the Atlantic City market, additional casino space and hotel rooms have opened within the past year and several major developments are proposed. This activity has intensified competition during the last year, increasing promotional costs and reducing margins.

In riverboat markets, the recent additions to supply have had a more noticeable impact, due to the fact that competition was limited in the early stages of many of these markets. In Joliet, the opening in late second quarter 1996 of Indiana riverboats, effectively doubling the Chicago area capacity, has resulted in a significant decline in Harrah's gaming volume from the 1996 first quarter. In Tunica, a major new property opened in June 1996, and several existing properties, including Harrah's, added hotel rooms and other amenities and more are planned. In response to competitive pressures in this market and in order to focus its efforts on Harrah's Tunica Mardi Gras Casino, Harrah's has announced that it will close its original Tunica property in May 1997 and continues to evaluate its plans for that property's disposition. In October 1996, a fourth casino entered the Shreveport market, and in January 1997, a major new development opened in the Kansas City market. Thus far, the Shreveport development has not significantly impacted Harrah's operating results. In Kansas City, Harrah's operating profit levels have declined as a result of the increasing competition in that market.

Over the past several years, there has also been a significant increase in the number of casinos on Indian lands, made possible by the Indian Gaming Regulatory Act of 1988. Harrah's manages two such facilities and two additional properties are currently under development. The future growth potential from Indian casinos is also uncertain, however.

Although the short-term effect of these competitive developments on the Company has been negative, Harrah's is not able to determine the long-term impact, whether favorable or unfavorable, that these trends and events will have on its current or future markets. Management believes that the geographic diversity of Harrah's operations, its multi-market customer base and the Company's continuing efforts to establish Harrah's as a premier brand name have well-positioned Harrah's to face the challenges present within the industry. Harrah's has recently unveiled WINet, a sophisticated nationwide customer database, and its national Gold Card, a nationwide frequent- player card scheduled for implementation later this year, both of which it believes will provide competitive advantages, particularly with players who visit more than one market.

Political Uncertainties

The casino entertainment industry is subject to political and regulatory uncertainty. In 1996, the U.S. government formed a federal commission to study the casino gaming industry. At this time, the role of the commission and the ultimate impact that it will have on the industry is uncertain. From time to time, individual jurisdictions have also considered legislation which could adversely impact Harrah's operations, and the likelihood or outcome of similar legislation in the future is difficult to predict.

The casino entertainment industry represents a significant source of tax revenues to the various jurisdictions in which casinos operate. From time to time, various state and federal legislators and officials have proposed changes in tax laws, or in the administration of such laws, which would affect the industry. It is not possible to determine with certainty the scope or likelihood of possible future changes in tax laws or in the administration of such laws. If adopted, such changes could have a material adverse effect on Harrah's financial results.

INTERCOMPANY DIVIDEND RESTRICTION

Agreements governing the terms of its debt require Harrah's to abide by covenants which, among other things, limit HOC's ability to pay dividends and make other restricted payments, as defined, to Harrah's. The amount of HOC's restricted net assets, as defined, computed in accordance with the most restrictive of these covenants regarding restricted payments (other than for the repurchase of Harrah's common stock) was approximately $699.2 million at March 31, 1997. With respect to any payments by HOC to Harrah's for the purpose of providing funds to Harrah's for the repurchase of its common stock, the amount of HOC's restricted net assets under such covenant was approximately $545.5 million at March 31, 1997. Harrah's principal asset is the stock of HOC, a wholly-owned subsidiary which holds, directly and through subsidiaries, the principal assets of Harrah's businesses. Given this ownership structure, these restrictions should not impair Harrah's ability to conduct its business through its subsidiaries, to pursue its development plans or to complete the stock repurchase program.

PRIVATE SECURITIES LITIGATION REFORM ACT

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward looking statements. Certain information included in this Form 10-Q and other materials filed or to be filed by the Company with the Securities and Exchange Commission ("SEC") (as well as information included in oral statements or other written statements made or to be made by the Company) contains statements that are forward looking. These include statements relating to the following activities, among others: (A) operations and expansions of existing properties, including future performance, anticipated scope and opening dates of expansions, and exit plans with respect to certain properties; (B) planned openings and development of Indian casinos that would be managed by the Company; (C) the plan of reorganization and its various facets for New Orleans; (D) implementation of the stock repurchase program and planned capital expenditures for 1997; (E) the possible acquisition/construction of a second property in Las Vegas, Nevada; and (F) the impact of the WINet and Gold Card programs. These activities involve important factors that could cause actual results to differ materially from those expressed in any forward looking statements made by or on behalf of the Company. These include, but are not limited to, the following factors as well as other factors described from time to time in the Company's reports filed with the SEC: construction factors, including zoning issues, environmental restrictions, soil conditions, weather and other hazards, site access matters and building permit issues; access to available and feasible financing; regulatory and licensing approvals, third party consents and approvals, and relations with partners, owners and other third parties; business and economic conditions; litigation, judicial actions and political uncertainties, including gaming legislation and taxation; and the effects of competition including locations of competitors and operating and marketing competition. Any forward looking statements are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such, speak only as of the date made.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On September 26, 1995, Harrah's New Orleans Investment Company ("HNOIC"), an indirect subsidiary of the Company, filed in the United States District Court for the Eastern District of Louisiana a suit styled Harrah's New Orleans Investment Company v. New Orleans Louisiana Development Corporation, Civil No. 95-3166. At issue in the suit is the percentage of ownership that New Orleans/Louisiana Development Corporation ("NOLDC") holds in Harrah's Jazz Company ("HJC"), a Louisiana partnership whose general partners are HNOIC, NOLDC and Grand Palais Casino, Inc. This declaratory judgment action seeks to confirm that, as of September 26, 1995, NOLDC's percentage interest in the Harrah's Jazz Company partnership was only 13.73% and, therefore, NOLDC is not a "Material Partner" in HJC. This case was put on "administrative hold" after the filing by NOLDC of a Chapter 11 bankruptcy petition on November 21, 1995. Should it be put back on the active list, HNOIC or the appropriate post-bankruptcy entity would vigorously prosecute it. At the time the case was put on "administrative hold," no discovery on the merits had been taken and no answer had been filed by NOLDC.

On September 28, 1995, NOLDC filed suit against the Company and various of its corporate affiliates in New Orleans Louisiana Development Corporation v. Harrah's Entertainment, formerly d/b/a The Promus Companies, Harrah's New Orleans Investment Company, Harrah's New Orleans Management Company, Harrah's Jazz Company, and Promus Hotels, formerly d/b/a Embassy Suites, Inc., Civil No. 95-14653, filed in the Civil District Court for the Parish of Orleans. The case was subsequently removed by defendants to the United States District Court for the Eastern District of Louisiana. In this suit, NOLDC seeks to realign ownership interests in HJC among HNOIC and NOLDC. NOLDC also seeks an unspecified dollar amount of damages sufficient to compensate it for the losses it alleges it has suffered as a result of actions of defendants. NOLDC has indicated that it intends to seek to remand the suit to the Civil District Court. The case was also put on "administrative hold" by the District Court Judge as a result of NOLDC's bankruptcy filing. The Company and other defendants intend to vigorously defend the action should it be put back on the active case list. At the time it was put on "administrative hold," no answer had been filed by any defendant and no discovery had been taken.

Beginning on November 28, 1995, eight separate class action suits were filed against the Company and various of its corporate affiliates, officers and directors in the United States District Court for the Eastern District of Louisiana. They are Ben F. D'Angelo, Trustee for Ben F. D'Angelo Revocable Trust v. Harrah's

Entertainment Corp., Michael D. Rose, Philip G. Satre and Ron Lenczycki; Max Fenster v. Harrah's Entertainment, Inc., Harrah's New Orleans Investment Company, Grand Palais Casino, Inc., Philip G. Satre, Colin V. Reed, Michael N. Regan, Christopher B. Hemmeter, Donaldson, Lufkin & Jenrette Securities Corporation, Salomon Brothers, Inc., and BT Securities Corp.; Goldie Rosenbloom v. Harrah's Entertainment Corp., Michael D. Rose, Philip G. Satre and Ron Lenczycki; Barry Ross v. Harrah's New Orleans Investment Company, Philip G. Satre, Colin V. Reed, Lawrence L. Fowler, Michael N. Regan, Cezar M. Froelich, Ulric Haynes, Jr., Wendell Gauthier, T. George Solomon, Jr., Duplain W. Rhodes, III, Harrah's Entertainment, Inc., Donaldson, Lufkin & Jenrette Securities Corporation, Salomon Brothers Inc., and BT Securities Corp.; Louis Silverman v. Harrah's Entertainment, Inc., Harrah's New Orleans Investment Company, Grand Palais Casino, Inc., Philip G. Satre, Colin V. Reed, Michael N. Regan, Christopher B. Hemmeter, and Donaldson, Lufkin & Jenrette Securities Corporation; Florence Kessler v. Philip G. Satre, Colin V. Reed, Charles A. Ledsinger, Jr., Michael N. Regan, Lawrence L. Fowler, Christopher B. Hemmeter, Cezar M. Froelich, Ulric Haynes, Jr., Wendell H. Gauthier, T. George Solomon, Jr., Duplain W. Rhodes, III, Donaldson, Lufkin & Jenrette Securities Corporation, Salomon Brothers Inc., and BT Securities Corporation; Warren Zeiller and Judith M.R. Zeiller v. Harrah's Entertainment Corp., Michael D. Rose, Philip G. Satre, and Ron Lenczycki; and Charles Zwerving and Helene Zwerving v. Harrah's Entertainment Corp., Philip G. Satre, Colin V. Reed, Christopher B. Hemmeter, and Donaldson, Lufkin & Jenrette Securities Corporation. Per Court Order of January 26, 1996, the above plaintiffs filed a consolidated complaint in the action numbered 95-3925 In Re Harrah's Entertainment, Inc. Securities Litigation. The consolidated complaint alleges that various misstatements and omissions were made in connection with the sale of Harrah's Jazz Company 14.25% First Mortgage Notes and thereafter, and seeks unspecified damages, as well as costs of legal proceedings. On April 25, 1997, the United States District Court preliminarily approved a settlement of this matter, scheduling the final fairness hearing for June 26, 1997.

On December 6, 1995 Centex Landis, the general contractor for the permanent casino being developed by HJC, filed suit against the Company, among others, in the Civil District Court for The Parish of Orleans in Centex Landis Construction Co., Inc. v. Harrah's Entertainment, Inc. formally d/b/a The Promus Companies, Inc.; and Ronald A. Lenczycki, Civil No. 95-18101. Defendants removed the case to the United States District Court for the Eastern District of Louisiana and it was subsequently transferred to the Bankruptcy Court handling the HJC bankruptcy. This suit seeks to collect more than $40 million allegedly owed to Centex Landis by HJC from the Company under guarantee, fraud, fraudulent advertising and unfair trade practice theories. The Company and the other defendant intend to vigorously defend the action and have filed an answer denying all of plaintiff's allegations. No discovery has been taken in the action.

Russell M. Swody, et al. v. Harrah's New Orleans Management Company and Harrah's Entertainment, Inc., Civil No. 95-4118, was filed against the Company on December 13, 1995 in the United States District Court for the Eastern District of Louisiana, and subsequently amended. Swody is a class action lawsuit under the Worker Adjustment and Retraining Notification Act ("WARN Act") and seeks damages for alleged failure to timely notify workers terminated by Harrah's New Orleans Management Company at the time of the HJC bankruptcy. Plaintiffs seek unspecified damages, as well as costs of legal proceedings, for themselves and all members of the class. An answer has been filed denying all of plaintiffs' allegations.

Swody was consolidated with Susan N. Poirier, Darlene A. Moss, et al. v. Harrah's Entertainment, Inc., Harrah's New Orleans Management Company, and Harrah's Operating Company, Civil No. 96-0215, which was filed in the United States District Court for the Eastern District of Louisiana on January 17, 1996, and subsequently amended. Poirier seeks not only damages under the WARN Act, but also under the Employee Retirement Income Security Act ("ERISA") for the alleged wrongful failure to provide severance to those terminated. Similar proofs of claims were filed by Ms. Poirier in the Bankruptcy Court for the Eastern District of Louisiana in the HJC, HNOIC and Harrah's Jazz Finance Corp. bankruptcy cases.

A settlement has been reached with the Swody and Poirier plaintiffs, which calls for a payment to be made by HJC in exchange for the dismissal of all actions, which settlement is contingent on the consummation of the Plan of Reorganization for HJC. That settlement has already been determined to be fair to all class members by the Bankruptcy Court.

On December 29, 1995 in the Civil District Court for The Parish of Orleans, the City of New Orleans filed suit against the Company and others in City of New Orleans and Rivergate Development Corporation v. Harrah's Entertainment, Inc. (f/k/a The Promus Companies, Inc.), Grand Palais Casino, Inc., Embassy Suites, Inc., First National Bank of Commerce and Ronald A. Lenczycki, Civil No. 95-19285. This suit seeks to require the Company, among others, to complete construction of the permanent casino being developed by HJC under theories of breach of completion guarantee contract, breach of implied duty of good faith, detrimental reliance, misrepresentation, and false advertising. Plaintiff seeks unspecified damages, as well as costs of legal proceedings. Defendants have removed the suit to the United States District Court for the Eastern District of Louisiana and it was then transferred to the Bankruptcy Court handling the HJC bankruptcy. The Company and the other defendants have filed an answer denying all of plaintiffs' allegations and intend to vigorously defend the action.

Louisiana Economic Development and Gaming Corporation v. Harrah's Entertainment, Inc. and Harrah's Operating Company, Inc., Civil No. 424328, was filed on January 23, 1996 in the Nineteenth Judicial Court of the State of Louisiana, Parish of East Baton Rouge. On February 21, 1996, the Company and the other defendants removed the case to the Federal District Court for the Middle District of Louisiana and asked that it be transferred to the Bankruptcy Court handling the HJC bankruptcy. The case has been transferred. A motion for reconsideration has been filed by LEDGC. In this suit LEDGC seeks to require the Company and Harrah's Operating Company to complete construction of the permanent casino being developed by HJC under theories of breach of completion guarantee contract, breach of implied duty of good faith, detrimental reliance, misrepresentation and, in the alternative, seeks damages. The Company has filed an answer and counterclaim against LEDGC. LEDGC has moved to have that counterclaim dismissed and/or for summary judgment. No ruling has yet been made by the court. The defendants intend to vigorously defend the action and prosecute their counterclaim.

Item 4. Submission of Matters To a Vote of Security Holders

The Company held its annual stockholders meeting on April 25, 1997. The following matters were voted upon at the meeting:

1. Election of Class I Directors

Name of Director Elected	Votes Cast For	Votes Cast Against or Withheld
Joe M. Henson	88,610,542	1,328,853
R. Brad Martin	88,611,906	1,327,489
Eddie N. Williams	88,581,390	1,358,005

Name of Each Other Director Whose Term of Office as Director Continued After the Meeting

James L. Barksdale
Susan Clark-Johnson
James B. Farley
Ralph Horn
Walter J. Salmon
Philip G. Satre
Boake A. Sells

	For	Against or Withheld	Abstentions
2. Ratification of Arthur Andersen LLP as the Company's independent public accountants for the 1997 calendar year.	89,049,612	686,328	202,455

	For	Against or Withheld	Abstentions
3. Stockholder proposal relating to elimination of Stockholder Rights Plan.*	33,596,806	31,736,931	696,557

*There were 23,908,101 broker nonvotes with regard to this proposal. This proposal failed because it did not achieve the affirmative vote of 75% of outstanding shares as required by the Company's Certificate of Incorporation.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

*EX-4.1	Second Amendment, dated as of April 25, 1997, to Rights Agreement, dated as of October 25, 1996, between Harrah's Entertainment, Inc. and The Bank of New York.
*EX-10.1	Amendment dated February 20, 1997 to 1996 Non-Management Director's Stock Incentive Plan.
*EX-10.2	Amendment, dated May 5, 1997, to Employment Agreement of Philip G. Satre dated as of February 25, 1994.
*EX-11	Computation of per share earnings.
*EX-27	Financial Data Schedule.

* Filed herewith.

No reports on Form 8-K were filed during the quarter ended March 31, 1997.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HARRAH'S ENTERTAINMENT, INC.

May 13, 1997 BY: MICHAEL N. REGAN

Michael N. Regan
Vice President and Controller
(Chief Accounting Officer)

Exhibit Index

Exhibit No.	Description	Sequential Page No.
EX-4.1	Second Amendment, dated as of April 25, 1997, to Rights Agreement, dated as of October 25, 1996, between Harrah's Entertainment, Inc. and The Bank of New York.	39
EX-10.1	Amendment dated February 20, 1997 to 1996 Non-Management Director's Stock Incentive Plan.	55
EX-10.2	Amendment, dated May 5, 1997 to Employment Agreement of Philip G. Satre dated as of February 25, 1994.	57
EX-11	Computation of per share earnings.	59
EX-27	Financial Data Schedule.	

Exhibit 4.1

SECOND AMENDMENT TO RIGHTS AGREEMENT

SECOND AMENDMENT, dated as of April 25, 1997 (this "Second Amendment") to the Rights Agreement (the "Rights Agreement"), dated as of October 5, 1996, between Harrah's Entertainment, Inc., a Delaware corporation (the "Company"), and The Bank of New York, a New York corporation, as Rights Agent (the "Rights Agent"), as amended by the First Amendment thereto, dated as of February 21, 1997 (the "First Amendment"). Unless the context indicates to the contrary, capitalized terms used and not defined herein shall have the meanings ascribed to them in the Rights Agreement.

The Company and the Rights Agent have previously entered into the Rights Agreement and the First Amendment thereto. The Board of Directors of the Company has authorized and declared a dividend of one Right for each Common Share of the Company outstanding at the close of business on the Record Date, and has authorized the issuance of one Right (subject to adjustment as provided in the Rights Agreement) with respect to each Common Share that shall become outstanding between the Record Date and the earliest of the Distribution Date, the Redemption Date and the Final Expiration Date, each Right initially representing the right to purchase one two-hundredth of a share of Series A Special Stock of the Company, upon the terms and subject to the conditions set forth in the Rights Agreement.

Pursuant to Section 26 of the Rights Agreement, the Company and the Rights Agent may from time to time supplement or amend the Rights Agreement in accordance with the provisions of such Section. The parties deem it advisable to supplement and amend the Rights Agreement as provided in this Second Amendment.

Accordingly, in consideration of the promises and mutual agreements herein set forth, the parties hereby agree as follows:

1. Exhibit B. Form of Right Certificate

The form of Right Certificate attached to the Rights Agreement as Exhibit B is hereby amended and restated in its entirety as set forth in Exhibit B attached hereto.

2. Exhibit C. Summary of Rights to Purchase Special Shares

The Summary of Rights to Purchase Special Shares attached to the Rights Agreement as Exhibit C is hereby amended and restated in its entirety as set forth in Exhibit C attached hereto.

3. Except as expressly set forth herein, nothing herein shall be deemed or construed to alter or amend the Rights Agreement in any respect, and, except as amended and supplemented hereby, the Rights Agreement shall remain in full force and effect in accordance with the provisions thereof. Unless the context indicates otherwise, each reference in the Rights Agreement to "this Rights Agreement" and the words "hereof", "hereto" and words of similar import shall mean the Rights Agreement, as amended and supplemented hereby.

4. This Second Amendment shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State.

5. This Second Amendment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

[signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to Rights Agreement to be duly executed and their respective corporate seals to be hereunto affixed, this 6th day of May, 1997.

HARRAH'S ENTERTAINMENT, INC.

By /s/ E. O. Robinson, Jr.

Name: E. O. Robinson, Jr.
Title: Senior Vice President and General Counsel

[SEAL]

THE BANK OF NEW YORK

By /s/ John I. Sivertsen

Name: John I. Sivertsen
Title: Vice President

[SEAL]

EXHIBIT B

[Form of Right Certificate]

Certificate No. R- Rights

NOT EXERCISABLE AFTER OCTOBER 5, 2006 OR EARLIER IF NOTICE OF REDEMPTION OR EXCHANGE IS GIVEN OR IF THE COMPANY IS MERGED OR ACQUIRED PURSUANT TO AN AGREEMENT OF THE TYPE DESCRIBED IN SECTION 1.3(ii)(A)(4) OF THE RIGHTS AGREEMENT. THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE COMPANY, AT $0.01 PER RIGHT ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SECTION 11.1.2 OF THE RIGHTS AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON, OR ITS AFFILIATES OR ASSOCIATES, OR ANY SUBSEQUENT HOLDER OF SUCH RIGHTS MAY BECOME NULL AND VOID. [THE RIGHTS REPRESENTED BY THIS CERTIFICATE ARE HELD OR HAVE BEEN HELD BY A PERSON WHO IS OR WAS AN ACQUIRING PERSON OR AN ASSOCIATE OR AFFILIATE OF AN ACQUIRING PERSON OR A NOMINEE THEREOF. THIS RIGHT CERTIFICATE AND THE RIGHTS REPRESENTED HEREBY HAVE BECOME NULL AND VOID AS SPECIFIED IN SECTION 11.1.2 OF THE RIGHTS AGREEMENT.]1/

Right Certificate

HARRAH'S ENTERTAINMENT, INC.

This certifies that , or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Rights Agreement, dated as of October 5, 1996, as the same may be amended from time to time (the "Rights Agreement"), between Harrah's Entertainment, Inc., a Delaware corporation (the "Company"), and The Bank of New York, a New York corporation authorized to do a banking business, as Rights Agent (the "Rights Agent"), to purchase from the Company at any time after the Distribution Date and prior to 5:00 P.M. (New York City time) on October 5, 2006, at the offices of the Rights Agent, or its

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1. The portion of the legend in brackets shall be inserted only if applicable and shall replace the preceding sentence.

successors as Rights Agent, designated for such purpose, one two- hundredth of a fully paid, nonassessable share of Series A Special Stock, par value $1.125 per share (the "Special Shares") of the Company, at a purchase price of $130.00 per one two- hundredth of a share, subject to adjustment (the "Purchase Price"), upon presentation and surrender of this Right Certificate with the Form of Election to Purchase and certification duly executed along with a signature guarantee and such other and further documentation as the Rights Agent may reasonably request. The number of Rights evidenced by this Right Certificate (and the number of one two-hundredths of a Special Share which may be purchased upon exercise thereof) set forth above, and the Purchase Price set forth above, are the number and Purchase Price as of October 5, 1996 based on the Special Shares as constituted at such date.

Upon the occurrence certain events described in Section 11.1.2 of the Rights Agreement, if the Rights evidenced by this Right Certificate are beneficially owned by (i) an Acquiring Person or an Affiliate or Associate of any such Acquiring Person, (ii) a transferee of any such Acquiring Person, Associate or Affiliate, or (iii) under certain circumstances specified in the Rights Agreement, a transferee of a person who, after such transfer, became an Acquiring Person, or an Affiliate or Associate of an Acquiring Person, such Rights shall become void, and no holder hereof shall have any right to exercise such Rights under any provision of the Rights Agreement or otherwise from and after the occurrence of such event described in Section 11.1.2 of the Rights Agreement.

Capitalized terms used in this Right Certificate without definition shall have the meanings ascribed to them in the Rights Agreement. As provided in the Rights Agreement, the Purchase Price and the number and kind of Special Shares or other securities which may be purchased upon the exercise of the Rights evidenced by this Right Certificate are subject to modification and adjustment upon the happening of certain events.

This Right Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Right Certificates. Copies of the Rights Agreement are on file at the principal offices of the Company and the Rights Agent.

This Right Certificate, with or without other Right Certificates, upon surrender at the offices of the Rights Agent designated for such purpose along with a signature guarantee and such other and further documentation as the Rights Agent may reasonably request, may be exchanged for another Right Certificate or Right Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of one two-hundredths of a Special Share as the Rights evidenced by the Right Certificate or Right Certificates surrendered shall have entitled such holder to purchase. If this Right Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Right Certificate or Right Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Board of Directors may, at its option, (i) redeem the Rights evidenced by this Right Certificate at a redemption price of $0.01 per Right at any time prior to the earlier of (A) the Shares Acquisition Date or (B) the Final Expiration Date, or (ii) exchange Common Shares for the Rights evidenced by this Certificate, in whole or in part, after the occurrence of a Trigger Event. In the event that, pursuant to the last sentence of Section 1.1 of the Rights Agreement, the Board of Directors determines that a Person has become an Acquiring Person inadvertently, and such Person divests Common Shares in accordance with such sentence, then the Company's right of redemption shall be deemed to have not expired as a result of such inadvertent acquisition.

No fractional Special Shares will be issued upon the exercise of any Right or Rights evidenced hereby (other than fractions which are integral multiples of one two-hundredth of a Special Share, which may, at the election of the Company, be evidenced by depositary receipts), but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Right Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of the Special Shares or of any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Right Certificate shall have been exercised as provided in the Rights Agreement.

If any term, provision, covenant or restriction of the Rights Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of the Rights Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated; provided, however, that notwithstanding anything in the Rights Agreement to the contrary, if any such term, provision, covenant or restriction is held by such court or authority to be invalid, void or unenforceable and the Board of Directors of the Company determines in its good faith judgment that severing the invalid language from the Rights Agreement would adversely affect the purpose or effect of the Rights Agreement, the Company's right of redemption shall be reinstated and shall not expire until the close of business on the tenth day following the date of such determination by the Board of Directors.

This Right Certificate shall not be valid or binding for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal. Dated as of .

Attest:	HARRAH'S ENTERTAINMENT, INC.
By --------------------- Title:	By ------------------------ Title:

Countersigned:

THE BANK OF NEW YORK

By

Authorized Signature

[Form of Reverse Side of Right Certificate]

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Right Certificate.)

FOR VALUE RECEIVED _____________

hereby sells, assigns and transfers unto ________________________

- --
- --

(Please print name and address of transferee)

this Right Certificate and the Rights evidenced thereby, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint [Name] Attorney, to transfer the within Right Certificate on the books of the within-named Company, with full power of substitution.

Dated: __________________

____
Signature

Signature Guaranteed:

- -------------------------

Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

The undersigned hereby certifies by checking the appropriate boxes that:

(1) the Rights evidenced by this Right Certificate [ ] are [ ] are not beneficially owned by an Acquiring Person or an Affiliate or an Associate (as such terms are defined in the Rights Agreement) thereof; and

(2) after due inquiry and to the best knowledge of the undersigned, the undersigned [ ] did [ ] did not acquire the Rights evidenced by this Right Certificate from any Person who is, was or subsequently became an Acquiring Person or an Affiliate or Associate thereof.

Dated:

Signature

Signature Guaranteed:

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Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

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NOTICE

The signature in the foregoing Form of Assignment must conform to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Form of Assignment is not completed, the Company will deem the beneficial owner of the Rights evidenced by this Right Certificate to be an Acquiring Person or an Affiliate or Associate hereof and, in the case of an Assignment, will affix a legend to that effect on any Right Certificates issued in exchange for this Right Certificate.

FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to exercise Rights represented by the Right Certificate.)

To: HARRAH'S ENTERTAINMENT, INC.

The undersigned hereby irrevocably elects to exercise __________________ Rights represented by this Right Certificate to purchase the Special Shares issuable upon the exercise of such Rights (or such other securities of the Company or of any other Person which may be issuable upon the exercise of the Rights) and requests that certificates for such shares be issued in the name of:

Please insert social security
or other identifying number

- --

(Please print name and address)

- --

If such number of Rights shall not be all the Rights evidenced by this Right Certificate, a new Right Certificate for the balance remaining of such Rights shall be registered in the name of and delivered to:

Please insert social security
or other identifying number

- --

(Please print name and address)

- --

Dated: ------------------

Signature

Signature Guaranteed:

- -------------------------

Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

The undersigned hereby certifies by checking the appropriate boxes that:

(1) the Rights evidenced by this Right Certificate [ ] are [ ] are not beneficially owned by an Acquiring Person or an Affiliate or an Associate thereof; and

(2) after due inquiry and to the best knowledge of the undersigned, the undersigned [ ] did [ ] did not acquire the Rights evidenced by this Right Certificate from any person who is, was or subsequently became an Acquiring Person or an Affiliate or Associate thereof.

Dated:

Signature

Signature Guaranteed:

- -------------------------

Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

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NOTICE

The signature in the foregoing Form of Election to Purchase must conform to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Form of Election to Purchase is not completed, the Company will deem the beneficial owner of the Rights evidenced by this Right Certificate to be an Acquiring Person or an Affiliate or Associate hereof.

EXHIBIT C

As described in the Rights Agreement, Rights which are held by or have been held by Acquiring Persons or Associates or Affiliates thereof (as defined in the Rights Agreement) shall become null and void.

SUMMARY OF RIGHTS TO PURCHASE
SPECIAL SHARES

On July 19, 1996 the Board of Directors of Harrah's Entertainment, Inc. (the "Company") declared a dividend of one Right for each share of common stock, $0.10 par value (the "Common Shares"), of the Company outstanding at the close of business on October 5, 1996 (the "Record Date"). As long as the Rights are attached to the Common Shares, the Company will issue one Right (subject to adjustment) with each new Common Share so that all such shares will have attached Rights. When exercisable, each Right will entitle the registered holder to purchase from the Company one two-hundredth of a share of Series A Special Stock (the "Special Shares") at a price of $130 per one two-hundredth of a Special Share, subject to adjustment (the "Purchase Price"). The description and terms of the Rights are set forth in a Rights Agreement, dated as of October 5, 1996, as the same may be amended from time to time (the "Rights Agreement"), between the Company and The Bank of New York, as Rights Agent (the "Rights Agent").

Until the earlier to occur of (i) ten (10) days following a public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the Common Shares or (ii) ten (10) days (or such later date as may be determined by action of at least a majority of Continuing Directors (as defined below) prior to such time as any Person becomes an Acquiring Person) following the commencement or announcement of an intention to make a tender offer or exchange offer the consummation of which would result in the beneficial ownership by a person or group of 15% or more of the Common Shares (the earlier of (i) and (ii) being called the "Distribution Date," whether or not either such date occurs prior to the Record Date), the Rights will be evidenced, with respect to any of the Common Share certificates outstanding as of the Record Date, by such Common Share certificate together with a copy of this Summary of Rights.

The Rights Agreement provides that, until the Distribution Date, the Rights will be transferred with and only with the Common Shares. Until the Distribution Date (or earlier redemption, exchange, termination or expiration of the Rights), new Common Share certificates issued after the close of business on the Record Date upon transfer or new issuance of the Common Shares will contain a notation incorporating the Rights Agreement by reference. Until the Distribution Date (or earlier redemption, exchange, termination or expiration of the Rights), the surrender for transfer of any certificates for Common Shares, with or without a copy of this Summary of Rights, will also constitute the transfer of the Rights associated with the Common Shares represented by such certificate. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights ("Right Certificates") will be mailed to holders of record of the Common Shares as of the close of business on the Distribution Date and, thereafter, such separate Right Certificates alone will evidence the Rights.

The Rights are not exercisable until the Distribution Date. The Rights will expire on October 5, 2006, subject to the Company's right to extend such date (the "Final Expiration Date"), unless earlier redeemed or exchanged by the Company or terminated.

Each Special Share purchasable upon exercise of the Rights will be entitled to a minimum preferential quarterly dividend payment of $1.00 per share but will be entitled to an aggregate dividend of 200 times the dividend, if any, declared per Common Share. In the event of liquidation, the holders of the Special Shares will be entitled to a minimum preferential liquidation payment of $200 per share but will be entitled to an aggregate payment of 200 times the payment made per Common Share. Each Special Share will have 200 votes and will vote together with the Common Shares. Finally, in the event of any merger, consolidation or other transaction in which Common Shares are exchanged, each Special Share will be entitled to receive 200 times the amount received per Common Share. These rights are protected by customary antidilution provisions. Because of the nature of the Special Share's dividend, liquidation and voting rights, the value of one two-hundredth of a Special Share purchasable upon exercise of each Right should approximate the value of one Common Share.

The Purchase Price payable, and the number of Special Shares or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of the Special Shares, (ii) upon the grant to holders of the Special Shares of certain rights or warrants to subscribe for or purchase Special Shares or convertible securities at less than the current market price of the Special Shares or (iii) upon the distribution to holders of the Special Shares of evidences of indebtedness, cash, securities or assets (excluding regular periodic cash dividends at a rate not in excess of 125% of the rate of the last regular periodic cash dividend theretofore paid or, in case regular periodic cash dividends have not theretofore been paid, at a rate not in excess of 50% of the average net income per share of the Company for the four quarters ended immediately prior to the payment of such dividend, or dividends payable in Special Shares (which dividends will be subject to the adjustment described in clause (i) above)) or of subscription rights or warrants (other than those referred to above).

In the event that a Person becomes an Acquiring Person (except pursuant to certain cash offers for all outstanding Common Shares approved by the Board) or if the Company were the surviving corporation in a merger with an Acquiring Person or any affiliate or associate of an Acquiring Person and the Common Shares were not changed or exchanged, each holder of a Right, other than Rights that are or were acquired or beneficially owned by the 15% stockholder (which Rights will thereafter be void), will thereafter have the right to receive upon exercise that number of Common Shares (or, in certain circumstances, cash, property or other securities of the Company) having a market value of two times the then current Purchase Price of the Right. With certain exceptions, in the event that (i) the Company is acquired in a merger or other business combination transaction in which the Company is not the surviving corporation or its Common Shares are changed or exchanged (other than a merger which follows certain cash offers for all outstanding Common Shares approved by the Board) or (ii) more than 50% of the Company's assets or earning power is sold, proper provision shall be made so that each holder of a Right (except Rights which previously have been voided as set forth above) shall thereafter have the right to receive, upon the exercise thereof at the then current Purchase Price of the Right, that number of shares of common stock of the acquiring company which at the time of such transaction would have a market value of two times the then current Purchase Price of the Right.

At any time after a Person becomes an Acquiring Person and prior to the acquisition by such Acquiring Person of 50% or more of the outstanding Common Shares, the Board of Directors may cause the Company to acquire the Rights (other than Rights owned by an Acquiring Person which have become void), in whole or in part, in exchange for that number of Common Shares having an aggregate value equal to the Spread (the excess of the value of the Common Shares issuable upon exercise of a Right after a Person becomes an Acquiring Person over the Purchase Price) per Right (subject to adjustment).

No adjustment in the Purchase Price will be required until cumulative adjustments require an adjustment of at least 1% in such Purchase Price. No fractional shares will be issued and in lieu thereof, a payment in cash will be made based on the market price of the Special Shares on the last trading date prior to the date of exercise.

The Rights may be redeemed in whole, but not in part, at a price of $0.01 per Right (the "Redemption Price") by the Board of Directors at any time prior to the earlier of (i) the first date of public announcement that a Person has become an Acquiring Person or (ii) the Final Expiration Date. In the event that, pursuant to the last sentence of Section 1.1 of the Rights Agreement, the Board of Directors determines that a Person has become an Acquiring Person inadvertently, and such Person divests Common Shares in accordance with such sentence, then the Company's right of redemption shall be deemed to have not expired as a result of such inadvertent acquisition. Immediately upon the action of the Board of Directors of the Company electing to redeem the Rights, the Company shall make an announcement thereof, and upon such election, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

The term "Continuing Directors" means any member of the Board of Directors of the Company who was a member of the Board prior to the time that any Person becomes an Acquiring Person, and any person who is subsequently elected to the Board if such person is recommended or approved by a majority of the Continuing Directors. Continuing Directors do not include an Acquiring Person, or an affiliate or associate of an Acquiring Person, or any representative of the foregoing.

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company beyond those as an existing stockholder, including, without limitation, the right to vote or to receive dividends.

Any of the provisions of the Rights Agreement may be amended by the Board of Directors of the Company prior to the Distribution Date. After the Distribution Date, the Company and the Rights Agent shall, if the Company so directs, amend or supplement the Rights Agreement without the approval of any holders of Right Certificates to cure any ambiguity, to correct or supplement any provision contained therein which may be defective or inconsistent with any other provisions therein, to shorten or lengthen any time period under the Rights Agreement (so long as, under certain circumstances, a majority of Continuing Directors approve such shortening or lengthening) or, so long as the interests of the holders of Right Certificates (other than an Acquiring Person or an affiliate or associate of an Acquiring Person) are not adversely affected thereby, to make any other provisions in regard to matters or questions arising thereunder which the Company and the Rights Agent may deem necessary or desirable, including but not limited to extending the Final Expiration Date. The Company may at any time prior to such time as any Person becomes an Acquiring Person amend the Rights Agreement to lower the thresholds described above to not less than the greater of (i) any percentage greater than the largest percentage of the outstanding Common Shares then known by the Company to be beneficially owned by any person or group of affiliated or associated persons and (ii) 10%.

A copy of the Rights Agreement has been filed with the Securities and Exchange Commission as an Exhibit to a Registration Statement on Form 8-A. A copy of the Rights Agreement is available free of charge from the Company. This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement, which is incorporated herein by reference.

Exhibit 10.1

Amendment (this "Amendment") to the
Harrah's Entertainment, Inc.
1996 Non-Management Directors Stock Incentive Plan
(the "Plan")

This Amendment is effective February 20, 1997, pursuant to approval by the Committee under the Plan and by the Human Resources Committee of the Board of Directors of Harrah's Entertainment, Inc. ("Company").

1. Section 2 of the Plan is hereby amended to add the following sentence to the end of such section:

Notwithstanding the foregoing, the Human Resources Committee of the Board of Directors of the Company (the "HRC") shall exercise any and all rights, duties and powers of the Committee under the Plan to the extent required by the applicable exemptive conditions of Rule 16b-3 under the Securities Exchange Act of 1934, as amended ("Rule 16b-3"), as determined by the HRC in its sole discretion.

2. The third sentence of the first paragraph of Section 7 of the Plan is hereby amended to read in its entirety:

The deferral election form signed by the participant prior to the plan year will be irrevocable except in case of hardship (as defined in Section 8) as determined in good faith by the HRC pursuant to Section 8, provided, however, that a participant may, prior to January 1 of the year preceding the year that the participant's termination of service occurs, submit an amended election form to the HRC for HRC approval indicating a requested change in the participant's elected method for the grant of the deferred shares upon termination of service (i.e., as to either a lump sum of shares within 30 days after termination of service or approximately equal annual installments over a period of two to ten years), and upon the HRC's approval of the requested change within 90 days after submission of the requested change, such change shall be effective. If the HRC does not approve the change, the participant's original election will remain in effect.

3. Section 8 is hereby amended to add the following sentence to the end of such section:

For purposes of this Section 8, the Committee shall be the HRC.

4. Section 10(a) of the Plan is hereby amended to add the following proviso to the end of such section:

; provided, however, that to the extent required by the applicable exemptive conditions of Rule 16b-3, any such adjustment shall be subject to approval by the HRC.

5. Section 10(b) of the Plan is hereby amended to add the following proviso to the end of such section:

; provided, however, that to the extent required by the applicable exemptive conditions of Rule 16b-3, any such termination shall be subject to approval by the HRC.

6. Section 10(c) of the Plan is hereby amended to provide in its entirety as follows:

(c) No adjustment or action under this Section 10 or any other provision of this Plan shall be authorized to the extent such adjustment or action would violate Section 16 of the Securities Exchange Act of 1934, as amended, or the applicable exemptive conditions of Rule 16b-3. The number of shares finally granted under this Plan shall always be rounded to the next whole number.

7. Section 10(d) of the Plan is hereby amended to add the following proviso to the end of such section:

; provided, however, that to the extent required by the applicable exemptive conditions of Rule 16b-3, any such decision shall be subject to approval by the HRC.

8. Section 11 of the Plan is hereby amended to read in its entirety as follows:

Amendment. The Committee may terminate, modify or amend the Plan in such respect as it shall deem advisable, without obtaining approval from the Company's stockholders or the HRC except as such approval may be required pursuant to the applicable exemptive conditions of Rule 16b-3 or Section 16 of the Securities Exchange Act of 1934, as amended. No termination, modification or amendment of the Plan may, without the consent of a participant, adversely affect a participant's rights under an award granted prior thereto.

* * * *

Executed and approved this 20th day of February, 1997.

/s/ Philip G. Satre

Philip G. Satre, Chairman, President and
Chief Executive Officer and Sole Member of
the Committee under the Plan

Exhibit 10.2

May 5, 1997

Mr. Philip G. Satre
Harrah's Entertainment, Inc.
1023 Cherry Road
Memphis, TN 38117

RE: Amendment to Employment Agreement

Dear Mr. Satre:

Pursuant to action taken by the Board of Directors on February 21, 1997, this letter agreement ("this Amendment") amends your Employment Agreement dated February 25, 1994 (the "Agreement") between you and Harrah's Entertainment, Inc. (formerly The Promus Companies Incorporated) (the "Company").

In consideration of the mutual covenants herein contained, it is agreed as follows:

1. All references in the Agreement to "Chief Executive Officer" are changed to read "Chairman of the Board and Chief Executive Officer."

2. The reference to your salary of "$450,000" in the first sentence of paragraph 4 of the Agreement is changed to read "$800,000."

It is understood these changes are effective as of January 1, 1997.

3. Notwithstanding any provision in the Agreement to the contrary, in the event your active employment as an executive officer with the Company, or its direct or indirect subsidiaries, terminates for any reason, any TARSAP shares granted to you which are unvested on the date of such termination of active employment will be forfeited as of 12:00 p.m. on such date, provided, it is understood that the Human Resources Committee of the Board of Directors could approve an exception, in its discretion, based on its review of the circumstances at that time.

4. Except as specifically amended herein, all terms and conditions of the Agreement remain unchanged and continue in full force and effect.

If this Amendment sets forth our agreement on the subject matter hereof, please sign and return to the Company the enclosed copy of this Amendment which will then constitute our binding agreement on this subject.

Very truly yours,

HARRAH'S ENTERTAINMENT, INC.

By: /s/ E. O. Robinson, Jr.

Title: Senior Vice President

AGREED:

/s/ Philip G. Satre

Philip G. Satre

Exhibit 11

HARRAH'S ENTERTAINMENT, INC.
COMPUTATIONS OF PER SHARE EARNINGS

	First Quarter Ended March 31, 1997	March 31, 1996
Net income	$ 17,111,000	$ 31,410,000
Primary Earnings Per Share		
Weighted average number of common shares outstanding	101,610,624	102,597,657
Common stock equivalents		
Additional shares based on average market price for period applicable to:		
Restricted stock	-	53,002
Stock options	544,937	727,888
Average number of primary common and common equivalent shares outstanding	102,155,561	103,378,547
Primary earnings per common and common equivalent share		
Net income	$ 0.17	$ 0.30
Fully Diluted Earnings Per Share		
Average number of primary common and common equivalent shares outstanding	102,155,561	103,378,547
Additional shares based on period-end price applicable to:		
Restricted stock	-	4,951
Stock options	-	161,102
Average number of fully diluted common and common equivalent shares outstanding	102,155,561	103,544,600
Fully diluted earnings per common and common equivalent share		
Net income	$ 0.17	$ 0.30

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1,000

3-MOS
DEC-31-1997
MAR-31-1997
103,135
0
53,274
15,542
10,490
195,082
2,039,679
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2,002,837
211,008
937,608
0
0
10,170
689,625
2,002,837
0
374,099
0
317,613
0
0
17,815
30,582
11,647
17,111
0
0
0
17,111
0.17
0.17