

HARRAHS ENTERTAINMENT INC

Form 10-Q

November 05, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended September 30, 2010

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File No. 1-10410

HARRAHS ENTERTAINMENT, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

One Caesars Palace Drive
Las Vegas, Nevada
(Address of principal executive offices)

I.R.S. No. 62-1411755
(I.R.S. Employer
Identification No.)

89109
(Zip Code)

(702) 407-6000
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 3, 2010, the Registrant had 10 shares of voting Common Stock and 60,539,388 shares of non-voting Common Stock outstanding.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

The accompanying unaudited Consolidated Condensed Financial Statements of Harrah's Entertainment, Inc., a Delaware corporation, have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and, therefore, do not include all information and notes necessary for complete financial statements in conformity with generally accepted accounting principles in the United States. The results for the periods indicated are unaudited, but reflect all adjustments (consisting only of normal recurring adjustments) that management considers necessary for a fair presentation of financial position, operating results and cash flows.

Results of operations for interim periods are not necessarily indicative of a full year of operations. These Consolidated Condensed Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2009.

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HARRAHS ENTERTAINMENT, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(UNAUDITED)

(in millions, except share amounts)	September 30, 2010	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	\$ 1,323.7	\$ 918.1
Receivables, less allowance for doubtful accounts of \$215.6 and \$207.1	334.4	323.5
Deferred income taxes	154.2	148.2
Prepayments and other	172.3	156.4
Federal income tax receivable	233.3	
Inventories	48.5	52.7
Total current assets	2,266.4	1,598.9
Land, buildings, riverboats and equipment	19,732.3	19,206.0
Less: accumulated depreciation	(1,815.4)	(1,281.2)
	17,916.9	17,924.8
Assets held for sale	2.9	16.7
Goodwill	3,413.7	3,456.9
Intangible assets other than goodwill	4,799.2	4,951.3
Investments in and advances to non-consolidated affiliates	36.2	94.0
Deferred charges and other	852.6	936.6
	\$ 29,287.9	\$ 28,979.2
Liabilities and Stockholders Equity/(Deficit)		
Current liabilities		
Accounts payable	\$ 261.5	\$ 260.8
Interest payable	429.7	195.6
Accrued expenses and other current liabilities	1,198.4	1,074.8
Current portion of long-term debt	255.1	74.3
Total current liabilities	2,144.7	1,605.5
Long-term debt	19,462.0	18,868.8
Deferred credits and other	970.9	872.5
Deferred income taxes	5,647.7	5,856.9
	28,225.3	27,203.7
Commitments and contingencies		
Preferred stock; \$0.01 par value; 40,000,000 shares authorized, zero and 19,893,515 shares issued and outstanding (net of zero and 42,020 shares held in treasury) as of September 30, 2010 and December 31, 2009, respectively		2,642.5
Stockholders' equity/(deficit)		

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Common stock, non-voting and voting; \$0.01 par value; 80,000,020 shares authorized; 60,543,317 and 40,672,302 shares issued and outstanding (net of 150,427 and 85,907 shares held in treasury) as of September 30, 2010 and December 31, 2009, respectively	0.6	0.4
Additional paid-in capital	6,137.2	3,480.0
Accumulated deficit	(4,903.7)	(4,269.3)
Accumulated other comprehensive loss	(215.7)	(134.0)
Total Harrah s Entertainment, Inc. Stockholders equity/(deficit)	1,018.4	(922.9)
Non-controlling interests	44.2	55.9
Total stockholders equity/(deficit)	1,062.6	(867.0)
	\$ 29,287.9	\$ 28,979.2

See accompanying Notes to Consolidated Condensed Financial Statements.

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(In millions, except share and per share data)	Quarter Ended September 30 2010	2009	Nine Months Ended September 30, 2010	2009
Revenues				
Casino	\$ 1,784.3	\$ 1,822.0	\$ 5,251.3	\$ 5,444.8
Food and beverage	395.0	381.5	1,157.8	1,129.3
Rooms	296.0	271.5	858.5	817.8
Management fees	9.1	14.9	31.2	43.5
Other	155.5	159.5	439.9	447.9
Less: casino promotional allowances	(351.4)	(367.2)	(1,041.1)	(1,075.0)
Net revenues	2,288.5	2,282.2	6,697.6	6,808.3
Operating expenses				
Direct				
Casino	1,010.9	997.6	2,982.9	2,968.0
Food and beverage	164.0	152.9	469.7	451.1
Rooms	67.2	54.3	195.5	160.4
Property general, administrative and other	540.8	513.7	1,580.0	1,518.3
Depreciation and amortization	181.4	175.6	548.1	516.8
Project opening costs	1.7	0.3	4.0	2.9
Write-downs, reserves and recoveries	28.7	24.3	136.3	78.6
Impairment of intangible assets	44.0	1,328.6	144.0	1,625.7
Loss on interests in nonconsolidated affiliates	1.7	1.2	2.1	1.3
Corporate expense	32.4	39.7	103.8	111.7
Acquisition and integration costs	0.7		8.3	0.3
Amortization of intangible assets	39.3	44.2	121.7	131.7
Total operating expenses	2,112.8	3,332.4	6,296.4	7,566.8
Income/(loss) from continuing operations	175.7	(1,050.2)	401.2	(758.5)
Interest expense, net of interest capitalized	(523.6)	(444.5)	(1,471.9)	(1,404.7)
Gains/(losses) on early extinguishments of debt	77.4	(1.5)	48.7	4,279.2
Other income, including interest income	9.8	4.1	28.2	23.2
(Loss)/income from continuing operations before income taxes	(260.7)	(1,492.1)	(993.8)	2,139.2
Benefit/(provision) for income taxes	97.5	(128.9)	364.5	(1,590.8)
(Loss)/income from continuing operations, net of tax	(163.2)	(1,621.0)	(629.3)	548.4
Discontinued operations				
Loss from discontinued operations		(0.1)		(0.4)
Benefit for income taxes				0.1