

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): September 4, 1998

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

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| DELAWARE (State or other jurisdiction of incorporation or organization) | 1-10410 (Commission File Number) | 61-1411755 (I.R.S. Employer Identification No.) |
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| 1023 CHERRY ROAD MEMPHIS, TENNESSEE (Address of Principal Executive Offices) | 38117 (Zip Code) |
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(901) 762-8600

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report.)

Item 5. Other Events

On August 9, 1998, the Registrant entered into an Agreement and Plan of Merger (the "Merger Agreement") with HEI Acquisition Corp. III, a Nevada corporation and a wholly-owned subsidiary of the Registrant ("Merger Sub"), and Rio Hotel & Casino, Inc., a Nevada corporation ("Rio"), providing for the merger of Merger Sub with and into Rio with Rio as the surviving corporation. The Merger Agreement as executed contemplated that the merger would be accounted for as a "pooling of interests" and included as a condition to the Registrant's obligation to effect the merger the Registrant's receipt of a letter from its public accountants as to the appropriateness of such accounting treatment (the "Pooling Condition"). Having now determined that the purchase method is the appropriate accounting treatment for the merger, the Registrant, Merger Sub and Rio today executed a First Amendment to the Agreement and Plan of Merger (the "Amendment"), eliminating the Pooling Condition as well as certain other provisions related to pooling of interests accounting treatment .

For additional information concerning the foregoing, reference is made to the Registrant's press release dated September 4, 1998 and the Amendment, copies of which are attached as exhibits hereto and incorporated by reference herein.

Item 7. Financial Statements and Exhibits

(c) Exhibits

2.1 First Amendment to the Agreement and Plan of Merger, dated as of September 4, 1998, by and among Harrah's Entertainment, Inc., HEI Acquisition Corp. III and Rio Hotel & Casino, Inc.

99.1 Text of Press Release, dated September 4, 1998.

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 hereunto duly authorized.

HARRAH'S ENTERTAINMENT, INC.

Date: September 4, 1998

By: /s/ Charles L. Atwood

Name: Charles L. Atwood
Title: Vice President and
Treasurer

FIRST AMENDMENT TO AGREEMENT AND PLAN OF MERGER

FIRST AMENDMENT TO AGREEMENT AND PLAN OF MERGER (this "AMENDMENT"), dated as of September 4, 1998, by and among HARRAH'S ENTERTAINMENT, INC., a Delaware corporation ("HARRAH'S"), HEI ACQUISITION CORP. III, a Nevada corporation and a direct wholly-owned subsidiary of Harrah's ("MERGER SUB"), and RIO HOTEL & CASINO, INC., a Nevada corporation ("RIO").

WHEREAS, the parties hereto previously entered into that certain Agreement and Plan of Merger, dated as of August 9, 1998 (the "MERGER AGREEMENT"), pursuant to which Merger Sub will, upon the terms and subject to the conditions set forth in the Merger Agreement, merge with and into Rio (the "MERGER"), with Rio as the surviving corporation;

WHEREAS, the parties intended at the time of entering into the Merger Agreement for the Merger to be accounted for as a pooling of interests, and that Harrah's would obtain a letter from its public accountants as to the appropriateness of such accounting treatment, the receipt of which letter was to be a condition to Harrah's obligation to effect the Merger (the "POOLING CONDITION");

WHEREAS, the parties intend that the purpose of this Amendment is to eliminate the Pooling Condition and any other provisions in the Merger Agreement that contemplate or require that the Merger be accounted for as a pooling of interests;

WHEREAS, each of the Boards of Directors of Harrah's and Rio has determined that eliminating the Pooling Condition and making the other changes contemplated by this Amendment are in the best interests of Harrah's or Rio, as the case may be, and their respective stockholders; and

WHEREAS, the Boards of Directors of Harrah's, Merger Sub and Rio have each approved this Amendment.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth below, the parties agree as follows:

1. Terms used and not otherwise defined herein shall have the meanings given to such terms in the Merger Agreement.
2. The last recital on page 1 of the Merger Agreement is deleted in its entirety.
3. The fifth sentence of Section 2.3 of the Merger Agreement (beginning with the words "The conversion shall be effected in a manner . . .") is deleted in its entirety.
4. Section 3.16 of the Merger Agreement is amended in its entirety to read as follows:

SECTION 3.16. TAX MATTERS. To the best knowledge of Rio, after consulting with its tax advisors, except as set forth on Schedule 3.16 of the Rio Disclosure Schedule, neither Rio nor any of its Affiliates (as defined in Section 5.12) has taken or agreed to take any action which would prevent the Merger from qualifying as a reorganization described in Section 368(a) of the Code.

5. Section 4.15 of the Merger Agreement is amended in its entirety to read as follows:

SECTION 4.15. TAX MATTERS. To the best knowledge of Harrah's, after consulting with its tax advisors, except as set forth on Schedule 4.15 of the Harrah's Disclosure Schedule, neither Harrah's nor any of its Affiliates has taken or agreed to take any action which would prevent the Merger from qualifying as a reorganization described in Section 368(a) of the Code.

6. Section 5.13 of the Merger Agreement is amended in its entirety to read as follows:

SECTION 5.13. INTENTIONALLY OMITTED.

7. Clause (f) of Section 6.3 of the Merger Agreement is deleted in its entirety.

8. Clause (d) of Section 7.3 of the Merger Agreement is amended in its entirety to read as follows:

(d) Intentionally omitted.

9. Paragraph 2 of the letter attached as Exhibit B to the Merger Agreement is amended in its entirety to read as follows:

2. INTENTIONALLY OMITTED.

10. In the event that there is a conflict between any of the provisions of this Amendment and any of the provisions of the Merger Agreement, the provisions of this Amendment shall control.

11. Except as expressly amended or modified herein, all the terms and conditions of the Merger Agreement shall remain unchanged and in full force and effect.

12. This Amendment may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when two or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

13. This Amendment shall be governed by and construed in accordance with the laws of the State of Nevada without regard to any applicable conflicts of law.

(Signature Page on Next Page)

IN WITNESS WHEREOF, Harrah's, Merger Sub and Rio have caused this Amendment to be signed by their respective duly authorized officers as of the date first written above.

HARRAH'S ENTERTAINMENT, INC.

/s/ Colin V. Reed

By: Colin V. Reed
Its: Executive Vice President & Chief
Financial Officer

HEI ACQUISITION CORP. III

/s/ Colin V. Reed

By: Colin V. Reed
Its: Executive Vice President
and Treasurer

RIO HOTEL & CASINO, INC.

/s/ James A. Barrett, Jr.

By: James A. Barrett, Jr.
Its: President

CONTACTS:

Harrah's Entertainment, Inc.

Media:

Ralph Berry, (901) 762-8629

Investors:

Charles Atwood, (901) 762-8852

Release # HET-09-98-0114

Rio Hotel and Casino, Inc.

Media and Investors:

James A. Barrett, Jr.

(702) 252-7733

HARRAH'S AND RIO TO USE PURCHASE METHOD OF ACCOUNTING

MEMPHIS, TN/LAS VEGAS, NV, SEPTEMBER 4, 1998 -- Harrah's Entertainment, Inc. (NYSE:HET) and Rio Hotel and Casino, Inc. (NYSE:RHC) today announced that they have amended their merger agreement to eliminate the condition that the merger be accounted for as a pooling of interests. Having reviewed and evaluated all aspects of the proposed merger, the companies determined that the purchase method is the appropriate accounting treatment for this transaction.

Purchase accounting will improve the combined company's debt-to-capital ratio as well as permit increased flexibility in managing the combined company. The companies continue to expect the transaction to be accretive to earnings in the first year based on achieving modest cost synergies.

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