

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES
EXCHANGE ACT OF 1934

Filed by the Registrant /X/
Filed by a Party other than the Registrant / /

Check the appropriate box:
/ / Preliminary Proxy Statement
/ / Confidential, for use of the Commission Only (as permitted by Rule
14a-6(e)(2))
/X/ Definitive Proxy Statement
/ / Definitive Additional Materials
/ / Soliciting Materials Pursuant to 240.14a-11(c) or 240.14a-12

HARRAH'S ENTERTAINMENT, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

/X/ No fee required.
/ / Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- (1) Title of each class of securities to which transaction applies:

- (2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

- (4) Proposed maximum aggregate value of transaction:

- (5) Total fee paid:

/ / Fee paid with preliminary materials.

/ / Check box if any of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount previously paid:

- (2) Form, Schedule or Registration Statement No. :

- (3) Filing Party:

- (4) Date Filed:

[LOGO]

HARRAH'S ENTERTAINMENT, INC.
THE PREMIER NAME IN CASINO
ENTERTAINMENT-REGISTERED TRADEMARK-
1023 CHERRY ROAD
MEMPHIS, TN 38117 USA

March 13, 1998

To Our Stockholders:

You are cordially invited to attend the Harrah's Entertainment, Inc. Annual Meeting of Stockholders which will be held on May 1, 1998, at 11:30 a.m. in the Winegardner Auditorium--Dixon Gallery and Gardens, 4339 Park Avenue, Memphis, Tennessee. All stockholders of record as of March 12, 1998, are entitled to vote at the Annual Meeting.

The meeting will be held to: (a) elect three Class II directors, (b) approve amendments to the Company's Stock Option Plan, (c) approve amendments to the Company's Restricted Stock Plan, and (d) ratify the appointment of independent public accountants for 1998.

Whether or not you expect to attend the meeting, please complete, sign, date and return the enclosed proxy card promptly to ensure that your shares will be represented at the meeting. If you attend the meeting, you may vote in person even if you have sent in your proxy card.

Sincerely,

[SIGNATURE]

Philip G. Satre
CHAIRMAN OF THE BOARD, PRESIDENT
AND CHIEF EXECUTIVE OFFICER

HARRAH'S ENTERTAINMENT, INC.
NOTICE OF MEETING

The Annual Meeting of Stockholders of Harrah's Entertainment, Inc. will be held in the Winegardner Auditorium--Dixon Gallery and Gardens, 4339 Park Avenue, Memphis, Tennessee, on Friday, May 1, 1998, at 11:30 a.m. to:

1. elect three Class II directors;
2. approve amendments to the Company's 1990 Stock Option Plan;
3. approve amendments to the Company's 1990 Restricted Stock Plan;
4. ratify the appointment of Arthur Andersen LLP as the Company's independent public accountants for the 1998 calendar year; and
5. transact such other business as may properly be brought before the meeting or any adjournments or postponements thereof.

Stockholders of record at the close of business on March 12, 1998, are entitled to vote. The list of stockholders will be available for examination for the ten days prior to the meeting at the office of the Corporate Secretary, Harrah's Entertainment, Inc., 1023 Cherry Road, Memphis, Tennessee 38117.

PLEASE COMPLETE THE ACCOMPANYING PROXY AND RETURN IT IN THE ENCLOSED ADDRESSED ENVELOPE.

[SIGNATURE]

Rebecca W. Ballou
SECRETARY

March 13, 1998

PROXY STATEMENT

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors of Harrah's Entertainment, Inc. ("Harrah's Entertainment" or the "Company") from the holders of record of Harrah's Entertainment common stock ("Common Stock") as of the close of business on March 12, 1998. The proxies are for use at the Annual Meeting of Stockholders to be held on May 1, 1998, at 11:30 a.m. in the Winegardner Auditorium - Dixon Gallery and Gardens, 4339 Park Avenue, Memphis, Tennessee, and at any adjournment or postponement thereof (the "Annual Meeting").

The principal executive offices of Harrah's Entertainment are located at 1023 Cherry Road, Memphis, Tennessee 38117. A copy of the Company's 1997 Annual Report to Stockholders, this Proxy Statement and accompanying proxy card are first being mailed to stockholders on or about March 19, 1998.

VOTING RIGHTS AND PROXY INFORMATION

A proxy card is enclosed for your use. You are solicited on behalf of the Board of Directors to complete, sign, date and return the proxy card in the accompanying envelope, which is postage paid if mailed in the United States. You have three choices on each of the matters to be voted upon at the Annual Meeting. Concerning the election of directors, by checking the appropriate box on your proxy card, you may: (a) vote for all of the director nominees as a group; (b) withhold authority to vote for all director nominees as a group; or (c) vote for all director nominees as a group except those nominees you identify on the appropriate line. Concerning the other matters to be voted upon, by checking the appropriate box you may: (a) vote "For" the proposal; (b) vote "Against" the proposal; or (c) "Abstain" from voting on the proposal.

Stockholders may vote by either completing and returning the enclosed proxy card prior to the meeting, voting in person at the meeting, or submitting a signed proxy card at the meeting.

YOUR VOTE IS IMPORTANT. ACCORDINGLY, YOU ARE URGED TO SIGN AND RETURN THE ACCOMPANYING PROXY CARD WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING.

You may revoke your proxy at any time before it is voted at the Annual Meeting by (i) filing with the Corporate Secretary of Harrah's Entertainment, at or before the Annual Meeting, a written notice of revocation bearing a later date than the proxy, (ii) duly executing a subsequent proxy relating to the same shares of Common Stock and delivering it to the Corporate Secretary of Harrah's Entertainment at or before the Annual Meeting, or (iii) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy). You may also be represented by another person present at the meeting by executing a form of proxy designating such person to act on your behalf. Any written notice revoking a proxy should be sent to the Corporate Secretary of Harrah's Entertainment at 1023 Cherry Road, Memphis, Tennessee 38117.

All shares of Common Stock that are represented at the Annual Meeting by properly executed proxies received prior to or at the Annual Meeting and not revoked will be voted at the Annual Meeting in accordance with the instructions indicated in such proxies. Unless otherwise specified on the proxy, the shares represented by a signed proxy card will be voted FOR the proposals on the proxy card and will be voted in the discretion of the persons named as proxies on other business that may properly come before the meeting.

Under the Company's Bylaws and Delaware law, shares represented by proxies that reflect either abstentions or "broker non-votes" (i.e., shares held by a broker or nominee which are represented at the Annual Meeting, but with respect to which such broker or nominee is not empowered to vote on a particular proposal) will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Under the Company's Bylaws, abstentions will not be counted as votes for or against the proposals to be voted upon at the Annual Meeting.

For participants in the Company's Employee Stock Ownership Plan, an appointed Plan Trustee will vote any shares held for a participant's account in accordance with the confidential voting instructions returned by the participant. If the instructions are not returned by the participant, shares held by the Company's Employee Stock Ownership Plan for such participant may be voted by the Plan Trustees pursuant to the Plan document and applicable law.

SHARES ENTITLED TO VOTE AND REQUIRED TO VOTE

Only holders of record of shares of Common Stock as of the close of business on March 12, 1998 (the "Annual Meeting Record Date") will be entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof. At that date, there were 101,082,935 shares of Common Stock outstanding and entitled to vote at the meeting. Such holders of shares of Common Stock are entitled to one vote per share on any matter which may properly come before the Annual Meeting.

The presence, either in person or by properly executed proxy, of a majority of the shares of Common Stock outstanding on the Annual Meeting Record Date will constitute a quorum and such quorum is necessary to permit action to be taken by the stockholders at such meeting. Under the rules of the New York Stock Exchange, the minimum vote required to constitute shareholder approval of additional shares proposed to be authorized for the Company's Stock Option and Restricted Stock Plans (Proposals 3 and 4) is a majority of votes cast on each of those proposals, provided a quorum is present. The affirmative vote of the holders of at least a majority of the outstanding shares of Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote, excluding abstentions, is required to approve each of the other proposals. In the event that a quorum is not present at the time the Annual Meeting is convened, or if for any other reason the Company believes that additional time should be allowed for the solicitation of proxies, the Company may adjourn the Annual Meeting with or without a vote of the stockholders. If the Company proposes to adjourn the Annual Meeting by a vote of the stockholders, the persons named in the enclosed proxy will vote all shares of Common Stock for which they have voting authority in favor of such adjournment.

BOARD OF DIRECTORS

GENERAL INFORMATION--ELECTION OF DIRECTORS

The Company's Certificate of Incorporation provides for a Board of Directors of not less than three nor more than seventeen directors and authorizes the Board to determine the number within that range from time to time by the affirmative vote of a majority of the directors then in office. The current Board of Directors consists of nine directors.

In accordance with the Certificate of Incorporation, the Company's Board of Directors is divided into three classes with staggered terms. Each class of directors is elected for a term of three years. Three Class II directors are to be elected at the 1998 Annual Meeting for a three-year term ending in 2001.

Shirley Young, who was a director in Class II, retired from the Board effective April 25, 1997. James L. Barksdale, who was a director in Class III, retired as a director effective July 25, 1997.

The number of Class II directors is currently set at four. The Board has named three nominees for election to Class II rather than four due to the fact that no other individuals have been currently selected and are available for election at this time. Proxies cannot be voted for a greater number of persons than the number of nominees named. It is expected that the Board will at a future date appoint J. Kell Houssels, III, President and Chief Executive Officer of Showboat, Inc. ("Showboat"), to fill the vacancy in Class II

when the Company completes the acquisition of Showboat. The Company entered into an agreement in December, 1997 to acquire Showboat subject to various conditions, including regulatory and third party approvals and approval by the stockholders of Showboat.

NOMINEES

Upon recommendation of the Human Resources Committee of the Board of Directors (the "Human Resources Committee"), the following individuals have been nominated by the Board of Directors for re-election to Class II positions with their term in office expiring in 2001: Ralph Horn, Philip G. Satre and Boake A. Sells.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR EACH OF THE FOREGOING NOMINEES AS DIRECTORS OF HARRAH'S ENTERTAINMENT.

In the event any nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxy will be voted for any substitute nominee selected by the current Board of Directors. Management has no reason to believe, as of the date of this Proxy Statement, that the persons named will be unable or will decline to serve if elected, and each nominee has informed the Company that he consents to serve and will serve if elected.

OWNERSHIP OF HARRAH'S ENTERTAINMENT SECURITIES

Set forth in the following table is the beneficial ownership of Common Stock as of January 31, 1998, for all current directors, including all nominees to the Board of Directors, the five executive officers of the Company named in the Summary Compensation Table on page 17, and all directors and executive officers as a group.

NAME	SHARES OF COMMON STOCK BENEFICIALLY OWNED ON JANUARY 31, 1998(A)(B)	% OF SHARES OUTSTANDING (NET OF TREASURY SHARES) AS OF JANUARY 31, 1998
John M. Boushy.....	77,250	*
Susan Clark-Johnson.....	5,740	*
James B. Farley.....	21,486	*
Joe M. Henson.....	79,002	*
Ralph Horn.....	23,520	*
R. Brad Martin.....	23,268	*
Ben C. Peternell.....	355,803	*
Colin V. Reed.....	339,937	*
E. O. Robinson, Jr.....	136,273	*
Walter J. Salmon.....	17,863	*
Philip G. Satre.....	840,728	*
Boake A. Sells.....	21,506	*
Eddie N. Williams.....	11,698	*
All directors and executive officers as a group.....	2,077,827	2.0%

* Indicates less than 1%

- (a) Shares listed in the table include shares allocated to accounts under the Company's Savings and Retirement Plan as of December 31, 1997. The amounts shown also include the following shares that may be acquired within 60 days pursuant to outstanding stock options: Mr. Boushy, 37,239 shares; Mr. Peternell, 105,287 shares; Mr. Reed, 184,394 shares; Mr. Robinson, 59,725 shares; Mr. Satre, 360,715 shares; all directors and executive officers as a group, 806,926 shares.
- (b) The amounts shown include the following rights to shares pursuant to the Non-Management Directors Stock Incentive Plan and deferred at the election of the directors: Ms. Clark-Johnson, 3,590 shares; Mr. Farley, 3,668 shares; Mr. Henson, 4,002 shares; Mr. Horn, 3,420 shares; Mr. Martin, 3,068 shares; Mr. Salmon, 3,262 shares; Mr. Sells, 3,506 shares; Mr. Williams, 1,648 shares.

NOMINEES: CLASS II, TERM EXPIRES 2001

[LOGO] RALPH HORN
Mr. Horn, 57, has been Chairman of the Board of First Tennessee National Corporation since January 1996 and Chief Executive Officer since April 1994. He has been a director and President of that company since July 1991, and was Chief Operating Officer from 1991 to 1994. He has been a director of Harrah's Entertainment since July 1995. He is a member of the Executive and Audit Committees of the Company.

[LOGO] PHILIP G. SATRE
Mr. Satre, 48, has been Chairman of the Board of the Company since January 1997, Chief Executive Officer since April 1994, and President since April 1991. He was President of the Company's Gaming Group from 1984 to August 1995. He has been a director of the Company since November 1989. He is a member of the Company's Executive Committee. He also is a member of the Executive Committee of Harrah's Jazz Company and a director and President of Harrah's Jazz Finance Corp., both of which filed petitions under Chapter 11 of the United States Bankruptcy Code in November 1995.

[LOGO] BOAKE A. SELLS
Mr. Sells, 60, a private investor, was Chairman of the Board and Chief Executive Officer of Revco D.S., Inc. from September 1987 to October 1992 and was President of that company from April 1988 to June 1992. He is also a director of NCS Healthcare. He has been a director of the Company since February 1990. He is a member of the Executive and Human Resources Committees of the Company.

DIRECTORS: CLASS I, TERM EXPIRES 2000

[LOGO] JOE M. HENSON
Mr. Henson, 64, a private investor, was a director and Chairman of the Board of LEGENT Corporation from October 1989 until February 1995 and was a director of that company and Chairman of its Executive Committee from January 1995 to May 1995. He was Chief Executive Officer of LEGENT Corporation from October 1989 to April 1992. He is a director of Marcam Solutions, Inc. He has been a director of the Company since April 1991. He is Chairman of the Company's Human Resources Committee.

[LOGO] R. BRAD MARTIN
Mr. Martin, 46, has been Chairman of the Board and Chief Executive Officer of Proffitt's, Inc. since 1989. He is a director of First Tennessee National Corporation. Mr. Martin has been a director of the Company since July 1996. He is a member of the Executive and Human Resources Committees of the Company.

[LOGO] EDDIE N. WILLIAMS
Mr. Williams, 65, has been President and Chief Executive Officer of the Joint Center for Political and Economic Studies in Washington, D.C. since 1972. He is a director of Riggs National Corporation of Washington, D.C. Mr. Williams has been a director of the Company since October 1992. He is a member of the Company's Audit Committee. He also is a member of the Executive Committee of Harrah's Jazz Company and a director of Harrah's Jazz Finance Corp., both of which filed petitions under Chapter 11 of the United States Bankruptcy Code in November 1995.

DIRECTORS: CLASS III, TERM EXPIRES 1999

[LOGO] SUSAN CLARK-JOHNSON
Ms. Clark-Johnson, 51, has been Senior Group President, Pacific Newspaper Group, Gannett Co., Inc. since July 1994. She has been publisher of the Reno Gazette-Journal since 1985. She was President of Gannett West Newspaper Group from 1985 to 1994. She has been a director of the Company since July 1994. She is Chairperson of the Company's Audit Committee.

[LOGO] JAMES B. FARLEY
Mr. Farley, 67, has been a trustee of Mutual Of New York since October 1988. He was Chairman of the Board of Mutual Of New York from April 1989 to July 1993, and was Chief Executive Officer of that company from April 1989 to January 1993. Mr. Farley is also a director of Ashland, Inc. and Walter Industries, Inc. Mr. Farley has been a director of the Company since February 1990. He is a member of the Executive and Human Resources Committees of the Company.

[LOGO]

WALTER J. SALMON

Mr. Salmon, 67, is Professor of Retailing, Emeritus at Harvard University. He was the Stanley Roth, Sr. Professor of Retailing, Harvard University from 1980 to June 1997. Mr. Salmon is also a director of Hannaford Brothers Company, Luby's Cafeterias, Inc., The Neiman Marcus Group, The Quaker Oats Company, Circuit City Stores, Inc., Cole National Corporation and PetsMart, Inc. He has been a director of the Company since February 1990. He is a member of the Company's Audit Committee.

THE BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

The Board of Directors met six times during 1997. During the year, overall attendance by incumbent directors averaged 96% at Board meetings and 98% at Committee meetings. Walter J. Salmon attended 89% of regularly scheduled Board and Committee meetings during 1997, but was unable to attend two special meetings, and as a result for the year he attended 73% of the meetings of the Board and of Committees on which he served.

The Harrah's Entertainment Board has three standing committees: (i) Executive, (ii) Audit, and (iii) Human Resources.

During the intervals between meetings of the Board of Directors, the Executive Committee, subject to specified limitations, may act on behalf of the Board. Action taken by the Executive Committee is reported to the Board of Directors at its first meeting following such action. Without specific delegated authority, the Executive Committee may not declare dividends except current quarterly dividends not in excess of those last declared by the Board of Directors and may not increase or decrease the number of directors or appoint new directors. Unless within an overall plan previously approved by the Board of Directors, action taken by the Executive Committee approving a transaction in excess of \$75 million is subject to revision or rescission by the Board of Directors at the Board's first meeting following such action. The Executive Committee met once during 1997.

The Audit Committee, which met four times in 1997, (1) recommends annually to the Board of Directors the independent public accountants for the Company and for its direct or indirect subsidiaries; (2) meets with the independent public accountants concerning their audit, their evaluation of the Company's financial statements, accounting developments that may affect the Company and their nonaudit services; (3) meets with the Company's management and the internal auditors concerning similar matters; (4) reviews the Company's compliance policies and performance; and (5) makes recommendations to all of the aforesaid groups that it deems appropriate.

The Human Resources Committee met six times during 1997. The Human Resources Committee acts as the nominating committee of the Board of Directors. It considers and makes recommendations to the Board of Directors concerning the size and composition of the Board, the number of non-management directors, the qualifications of members and potential nominees for membership, the compensation of directors, membership of committees of the Board and certain administrative matters. The Human Resources Committee considers nominees recommended by stockholders. Detailed resumes of business experience and personal data of potential nominees may be submitted to the Corporate Secretary at the address shown on the front page of this Proxy Statement.

The Human Resources Committee also approves the annual compensation of corporate officers who are members of the Board of Directors and administers the Company's bonus, restricted stock, stock option and other incentive compensation plans. The Committee also makes various decisions and policy determinations in connection with the Company's Savings and Retirement Plan and Employee Stock Ownership Plan.

COMPENSATION OF DIRECTORS

Directors who are not employees of Harrah's Entertainment or its direct or indirect subsidiaries earn a monthly fee of \$2,500 plus \$1,500 for each Board meeting and \$1,200 for each committee meeting they attend. Committee chairpersons are paid an additional \$800 for each committee meeting attended. These fees are reviewed every three years by the Human Resources Committee of the Board to determine if they are competitive. In February 1998, the Committee completed a three-year review of the compensation of boards of directors of companies with revenues similar to Harrah's Entertainment. Based on this review, the Committee recommended and the Board determined that commencing May 1, 1998 the fees of non-management directors should be as follows: monthly fee \$3,167; Board meetings fee, \$1,600 for each meeting; Committee meetings fee, \$1,300 for each meeting; Committee chairperson, an additional \$900 for each Committee meeting.

Under the provisions of the Company's Non-Management Directors Stock Incentive Plan, a director automatically receives 50% of his or her director fees in Common Stock in lieu of cash fees. Under the plan, which has a five-year term that began May 1, 1996, each director had the right to make a one-time election to receive the remaining 50% of his or her director fees in Common Stock in lieu of cash fees for the duration of the plan. All current participants except one made this election.

Grants of stock under the plan are made every three months for an amount of stock, valued on the grant date, equal in value to 50% of the fees that the director earned during the previous three-month grant period (or 100% of the fees if the director elected to receive the remaining 50% of fees in stock). Shares that are granted cannot be disposed of for six months after the grant. A director may make an annual election to defer, until retirement, the grant of shares to be made the ensuing plan year. Deferred shares are then granted upon the director's retirement in a lump sum or in up to ten annual installments, as may be elected by the director. These elections are made prior to each plan year. However, a director may modify his or her choice as to a lump sum or installments by submitting a request to change the election at least one full fiscal year before retirement. This request is subject to approval of the Human Resources Committee. The Company has created a trust to assure the payment of benefits under the Non-Management Directors Stock Incentive Plan.

Directors may defer the receipt of all or a portion of their directors' fees payable in cash pursuant to the provisions of the Company's Deferred Compensation Plan, an unfunded compensation deferral program. Amounts deferred may be paid in a lump sum or in installments, as selected by the director when making the deferral election. Under this plan, amounts, while deferred, earn interest at a rate based on a calculated average prime interest rate.

Until May 1, 1996, directors were eligible to participate in the Company's other unfunded compensation deferral program, the Executive Deferred Compensation Plan. Under that plan, amounts, while deferred, earn interest at a rate approved annually by the Human Resources Committee. Seven current non-management directors deferred part of their cash fees under the Executive Deferred Compensation

Plan prior to May 1, 1996. The directors' eligibility for further deferrals under the Executive Deferred Compensation Plan terminated upon commencement of the Non-Management Directors Stock Incentive Plan on May 1, 1996. See "Certain Employment Arrangements" on page 20 for more information about the Executive Deferred Compensation Plan.

Each non-management director is also provided with travel accident insurance of \$500,000 while traveling on behalf of the Company and the opportunity to participate, while serving as a director, in the Company's standard group health insurance plans. During 1997 the total premium cost for these insurance benefits was approximately \$3,407 per director participating in the plans. Each director receiving these benefits incurred taxable income equal to the premium cost of the group insurance.

In February 1990, each non-management director in office at that time was granted 1,000 shares of restricted stock under the Company's Restricted Stock Plan which replaced 1,000 shares of Holiday Corporation ("Holiday") restricted stock awarded in April 1989. Each non-management director elected thereafter has also been granted an award of 1,000 shares of restricted stock upon his or her election. The foregoing awards, which have been adjusted for stock splits occurring after the grant date, vest in equal installments over ten years. If a director who had prior service on the Holiday Board of Directors leaves Board service at the expiration of his or her term of office, he or she will also receive vesting credit for each full year of such Holiday service prior to April 28, 1989. Upon election to the Board of Directors, any new non-management director receives an award of 1,000 restricted shares vesting in equal installments over ten years.

STOCK OPTION PLAN

DESCRIPTION OF PLAN

On November 5, 1989, the Company adopted the Harrah's Entertainment, Inc. 1990 Stock Option Plan (the "Stock Option Plan"). Under the Stock Option Plan, the Human Resources Committee (the "Committee") determines the key management employees who will be granted options under the plan. Approximately 250 employees are in the group of key management employees eligible for stock options. The Committee may change eligibility rules by amending the plan. Members of the Board of Directors who are not employees are not eligible to receive stock options under the Plan.

As of January 31, 1998, the maximum number of shares authorized for the issuance of new stock options or stock appreciation rights was 1,346,447. As described below, it is proposed that an additional 3,500,000 shares be authorized for options under the Plan. Any shares subject to an option which expires for any reason, is forfeited or is terminated unexercised as to such shares may again be subject to an option under the Stock Option Plan. The maximum number of shares subject to stock options or stock appreciation rights that can be granted to any individual is limited to 351,193 options in any one year period. This number of shares can be adjusted by the Committee in the event of certain corporate transactions or other events.

No stock option or stock appreciation right may be granted after ten years following the adoption of the Stock Option Plan by the Company's Board of Directors. As described below, it is proposed that the term of the plan be extended through February 25, 2008. In general, except in case of death, disability, or retirement, no stock option may be exercisable after the expiration of ten years and one day (ten years in the case of an incentive stock option) from the date of grant of the option.

An optionee with ten years of service has a two year period, and an optionee with 20 years of service has a three year period, after retirement, death or determination of disability to exercise any option to the extent it was exercisable on the date of such event, provided that (1) for incentive stock options, this two or three year period will not extend beyond the normal term of the option and (2) for non-incentive options, the term of the option will be extended up to a maximum term of thirteen years and one day to accommodate the two or three year extension in cases where retirement, death or determination of disability occurs within the three year prior to the end of the normal term of the option.

The Stock Option Plan is administered by the Committee. The Committee has a wide degree of flexibility in determining options to be granted and determining the terms and conditions thereof. The expenses of administering the Stock Option Plan are borne by the Company.

A stock option gives the holder the right to purchase Common Stock at a fixed price over a specified period of time. Grants may consist of either non-qualified stock options or incentive stock options. The option price of stock options is set by the Committee and options cannot be issued at a price less than 100% (110% in the case of an incentive stock option granted to a person owning, within the meaning of Section 424(d) of the Internal Revenue Code (the "Code"), more than 10% of the stock of the Company) of the fair market value of the Common Stock on the date the option is granted. The consideration for the grant of an option is the employee's service to the Company. In February 1998, the Stock Option Plan was amended to provide that, with respect to grants of options using the 3,500,000 additional shares authorized by the Board on February 26, 1998, the Committee will not authorize the amendment of any outstanding options to reduce their exercise price or cancel any options and replace them with options having a lower

exercise price without shareholder approval, except in connection with a price adjustment permitted under the Plan upon the occurrence of certain corporate events such as a stock split, merger or similar event. This amendment did not affect the provisions of the Plan allowing the Committee to make pricing changes with respect to grants of options using previously authorized shares. The Committee has the right under the terms of the Stock Option Plan to accelerate the vesting of any option, except to the extent that such action would cause the plan to violate Section 422(b)(1) of the Code, Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or Rule 16b-3 under such act, or would cause an option or stock appreciation right intended to qualify as performance-based compensation under Section 162(m) of the Code to fail to so qualify.

The option price may be paid in cash, by check, or in shares of Common Stock having a total fair market value on the date of exercise equal to the option price. The Company may also permit the option price payable by reason of the exercise of an option to be satisfied by withholding shares (that would otherwise be obtained upon such exercise) having a fair market value equal to the aggregate option price of the exercised option. The Company may also permit optionees to use cashless exercise methods that are permitted by law and in connection therewith the Company has established a cashless exercise program where the commissions on the sale of stock subject to an exercised option are paid by the Company.

Stock appreciation rights, if granted, must pertain to, and be granted only in conjunction with, a related underlying option granted under the Stock Option Plan and can be exercisable and exercised only to the extent that the related option is exercisable. Upon the exercise of a stock appreciation right and the surrender of the exercisable portion of the related option, the optionee will be awarded cash, shares of Common Stock or a combination of shares and cash at the discretion of the Committee. The award will have a total value equal to the product obtained by multiplying (i) the excess of the fair market value per share on the date on which the stock appreciation right is exercised over the option price per share by (ii) the number of shares subject to the exercisable portion of the related option so surrendered. No outstanding options have stock appreciation rights.

In the case of an optionee's death, the options may only be exercisable by the optionee's legal representative or beneficiary if the Company is properly assured and legally advised of the rights of such persons.

The Committee may terminate the Stock Option Plan or modify or amend the Stock Option Plan in such respect as it may deem advisable; provided, that the Committee may not, without further approval by the Company's stockholders, make any amendment which would require approval of stockholders under Rule 16b-3 under Section 16(b) of the Exchange Act or Section 162(m) of the Code. No amendment, modification or termination of the Stock Option Plan may adversely affect a participant's rights under any previously granted option without the participant's consent.

The Committee may adjust the number of shares subject to each outstanding option, the option prices of outstanding options, and the maximum number of shares subject to the Stock Option Plan and may take certain other actions in the event of certain changes in Common Stock which occur because of corporate changes described in the Stock Option Plan.

The Committee also has authority to approve administrative rules and regulations to govern administration of the Stock Option Plan. The Committee has adopted administrative regulations that generally provide that, unless otherwise agreed by the Company, upon an optionee's termination of employment, all stock options which at the time of termination are unvested will be forfeited, and upon death or disability,

50% of unvested options will become exercisable and the balance will be forfeited. Upon a change in control (as defined), 100% of unvested options will become exercisable. The regulations provide that the Committee may approve exceptions to the forfeiture provisions in the regulations for stock options granted to officers who are subject to Section 16 of the Exchange Act (which includes all executive officers), and the Chief Executive Officer may approve exceptions to the forfeiture provisions for other employees.

FEDERAL INCOME TAX CONSEQUENCES APPLICABLE TO THE STOCK OPTION PLAN

Certain of the federal income tax consequences applicable to the Stock Option Plan are set forth below. This discussion is intended to be general in scope and does not specify all of the special tax rules that can apply to various circumstances related to stock options.

(1) NON-INCENTIVE STOCK OPTIONS. Federal taxable income is generally not recognized by an optionee when a non-incentive stock option is granted. On the date a non-incentive stock option is exercised, the amount by which the fair market value of the stock exceeds the exercise price of the option is taxed as ordinary income to the optionee. Subject to Section 162(m) of the Code, the amount of income taxed to the optionee will be allowed as a deduction for federal income tax purposes to the Company in the same year. When an optionee disposes of shares acquired by the exercise of the option, any amount received in excess of the fair market value of the shares on the date of exercise will be treated as long- or short-term capital gain to the optionee, depending upon the holding period of the shares. If the amount received is less than the market value of the shares on the date of exercise, the loss will be treated as long- or short-term capital loss, depending upon the holding period of the shares.

(2) INCENTIVE STOCK OPTIONS. Federal taxable income is generally not recognized by an optionee on the grant of an incentive stock option. When an optionee exercises an incentive stock option within the term of such option, no ordinary income will be recognized by the optionee at that time. However, the excess of the fair market value of the stock over the exercise price is considered a "preference item" for alternative minimum tax purposes in the year of exercise.

If the shares acquired upon exercise are disposed of more than one year after the date of transfer (and two years after grant date), the excess of the sale proceeds over the aggregate option price of such shares will be taxed as long-term capital gain to the optionee. The Company would not be entitled to a tax deduction under such circumstances. In general, if the shares are disposed of prior to such date(s) (a "Disqualifying Disposition"), the lesser of (a) the excess of the fair market value of such shares at the time of exercise over the aggregate option price or (b) the amount realized on such Disqualifying Disposition over the basis of the shares would be taxed as ordinary income to the optionee at the time of the Disqualifying Disposition. The Company generally would be entitled to a federal tax deduction equal to the amount of ordinary income recognized by the optionee as a result of the Disqualifying Disposition.

If a Disqualifying Disposition occurs in the year of exercise, the "preference item" for alternative minimum tax purposes cannot exceed the gain on disposition. For purposes of determining the alternative minimum tax gain or loss in years following the year of exercise, the basis of the acquired shares will be the exercise price increased by the amount of the "preference item" previously included in the alternative minimum taxable income.

The Company believes that the terms and conditions of both the non-incentive and incentive stock options granted under the Stock Option Plan currently meet the requirements for performance-based

compensation under Section 162(m)(4)(C) of the Code and that therefore the compensation attributable to the exercise of a stock option is not subject to the deduction limit under Section 162(m) of the Code.

PROPOSED AMENDMENTS TO STOCK OPTION PLAN

The Stock Option Plan expires on November 5, 1999. In order to continue its ability to grant incentives to employees and executives in the form of stock options, the Committee has determined that the Stock Option Plan should be amended, subject to stockholder approval, to extend the Plan's expiration date until February 25, 2008.

The Committee has also determined that the Stock Option Plan should have an additional reserve of shares so that the Company's policy of providing equity incentives in the form of stock options to executive officers and key employees can continue. Additional shares are also important in order to be able to provide equity incentives to additional key employees who join the Company as a result of possible future acquisitions. In December, 1997 the Company entered into an agreement to acquire Showboat, Inc. Accordingly, the Committee has approved a proposed amendment to the Stock Option Plan for stockholder approval authorizing an increase in the number of shares covered by the Plan.

The proposed amendment provides that the total authorized shares that may be issued under the Stock Option Plan for stock options and stock appreciation rights is increased by 3,500,000 shares. If this amendment is approved by the stockholders, the reserve of shares that will be available for the issuance of new options will be a total of approximately 4,840,000 shares (representing approximately 4.2% of the outstanding shares of Common Stock). All of these options will be available for grants to executive officers as well as other key employees.

It is not presently determinable who will receive these options since stock option awards are granted by the Committee in its discretion from time to time including grants to executive officers as well as other key employees. However, it is anticipated that all of the authorized options, including those authorized by this amendment, will be granted prior to the proposed extended expiration of the Stock Option Plan. See "Report of the Human Resources Committee on Executive Compensation" for a discussion of the factors that the Committee may consider in determining the grant of stock options to executive officers. The Plan provides that the options granted using shares authorized by this amendment will not be amended to reduce the exercise price or canceled and replaced with options having a lower exercise price without shareholder approval, except in connection with a price adjustment permitted under the Plan upon the occurrence of certain corporate events such as a stock split, merger or similar event.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE FOREGOING AMENDMENTS TO THE STOCK OPTION PLAN AND PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED FOR THE AMENDMENTS UNLESS STOCKHOLDERS SPECIFY A DIFFERENT CHOICE.

RESTRICTED STOCK PLAN

DESCRIPTION OF PLAN

Under the Harrah's Entertainment, Inc. 1990 Restricted Stock Plan (the "Restricted Stock Plan"), shares of Common Stock are awarded on a periodic basis to key employees who are selected by the Chief Executive Officer of the Company and approved by the Committee as making significant contributions to

the Company. The Committee may also approve special awards to employees nominated by the Chairman of the Board in recognition of the employee's superior past performance.

Approximately 250 key employees are eligible to participate in the Restricted Stock Plan. This is the only class of employees currently eligible to participate. The Committee may change eligibility rules by amending the Plan.

In addition, a non-management director is entitled to an award of 1,000 shares under the plan upon first being elected to the Board. Eight current non-management directors have received specified awards provided by the plan. Any new non-management director is eligible to receive this award. It is not determinable how many new non-management directors will be eligible since this depends on the future make-up of the Company's Board of Directors and future elections of directors. The awards to non-management directors vest in annual installments over ten years.

The shares of Common Stock which are awarded are restricted as to transfer and subject to forfeiture during a specified period or periods. The consideration for the grant of restricted stock is the employee's service to the Company. Each award is subject to such conditions, terms and restrictions as are determined by the Committee. The Committee also has the power to permit acceleration of the expiration of the applicable restriction period with respect to any part or all of the shares awarded to a participant; provided, however, that with respect to any award of restricted shares intended to qualify as performance-based compensation under Section 162(m) of the Code or any successor provisions thereto, no such acceleration shall be authorized to the extent that such acceleration would cause such restricted shares to fail to so qualify. Generally, in the event of a participant's termination of employment (except for death or disability) prior to the end of a restriction period, unless otherwise agreed by the Company, any shares upon which restrictions have not yet lapsed will be automatically forfeited and returned to the Company without any payment to the participant or his successors, heirs, assigns, or personal representatives. Restricted shares that are forfeited are returned to the Plan and can be regranted by the Committee to any key employee. The Committee has adopted administrative regulations which provide that the Committee may approve exceptions to the forfeiture provisions for restricted stock granted to officers who are subject to Section 16 of the Exchange Act (which includes all executive officers), and the Chief Executive Officer may approve exceptions to the forfeiture provisions for other employees.

Certain key executives have been granted restricted stock awards pursuant to a Time Accelerated Restricted Stock Award Plan (the "TARSAP Program") established by the Committee. TARSAP shares will vest on January 1, 2002, provided the executive continues in active employment with the Company, and are eligible for earlier annual performance vesting beginning March 1, 1999 for the period 1999-2001 if the Company achieves certain financial performance targets in the year preceding the accelerated vesting. See "Report of the Human Resources Committee on Executive Compensation."

In general, shares awarded, and any right to vote such shares and to receive dividends thereon, may not be sold, assigned or in any way transferred during the restriction period applicable to such shares. During the restriction period, the recipient has all other rights of a stockholder, including, but not limited to, the right to receive dividends and vote such shares. Certificates for restricted shares are deposited with the Company or its designee during the restriction period.

In the Committee's discretion, an award of restricted shares may be designed to qualify as performance-based compensation under Section 162(m) of the Code. It is intended that such restricted shares will vest based upon the Company's satisfaction of certain performance goals which are based on some or all of

the following business criteria: pretax income, operating income, cash flow, earnings per share, return on equity, return on average invested capital, or a division's operating income or opened units.

In the discretion of the Committee, the plan will remain in effect until all shares awarded under the plan are free of restrictions, but no award may be made more than ten years after the date the plan was approved by the stockholders which was November 5, 1989. As described below, it is proposed that the term of the plan be extended through February 25, 2008. Upon certain changes in the number of outstanding shares of common stock which occur as a result of corporate changes described in the Restricted Stock Plan, the Committee may adjust the number of shares to be issued under the plan, make equitable adjustments in restricted shares previously awarded and take other action specified in the Restricted Stock Plan.

The Committee may discontinue or amend the Restricted Stock Plan at any time, except that without stockholder approval the Committee may not make any amendment that would require stockholder approval under Rule 16b-3. The termination or any modification or amendment of the Restricted Stock Plan may not, without the consent of a participant, adversely affect a participant's rights under an award previously granted. A maximum of 1,600,000 shares have been authorized for issuance under the plan. As of January 31, 1998, there were 24,661 shares remaining in the plan that could be granted. The proposed amendment to the Restricted Stock Plan would increase this by 3,100,000 shares.

The Committee has authority to adopt policies and procedures regarding various administrative matters arising under the Restricted Stock Plan.

Amendments can be made to the Restricted Stock Plan that can increase the cost of the plan to the Company and can alter the allocation of benefits as between executive officers, employees, and directors. However, the Committee may not modify the eligibility requirements of the Plan or otherwise amend the Plan in a manner requiring stockholder approval as a matter of Section 16, Rule 16b-3 or Section 162(m) or other applicable law, regulation or rule without approval of the Company's shareholders. In addition, the provisions of the plan that deal with eligibility and benefits for non-management directors cannot be amended more than once every six months other than to comply with changes in Federal law or regulations.

FEDERAL INCOME TAX CONSEQUENCES OF RESTRICTED STOCK PLAN

Participants in the Company's Restricted Stock Plan must include in ordinary income the fair market value of the stock at the time it vests. The Company has not permitted participants to make an election under Section 83(b) of the Code with respect to restricted stock awards and no such elections are in effect. Upon the sale of restricted stock after it vests, a participant will recognize either short-term or long-term capital gain (or loss) to the extent of any appreciation (or depreciation) in the value of the stock after the vesting date. Subject to Section 162(m) of the Code, the Company is entitled to a tax deduction in an amount equal to the participant's ordinary income recognized on the vesting date. The tax deduction is taken by the Company in the same year that the participant recognizes ordinary income by reason of the vesting of the stock.

The foregoing is a brief summary of the tax consequences relating to restricted stock and is not intended to be complete. It does not describe state or local tax consequences.

PROPOSED AMENDMENTS TO RESTRICTED STOCK PLAN

The Restricted Stock Plan expires on November 5, 1999. In order to continue its ability to grant incentives to employees and executives in the form of restricted stock, the Committee has determined that the Restricted Stock Plan should be amended, subject to stockholder approval, to extend the Plan's expiration date until February 25, 2008.

The Committee has further determined that the Restricted Stock Plan should have an additional reserve of shares available so that restricted stock can continue to be used as an equity incentive for executive officers and key employees for the extended years of the Plan and to provide equity incentives to additional key employees who join the Company as a result of possible future acquisitions. Accordingly, the Committee has approved a proposed amendment to the Restricted Stock Plan for stockholder approval authorizing an increase in the number of shares covered by the Plan.

The proposed amendment provides that the total authorized shares that may be issued under the Plan is increased by 3,100,000 shares. If this amendment is approved by the stockholders, the reserve of shares that will be available for the issuance of new awards of restricted stock will be a total of approximately 3,124,000 shares (representing approximately 2.7% of the outstanding shares of Common Stock on a fully-diluted basis). All of these shares of restricted stock will be available for grants to executive officers as well as other key employees.

It is not presently determinable who will receive these shares of restricted stock since restricted stock awards are granted by the Committee in its discretion from time to time including grants to executive officers as well as other key employees. However, it is anticipated that all of the authorized shares of restricted stock, including those authorized by this amendment, will be granted prior to the proposed extended expiration of the Restricted Stock Plan. See "Report of the Human Resources Committee on Executive Compensation" for a discussion of the factors that the Committee may consider in determining grants of restricted stock awards to executive officers.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE FOREGOING AMENDMENTS TO THE RESTRICTED STOCK PLAN AND PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED FOR THE AMENDMENTS UNLESS STOCKHOLDERS SPECIFY A DIFFERENT CHOICE.

EXECUTIVE OFFICER COMPENSATION

The Summary Compensation Table below sets forth certain compensation information concerning the Company's Chief Executive Officer and the four additional most highly compensated executive officers.

HARRAH'S ENTERTAINMENT, INC.
SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG TERM COMPENSATION AWARDS		
		SALARY(\$)	BONUS(\$)	(\$)(1) OTHER ANNUAL COMPENSATION	(\$)(2) RESTRICTED STOCK AWARD(S)	(#)(3) SECURITIES UNDERLYING OPTIONS	(\$)(4) ALL OTHER COMPENSATION
Philip G. Satre..... Chairman, President and Chief Executive Officer	1997	\$ 797,577	\$ 350,934	\$ 75,336	\$	238,130	\$ 205,395
	1996	511,500		6,478	2,050,000	350,271	189,406
	1995	477,000	133,560	3,869		82,884	132,356
Colin V. Reed..... Executive Vice President and Chief Financial Officer	1997	381,019	200,000	8,614		100,000	70,634
	1996	330,625		3,366	1,025,000	152,484	65,300
	1995	297,904	69,018	2,283		34,998	45,039
John M. Boushy..... Senior Vice President, Information Technology and Marketing Services	1997	236,988	100,000	387	101,094	50,000	24,209
	1996	215,622		30	512,500	98,268	22,939
	1995	198,464	45,646	14			19,191
Ben C. Peterzell..... Senior Vice President, Human Resources and Communications	1997	254,948	92,000	7,255	202,188	50,000	210,700
	1996	242,500		3,617	512,500	98,121	194,291
	1995	229,000	53,815	2,814		19,438	141,002
E. O. Robinson, Jr..... Senior Vice President and General Counsel	1997	255,937	80,000	5,922	202,188	50,000	78,953
	1996	241,375		2,598	410,000	90,159	60,217
	1995	219,125	51,494	2,580		19,438	30,249

(1) Other Annual Compensation for Messrs. Reed, Boushy, Peterzell and Robinson and for Mr. Satre in the years 1995 and 1996 consists of earnings in excess of market rates on deferred compensation payable during the current year but deferred at the election of the executives. Other Annual Compensation for Mr. Satre in 1997 includes (a) earnings in excess of market rates on deferred compensation paid during the current year but deferred at the election of Mr. Satre in the amount of \$16,167, (b) a rollover amount on deferred compensation in the amount of \$38,455, and (c) an allocated amount for aircraft usage of \$14,420. Other Annual Compensation for perquisites for each other individual named above and for Mr. Satre for the years 1995 and 1996 aggregated less than (a) 10% of the total annual salary and bonus for each individual or (b) \$50,000, whichever is lower. Accordingly, no such amounts are included. The Company does not provide a fixed benefit pension

plan for its executives. The amounts set forth above for deferred compensation earnings are retirement benefits which are a function of deferred income voluntarily contributed by the executives based on an interest rate approved by the Human Resources Committee.

- (2) Awards of restricted stock were granted to the executives in 1997 and 1996 under a Time Accelerated Restricted Stock Award Program. The numbers of shares awarded to Messrs. Boushy, Peterneil and Robinson in 1997 were 5,000, 10,000, and 10,000, respectively. The numbers of shares awarded to Messrs. Satre, Reed, Boushy, Peterneil and Robinson in 1996 were 100,000, 50,000, 25,000, 25,000 and 20,000, respectively. The shares will vest on January 1, 2002, provided the executive continues in active employment with the Company, and are eligible for earlier annual vesting beginning March 1, 1999, if the Company achieves certain financial performance targets. See "Report of the Human Resources Committee on Executive Compensation." The number of unvested shares held by Messrs. Satre, Reed, Boushy, Peterneil and Robinson as of December 31, 1997 was 100,000, 50,000, 30,129, 35,000 and 30,150, respectively. The market value of the unvested restricted stock awards held by Messrs. Satre, Reed, Boushy, Peterneil and Robinson as of December 31, 1997 was \$1,887,500, \$943,750, \$568,685, \$660,625 and \$569,081, respectively. Dividends are paid on restricted stock in the same manner and to the same extent as dividends are paid on other shares of Common Stock.
- (3) The numbers shown are net of the cancellation of stock options in November 1996.
- (4) All Other Compensation consists of (a) earnings in excess of market rates on deferred compensation other than such compensation paid during the current year, and (b) matching contributions to the Company's Savings and Retirement Plan. Such amounts, respectively, were as follows: For 1997: Mr. Satre, \$195,895 and \$9,500; Mr. Reed, \$61,134 and \$9,500; Mr. Boushy, \$14,709 and \$9,500; Mr. Peterneil, \$201,200 and \$9,500; and Mr. Robinson, \$36,706 and \$9,500; For 1996: Mr. Satre, \$180,406 and \$9,000; Mr. Reed, \$56,300 and \$9,000; Mr. Boushy, \$13,939 and \$9,000; Mr. Peterneil, \$185,291 and \$9,000; and Mr. Robinson, \$33,804 and \$9,000; For 1995: Mr. Satre, \$123,356 and \$9,000; Mr. Reed, \$36,039 and \$9,000; Mr. Boushy, \$9,951 and \$9,240; Mr. Peterneil, \$132,002 and \$9,000; and Mr. Robinson, \$21,249 and \$9,000. For Mr. Robinson such compensation also includes reimbursements outside the Company's group insurance plan in the amount of \$32,747 in 1997 and \$17,413 in 1996. As stated in note (1) above, the Company does not provide a fixed benefit pension plan for its executives, and the amounts set forth above are retirement benefits which are a function of deferred income voluntarily contributed by the executives based on an interest rate approved by the Human Resources Committee.

The following table sets forth certain information regarding grants of stock options made to the executive officers named in the Summary Compensation Table during 1997, including information as to the potential realizable value of such options at assumed annual rates of stock price appreciation for the ten-year option terms. Additional information is provided concerning this potential realizable value for all optionees receiving option grants in 1997, and for all Harrah's Entertainment stockholders.

HARRAH'S ENTERTAINMENT, INC.
OPTION GRANTS IN THE LAST FISCAL YEAR

NAME	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM (1)		
	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED(2)	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE(\$/SH.)	EXPIRATION DATE	0%	5%	10%
Philip G. Satre.....	38,130	1.5%	\$ 18.5000	01/16/07	\$ --	\$ 443,625	\$ 1,124,234
	200,000	8.0%	18.9375	12/12/07	--	2,381,938	6,036,300
Colin V. Reed.....	100,000	4.0%	18.9375	12/12/07	--	1,190,969	3,018,050
John M. Boushy.....	50,000	2.0%	18.9375	12/12/07	--	595,485	1,509,075
Ben C. Peterzell.....	50,000	2.0%	18.9375	12/12/07	--	595,485	1,509,075
E. O. Robinson, Jr.....	50,000	2.0%	18.9375	12/12/07	--	595,485	1,509,075
All Stockholders(3).....	n/a	n/a	n/a	n/a	--	1,202,619,508	3,047,673,952
All Optionees.....	2,495,903	100.00%	18.93(4)	various	--	29,721,355	75,319,749
All Optionees as a percent of All Stockholders Gain.....	n/a	n/a	n/a	n/a	n/a	2.47%	2.47%

(1) The dollar amounts under these columns are the result of calculations at zero percent, and at five percent and ten percent rates set by the Securities and Exchange Commission and therefore are not intended to forecast possible future appreciation, if any, of Harrah's Entertainment's stock price. In the above table, Harrah's Entertainment did not use an alternative formula for a grant date valuation, as Harrah's Entertainment is not aware of any formula which will determine with reasonable accuracy a present value based on future unknown or volatile factors. In general, vesting of options is dependent on continued employment. There is no assurance that the value realized by an officer will be at or near the value estimated above.

(2) Employees vest in the right to exercise these options over a four-year period. Options are subject to certain conditions, including compliance with terms and conditions of the options as approved by the Human Resources Committee. Options are nontransferable except by will or the laws of descent and distribution. See "Report of the Human Resources Committee on Executive Compensation" for more information concerning stock option awards.

(3) These amounts represent the appreciated value which common stockholders would receive at the hypothetical zero, five and ten percent rates based on the market value of Common Stock outstanding at or near the option grant dates.

(4) Represents the weighted average exercise price of options granted to all optionees.

The following table sets forth certain information concerning stock option exercises during 1997 by the executive officers named in the Summary Compensation Table and information concerning option values.

HARRAH'S ENTERTAINMENT, INC.
AGGREGATED OPTION EXERCISES IN 1997 AND
DECEMBER 31, 1997 OPTION VALUES

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED(\$)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS HELD AT DECEMBER 31, 1997 (#)		VALUE OF UNEXERCISED, IN-THE-MONEY OPTIONS AT DECEMBER 31, 1997(\$)(1)	
			EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Philip G. Satre.....	--	\$ --	217,607	655,129	\$ 1,830,369	\$ 512,175
Colin V. Reed.....	--	--	119,425	288,079	943,700	266,339
John M. Boushy.....	--	--	11,513	149,427	127,109	115,489
Ben C. Peterzell.....	--	--	68,520	165,215	624,193	149,222
E. O. Robinson, Jr.....	--	--	29,313	152,889	164,490	99,304

(1) Amount represents the difference between the aggregated option price of unexercised options and a \$18.875 market price on December 31, 1997, which was the closing price of the Common Stock on the last trading day of 1997.

CERTAIN EMPLOYMENT ARRANGEMENTS

Pursuant to an employment agreement with Mr. Satre, the Company has agreed to employ Mr. Satre as Chairman of the Board, President and Chief Executive Officer from January 1, 1997 until December 31, 1998 at a current annual salary effective January 1, 1998, of \$800,000, subject to merit increases as may be approved by the Human Resources Committee. During the term of this employment agreement, Mr. Satre is entitled to participate in incentive compensation programs and other benefits accorded to senior officers, including eligibility for bonus compensation and long-term incentive compensation in the form of stock options and restricted stock awards as approved by the Human Resources Committee. The Board of Directors reserves the right to terminate the employment agreement with or without cause, and Mr. Satre has the right to resign with good reason (as defined).

If the agreement is terminated without cause or if he resigns for good reason, Mr. Satre will receive two years' salary continuation and his stock options and any shares of restricted stock other than unvested TARSAP shares will continue in force during this period of time for vesting purposes. Any unvested TARSAP shares would be forfeited upon termination of the agreement unless the Human Resources Committee of the Board of Directors were to approve an exception based on its review of the circumstances at that time.

If the agreement is terminated for cause, Mr. Satre's unvested options and any shares of unvested restricted stock will be cancelled and his salary will end. He will be entitled to the retirement rate for his account under the Executive Deferred Compensation Plan if he is terminated without cause or if he resigns for good reason.

If a change in control were to occur during his employment agreement and his employment terminated voluntarily or involuntarily within two years after the change in control, Mr. Satre would be entitled to receive the severance benefits under his severance agreement (if then in force) in lieu of the salary and rights under his employment agreement.

After the termination of his employment with the Company, Mr. Satre will be entitled to receive group insurance benefits at the Company's cost for his lifetime similar to the benefits provided to other retired management directors of the Company.

The Company has entered into severance agreements with each of the executive officers named in the Summary Compensation Table above. Each severance agreement provides for a compensation payment (the "Compensation Payment") of three times the "annual compensation" (as defined in the severance agreements) of such executive as well as a pro rata amount of the executive's target bonus for the current bonus plan year and an accelerated payment in cash of the value of all stock options and payment of any compensation or awards payable to such executive under any incentive plan of the Company (the "Accelerated Payments"), if the executive's employment is terminated subsequent to a change in control (collectively, the "Severance Payments"), with certain exceptions described below. With respect to any unvested restricted stock and stock options, such stock awards vest automatically upon a change in control regardless of termination of the employee.

The "annual compensation" for purposes of determining the Compensation Payment under the severance agreement includes salary and bonus amounts but excludes restricted stock vestings and compensation or dividends related to restricted stock or stock options. A change in control is defined to occur whenever: (i) any person becomes the beneficial owner of 25% or more of the Company's then outstanding voting securities regardless of comparative voting power of such securities, (ii) within a two-year period, members of the Board of Directors at the beginning of such period and approved successors no longer constitute a majority of such board, or (iii) holders of securities entitled to vote thereon approve a merger or consolidation (with certain exceptions) or a plan of complete liquidation.

Mr. Satre is entitled to the Compensation Payments if, within two years after a change in control of the Company, his employment terminates voluntarily or involuntarily. The other executives are entitled to the Compensation Payments after a change in control if, within two years of the change in control, the executive's employment is terminated involuntarily, or the executive resigns with good reason (as defined). Additionally, the executives are entitled to the Compensation Payments if the executive's employment terminates voluntarily during a 30 day period following the first anniversary of the change in control. For the purpose of such voluntary termination, a change in control is defined to occur whenever: (i) any person becomes the beneficial owner of a majority of the Company's then outstanding voting securities (rather than 25% or more) regardless of comparative voting power of such securities, (ii) within a two-year period, members of the Board of Directors at the beginning of such period and approved successors no longer constitute a majority of such board, or (iii) holders of securities entitled to vote thereon approve a merger or consolidation (with certain exceptions) or a plan of complete liquidation.

The executives are not entitled to the Compensation Payments after a change in control if their termination is: (i) by the Company for cause (as defined), or, except for Mr. Satre, (ii) voluntary and not for good reason (as defined) other than as described in the preceding paragraph.

In the event that an executive becomes entitled to Severance Payments which are subject to a federal excise tax imposed on the executive (the "Excise Tax"), the severance agreements provide that the

Company shall pay the executive an additional amount (the "Gross-Up Payment") such that the net amount retained by the executive after deduction of any Excise Tax on the Severance Payments and all Excise Taxes and other taxes on the Gross-Up Payment, shall equal the initial Severance Payments less normal taxes.

In addition, the severance agreements each provide that in the event of a potential change in control of the Company (as defined below): (i) the Company will deposit in escrow a sum of money sufficient to fund the Severance Payments in the event of a change in control of the Company, and (ii) each executive will agree to remain in the employ of the Company for a certain period of time. A potential change in control of the Company is defined to occur whenever (i) the Company enters into an agreement which would result in a change in control of the Company, (ii) any person publicly announces an intention to take action which would result in change of control of the Company, (iii) any person, other than the trustee of an employee benefit plan of the Company, who is or becomes a beneficial owner of 9.5% of the combined voting power of the Company's then outstanding securities, increases his beneficial ownership of such securities by 5% or more resulting in 14.5% or more ownership, or (iv) the Board of Directors adopts a resolution to the effect that a potential change in control of the Company has occurred.

Each severance agreement has a term of one calendar year and is renewed automatically each year starting January 1 unless the Company gives notice of the non-renewal of any such agreement by the preceding September 30. Each severance agreement provides that if a change in control occurs during the original or extended term of the agreement, then the agreement will automatically continue in effect for a period of 24 months beyond the month in which the change in control occurred.

The Compensation Payments and Accelerated Payments, respectively, that would have been payable to the executive officers named in the Summary Compensation Table for the Company on January 1, 1998, if a change in control occurred and if such executives had been terminated as of that date, would have been approximately: Mr. Satre, \$3,225,043 and \$4,708,590; Mr. Reed, \$1,653,106 and \$2,363,349; Mr. Boushy, \$1,043,410 and \$927,614 ; Mr. Peternell, \$1,137,683 and \$1,561,514; and Mr. Robinson, \$1,057,741 and \$958,532. Such Accelerated Payments include the value of any unvested restricted stock and unexercised stock options that would accelerate upon a change in control, based on the market price of the Common Stock on December 31, 1997.

The Company's executive officers participate in the Executive Deferred Compensation Plan under which amounts, while deferred, earn interest at a termination rate (which cannot be lower than the Citibank prime rate) or at a retirement rate (which cannot be lower than a specified formula rate), both of which are approved annually by the Human Resources Committee. With respect to deferrals made during 1997, the termination rate earned on these deferrals for 1997 was 8.5% and the retirement rate earned on these deferrals was 13.0%. In October 1995, the Human Resources Committee approved a fixed retirement rate of 15.5% and a fixed termination rate of 8.5% which will accrue on account balances under the Executive Deferred Compensation Plan as of December 31, 1995 (subject to plan minimum rates). The interest rates on post-1995 deferrals will continue to be approved annually by the Committee. The termination rate that will be earned during 1998 for post- 1995 deferrals has been approved at 8.5% and the retirement rate has been approved at 13%. Both rates are subject to plan minimum rate provisions.

The retirement rate is established as an incentive to encourage long-term service. Therefore, only those participants meeting the plan's service requirements will receive interest at the retirement rate.

In the event of a change in control, as defined in the Executive Deferred Compensation Plan, a participant who is not yet entitled to the retirement rate will receive such rate if his or her employment terminates within a 24 month period after the change in control. Messrs. Satre, Reed, Boushy and Peternell are not yet entitled to the retirement rate. Consequently, if a change in control as defined in the Executive Deferred Compensation Plan were to occur, these executive officers will be entitled to such rate on their Executive Deferred Compensation Plan account balances if their employment were to terminate within 24 months after the change in control.

The Company has established an escrow fund and has deposited insurance policies and cash proceeds received from insurance policies into the escrow fund. This escrow fund assures the payment of benefits, as they accrue, to, among others, the executive officers and non-management directors which will be payable under the Executive Deferred Compensation Plan, or other deferred compensation plans. Upon occurrence of a potential change in control of the Company, the Company also will, upon the request of an executive, place into this escrow fund the severance payments which become payable to the executive only following a change in control. The Company intends to increase the escrow fund, if necessary, to assure payment of future deferrals and also has the right to increase the escrow fund to pay premiums on the insurance policies and interest on policy loans. The escrow fund is subject to the claims of the Company's creditors in the case of the Company's insolvency or bankruptcy.

REPORT OF THE HUMAN RESOURCES COMMITTEE ON EXECUTIVE COMPENSATION

The Human Resources Committee (referred to in this section as the "Committee") is composed entirely of independent non-employee directors. The Committee is responsible for approving the compensation of management directors, reviewing the compensation of other executive officers, including the executive officers named in the Summary Compensation Table, and approving stock awards, including stock options and restricted stock, for each such officer.

EXECUTIVE COMPENSATION POLICY. The Company's executive compensation policy is designed to attract and retain high caliber executives and motivate them to superior performance for the benefit of the Company's stockholders. Under this policy: (i) salaries are linked to competitive factors and salary increases are based primarily on merit, (ii) the annual bonus program is competitively-based and, subject to discretionary rights of the Committee, provides incentive compensation based on the Company's annual financial performance, and (iii) long-term compensation is tied to enhanced shareholder value and to the Company's financial performance.

In summary, the Company's executive compensation policy is primarily performance based, with a large portion of executive compensation at risk. This policy not only extends to executive officers but also to key managers and professional staff. Approximately 250 key employees participate in the Company's Stock Option and Restricted Stock Plans.

The following discussion describes the basic components of executive compensation in further detail.

CASH COMPENSATION COMPETITIVELY-BASED. Cash compensation for executive officers (salary and annual bonus) is approximately comparable to the median ranges of amounts paid to executives who are employed in similar positions in companies primarily in service and entertainment industries with revenues comparable to the Company's revenues. Various surveys prepared by national compensation specialists are

considered for purposes of determining company salaries and cash bonus. There is no specific list of companies that are used to make the comparison.

SALARY. Salaries are reviewed each year and merit increases are based primarily on (i) an executive's accomplishment of various performance objectives and standards and (ii) the current salary of the executive within the salary range for his or her grade level. Greater weight is normally given to the accomplishment of objectives and standards than to the executive's current salary level within the range of his or her grade level, although specific weights for each factor have not been established. In addition, salary can be substantially increased if an executive officer is promoted to a higher position with greater responsibilities.

The objectives of the Chief Executive Officer are approved annually by the Committee and the full Board. These objectives vary from year to year but in general relate to such matters as ensuring that the Company is competitively positioned and organized to provide a high quality experience for its guests, continuing to build Harrah's, strategically and operationally, as a leading brand in the casino entertainment industry, achieving the Company's annual business plan and its various financial goals, and increasing total long-term shareholder value. The Committee's assessment of the Chief Executive Officer's performance is based on a subjective review of performance against these objectives. Specific weights are not assigned to any particular objective.

In general, the objectives of the other executive officers are approved by the Chief Executive Officer. These objectives generally relate to achieving functional goals and financial objectives within the officer's assigned area of responsibility. For example, an objective could relate to completion of a project assigned to that executive's area of responsibility. The Chief Executive Officer's assessment of the performance of the other executive officers is based on a subjective review of each officer's performance. Specific weights are not given to each objective in this assessment.

The Committee approves merit salary increases for the Chief Executive Officer. In general, the Chief Executive Officer approves merit salary increases for the other executive officers and such increases are reviewed by the Committee. Mr. Satre's salary was increased effective January 1, 1997, when he was elected Chairman of the Board. See "Certain Employment Arrangements" on page 20. Merit salary increases were approved for the other executive officers during 1997.

KEY EXECUTIVE OFFICER ANNUAL INCENTIVE PLAN. Certain senior executive officers of the Company are eligible to participate in the Company's Key Executive Officer Annual Incentive Plan (the "Key Executive Plan"), an annual bonus plan designed to provide participating executive officers with incentive compensation based upon the achievement of pre-established performance goals. The Key Executive Plan, which has been approved by the Company's stockholders, is designed to comply with Section 162(m) of the Internal Revenue Code which limits the tax deductibility by the Company of compensation paid to officers named in the compensation tables of the Proxy Statement to \$1 million. Executive officers at the corporate senior vice president level or above may be eligible for the Key Executive Plan. Prior to, or at the time of, establishment of the performance objectives for a calendar year, the Committee approves the specific executive officers who will participate in the Key Executive Plan that year. No executives participated in the Key Executive Plan for the plan year 1997, and the Committee has determined that no executives will participate in 1998. As a result, all executive officers participated in the Company's annual management bonus plan during 1997, and all will do so in 1998. See "Annual Management Bonus Plan" below.

ANNUAL MANAGEMENT BONUS PLAN. Under the Company's annual management bonus plan (referred to in this subsection of the Proxy Statement as the "plan"), at or near the beginning of each calendar year (a "plan year") the Committee approves a corporate bonus objective for the Company's executive officers (other than those participating in the Key Executive Plan) and other participants in the plan. This objective can pertain to operating income, pre-tax earnings, return on sales, a combination of objectives, or another objective approved by the Committee. The objective may change annually to support the business mission of the Company. For the 1997 plan year, the objective approved by the Committee was a specified target for operating income. This is defined as the Company's operating income calculated before interest expense, extraordinary items, property transactions, minority interests and variances from budgeted development expenses as defined in the plan.

A Bonus Matrix, which has been approved by the Committee, has been established for the grade levels of participating executive officers and other plan participants that will result in the payment of a specified percentage of the participant's salary if the target objective is achieved. This percentage of salary increases or decreases on the Bonus Matrix in relation to bonus points achieved. Bonus points are allocated according to a percentage of the target objective achieved, with maximum bonus points awarded if a specified percentage over target is achieved and no bonus points awarded if less than a specified percentage of target is achieved. For the executive officers currently participating in the annual bonus plan, the bonus for achieving target ranges from 50% to 60% of their base salary. For performance above target, the bonus is increased on a graduated scale to a maximum bonus of 100% to 120% of their base salary.

After the end of the plan year, the Committee determines the extent to which the target objective has been achieved. A bonus pool for all corporate management employees in the bonus plan is then established by multiplying (a) an amount equal to the specific percentage of salary hypothetically payable to each individual in the plan based on the objective achieved, by (b) each individual's salary. These amounts are then added to create a corporate bonus pool for plan participants.

The Committee has authority under the plan to adjust any objective or bonus points if the Committee determines such adjustment is necessary or appropriate. This is a subjective decision by the Committee.

The calculated bonuses of the executive officers participating in the plan depend on the percentage of salary payable on the Bonus Matrix as well as an assessment of their achievement of personal objectives (personal performance). The personal objectives for bonuses are the same objectives that are evaluated for purposes of merit salary increases as discussed above. The assessment of personal objectives is a subjective evaluation by the Chief Executive Officer. As a result of the assessment of personal objectives, the bonus of an executive officer participating in the plan may be higher or lower than shown on the Bonus Matrix. However, the total bonus pool established for all corporate employees eligible for the plan cannot be exceeded.

The executive officers received bonuses for 1997 performance. Because of the significant profit realized by the Company in the sale of its equity interest in the New Zealand casino, the Committee exercised its discretion authorized under the bonus plan to include the gain from this sale in the bonus calculations. No bonuses were paid to executive officers for the 1996 plan year.

STOCK AWARDS. Awards of stock options and restricted stock are specifically approved by the Committee for each executive officer and other plan participants and are granted in the sole discretion of the Committee. Awards are currently granted with a vesting period extending four years from the initial grant

date. The Committee may grant a combination of restricted stock and/or stock options to officers and other key employees. Awards vest upon a change in control (as defined).

Each executive officer is granted a stock award that will give such officer an estimated dollar value of stock compensation vesting each year targeted to equal a specific percentage of the officer's salary. This percentage increases in line with the higher grade level of the officer. Based on a subjective assessment of competitive and business factors, the Committee determines an award that is suitable for providing an adequate incentive for both performance and retention purposes. The dollar value of the award is based on estimated annual increases in the market value of the Company's Common Stock in the future to reach the targeted level of compensation. There is no certainty or assurance that such increases will occur.

The executive officers participate in a Time Accelerated Restricted Stock Award Plan designed to motivate and retain the Company's key executives in the Company's current competitive environment and with a view to enhancing shareholder value. Under the TARSAP Program, certain key executives, including all executive officers, were granted restricted stock awards (the "Restricted Shares") under the Company's Restricted Stock Plan. The Restricted Shares will vest 100% on January 1, 2002 provided the executive continues in active employment with the Company.

The Restricted Shares are eligible for earlier annual performance vesting beginning March 1, 1999 if the Company achieves financial performance targets recommended by the Committee and approved by the Board of Directors. The performance vesting schedule, which has been approved by the Committee and the Board of Directors, provides for a potential cumulative vest of 20% to 40% of the Restricted Shares by March 1, 1999; 50% to 70% by March 1, 2000; and 80% to 100% by March 1, 2001. The performance schedule can be modified upon recommendation of the Committee and approval of the Board. The performance targets for 1998 approved by the Committee and the Board relate to earnings per share. Performance targets for future years will be established by the Committee and approved by the Board at later dates.

The Restricted Shares will vest upon a change in control (as defined) in the same manner as other grants under the Restricted Stock Plan.

The Committee has broad flexibility to oversee and amend the TARSAP Program and, with Board approval, can modify performance criteria and specific financial targets. The Committee also has the right to make exceptions based on unusual factors or events. However, the mandatory vesting date of January 1, 2002 cannot be extended. See Summary Compensation Table, page 17, for more information on grants under the TARSAP Program to named executive officers.

The amount of a stock option or restricted stock award is not dependent on past corporate performance nor on the amount of options or restricted stock previously granted to an executive officer. The actual value of the stock compensation vesting each year is dependent on the market value of Common Stock. For executive officers, the Company has no other long-term incentive plans under which future awards will be made.

POLICY CONCERNING TAX DEDUCTIBILITY. The Committee's policy with respect to qualifying compensation paid to its executive officers for tax deductibility purposes is that executive compensation plans will generally be designed and implemented to ensure full tax deductibility. However, the Committee reserves the right to approve the payment of non-deductible compensation to its executive officers when the Committee deems such compensation necessary for competitive reasons or to attract or retain a key

executive, or where achieving full tax deductibility would be considered disadvantageous to the best interests of the Company. The Company's Key Executive Plan is intended to comply with Section 162(m) of the Code so that annual bonuses will be fully tax deductible for the Company. See "Key Executive Officer Annual Incentive Plan" above.

CHIEF EXECUTIVE OFFICER'S COMPENSATION. Mr. Satre's base salary is based on his performance, his responsibilities and the compensation levels for comparable positions in other companies in the casino entertainment industry. Under his employment agreement, he is entitled to merit salary increases and to participate in the incentive programs provided to senior officers. Mr. Satre's merit salary increase and his incentive awards for 1997 were determined in accordance with the Committee's policies described in this report. The stock options awarded to Mr. Satre in 1997 are described in the table titled "Option Grants in the Last Fiscal Year," on page 19. The options were awarded in accordance with the Committee's policies as described in this report.

Human Resources Committee
Joe M. Henson (Chairman)
James B. Farley
R. Brad Martin
Boake A. Sells

PERFORMANCE OF HARRAH'S ENTERTAINMENT COMMON STOCK AND DIVIDENDS

Set forth below is a line graph comparing the total cumulative return of the Company's Common Stock to (a) the Standard & Poor's 500 Stock Index (the "S&P 500 Index"), and (b) the Dow Jones Casinos Index. The graph assumes reinvestment of dividends.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN*
 AMONG HARRAH'S ENTERTAINMENT, INC., THE S & P 500 INDEX, AND
 THE DOW JONES CASINOS INDEX

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

DOLLARS

	HARRAH'S ENTERTAINMENT, INC.	S & P 500	DOW JONES CASINOS
12/92	100	100	100
12/93	250	110	153
12/94	168	112	117
12/95	186	153	155
12/96	153	189	170
12/97	145	252	150

*\$100 INVESTED ON DECEMBER 31, 1992 IN STOCK OR INDEX - INCLUDING REINVESTMENT OF DIVIDENDS. FISCAL YEAR ENDED DECEMBER 31.

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- (1) The line graph for Harrah's Entertainment, Inc. assumes that \$100 was invested in the common stock of The Promus Companies Incorporated ("Promus") on December 31, 1992. It has been adjusted for stock splits. The line graph also assumes reinvestment in shares of Harrah's Entertainment, Inc. of the market value of shares of Promus Hotel Corporation which were distributed to Promus stockholders in the form of a special dividend on June 30, 1995, in a spin-off of Promus hotel business, at which time Promus changed its name to Harrah's Entertainment, Inc.
- (2) The Dow Jones Casinos Index was formerly referred to as the Dow Jones Entertainment & Leisure-Casinos Index.

CERTAIN TRANSACTIONS

Mr. Ralph Horn, a director of Harrah's Entertainment, is Chairman, Chief Executive Officer and President of First Tennessee National Corporation, the parent company of First Tennessee Bank National Association ("First Tennessee"). First Tennessee is one of the lending banks under a loan agreement that Harrah's Entertainment has with several banks (the "Bank Facility"). Pursuant to the Bank Facility, First Tennessee has committed to loan to the Company's subsidiary, Harrah's Operating Company, Inc., \$15,000,000, representing a 1.36% share of the total commitment covered by the Bank Facility. As of December 31, 1997, \$9,640,229 of this \$15,000,000 was outstanding in loans and in unfunded standby letters of credit. In connection with this commitment, First Tennessee received interest and fees of \$493,905 during 1997. Also, the Company is party to a Master Repurchase Agreement whereby the Company invests funds with First Tennessee on behalf of one of the Company's joint ventures. The average amount invested pursuant to such Agreement at the end of each month during 1997 was \$13,638,083. As of December 31, 1997, the amount was \$7,239,000. Interest received on such investment during 1997 was approximately \$726,798.

Certain direct and indirect subsidiaries of the Company maintained deposit accounts with First Tennessee during 1997. The average ledger balance during 1997 was \$2,282,457. Deposit account service fees paid to First Tennessee in excess of the earning credit assigned to these accounts were approximately \$94,630 during 1997. First Tennessee provides ATM services to the Company's Tunica, Mississippi casino and received revenues of \$94,300 during 1997. First Tennessee also received fees and revenues of approximately \$54,128 on other miscellaneous transactions with Harrah's Entertainment in 1997.

After reviewing proposals from several vendors, the Company selected First Tennessee to offer a co-branded credit card program for Harrah's customers. The program was launched in late 1997. First Tennessee pays the Company a new card fee for each new card issued. The Company estimates that First Tennessee will pay the Company fees ranging from approximately \$180,000 to \$360,000 during 1998.

Ms. Susan Clark-Johnson, a director of Harrah's Entertainment, is Senior Group President, Pacific Newspaper Group, Gannett Co., Inc. The Company and its subsidiaries paid Gannett's Pacific Newspaper Group \$340,550 for retail and classified newspaper advertising during 1997.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's directors and officers to file with the SEC initial reports of ownership and reports of changes in ownership of Company common stock and to furnish the Company with copies of all forms filed. To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the past fiscal year all Section 16(a) filing requirements applicable to the Company's officers and directors were met, except that an amendment was filed to Judy T. Wormser's initial statement of beneficial ownership to correct an inadvertent omission of 367 shares of unvested restricted stock.

RATIFICATION OF APPOINTMENT OF AUDITORS

Subject to stockholder approval, the Board of Directors, acting on the recommendation of its Audit Committee, has appointed Arthur Andersen LLP, a firm of independent public accountants, as auditors, to examine and report to stockholders on the consolidated financial statements of the Company and its subsidiaries for the year 1998. Representatives of Arthur Andersen LLP will be present at the Annual

Meeting and will be given an opportunity to make a statement. They will be available to respond to appropriate questions.

The action of the Board of Directors in appointing Arthur Andersen LLP as the Company's auditors for the year 1998 is subject to ratification by an affirmative vote of the holders of a majority of shares of Common Stock present in person or represented by proxy at the Annual Meeting, excluding abstentions.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPOINTMENT OF ARTHUR ANDERSEN LLP AS THE COMPANY'S AUDITORS FOR THE YEAR 1998.

OTHER INFORMATION

CERTAIN STOCKHOLDERS

The table below sets forth to the best of the Company's knowledge certain information regarding the beneficial owners of more than 5% of the Common Stock as of December 31, 1997.

NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED	PERCENT OF CLASS
Trustees of the Harrah's Entertainment, Inc. Savings and Retirement Plan 1023 Cherry Road Memphis, TN 38117	6,399,758(a)	6.3%
Mackay-Shields Financial Corporation 9 West 57th Street New York, NY 10019	7,109,100(b)	7.0%
Massachusetts Financial Services Company 500 Boylston Street Boston, MA 02116	5,980,044(c)	5.9%
Oppenheimer Capital Oppenheimer Tower World Financial Center New York, NY 10281	7,728,843(d)	7.7%
Trimark Financial Corporation One First Canadian Place, Suite 5600 P.O. Box 487 Toronto, Canada M5X 1E5	6,041,700(e)	6.0%

(a) The trustees of the Harrah's Entertainment, Inc. Savings and Retirement Plan (the "Plan") have sole voting power of the shares listed except that each participant in the Plan has the right, to the extent of shares of Common Stock allocated to the participant's account in the Plan (including vested and unvested amounts), to direct the trustees in writing as to how to respond to a solicitation of proxies opposed by management of the Company. The trustees do not have shared voting power, sole investment power, or shared investment power over any of the shares listed. The participants in the Plan have the right to direct the disposition of the securities held in their respective accounts pursuant to the terms of the Plan and to direct the trustees in writing as to how to respond to a tender offer evidenced by the filing of a statement on Schedule 14D-1 or similar transaction. No one participant

has such rights with respect to more than 5% of the Company's Common Stock. The sources of this information are official plan documents and a Schedule 13G filed by the trustees of the Plan with the Securities and Exchange Commission and dated February 10, 1998. Ownership (number of shares and percent of shares outstanding) is reported as of December 31, 1997.

- (b) Mackay-Shields Financial Corporation ("Mackay-Shields") is an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 and has reported beneficial ownership of the shares listed, including shared voting power and shared dispositive power with respect to such shares. Mackay-Shields has reported that clients of the investment manager have the right to receive and the ultimate power to direct the receipt of dividends from, or the proceeds of the sale of, such shares, and that no interest of any such clients relates to more than 5% of the class. The source of this information is a Schedule 13G filed by Mackay-Shields with the Securities and Exchange Commission and dated February 13, 1998. Ownership (number of shares and percent of shares outstanding) is reported as of December 31, 1997.
- (c) Massachusetts Financial Services Company ("MFS") is a registered investment adviser and has reported beneficial ownership of the shares listed, which shares are also beneficially owned by certain other non-reporting entities as well as MFS. MFS has sole voting power as to 5,959,344 shares and has sole dispositive power as to the 5,980,044 shares listed. The source of this information is a Schedule 13G filed by MFS with the Securities and Exchange Commission and dated February 12, 1998. Ownership (number of shares and percent of shares outstanding) is reported as of December 31, 1997.
- (d) Oppenheimer Capital ("Oppenheimer"), a registered investment adviser, has reported, on behalf of itself and/or certain investment advisory clients or discretionary accounts, collective beneficial ownership of the shares listed, including shared voting power and shared dispositive power with respect to all such shares. The source of this information is a Schedule 13G filed by Oppenheimer with the Securities and Exchange Commission and dated February 27, 1998. Ownership (number of shares and percent of shares outstanding) is reported as of December 31, 1997.
- (e) Trimark Financial Corporation ("Trimark"), a corporation incorporated under the laws of Ontario, Canada, has reported beneficial ownership, including sole voting power and sole dispositive power, of the shares listed. Trimark has reported that certain Trimark mutual funds (the "Funds"), which are trusts organized under the laws of Ontario, Canada, are owners of record of a portion of the shares listed, and that Robert C. Krembil, a Canadian citizen and Chairman and shareholder of Trimark, and Arthur S. Labatt, a Canadian citizen and President and shareholder of Trimark, are also owners of a portion of the securities listed. Trimark Investment Management Inc. ("TIMI"), a corporation incorporated under the laws of Canada, is a manager and trustee of the Funds. TIMI is qualified to act as an investment adviser and manager of the Funds in the province of Ontario pursuant to a registration under the Securities Act (Ontario). Trimark owns 100% of the voting equity securities of TIMI. The source of this information is a Schedule 13G filed by Trimark with the Securities and Exchange Commission and dated February 11, 1998 and related correspondence dated February 13, 1998. Ownership (number of shares and percent of shares outstanding) is reported as of December 31, 1997.

OTHER MATTERS AT THE MEETING

The Board of Directors does not know of any matters to be presented at the meeting other than those mentioned in this Proxy Statement. If any other matters are properly brought before the meeting, it is intended that the proxies will be voted in accordance with the best judgment of the person or persons voting such proxies.

COST OF SOLICITATION

The expense of soliciting proxies and the cost of preparing, assembling and mailing material in connection with the solicitation of proxies will be paid by the Company. In addition to the use of mails, certain directors, officers or employees of the Company and its subsidiaries, who receive no compensation for their services other than their regular salaries, may solicit and tabulate proxies. The Company has retained D.F. King & Co. to assist in the solicitation of proxies with respect to shares of Common Stock held of record by brokers, nominees and institutions. The estimated cost of the services of D.F. King & Co. is \$9,000, plus expenses.

STOCKHOLDER PROPOSALS FOR 1999 ANNUAL MEETING

For any proposal to be considered for inclusion in the Company's proxy statement and form of proxy for submission to the stockholders at the Harrah's Entertainment 1999 Annual Meeting, it must comply with the requirements of Rule 14a-8 under the Exchange Act and be submitted in writing by notice delivered or mailed by first-class United States mail, postage prepaid, to the Corporate Secretary, Harrah's Entertainment, Inc., 1023 Cherry Road, Memphis, Tennessee 38117, and must be received no later than November 13, 1998. The chairman of the meeting may refuse to acknowledge the introduction of any stockholder proposal not made in compliance with the foregoing procedures. In addition, the Company's Bylaws provide for notice procedures to recommend a person for nomination as a director and to propose business to be considered by stockholders at a meeting.

By Direction of the Board of Directors

[SIGNATURE]

Rebecca W. Ballou
Secretary

Memphis, Tennessee
March 13, 1998

[LOGO]

HARRAH'S ENTERTAINMENT, INC.

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR ANNUAL MEETING
OF STOCKHOLDERS TO BE HELD MAY 1, 1998

The undersigned hereby appoints Colin V. Reed, E. O. Robinson, Jr. and Philip G. Satre, and each of them, his or her attorneys and agents, with full power of substitution, to vote as proxy for the undersigned, at the Annual Meeting of Stockholders of Harrah's Entertainment, Inc. (the "Company") to be held on May 1, 1998 at 11:30 a.m. in the Winegardner Auditorium--Dixon Gallery and Gardens, 4339 Park Avenue, Memphis, Tennessee and at any adjournment or postponement thereof, according to the number of votes the undersigned would be entitled to vote if personally present on the proposals set forth on the reverse side of this card (and as more particularly set forth in the Notice of Meeting enclosed herewith) and in accordance with their discretion on any other matters that may properly come before the meeting or any adjournment or postponement thereof. This proxy also constitutes confidential voting instructions for the use of participants in the Company's Employee Stock Ownership Plan.

All shares of the Company's Common Stock that are represented at the Annual Meeting by properly executed proxies received prior to or at the Annual Meeting and not revoked will be voted at the Annual Meeting in accordance with the instructions indicated on the reverse side of this card. If no instructions for a proposal are indicated on an executed Proxy Card, such proxies will be voted in accordance with the recommendation of the Board of Directors as set forth herein with respect to such proposal.

PLEASE SIGN AND DATE ON REVERSE SIDE

(LOGO)
HARRAH'S ENTERTAINMENT, INC.
ANNUAL MEETING OF STOCKHOLDERS
MAY 1, 1998 AT 11:30 A.M.

WINEGARDNER AUDITORIUM
DIXON GALLERY AND GARDENS
4339 PARK AVENUE
MEMPHIS, TENNESSEE

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR:

1. Election of Class II directors for three-year terms expiring at the 2001 Annual Meeting.

FOR all nominees WITHHOLD AUTHORITY to vote for all nominees listed
listed below // below //
*EXCEPTIONS //

NOMINEES: Ralph Horn, Philip G. Satre and Boake A. Sells

(INSTRUCTIONS: To withhold authority to vote for any individual nominee, mark the "Exceptions" box and write that nominee's name in the space provided below. IF AUTHORITY TO VOTE FOR ANY NOMINEE IS NOT WITHHELD, THIS SIGNED PROXY WILL BE DEEMED TO GRANT AUTHORITY TO VOTE FOR THE NOMINEE.)
*Exceptions

2. Approval of amendments to the Company's 1990 Stock Option Plan.

FOR // AGAINST // ABSTAIN //

3. Approval of amendments to the Company's 1990 Restricted Stock Plan.

FOR // AGAINST // ABSTAIN //

4. Ratification of the appointment of Arthur Andersen LLP as independent public accountants for the Company for the 1998 calendar year.

FOR // AGAINST // ABSTAIN //

If you plan to attend the Annual Meeting of Stockholders, please mark the following box and promptly return this Proxy Card. //

Change of Address Mark Here //

Signature of stockholders should correspond exactly with the names shown on the Proxy Card. Attorneys, trustees, executors, administrators, guardians and others signing in a representative capacity should designate their full titles. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person. Joint owners should both sign.

Dated _____, 1998
Signature _____
Signature _____

VOTES MUST BE INDICATED (X) IN BLACK OR BLUE INK.

PLEASE SIGN, DATE AND MAIL THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

EXHIBIT INDEX

EXHIBIT NO.

1. The Promus Companies Incorporated 1990 Stock Option Plan (as amended July 29 , 1994)
2. Amendment to The Promus Companies Incorporated 1990 Stock Option Plan dated April 5, 1995
3. Amendment to The Harrah's Entertainment, Inc. 1990 Stock Option Plan dated February 26, 1998
4. The Promus Companies Incorporated 1990 Restricted Stock Plan (as amended July 29 , 1994)
5. Amendment to The Promus Companies Incorporated 1990 Restricted Stock Plan dated April 5, 1995
6. Amendment to The Harrah's Entertainment, Inc. 1990 Restricted Stock Plan dated February 26,
1998

THE PROMUS COMPANIES INCORPORATED
1990 STOCK OPTION PLAN
(AS AMENDED JULY 29, 1994)

A. PURPOSE

The purpose of The Promus Companies Incorporated 1990 Stock Option Plan (the "Plan") is to attract and retain outstanding key employees and to provide an incentive to, and encourage stock ownership in The Promus Companies Incorporated, a Delaware corporation (the "Company"), by those employees responsible for the policies and operations of the Company or its Subsidiaries. As used herein, "Subsidiary" means any domestic or foreign corporation, at least 50% of the outstanding voting stock or voting power of which is beneficially owned, directly or indirectly, by the Company.

B. ADMINISTRATION

1. This Plan shall be administered by the Human Resources Committee (the "Committee") of the Board of Directors (the "Board") of the Company. The Committee shall consist of not less than three members of the Board of Directors. No person shall be appointed to the Committee (i) who is (or has been during the one-year period prior to such appointment) eligible to receive an award under the Plan or any other stock, stock option or stock appreciation right plan of the Company, a Subsidiary or a Parent Company other than a plan or provision of a plan specifically developed for, or made available to, members of the Board who are not employees and which otherwise complies with subsection (b)(1)(iii) of Rule 16b-3 ("Rule 16b-3") under Section 16 ("Section 16") of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or any successor provision; or (ii) who has received options under the Plan if at the time of such appointment, the options have not been exercised. As used herein, "Parent Company" means any domestic or foreign corporation that beneficially owns, directly or indirectly, at least 50% of the outstanding voting stock or voting power of the Company.

2. The Committee shall have full authority and discretion to determine, consistent with the provisions of this Plan other than with respect to Replacement Options (as defined below): (1) the employees who should be granted options; (2) whether the option or options shall be an incentive stock option or a non-qualified stock option; (3) the times at which options shall be granted; (4) subject to Section F, the option price of the shares subject to each option; (5) the number of shares subject to each option; (6) subject to Section I, the period during which each option becomes exercisable; and (7) other terms and conditions of each option.

3. The Committee shall further have discretion at any time and from time to time to accelerate the date or dates when outstanding options become exercisable and to decrease the option price of outstanding options. The Committee may in its discretion change any incentive stock option to a non-qualified stock option without liability to any employee who has received options under this Plan (an "Optionee"). The Committee shall also have full authority and discretion to adopt such rules, regulations and procedures as it shall deem necessary for the administration of the Plan and to interpret, amend or revoke any such rules, regulations or procedures.

4. The Committee may in its discretion provide in the terms of any stock option (other than a Replacement Option) that the number of Shares subject to such option will be decreased if the participant's grade level is reduced by the Company, any Subsidiary or any Parent Company, for performance, by

reason of change in job functions or responsibilities, or by reason of transfer to a different position during the term of the option. Options that become exercisable prior to the reduction in the option award shall not be affected.

5. The Committee's interpretation and construction of any provisions of this Plan or any option granted hereunder shall be final, conclusive and binding upon all Optionees, the Company and all other interested parties.

C. ELIGIBILITY

1. The Committee shall from time to time determine the key management employees of the Company and any of its Subsidiaries who shall be granted options (other than Replacement Options) under the Plan. No incentive stock option shall be granted to any director of the Company who is not an employee of the Company, any of its Subsidiaries or any of its Parent Companies. An employee who has been granted an option may be granted an additional option or options under this Plan if the Committee shall so determine. The granting of an option under this Plan shall not affect any outstanding stock option previously granted to an Optionee under this Plan or any other plan of the Company, a Subsidiary or a Parent Company.

2. Each employee of the Company who prior to the merger (the "Merger") of Bass (U.S.A.) Hotels, Incorporated, a Delaware corporation ("Merger Sub"), with and into Holiday Corporation ("Holiday") pursuant to that certain Agreement and Plan of Merger (the "Merger Agreement") among Holiday, Holiday Inns, Inc., the Company, Bass plc, Merger Sub and Bass (U.S.A.) Hotels, Incorporated, a Tennessee corporation, dated as of August 24, 1989, as amended, held options to purchase Holiday common stock issued under Holiday's 1977 Incentive Stock Option Plan or 1989 Stock Option Plan (collectively, "Holiday Stock Options") and which options were not exercised prior to the Merger shall, in lieu and upon cancellation of such Holiday Stock Options, be issued an option (a "Replacement Option") to purchase shares of the \$1.50 par value common stock ("Common Stock") of the Company under the Plan subject to the following terms:

(1) Upon the consummation of the Merger each such employee shall hereby be issued, without the requirement of any additional act of the Committee, a Replacement Option to purchase the number of shares of Common Stock (rounded upward to the nearest full share) with a per share exercise price, (rounded downward to the nearest cent) determined to preserve each such Holiday Stock Option's value as of the time of the Merger (such value being the product of (A) the difference between (i) the sum of (x) the fair market value of a share of Common Stock (as defined for purposes of this paragraph only, below), (y) the fair market value of a share of Bass plc stock (as defined for purposes of this paragraph only, below) multiplied by the number of shares of Bass plc stock to be issued for each outstanding share of Holiday common stock in the Merger (assuming all Holiday Stock Options have been exercised) and (z) the amount of the special cash dividend to be paid with respect to each share of Common Stock as contemplated in the Merger Agreement and (ii) such Holiday Stock Option's exercise price per share, and (B) the number of shares of Holiday common stock subject to such Holiday Stock Options). For purposes of this paragraph, the fair market value of a share of Common Stock shall be deemed to be equal to the average of the closing prices of a share during the ten trading days following the effective time of the Merger as reported on the New York Stock Exchange. If the special cash dividend has not been paid on the date of the effective time of the Merger, the above calculation will be adjusted to preserve the intended reduction. For purposes of this

paragraph only, the fair market value of a share of Bass plc stock shall be deemed to be equal to the "Market Value Per Bass Share," as defined in the Merger Agreement.

(2) Replacement Options granted in exchange for vested Holiday Stock Options shall be vested, and Replacement Options granted in exchange for unvested Holiday Stock Options shall be unvested and subject to the same vesting schedules as the Holiday Stock Options surrendered in exchange therefor.

(3) Replacement Options shall be subject to the same terms as the Holiday Stock Options they replace, including dates of expiration and the inclusion of stock appreciation rights, if applicable, except that the Replacement Options shall vest based on continued employment with the Company and all references made to Holiday or any of its subsidiaries shall be deemed references to the Company and its subsidiaries. The Replacement Options shall comply in all other respects with the Plan.

(4) The Replacement Options shall be evidenced by option agreements or certificates.

D. SHARES OF STOCK SUBJECT TO THIS PLAN

1. The number of shares which may be issued pursuant to the options granted by the Committee under this Plan shall not exceed 1,200,000 shares of Common Stock.* Such shares may be authorized and issued shares or shares previously acquired or to be acquired by the Company and held in treasury. Any shares subject to an option which expires for any reason, is forfeited, or is terminated unexercised as to such shares may again be subject to an option under this Plan. To the extent that a stock appreciation right shall have been exercised and paid in cash, the number of shares subject to the related option, or portion thereof, may again be subject to an option under this Plan.

2. If the outstanding shares of Common Stock of the Company are hereafter changed into or exchanged for a different number or kind of shares or other securities of the Company, or of another corporation, by reason of reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, stock dividend, combination of shares or otherwise, appropriate adjustments shall be made by the Committee in the number and kind of shares for the purchase of which options may be granted, including adjustments of the limitations in paragraph 1 on the maximum number and kind of shares which may be issued on exercise of options. Adjustments made by the Committee shall be final, conclusive and binding upon all Optionees, the Company and all other interested parties.

3. Effective April 30, 1993, the number of authorized shares which may be issued pursuant to the options granted by the Committee under the Plan is increased by an additional 1,500,000 shares.

Effective April 29, 1994, the maximum number of options that can be granted in any one year period to one employee shall be options for 250,000 shares, provided that this limit shall be appropriately adjusted by the Committee in accordance with Section D.2 hereof.

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* The number of shares available for the issuance of options immediately prior to the March 8, 1993 record date of the 2 for 1 stock split was multiplied by two pursuant to action taken by the Committee on February 25, 1993. The number of shares available for the issuance of options immediately prior to the November 8, 1993 record date of the 3 for 2 stock split was multiplied by 1.5 pursuant to action taken by the Committee on October 29, 1993.

E. ISSUANCE AND TERMS OF OPTION CERTIFICATES

Each key management employee to whom an option is granted under this Plan shall be entitled to receive an appropriate certificate evidencing his option and referring to the terms and conditions of this Plan.

F. OPTION PRICE

1. Each option shall state the number of shares to which it pertains and shall state the option price. The option price for Replacement Options shall be as set forth in Section C(2). Subject to the foregoing, the option price of incentive stock options shall not be less than 100% (110% in the case of an option granted to an individual owning (within the meaning of Section 425(d) of the Internal Revenue Code of 1986, as amended (the "Code")) more than 10% of the total combined voting power of all classes of stock of the Company, any Subsidiary or any Parent Company) of the Fair Market Value of the Common Stock on the date the option is granted. The option price of any option under the Plan regardless of the date of the option shall not be less than the par value per share of the Common Stock as provided in the Company's Certificate of Incorporation as amended April 29, 1994. Provided, that non-qualified options shall not be issued under this Plan at less than the average of the high and low prices of the Company's Common Stock on the principal exchange or system where the Common Stock is traded on the date that the option is granted or, if such date is not a trading day, the preceding trading day. "Fair Market Value" of a share of Common Stock as of a given date shall be: (i) the closing price of a share of Common Stock on the principal exchange on which shares of Common Stock are then trading, if any, on the day previous to such date, or if shares were not traded on the day previous to such dates, then on the next preceding trading day during which a sale occurred; or (ii) if such stock is not traded on an exchange but is quoted on NASDAQ or a successor quotation system, (1) the last sales price (if the stock is then listed as a National Market Issue under the NASD National Market System) or (2) the mean between the closing representative bid and asked prices (in all other cases) for the stock on the day previous to such date as reported by NASDAQ or such successor quotation system; or (iii) if such stock is not publicly traded on an exchange and not quoted on NASDAQ or a successor quotation system, the mean between the closing bid and asked prices for the stock, on the day previous to such date, as determined in good faith by the Committee; or (iv) if Common Stock is not publicly traded, the fair market value established by the Committee acting in good faith; provided that if there has been no sale of Common Stock during the 30-day period prior to the date of the calculation provided for in this sentence, then such stock shall not be considered to be trading on an exchange or quoted on the NASDAQ or successor quotation system.

2. The option price shall be payable in United States dollars upon the exercise of the option and may be paid in cash, by check, or in shares of Common Stock having a total Fair Market Value on the date of exercise equal to the option price. The Company may also permit the option price incurred by reason of the exercise of an option to be satisfied by withholding shares (that would otherwise be obtained upon such exercise) having a Fair Market Value equal to the aggregate option price of the exercised option. The Company may permit Optionees to use cashless exercise methods that are permitted by law and in connection therewith the Company may establish a cashless exercise program including a program where the commissions on the sale of stock subject to an exercised option are paid by the Company.

3. The proceeds received by the Company from the sale of Common Stock subject to option are to be added to the general funds of the Company and used for its corporate purposes.

G. TREATMENT OF CERTAIN OPTIONS; CERTAIN LIMITATIONS ON GRANT

1. Subject to the provisions of this Section G, the Committee may grant under this Plan both incentive stock options under Section 422A of the Code and non-qualified stock options not subject to Section 422A of the Code.

2. To the extent that the aggregate Fair Market Value (determined at the time the option is granted) of the stock with respect to which incentive stock options (within the meaning of Section 422A of the Code, but without regard to Section 422A(d) of the Code) are exercisable for the first time by an Optionee during any calendar year (under the Plan and all other incentive stock option plans of the Company, any Subsidiary and any Parent Company) shall exceed \$100,000, such options shall be taxed as non-qualified options. The rule set forth in the preceding sentence shall be applied by taking options into account in the order in which they are granted.

3. Incentive stock options granted hereunder shall at the time of grant qualify as "incentive stock options" under Section 422A of the Code.

H. STOCK APPRECIATION RIGHTS

1. At the discretion of the Committee (other than with respect to Replacement Options), any option granted under this Plan may include a stock appreciation right. The Committee may impose conditions upon the grant or exercise of the stock appreciation right which conditions may include a condition that the stock appreciation right may only be exercised in accordance with rules and regulations adopted by the Committee from time to time. Such rules and regulations may govern the right to exercise the stock appreciation right granted prior to the adoption or amendment of such rules and regulations as well as stock appreciation rights granted thereafter. The Committee may amend any outstanding option or options to grant stock appreciation rights with respect to the shares covered by any such option or options if the original option or options did not contain such rights.

2. A "stock appreciation right" is the right of an Optionee, without payment to the Company (except for applicable withholding taxes), to receive the excess of the Fair Market Value over the option price per share as provided in the related underlying option. A stock appreciation right shall pertain to, and be granted only in conjunction with, a related underlying option granted under this Plan and shall be exercisable and exercised only to the extent that the related option is exercisable. The number of shares of Common Stock subject to the stock appreciation right shall be all or part of the shares subject to the related option, as determined by the Committee. The stock appreciation right shall either become all or partially non-exercisable and shall be all or partially forfeited if the exercisable portion, or any part thereof, of the related option is exercised and vice versa. A stock appreciation right may only be exercised if the Fair Market Value per share of the Common Stock on the exercise date exceeds the option price per share under the related underlying option.

3. Subject to any restrictions or conditions imposed by the Committee, a stock appreciation right may be exercised by the Optionee as to a number of shares of the Common Stock under its related option only upon the surrender of exercise rights with respect to a like number of shares of the Common Stock available to the exercisable portion of the related option. Upon the exercise of a stock appreciation right and the surrender of the exercisable portion of the related option, the Optionee shall be awarded cash, shares of the Common Stock or a combination of shares and cash at the discretion of the Committee. The award shall have a total value equal to the product obtained by multiplying (i) the excess of the Fair

Market Value per share on the date on which the stock appreciation right is exercised over the option price per share by (ii) the number of shares subject to the exercisable portion of the related option so surrendered.

4. The portion of the stock appreciation right which may be awarded in cash shall be determined by the Committee from time to time. The number of shares awardable to an Optionee with respect to the non-cash portion of a stock appreciation right shall be determined by dividing such non-cash portion by the Fair Market Value per share on the exercisable date. No fractional shares shall be issued.

I. TERM AND EXERCISE OF OPTIONS AND STOCK APPRECIATION RIGHTS

Each option and stock appreciation right granted under this Plan shall be exercisable on the dates and for the number of shares as shall be provided in the option certificate evidencing the option granted by the Committee and the terms thereof. An Optionee may exercise his option only by delivering to the Company written notice of intent to exercise and by complying with all terms of such option. No stock option shall be exercisable after the expiration of ten years and one day (ten years in the case of an incentive stock option) from the date of grant of the option or, in the case of an incentive stock option granted to an Optionee owning (within the meaning of Section 425(d) of the Code), at the time the option was granted, more than 10% of the total combined voting power of all classes of stock of the Company, any Subsidiary or any Parent Company, the expiration of five years from the date of grant of the option. Provided, however, that where death, retirement for age or determination of disability occurs during the one year period ending ten years and one day from the date of grant of the option, no option that is not an incentive stock option shall be exercisable after the expiration of eleven years and one day from the date of grant of the option. With respect to persons subject to the provisions of Section 16(b): (i) except in the case of death or disability (within the meaning of Section 22(e)(3) of the Code) of the Optionee, no stock appreciation right related to any stock option shall be exercisable earlier than six months from the date of grant of the stock appreciation right, (ii) where an outstanding option is subsequently amended to include the grant of a stock appreciation right, no such stock appreciation right shall be exercisable earlier than six months from the date of grant of such right and (iii) a stock appreciation right may only be exercised during the period beginning on the third business day following the date of the Company's release of its quarterly or annual summary statements of sales and earnings and ending on the twelfth business day following such date.

J. NONTRANSFERABILITY

No option, stock appreciation right or interest or right therein or part thereof shall be subject to liability for the debts, contracts or engagements of the Optionee or his successors in interest or shall be subject to liability for the debts, contracts or engagements of the Optionee or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that nothing in this Section J shall prevent transfers by will or by the applicable laws of descent and distribution.

K. REQUIREMENTS OF LAW

The granting of options and the issuance of shares of Common Stock upon the exercise of an option or of a stock appreciation right or the awarding of cash upon the exercise of a stock appreciation right shall

be subject to all applicable laws, rules and regulations and shares shall not be issued except upon approval of proper government agencies or stock exchanges as may be required.

L. TERMINATION OF EMPLOYMENT

If an Optionee shall cease to be employed by the Company or its Subsidiaries as a result of retirement for age or disability, he may (subject to Section I), but only within a period of ninety days (one year in the case of options that are not incentive stock options) beginning the day following the date of such termination of employment (or the date of determination of disability for options that are not incentive stock options), exercise his option or his stock appreciation right, to the extent that he was entitled to exercise it at the date of such termination of employment (or the date of determination of disability for options that are not incentive stock options). Termination for any other reason (other than death) shall result in cancellation of the option or stock appreciation right as of the close of business on the date of such termination. For purposes of this Plan, termination of employment means removal from the Company's payroll unless otherwise agreed by the Company and the Optionee.

M. DEATH OF OPTIONEE

In the event of the death of an Optionee while in the employ of the Company, its Subsidiaries or its Parent Companies, the option or stock appreciation right theretofore granted to him shall be exercisable within a period of one year after the date of death and then only if and to the extent that he was entitled to exercise it at the date of his death including any option that may have been accelerated by reason of his death. Such exercise shall be made only by the executor or administrator of his estate (upon presenting proper proof of appointment and authority to act) or by the person or persons to whom his rights under the option shall have passed by his will or by the applicable laws of descent and distribution subject to the Company being properly assured and legally advised of the rights of such beneficiaries.

Notwithstanding the provisions of Sections I, L and M herein or any other provisions of the Plan, an Optionee with ten years of service shall have a two year period, and an Optionee with twenty years of service shall have a three year period, after retirement for age, death or determination of disability to exercise any option to the extent it was exercisable on the date of such event, provided that (1) for incentive stock options this two or three year period will not extend beyond the normal term of the option, and (2) for non-incentive stock options, the normal term of the option will be extended up to a maximum term of thirteen years and one day to accommodate the two or three year extension in cases where retirement, death or determination of disability occurs within the three years prior to the end of the normal term of the option.

N. ADJUSTMENTS

If the outstanding shares of the Common Stock subject to options are changed into or exchanged for a different number or kind of shares of the Company or other securities of the Company or any other corporation by reason of merger, consolidation, recapitalization, reclassification, stock split-up, stock dividend, combination of shares or otherwise, the Committee may:

(1) in its absolute discretion and on such terms and conditions as it deems appropriate, make an appropriate and equitable adjustment in the number and kind of shares as to which all outstanding options, or portions thereof then unexercised, shall be exercisable; or

(2) in its absolute discretion and on such terms and conditions as it deems appropriate, provide, coincident with, or after the grant of any option, that such option cannot be exercised after the merger or consolidation of the Company with or into another corporation, the acquisition by another corporation or person of all or substantially all of the Company's assets or 80% or more of the Company's then outstanding voting stock or the liquidation or dissolution of the Company; and if the Committee so provides, it may, in its absolute discretion and on such terms and conditions as it deems appropriate, also provide, either by the terms of such option or by a resolution adopted prior to the occurrence of such merger, consolidation, acquisition, recapitalization, reclassification, liquidation or dissolution, that, for some period of time prior to such event, such option shall be exercisable as to all or any part of the shares subject thereto, notwithstanding anything to the contrary in this Plan and/or in any installment provisions of such option and that, upon the occurrence of such event, any option that is not exercised shall terminate and be of no further force and effect; or

(3) in its absolute discretion, provide that even if the option shall remain exercisable after any such event, from and after such event, any such option shall be exercisable only for the kind and amount of securities and/or other property, or the cash equivalent thereof, receivable as a result of such event by the holder of the number of shares of stock for which such option could have been exercised immediately prior to such event; provided, however, that if the Committee provides that any option shall not be exercisable after such event, it shall provide written notice to all holders of vested options of the occurrence of such event not less than 10 days prior to the occurrence of such event. Any adjustment or determination made by the Committee pursuant to this Section N shall be conclusive, final and binding upon all Optionees, the Company and all other interested parties.

O. CLAIM TO STOCK OPTION, OWNERSHIP OR EMPLOYMENT RIGHTS

No employee or other person shall have any claim or right to be granted options or stock appreciation rights under this Plan. No Optionee, prior to issuance of the stock, shall be entitled to voting rights, dividends or other rights of stockholders except as otherwise provided in this Plan or except as may be approved by the Committee subject to applicable law. Neither this Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of the Company, a Subsidiary or a Parent Company, and any such employee may be terminated at any time, with or without cause.

P. UNSECURED OBLIGATION

Optionees under this Plan shall not have any interest in any fund or specific asset of the Company by reason of this Plan. No trust shall be created in connection with this Plan or any award thereunder, and there shall be no required funding of amounts which may become payable to any Optionee.

Q. TAX WITHHOLDING

The Company, a Subsidiary or a Parent Company, as appropriate, shall have the right to deduct or withhold from all payments or distributions amounts sufficient to cover any federal, state or local taxes required by law to be withheld or paid with respect to such payments or distributions and, in the case of stock appreciation rights for which the Optionee receives Common Stock as payment, the participant or other person receiving such Common Stock may be required to pay to the Company, a Subsidiary or a Parent Company, as appropriate, the amount of any such taxes which the Company, Subsidiary or Parent

Company is required to withhold with respect to such Common Stock. In the event the cash portion of a stock appreciation right is insufficient to cover the required withholding, the Optionee may be required to pay to the Company the amount of such taxes. In the case of non-qualified options, the Company may require that required withholding taxes be paid to the Company at the time the option is exercised. The Company may also permit any withholding tax obligations incurred by reason of the exercise of any stock option to be satisfied by withholding shares (that would otherwise be obtained upon such exercise) having a Fair Market Value equal to the aggregate amount of taxes which are to be withheld. In the case of persons subject to Section 16(b), such withholding shall be on terms consistent with Rule 16b-3.

R. EXPENSES OF PLAN

The expenses of administering the Plan shall be borne by the Company, its Subsidiaries and its Parent Companies.

S. RELIANCE ON REPORTS

Each member of the Committee and each member of the Board shall be fully justified in relying or acting in good faith upon any report made by the independent public accountants of the Company, its Subsidiaries and its Parent Companies and upon any other information furnished in connection with the Plan by any person or persons other than himself. In no event shall any person who is or shall have been a member of the Committee or of the Board be liable for any determination made or other action taken or any omission to act in reliance upon any report or information or for any action, including the furnishing of information taken or failure to act, in good faith.

T. INDEMNIFICATION

Each person who is or shall have been a member of the Committee or of the Board or any other persons involved in the administration of this Plan shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him in connection with or resulting from any claim, action, suit or proceeding to which he may be a party or in which he may be involved by reason of any such action taken or failure to act under the Plan and against and from any and all amounts paid by him in settlement thereof, with the Company's approval, or paid by him in satisfaction of judgment in any such action, suit or proceeding against him provided he shall give the Company an opportunity, at its own expense, to handle and defend the same before he undertakes to handle and defend it on his own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such person may be entitled under the Company's articles of incorporation or bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify such person or hold him harmless.

U. AMENDMENT AND TERMINATION

Unless this Plan shall theretofore have been terminated as hereinafter provided, no options or stock appreciation rights may be granted after the tenth anniversary of the adoption of the Plan by the Board. 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 except as such approval may be required pursuant to Rule 16b-3 or the Code. No termination, modification or amendment of the Plan may, without

the consent of an Optionee to whom an option shall theretofore have been granted, adversely affect the rights of such Optionee under such option.

V. GENDER

Any masculine terminology used in this Plan shall also include the feminine gender.

W. EFFECTIVE DATE OF THE PLAN

This Plan was approved by the Board and the stockholders of the Company on November 5, 1989 and became effective January 1, 1990.

THE PROMUS COMPANIES
INCORPORATED

By: /s/ Neil F. Barnhart

Neil F. Barnhart
Vice President

AMENDMENT TO
THE PROMUS COMPANIES INCORPORATED
1990 STOCK OPTION PLAN

The Promus Companies Incorporated, a Delaware corporation, hereby adopts this Amendment to the 1990 Stock Option Plan (the "Plan"), effective upon the consummation of the spin-off of the hotel business of this corporation into a new corporation.

1. The Plan shall be amended to change the name of the Plan to The Harrah's Entertainment, Inc. 1990 Stock Option Plan, to change each reference to "Company" in the Plan to mean Harrah's Entertainment, Inc., to change each reference to "Common Stock" to mean the common stock of Harrah's Entertainment, Inc. and to delete each reference to "Replacement Options."

2. Section B(1) shall be amended to add the following as the last sentence of such section:

In addition, each member of the Committee must be an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") ("Section 162(m)").

3. Section B(2) shall be amended to delete the word "and" before "(7)" and to add the following to the end of such section:

and (8) whether an option or stock appreciation right is intended to qualify as performance-based compensation under Section 162(m).

4. Section (B)3 of the Plan shall be amended to add the phrase "Subject to Section N(6)," to the beginning of the first and last sentences of such section.

5. Section B of the Plan shall be amended to add the following as paragraph 6 thereto:

6. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b-3, Section 16 or Section 162(m) are required to be determined in the absolute discretion of the Committee.

6. Section C(2) of the Plan shall be deleted in its entirety.

7. The Plan shall be amended to delete Section D(2) of the Plan in its entirety, to redesignate Section D(3) as Section D(2), to change each reference to such section accordingly and to amend Section D(3) (i.e. D(2) pursuant to this amendment) to read in its entirety as follows:

3. Subject to the following paragraph, effective April 30, 1993, the number of authorized shares which may be issued pursuant to the options and stock appreciation rights granted by the Committee under the Plan is increased by an additional 1,500,000 shares.

Effective June 30, 1995, the number of shares which may be issued upon exercise of options or stock appreciation rights granted by the Committee under this Plan is increased by an additional 4,500,000 shares.

Effective April 29, 1994, the maximum number of shares with respect to which options or stock appreciation rights may be granted in any year to any one employee shall be 250,000* (the "Award Limit"); provided that the Award Limit shall be appropriately adjusted by the Committee in accordance with Section N hereof. To the extent required by Section 162(m), options which are canceled continue to be counted against the Award Limit and if, after grant of an option, the price of shares subject to such option is reduced, the transaction will be treated as a cancellation of the option and a grant of a new option and both the option deemed to be canceled and the option deemed to be granted will be counted against the Award Limit. To the extent required by Section 162(m), if after the grant of a stock appreciation right, the price of shares subject to the related underlying option is reduced, the transaction is treated as a cancellation of the stock appreciation right and a grant of a new stock appreciation right and both the stock appreciation right deemed to be cancelled and the stock appreciation right deemed to be granted are counted against the Award Limit.

8. The second sentence of Section F(1) of the Plan shall be deleted in its entirety.

9. The third sentence of Section F(1) of the Plan shall be amended to read in its entirety as follows:

Subject to the foregoing, the price of an option or stock appreciation right intended to qualify as performance-based compensation under Section 162(m) and incentive stock options shall not be less than 100% (110% in the case of an incentive stock option granted to an individual owning (within the meaning of Section 424(d) of the Code more than 10% of the total combined voting power of all classes of stock of the Company, any Subsidiary or any Parent Company) of the Fair Market Value of the Common Stock on the date the option is granted.

10. Section G of the Plan shall be amended to replace each reference to "Section 422A" with the term "Section 422."

11. Section I of the Plan shall be amended to replace the reference to "Section 425(d)" with the term "Section 424(d)."

12. Section N of the Plan shall be amended to read in its entirety as follows:

N-ADJUSTMENTS

1. Subject to Section N5. but notwithstanding any other term of this Plan, in the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, reclassification, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event, in the Committee's sole discretion, affects the Common Stock such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to an option or stock appreciation right, then the Committee shall, in such manner as it may deem equitable, adjust any or all of

* adjusted to 351,193 options, effective June 30, 1995, based on approval of the Human Resources Committee on December 12, 1996 pursuant to Section D(2) and N of the Plan due to the spin-off of the hotel business.

(a) the number and type of shares of Common Stock (or other securities or property) with respect to which options and stock appreciation rights may be granted under the Plan (including, but not limited to, adjustments of the limitations in Section D or the maximum number and kind of shares which may be issued and adjustments of the Award Limit),

(b) the number and type of shares of Common Stock (or other securities or property) subject to outstanding options and stock appreciation rights, and

(c) the grant or exercise price with respect to any option or stock appreciation right.

2. Subject to Section N5. but notwithstanding any other term of this Plan, in the event of any corporate transaction or other event described in Section N1. which results in shares of Common Stock being exchanged for or converted into cash, securities (including securities of another corporation) or other property, the Committee will have the right to terminate this Plan as of the date of the event or transaction, in which case all options and stock appreciation rights granted under this Plan shall become the right to receive such cash, securities or other property, net of any applicable exercise price.

3. Subject to Section N5. but notwithstanding any other term of this Plan, in the event of any corporate transaction or other event described in Section N1., or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate, or of changes in applicable laws, regulations, or accounting principles, the Committee in its discretion is hereby authorized to take any one or more of the following actions whenever the Committee determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any option or stock appreciation right, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(a) In its discretion, and on such terms and conditions as it deems appropriate, the Committee may provide, either automatically or upon the optionee's request, for either the purchase of any such option or stock appreciation right for an amount of cash equal to the amount that could have been attained upon the exercise of such option or stock appreciation right or realization of the optionee's rights had such option or stock appreciation right been currently exercisable or payable or the replacement of such option or stock appreciation right with other rights or property selected by the Committee in its sole discretion;

(b) In its discretion, the Committee may provide, either by the terms of such option or stock appreciation right or by a resolution adopted prior to the occurrence of such transaction or event, that it cannot be exercised after such event;

(c) In its discretion, and on such terms and conditions as it deems appropriate, the Committee may provide, either by the terms of such option or stock appreciation right or by a resolution adopted prior to the occurrence of such transaction or event, that, for a specified period of time prior to such transaction or event, such option or stock appreciation right shall be exercisable as to all shares covered thereby;

(d) In its discretion, and on such terms and conditions as it deems appropriate, the Committee may provide, either by the terms of such option or stock appreciation right or by a resolution adopted prior to the occurrence of such transaction or event, that upon such event, such option or stock appreciation right be assumed by the successor corporation, or a parent or subsidiary thereof, or shall

be substituted for by similar options, rights or awards covering the stock of the successor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices; and

(e) In its discretion, and on such terms and conditions as it deems appropriate, the Committee may make adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding options and stock appreciation rights, and/or in the terms and conditions of (including the grant or exercise price), and the criteria governing, outstanding options and stock appreciation rights and options and stock appreciation rights which may be granted in the future.

4. Subject to Section N5. but notwithstanding any other term of this Plan, the Committee may, in its discretion, include such further provisions and limitations in any option or stock appreciation right agreement or certificate, as it may deem equitable and in the best interests of the Company.

5. With respect to incentive stock options and options and stock appreciation rights intended to qualify as performance-based compensation under Section 162(m), no adjustment or action described in this Section N or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to violate Section 422(b)(1) of the Code or would cause such option or stock appreciation right to fail to so qualify under Section 162(m), as the case may be, or any successor provisions thereto. Furthermore, no such adjustment or action shall be authorized to the extent such adjustment or action would violate Section 16 or Rule 16b-3. The number of shares of Common Stock subject to any option or stock appreciation right shall always be rounded to the next number.

6. Any decision of the Committee pursuant to the terms of this Section N shall be final, binding and conclusive upon the participants, the Company and all other interested parties.

13. Section U of the Plan shall be amended to read in its entirety as follows:

SECTION U-AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN

The Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee. However, no action of the Committee may (except as provided in Section N), modify the Award Limit modify the eligibility requirements of Section C, reduce the minimum option and stock appreciation rights price requirements of Section F or otherwise amend the Plan in a manner requiring stockholder approval as a matter of Section 162(m), Rule 16b-3 or Section 16 of the Exchange Act or other applicable law, regulation or rule without approval of the Company's shareholders given within 12 months before or after the action by the Committee. Neither the amendment, suspension nor termination of the Plan shall, without the consent of the holder of the option or stock appreciation right, impair any rights or obligations under any option or stock appreciation right theretofore granted. No option or stock appreciation right may be granted during any period of suspension nor after termination of the Plan, and in no event may any option or stock appreciation right be granted under this Plan after the expiration of ten years from the date the Plan was adopted by the Board.

14. The Plan shall be amended to add Section X which should read in its entirety as follows:

X. Consideration

The consideration for the issuance of any option or stock appreciation right shall be the participant's past or future service with Promus or its subsidiaries.

* * * *

I hereby certify that the foregoing amendment to the Plan was duly adopted by the Board of Directors of The Promus Companies Incorporated as of April 5, 1995.

Executed on this 26th day of May, 1995.

/s/ E.O. Robinson, Jr.

Secretary

AMENDMENT TO
THE HARRAH'S ENTERTAINMENT, INC.
1990 STOCK OPTION

Harrah's Entertainment, Inc. (the "Company") hereby adopts this Amendment to The Harrah's Entertainment, Inc. 1990 Stock Option Plan (the "Plan"), subject to stockholder approval of paragraphs 2 and 3 of this Amendment which approval is expected to occur on May 1, 1998.

1. The first sentence of Section B.3. of the Plan is amended to read as follows:

"Subject to Section N(6), the Committee shall have further discretion at any time and from time to time to accelerate the date or dates when outstanding options become exercisable and to decrease the option price of outstanding options, PROVIDED, HOWEVER, with respect to the 3,500,000 shares authorized under the Plan pursuant to the Plan amendment adopted by the Board on February 26, 1998, the Committee shall not, without the further approval of the stockholders of the Company by a majority of votes cast: (a) authorize the amendment of any outstanding option to reduce its exercise price or (b) authorize the cancellation of options and the replacement thereof with option grants having a lower exercise price; it being understood that nothing herein shall restrict or prohibit adjustments in options (including a price adjustment) pursuant to the provisions of Section N of Plan which deals with adjustments in the event of certain corporate events as described in Section N."

2. Section D.2. of the Plan is amended by adding the following sentence after the second sentence:

"Effective May 1, 1998, the number of authorized shares which may be issued pursuant to the options and stock appreciation rights granted by the Committee under the Plan is increased by an additional 3,500,000 shares."

3. Section U of the Plan is amended by adding the following proviso at the end thereof:

"PROVIDED, HOWEVER, that with respect to the grant of non-qualified options utilizing any authorized shares under this Plan and with respect to the additional 3,500,000 shares authorized under the Plan pursuant to the Plan amendment adopted by the Board on February 26, 1998, in no event may any option or stock appreciation right be granted under this Plan with respect to any such shares after February 25, 2008."

This Amendment was duly adopted by the Board of Directors of the Company on February 26, 1998.

Rebecca W. Ballou
Secretary

THE PROMUS COMPANIES INCORPORATED

1990 RESTRICTED STOCK PLAN

1. PURPOSE. The purpose of The Promus Companies Incorporated 1990 Restricted Stock Plan (the "Plan") is to advance the interests of The Promus Companies Incorporated, a Delaware corporation ("Promus"), and its subsidiaries (the "Company") by awarding restricted shares of the common stock of Promus, par value \$1.50 per share ("Common Stock"), to key employees of the Company who make significant contributions to the Company. The Company intends that the Plan will closely associate the interests of key employees with those of Promus's stockholders and will facilitate securing, retaining and motivating key employees of high caliber and potential.

2. ADMINISTRATION

(a) COMMITTEE. The Plan shall be administered by the Human Resources Committee (the "Committee") of the Board of Directors (the "Board") of Promus. No person shall be appointed to the Committee (i) who is (or has been during the one-year period prior to such appointment) eligible to receive an award under the Plan (except as specifically provided under Section 4(b) and (c)) or any other stock, stock option or stock appreciation right plan of the Company, other than a plan or provision of a plan specifically developed for, or made available to, members of the Board who are not employees and which otherwise complies with subsection (b)(1)(iii) of Rule 16b-3 ("Rule 16b-3") under Section 16 ("Section 16") of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or any successor provision; or (ii) who has received an award under the Plan (except for the award specifically provided under Section 4(b) and (c)) if at the time of such appointment, any restrictions on the transferability of the shares so awarded currently remain in effect or remained in effect at any time during the twelve-month period immediately prior to such person's appointment to the Committee. The Committee shall have full and final authority in its discretion to interpret conclusively the provisions of the Plan; to decide all questions of fact arising in its application; to determine the employees to whom awards shall be made under the Plan; to determine the awards to be made and the amount, size, terms and restrictions of each such award; to determine the time when awards will be granted; and to make all other determinations necessary or advisable for the administration of the Plan, other than, in each such case, determinations required in connection with awards granted pursuant to the terms of Section 4(b) and (c).

(b) CERTAIN ADMINISTRATIVE PRINCIPLES. Without intending to limit the discretion of the Committee in exercising its judgment in accordance with Section 2(a), subject to Section 4(b) and (c) the Company currently anticipates that awards of shares of Common Stock under the Plan will be made to persons selected to participate by the Chief Executive Officer of Promus and approved by the Committee in accordance with Section 4(a), based, among other things, on individual performance both currently and over time, the impact of the individual's position within the Company on the long-term performance of the Company, and the individual's potential for advancement to positions of greater responsibility.

(c) REDUCTION IN AWARDS. The Committee may provide in the terms of any award of restricted stock (other than awards under Section 4(b) and (c)) that the award will be decreased if the participant's grade level is reduced by the Company for performance, by reason of a change in job functions or responsibilities, or by reason of transfer to a different position during the term of the award. Shares that vested prior to the reduction in the grade level shall not be affected.

3. SHARES SUBJECT TO PLAN. The shares issued under the Plan shall not exceed in the aggregate 1,600,000 shares of Common Stock. Such shares may be authorized and unissued shares or treasury shares. Any shares which are awarded hereunder and subsequently forfeited shall again be available under the Plan.

4. PARTICIPANTS

(a) Subject to awards required by Sections 4(b) and (c) below, persons eligible to participate in the Plan shall be limited to key employees of the Company who are selected by the Chief Executive Officer of Promus and approved by the Committee and who, in the judgment of the Committee, make significant contributions to the Company. Members of the Board who are not also officers or employees of the Company shall not be eligible for selection or awards except as specifically provided in Section 4(b) and (c).

(b) Each employee or non-employee director of the Company who prior to the merger (the "Merger") of Bass (U.S.A.) Hotels, Incorporated, a Delaware corporation ("Merger Sub"), with and into Holiday Corporation ("Holiday") pursuant to that certain Agreement and Plan of Merger among Holiday, Holiday Inns, Inc., the Company, Bass plc, Merger Sub and Bass (U.S.A.) Hotels, Incorporated, a Tennessee corporation, dated as of August 24, 1989, as amended, held restricted stock issued under Holiday's 1985 Restricted Stock Plan or 1981 Restricted Stock Incentive Plan (collectively, "Holiday Restricted Stock") shall, in lieu of receipt of shares of Promus stock that would have been issued in the spin-off distribution of Promus with respect to such Holiday Restricted Stock, be issued shares of restricted stock ("Replacement Shares") under this Plan subject to the following terms:

(1) Upon the consummation of the Merger each such employee or director shall hereby be issued, without the requirement of any additional act of the Committee, a number of Replacement Shares equal to the number of shares of unvested Holiday Restricted Stock that such employee held immediately prior to the consummation of the Merger.

(2) Such Replacement Shares shall be subject to the same terms as the Holiday Restricted Stock they replace, except that (i) the Replacement Shares shall vest based on continued employment only: any performance vesting requirements shall be deemed to have been met; (ii) vesting shall be based on continued employment with the Company or, with respect to non-employee directors of Promus, continued tenure as a member of the Board and all references to Holiday and its subsidiaries in the Holiday restricted stock agreement shall be deemed to be references to Promus and its subsidiaries; and (iii) only 50% of the unvested Replacement Shares shall vest upon death or disability of such employee or director.

(3) The Replacement Shares shall be evidenced by restricted stock agreements or certificates reflecting the terms of this Section 4(b).

(4) The Committee shall have full authority to implement this Section 4(b) in accordance with its terms and its implementation of this paragraph (b) shall be final, binding and conclusive upon the recipients of Replacement Shares, the Company and all other interested parties.

(c) Each non-employee member of the Board shall receive an award of 1,000 restricted shares under the following terms:

(1) Each non-employee director of Promus who received Holiday Restricted Stock shall receive Replacement Shares under Section 4(b). Each non-employee member of the Board at the Spin-Off (as defined in the Merger Agreement) who did not receive Holiday Restricted Stock under Holiday's 1985 Restricted Stock Plan shall receive an award of 1,000 shares. Such shares shall vest in 100 share installments starting April 1, 1990 and on each April 1 thereafter until April 1, 1999, provided such person is a member of the Board on the vesting date.

(2) Any new non-employee member of the Board who is elected or appointed after the Effective Time and during the term of the Plan shall receive an award of 1,000 shares upon the effective date of his or her election or appointment. Such shares shall vest in 100 share installments on each April 1 starting the year following that person's election or appointment to the Board provided such person is a member of the Board on the vesting date.

(3) Unvested restricted shares granted to non-employee directors shall be forfeited when the director's Board service terminates, except all restricted shares shall vest upon: (a) a Change in Control (as defined in the Plan's administrative regulations); or (b) upon such person's death or disability (as determined by the Committee in its discretion).

(4) Except as specifically provided above, all other provisions of the Plan shall apply to such restricted shares including but not limited to the provisions of Section 9 of the Plan concerning adjustments that would be made to all restricted shares in the event of corporate changes.

5. AWARDS. The Committee shall make awards of shares of Common Stock in accordance with terms and conditions set forth in restricted stock agreements ("Agreements") or participation certificates ("Participation Certificates") containing such terms and conditions (including those set forth below) consistent with the Plan as the Committee shall determine.

(a) RESTRICTION PERIOD. At the time of each award (other than an award of Replacement Shares), the Committee shall determine the period during which the shares awarded shall be subject to the risks of forfeiture and other terms and conditions in the applicable Agreements or Participation Certificates. The Committee may at any time accelerate the date of lapse of restrictions with respect to all or any part of the shares awarded to a participant. The Committee shall have authority to approve from time to time an award or awards of shares of Common Stock, not exceeding 200 shares per individual, to persons who are selected by the Chairman of the Board for special recognition based on superior past performance, such shares to be issued without risk of forfeiture.

(b) CERTIFICATES. Each stock certificate issued in respect of shares awarded to a participant shall be deposited with Promus, or its designee, together with a stock power executed in blank by the participant, and may bear an appropriate legend disclosing the restrictions on transferability imposed on such shares by the Plan and the Agreements or Participation Certificates.

(c) RESTRICTIONS UPON TRANSFER. Shares awarded, and the right to vote such shares and to receive dividends thereon, may not be sold, assigned, transferred, exchanged, pledged, hypothecated, or otherwise encumbered during the restriction period applicable to such shares; PROVIDED that the right to vote shares awarded pursuant to the Plan may be assigned to a voting trust during the restriction period applicable to such shares so long as the Committee, in its sole and absolute discretion, approves such assignability of voting power in the grant of such shares. During the restriction period the participant shall have all other rights of a stockholder, including, but not limited to, the right to vote and to receive dividends on such shares. If as a result of a stock dividend (whether in securities of the Company or of any other company), stock split, recapitalization, other adjustment in the stated capital of Promus, or as the result of a merger, consolidation, reclassification or other reorganization, or any other corporate transaction, Common Stock is increased, reduced, or otherwise changed, and by virtue thereof the recipient shall be entitled to new or additional or different shares, such shares shall be subject to the same terms, conditions and restrictions as the original shares.

(d) LAPSE OF RESTRICTIONS. Each Agreement or Participation Certificate shall specify the terms and conditions upon which any restrictions upon any shares awarded under the Plan shall lapse. Upon the lapse of such restrictions, stock certificates evidencing such shares of Common Stock without the foregoing restrictive legend shall be issued to the participant or to his or her beneficiary or his or her estate as provided in Section 5(f). Each such new certificate shall bear such alternative legend, if any, as the Committee shall specify.

(e) TERMINATION PRIOR TO LAPSE OF RESTRICTIONS. In the event of the termination of a participant's employment or, with respect to a non-employee director, tenure as a director, as the case may be, for any reason (except as provided in Section 5(f) below and as may otherwise be provided in any Agreement or Participation Certificate) prior to the lapse of restrictions, all shares subject to unexpired restrictions shall be forfeited by such participant to Promus without payment of any consideration by Promus or the Company, and neither the participant nor any successors, heirs, assigns or personal representatives of such participant shall thereafter have any further rights or interest in such shares or stock certificates.

(f) DEATH, DISABILITY OR RETIREMENT OF PARTICIPANTS. The Committee shall from time to time adopt policies and procedures applicable to awards that will govern the lapse or nonlapse of restrictions and the rights of participants and beneficiaries in the event of death, disability or retirement of participants. The Committee shall have authority to define disability and retirement and other terms, and the Committee's policies and procedures may differ with respect to awards granted at different times and with respect to awards granted to different persons. A participant's rights in the event of death, disability or retirement shall be set forth in the Agreement or Participation Certificate that evidences an award to the participant.

6. RIGHTS TO TERMINATE EMPLOYMENT. Nothing in the Plan or in any Agreement or Participation Certificate shall confer upon any participant the right to continue in the employment of the Company or affect any right which the Company may have to terminate at any time, with or without cause, the employment of such participant.

7. WITHHOLDING. Whenever Promus proposes or is required to issue or transfer shares of Common Stock under the Plan, Promus shall have the right to withhold from sums due the recipient, or to require the recipient to remit to Promus, any amount sufficient to satisfy any federal, state and/or local withholding tax requirements prior to the delivery of any certificate for such shares. Whenever payments are to be made in cash, such payments shall be net of an amount sufficient to satisfy any federal, state and/or local withholding tax requirements imposed with respect to such payments.

8. NON-UNIFORM DETERMINATIONS. The Committee's determinations under the Plan (including, without limitation, determinations of the persons to receive awards, the form, amount and timing of such awards, and the terms and provisions of such awards and the Agreements or Participation Certificates) need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, awards under the Plan, regardless of whether such persons are similarly situated.

9. ADJUSTMENTS. In the event of any change in the outstanding Common Stock by reason of a stock dividend or distribution, recapitalization, reclassification, merger, consolidation, stock split-up, combination, exchange of shares or otherwise, the Committee may appropriately adjust the number and/or kind of shares which may be issued under the Plan and shall provide for such equitable adjustments in shares previously awarded and still subject to restrictions hereunder as the Committee, in its sole discretion, shall determine. Any decision of the Committee pursuant to the terms of this Section 9 shall be final, binding and conclusive upon the participants, the Company and all other interested parties.

10. AMENDMENT. The Committee may terminate, modify or amend the Plan in such respect as it shall deem advisable, without obtaining approval from Promus's stockholders except as such approval may be required pursuant to Rule 16b-3. 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.

11. INDEMNIFICATION. Each person who is or has been a member of the Committee or the Board or who otherwise participates in the administration or operation of this Plan shall be indemnified by Promus against, and held harmless from, any loss, cost, liability, or expense that may be imposed upon or incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding in which such person may be involved by reason of any action taken or failure to act under the Plan and shall be fully reimbursed by Promus for any and all amounts paid by such person in satisfaction of judgment against him or her in any such action, suit, or proceeding, PROVIDED he or she will give Promus an opportunity, by written notice to the Committee, to defend the same at Promus's own expense before he or she undertakes to defend it on his or her own behalf. This right of indemnification shall not be exclusive of any other rights of indemnification.

The Committee and the Board may rely upon any information furnished by the Company, its public accountants and other experts. No individual will have personal liability by reason of anything done or omitted to be done by the Company, the Committee or the Board in connection with the Plan.

12. EFFECT ON OTHER PLANS. Participation in the Plan shall not affect an employee's eligibility to participate in any other benefit or incentive plan of the Company, and any awards made pursuant to the Plan shall not be used in determining the benefits provided under any other plan of the Company, unless specifically provided in such other plan.

13. DURATION OF THE PLAN. The Plan shall remain in effect until all shares awarded under the Plan are free of all restrictions imposed by the Plan and by Agreements or Participation Certificates, but no award shall be made more than ten years after the date the Plan is approved by the stockholders of Promus.

14. EFFECTIVE DATE. The Plan was originally adopted by Promus's Board of Directors on 11/5/89 and by the stockholders of Promus on 11/5/89 and is to be effective as of 1/1/90.

THE PROMUS COMPANIES INCORPORATED

By: /s/ Neil F. Barnhart

Title: Vice President

AMENDMENT TO
THE PROMUS COMPANIES INCORPORATED
1990 RESTRICTED STOCK PLAN

The Promus Companies Incorporated, a Delaware corporation, hereby adopts this Amendment to the 1990 Restricted Stock Plan (the "Plan"), effective upon the consummation of the spin-off of the hotel business of this corporation into a new corporation.

1. The Plan shall be amended to change the name of the Plan to The Harrah's Entertainment, Inc. 1990 Restricted Stock Plan, to change each reference to "Company" in the Plan to mean Harrah's Entertainment, Inc., to change each reference to "Common Stock" to mean the common stock of Harrah's Entertainment, Inc. and to delete each reference to "Replacement Shares."
2. Section 2(a) shall be amended to add the following as the last sentence of such section:

The Committee shall consist of not less than three members of the Board. In addition, each member of the Committee must be an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") ("Section 162(m)").

3. Section 2 of the Plan shall be amended to add the following as paragraph 2(d) thereto:

(d) BOARD AUTHORITY. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Section 16, Rule 16b-3 or Section 162(m) are required to be determined in the absolute discretion of the Committee.

4. Section 3 of the Plan shall be amended to add the phrase "Subject to the last sentence of this section," to the beginning of the first sentence and to add the following after the last sentence of such section:

Effective as of June 30, 1995, the number of shares which may be issued under the Plan is increased by an additional 500,000 shares of Common Stock.

5. The Plan shall be amended to delete Section 4(b) of the Plan in its entirety, to redesignate Section 4(c) as Section 4(b) and to change each reference to Section 4(c) to mean Section 4(b).
6. The Plan shall be amended to delete Section 4(c)(1) of the Plan in its entirety, to redesignate 4(c)(2) as Section 4(b)(1), to redesignate Section 4(c)(3) as Section 4(b)(2) and to redesignate Section 4(c)(4) as Section 4(b)(3) and to change each reference to such sections accordingly.

7. Section 4(c)(3) (i.e. Section 4(b)(2) pursuant to this amendment) of the Plan shall be amended to add the following to the end of such section:

; provided, however, that the Board rather than the Committee shall exercise all discretion with respect to restricted shares awarded to each non-employee member of the Board.

8. Section 5(a) of the Plan shall be amended to add the following to the end of the second sentence thereof:

; provided, however, that with respect to any award of restricted shares intended to qualify as performance-based compensation under Section 162(m) or any successor provisions thereto, no such acceleration shall be authorized to the extent that such acceleration would cause such restricted shares to fail to so qualify.

9. Section 5 shall be amended by adding the following as Section 5(g).

(g) Upon each award of restricted shares under this Plan which the Committee intends to qualify as performance-based compensation under Section 162(m), the Committee shall indicate that such award is intended to so qualify.

10. Section 9 of the Plan shall be amended to read in its entirety as follows:

9. ADJUSTMENTS

(a) Subject to Section 9(e) but notwithstanding any other term of this Plan, in the event that the Committee (or the Board in the case of restricted shares awarded to non-employee members of the Board) determines that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, reclassification, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event, in the Committee's sole discretion, affects the Common Stock such that an adjustment is determined by the Committee (or the Board in the case of restricted shares to non-employee members of the Board) to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to an award or awards, then the Committee shall, in such manner as it may deem equitable, adjust any or all of:

(i) the number and type of shares of Common Stock (or other securities or property) which may be granted under the Plan (including, but not limited to, adjustments of the maximum number and kind of shares which may be issued); and

(ii) with respect to restricted shares which remain subject to restrictions imposed under this Plan, the number and type of shares of Common Stock subject to such restricted stock awards.

(b) Subject to Section 9(e) but notwithstanding any other term of this Plan, in the event of any corporate transaction or event described in paragraph (a) which results in shares of Common Stock being exchanged for or converted into cash, securities or other property (including securities of another corporation), the Committee will have the right to terminate this Plan as of the date of the transaction or event, in which case all restricted stock awards which remain subject to restrictions imposed under the Plan shall become the right to receive such cash, securities or other property.

(c) Subject to Section 9(e) but notwithstanding any other term of this Plan, in the event of any corporate transaction or other event described in Section 9(a) or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate, or of changes in applicable laws, regulations, or accounting principles, the Committee (or the Board in the case of restricted shares awarded to non-employee members of the Board) in its discretion is hereby authorized to take any one or more of the following actions whenever the Committee determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be

made available under the Plan or with respect to an award or awards, to facilitate such transactions or events or to give effect to such changes in laws, regulating or principles:

(i) In its discretion, and on such terms and conditions as it deems appropriate, the Committee (or the Board in the case of restricted shares awarded to non-employee members of the Board) may provide, either automatically or upon the participant's request, for either the purchase of some or all shares which remain subject to restrictions imposed under this Plan, for an amount of cash equal to the amount that could have been attained upon the sale of such shares or realization of the participant's rights had the restrictions on such shares lapsed or the replacement of some or all of such shares with other rights or property selected by the Committee in its sole discretion;

(ii) In its discretion, and on such terms and conditions as it deems appropriate, the Committee (or the Board in the case of restricted shares awarded to non-employee members of the Board) may provide either by the terms of the Agreement on Participation Certificate or by a resolution adopted prior to the occurrence of such transaction or event that at a specified time prior to such transaction or event the restrictions imposed under the Agreement on Participation Certificate upon some or all shares of the restricted shares may lapse and/or that some or all shares of such restricted shares may cease to be subject to forfeiture under Section 5(e) after such transaction or event;

(iii) In its discretion, and on such terms and conditions as it deems appropriate, the Committee (or the Board in the case of restricted shares awarded to non-employee members of the Board) may provide, either by the terms of the Agreement or Participation Certificate or by a resolution adopted prior to the occurrence of such transaction or event, that upon such transaction or event, some or all shares which remain subject to restrictions imposed under this Plan shall be substituted for by similar shares of stock of the successor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares; and

(iv) In its discretion, and on such terms and conditions as it deems appropriate, the Committee (or the Board in the case of restricted shares awarded to non-employee members of the Board) may make adjustments in the terms and conditions of, and the criteria governing, restricted shares which remain subject to restrictions imposed under this Plan and/or restricted shares which may be issued in the future.

(d) Subject to 9(e) but notwithstanding any other term of this Plan, the Committee (or the Board in the case of restricted shares awarded to non-employee members of the Board) may, in its discretion, include such further provisions and limitations in any Agreement or Participation Certificate as it may deem equitable and in the best interests of the Company.

(e) With respect to any award of restricted shares intended to qualify as performance-based compensation under Section 162(m), no adjustment or action described in this Section 9 or in any other provision of this Plan shall be authorized to the extent that such adjustment or action would cause such restricted shares to fail to so qualify. Furthermore, no such adjustment or action shall be authorized to the extent such adjustment or action would violate Section 16 or Rule 16b-3. The number of restricted shares awarded under this Plan shall always rounded to the next whole number.

(f) Any decision of the Committee (or the Board in the case of restricted shares awarded to non-employee members of the Board) pursuant to the terms of this Section 9 shall be final, binding and conclusive upon the participants, the Company and all other interested parties.

11. Section 10 of the Plan shall be amended to read in its entirety as follows:

10. AMENDMENT

The Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee. Notwithstanding the foregoing, the provisions of the Plan relating to the award of restricted shares to non-employee members of the Board and the terms of such restricted share awards shall not be amended more than once every six months, other than to comport with changes in the Code, the Employee Retirement Income Security Act of 1974, as amended from time to time, or the respective rules thereunder. Furthermore, no action of the Committee may modify the eligibility requirements of Section 4, or otherwise amend the Plan in a manner requiring stockholder approval as a matter of Section 16, Rule 16b-3 or Section 162(m) or other applicable law, regulation or rule without approval of the Company's shareholders given within 12 months before or after the action by the Committee. Neither the amendment, suspension nor termination of the Plan shall, without the consent of the participant, impair any rights or obligations under any shares theretofore granted. No shares may be granted during any period of suspension nor after termination of the Plan, and in no event may any shares be granted under this Plan after the expiration of ten years from the date the Plan is adopted by the Board.

12. The Plan shall be amended to add Section 15 which shall read in its entirety as follows:

15. CONSIDERATION

The consideration for the issuance of shares of restricted stock, in addition to payment of the purchase price if any, shall be the participant's past or future service with Promus or its subsidiaries.

* * * *

I hereby certify that the foregoing amendment to the Plan was duly adopted by the Board of Directors of The Promus Companies Incorporated as of April 5, 1995.

Executed on this 26 day of May, 1995.

/s/ E. O. Robinson, Jr.

Secretary

AMENDMENT TO
THE HARRAH'S ENTERTAINMENT, INC.
1990 RESTRICTED STOCK PLAN

Harrah's Entertainment, Inc. (the "Company") hereby adopts this Amendment to The Harrah's Entertainment, Inc. 1990 Restricted Stock Plan (the "Plan"), subject to stockholder approval of this Amendment which approval is expected to occur on May 1, 1998.

1. The last sentence of Section 3 of the Plan is amended by changing the period at the end of the sentence to a comma and adding the following language after such comma: "and effective May 1, 1998, the number of shares which may be issued under the Plan is increased by an additional 3,100,000 shares."
2. The last sentence of Section 10 of the Plan is amended to read as follows:

"No shares may be granted during any period of suspension nor after termination of the Plan, and in no event may any shares be granted under the Plan after February 25, 2008."
3. Section 13 of the Plan is amended to read as follows:

"The Plan shall remain in effect until all shares awarded under the Plan are free of restrictions imposed by the Plan and by Agreements or Participation Certificates, but no award shall be made after February 25, 2008."

This Amendment was duly adopted by the Board of Directors of the Company on February 26, 1998.

Rebecca W. Ballou
Secretary