

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 JUNE 30, 1999

OR

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

Commission File No. 1-10410

HARRAH'S ENTERTAINMENT, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State of Incorporation)

I.R.S. No. 62-1411755

(I.R.S. Employer Identification No.)

1023 Cherry Road

Memphis, Tennessee 38117

(Address of principal executive offices)

(901) 762-8600

(Registrant's telephone number, including area code)

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

Yes	<input checked="" type="checkbox"/>	No
	-----	-----

At June 30, 1999, there were outstanding 128,307,805 shares of the  
Company's Common Stock.

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PART I - FINANCIAL INFORMATION

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Item 1. Financial Statements  
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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 therefore do not include all information and notes necessary for complete financial statements in conformity with generally accepted accounting principles. The results for the periods indicated are unaudited, but reflect all adjustments (consisting only of normal recurring adjustments) which management considers necessary for a fair presentation of operating results. Results of operations for interim periods are not necessarily indicative of a full year of operations. See Note 2 to these Consolidated Condensed Financial Statements regarding the completion of our merger with Rio Hotel & Casino, Inc. on January 1, 1999. These Consolidated Condensed Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in our 1998 Annual Report to Stockholders.

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

(In thousands, except share amounts)	June 30, 1999	December 31, 1998
<b>ASSETS</b>		
-----		
Current assets		-----
Cash and cash equivalents	\$ 176,326	\$ 158,995
Receivables, less allowance for doubtful accounts of \$41,594 and \$14,356	90,694	55,043
Deferred income tax benefits	30,200	22,478
Prepayments and other	46,122	27,521
Inventories	32,741	15,306
	-----	-----
Total current assets	376,083	279,343
	-----	-----
Land, buildings, riverboats and equipment	3,820,964	2,660,004
Less: accumulated depreciation	(864,128)	(789,847)
	-----	-----
	2,956,836	1,870,157
Excess of purchase price over net assets of businesses acquired, net of amortization of \$47,333 and \$40,051 (Note 2)	530,512	383,450
Investments in and advances to nonconsolidated affiliates	301,447	273,508
Deferred costs, trademarks, notes receivable and other assets	559,705	479,874
	-----	-----
	\$4,724,583	\$3,286,332
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 53,733	\$ 57,864
Construction payables	8,016	629
Accrued expenses	269,836	172,021
Current portion of long-term debt	10,263	2,332
	-----	-----
Total current liabilities	341,848	232,846
Long-term debt	2,582,392	1,999,354
Deferred credits and other	110,098	112,362
Deferred income taxes	200,484	75,457
	-----	-----
	3,234,822	2,420,019
	-----	-----
Minority interests	14,828	14,906
	-----	-----
Commitments and contingencies (Notes 4, 6, 7 and 8)		
Stockholders' equity		
Common stock, \$0.10 par value, authorized 360,000,000 shares, outstanding 128,307,805 and 102,188,018 shares (net of 3,292,614 and 3,036,562 shares held in treasury)	12,831	10,219
Capital surplus	951,018	407,691
Retained earnings	522,875	451,410
Accumulated other comprehensive income	10,942	6,567
Deferred compensation related to restricted stock	(22,733)	(24,480)
	-----	-----
	1,474,933	851,407
	-----	-----
	\$4,724,583	\$3,286,332
	=====	=====

See accompanying Notes to Consolidated Condensed Financial Statements.

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

(In thousands, except per share amounts)	Second Quarter Ended		Six Months Ended	
	June 30, 1999	June 30, 1998	June 30, 1999	June 30, 1998
	-----	-----	-----	-----
Revenues				
Casino	\$599,603	\$387,507	\$1,165,562	\$ 730,403
Food and beverage	105,387	54,533	208,540	104,258
Rooms	63,802	37,690	126,438	69,768
Management fees	18,275	22,160	34,995	32,337
Other	33,718	19,404	63,969	37,069
Less: casino promotional allowances	(69,648)	(42,660)	(136,699)	(80,754)
Total revenues	----- 751,137	----- 478,634	----- 1,462,805	----- 893,081
Operating expenses				
Direct				
Casino	314,397	219,347	615,923	395,585
Food and beverage	55,449	28,348	112,243	53,893
Rooms	16,513	10,810	33,594	20,420
Depreciation of buildings, riverboats and equipment	45,711	31,593	93,755	61,073
Development costs	1,509	2,082	2,270	3,920
Write-downs, reserves and recoveries	(1,598)	1,847	(1,475)	1,847
Project opening costs	45	3,342	397	5,996
Other	170,189	94,970	322,809	195,160
Total operating expenses	----- 602,215	----- 392,339	----- 1,179,516	----- 737,894
Operating profit	----- 148,922	----- 86,295	----- 283,289	----- 155,187
Corporate expense	(13,492)	(8,936)	(21,423)	(15,586)
Relocation of corporate offices	(1,422)	-	(4,492)	-
Equity in losses of nonconsolidated affiliates	(6,153)	(3,511)	(12,821)	(6,302)
Venture restructuring costs	-	(1,533)	397	(2,459)
Amortization of goodwill and trademarks	(4,351)	(460)	(8,963)	(919)
Income from operations	----- 123,504	----- 71,855	----- 235,987	----- 129,921
Interest expense, net of interest capitalized	(48,692)	(25,623)	(99,587)	(44,949)
Gain on sale of equity interest in nonconsolidated affiliate	-	13,155	-	13,155
Other income, including interest income	4,404	1,395	6,570	5,525
Income before income taxes and minority interests	----- 79,216	----- 60,782	----- 142,970	----- 103,652
Provision for income taxes	(28,742)	(22,031)	(53,380)	(37,952)
Minority interests	(2,551)	(1,732)	(4,322)	(3,778)
Income before extraordinary losses	----- 47,923	----- 37,019	----- 85,268	----- 61,922
Extraordinary losses on early extinguishments of debt, net of income tax benefit of \$4,004, \$9,031, \$5,768 and \$9,755	(7,375)	(16,613)	(10,623)	(18,280)
Net income	----- \$ 40,548 =====	----- \$ 20,406 =====	----- \$ 74,645 =====	----- \$ 43,642 =====

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

(In thousands, except per share amounts)

	Second Quarter Ended		Six Months Ended	
	June 30, 1999	June 30, 1998	June 30, 1999	June 30, 1998
	-----	-----	-----	-----
Earnings per share-basic				
Income before extraordinary losses	\$ 0.38	\$ 0.37	\$ 0.67	\$ 0.62
Extraordinary losses, net	(0.06)	(0.17)	(0.08)	(0.18)
	-----	-----	-----	-----
Net income	\$ 0.32	\$ 0.20	\$ 0.59	\$ 0.44
	=====	=====	=====	=====
Earnings per share-diluted				
Income before extraordinary losses	\$ 0.37	\$ 0.36	\$ 0.66	\$ 0.61
Extraordinary losses, net	(0.06)	(0.16)	(0.08)	(0.18)
	-----	-----	-----	-----
Net income	\$ 0.31	\$ 0.20	\$ 0.58	\$ 0.43
	=====	=====	=====	=====
Average common shares outstanding	126,203	100,207	125,864	100,167
	=====	=====	=====	=====
Average common and common equivalent shares outstanding	128,984	101,736	127,866	101,480
	=====	=====	=====	=====

See accompanying Notes to Consolidated Condensed Financial Statements.

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

(In thousands)	June 30, 1999 -----	Six Months Ended June 30, 1998 -----
Cash flows from operating activities		
Net income	\$ 74,645	\$ 43,642
Adjustments to reconcile net income to cash flows from operating activities		
Extraordinary losses, before income taxes	16,391	27,311
Depreciation and amortization	110,443	71,825
Other noncash items	23,384	18,227
Minority interests' share of income	4,322	3,778
Equity in losses of nonconsolidated affiliates	12,821	6,302
Net gains from asset sales	(1,714)	(13,174)
Net change in long-term accounts	21,655	(15,090)
Net change in working capital accounts	(7,827)	(29,950)
	-----	-----
Cash flows provided by operating activities	254,120	112,871
	-----	-----
Cash flows from investing activities		
Land, buildings, riverboats and equipment additions	(172,406)	(64,038)
Investments in and advances to nonconsolidated affiliates	(34,381)	(15,203)
Purchase of minority interest in subsidiary	(26,000)	-
Cash acquired in Rio transaction	22,025	-
Proceeds from asset sales	10,789	96
Increase/(iecrease) in construction payables	7,387	(4,484)
Acquisition of Showboat, Inc., net of cash acquired	-	(465,388)
Increase in notes receivable	-	(22,908)
Proceeds from sale of equity interest in nonconsolidated affiliate	-	17,000
Other	10,215	(1,147)
	-----	-----
Cash flows used in investing activities	(182,371)	(556,072)
	-----	-----
Cash flows from financing activities		
Net borrowings under Revolving Credit Facility	960,651	1,068,802
Net repayments under retired revolving credit facility	(1,086,000)	-
Proceeds from issuance of senior notes, net of discount and issue costs of \$5,980	494,020	-
Early extinguishments of debt	(408,904)	(560,708)
Scheduled debt retirements	(3,866)	(1,303)
Premiums paid on early extinguishments of debt	(2,739)	(24,569)
Purchases of treasury stock	(3,180)	-
Minority interests' distributions, net of contributions	(4,400)	(3,583)
	-----	-----
Cash flows (used in) provided by financing activities	(54,418)	478,639
	-----	-----
Net increase in cash and cash equivalents	17,331	35,438
Cash and cash equivalents, beginning of period	158,995	116,443
	-----	-----
Cash and cash equivalents, end of period	\$ 176,326	\$ 151,881
	=====	=====

See accompanying Notes to Consolidated Condensed Financial Statements.

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

(In thousands)	Second Quarter Ended		Six Months Ended	
	June 30, 1999	June 30, 1998	June 30, 1999	June 30, 1998
	-----	-----	-----	-----
Net income	\$ 40,548	\$ 20,406	\$ 74,645	\$ 43,642
	-----	-----	-----	-----
Other comprehensive income				
Foreign currency translation adjustments, net of tax provision of \$2,247, \$351, \$1,402 and \$351	3,035	572	2,288	572
Unrealized gains (losses) on available-for-sale securities, net of tax provision (benefit) of \$641, \$(1,714), \$1,279 and \$(858)	1,047	(2,726)	2,087	(1,387)
	-----	-----	-----	-----
Other comprehensive income	4,082	(2,154)	4,375	(815)
	-----	-----	-----	-----
Comprehensive income	\$ 44,630	\$ 18,252	\$ 79,020	\$ 42,827
	=====	=====	=====	=====

HARRAH'S ENTERTAINMENT, INC.  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
JUNE 30, 1999  
(UNAUDITED)

Note 1 - Basis of Presentation and Organization  
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Harrah's Entertainment, Inc. ("Harrah's Entertainment", the "Company", "we", "our" or "us", and including our subsidiaries where the context requires), a Delaware corporation, is one of America's leading casino companies. Our casino entertainment facilities, operating under the Harrah's, Rio and Showboat brand names, include casino hotels in Reno, Lake Tahoe, Las Vegas and Laughlin, Nevada; two casino hotel properties in Atlantic City, New Jersey; and riverboat and dockside casinos in Joliet, Illinois; East Chicago, Indiana; Shreveport, Louisiana; Tunica and Vicksburg, Mississippi; and North Kansas City and St. Louis, Missouri. We also manage casinos on Indian lands near Phoenix, Arizona; Cherokee, North Carolina; and Topeka, Kansas, as well as managing the Star City casino in Sydney, Australia. We discontinued management of casinos in Auckland, New Zealand, as of the end of second quarter 1998, and near Seattle, Washington during fourth quarter 1998.

Certain amounts for the prior year second quarter and first six months have been reclassified to conform with the current year presentation.

Note 2 - Acquisitions  
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We are accounting for each of the transactions described below as a purchase. Accordingly, the purchase price is allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values based on independent appraisals, discounted cash flows, quoted market prices and estimates made by management. For the Showboat transaction, the allocation of the purchase price was completed in second quarter 1999. For the Rio transaction, the allocation of the purchase price will be completed within one year from the date of the acquisition. To the extent that the purchase price exceeds the fair value of the net identifiable tangible and intangible assets acquired, such excess will be allocated to goodwill and amortized over a period of 40 years. For periods prior to the finalization of the purchase price allocation, our financial statements include estimated goodwill amortization expense.

Showboat, Inc. - On June 1, 1998, we completed our acquisition of Showboat, Inc. ("Showboat") for \$520 million in cash and assumption of approximately \$635 million of Showboat debt. The operating results for Showboat are included in the Consolidated Condensed Financial Statements from the date of acquisition.

Subsequent to the closing of the acquisition, we completed tender offers and consent solicitations for Showboat's 9 1/4% First Mortgage Bonds due 2008 (the "Bonds") and 13% Senior Subordinated Notes due 2009 (the "Notes"). As a result of these tender offers, \$128.6 million face amount of the Bonds and \$117.9 million face amount of the Notes were retired on June 15, 1998.

During first quarter 1999, we consummated an agreement with our partners owning the other 45% ownership interest in the East Chicago Showboat property to increase our ownership interest to 99.55%, and partnership agreements were amended to give us a greater flexibility in operating this property. Consequently, we began consolidating this partnership with the financial results of our other businesses in first quarter 1999. The consideration for this increase in ownership was cash and stock. In March 1999, we redeemed all \$140 million face amount of 13 1/2% First Mortgage Notes of this partnership and recorded an extraordinary loss of \$2.0 million, net of tax. Also during first quarter 1999, this property was rebranded as a "Harrah's" property.

In April 1999, we announced plans to sell certain of our interests in Star City casino in Sydney, Australia to an Australia-based company in connection with that company's intention to offer to acquire the issued and outstanding shares of Star City Holdings Ltd. We currently own 135 million shares of Star City Holdings Ltd. and 37 million options to purchase additional ordinary shares. We have agreed to sell approximately 110 million ordinary shares of Star City Holdings, our interest in the Star City management contract, and options to purchase additional ordinary shares. We also intend to sell our remaining shares and any options in Star City not purchased by the Australian based company for cash or by tendering such shares and options into the separate tender offer for Star City shares that will be initiated by that company. The acquisition of these securities and interests is subject to New South Wales Casino Control Authority regulatory approvals and satisfaction of closing conditions. Should such regulatory approvals not be obtained,

the Australia-based company has agreed to purchase 27.5 million ordinary shares of our Star City shares, for which regulatory approval is not required. The transaction is expected to close in the second half of 1999.

At the time of the Showboat acquisition, the Las Vegas Showboat property was determined to be a non-strategic asset and is being reported as an asset-held-for-sale in our financial statements. In July 1999 we announced that we have reached an agreement to sell Showboat Las Vegas. The sale is expected to close by the end of 1999, subject to certain conditions, including regulatory approval. At June 30, 1999, the estimated net realizable value of this property, net of estimated selling expenses, carrying costs and interest costs through the assumed date of sale, is included in Deferred costs, trademarks, notes receivable and other assets in the Consolidated Condensed Balance Sheets.

Rio Hotel & Casino, Inc. - On January 1, 1999, we completed our merger with Rio Hotel & Casino, Inc. ("Rio"). In connection with the merger, we issued approximately 25 million shares of our common stock and assumed Rio's outstanding debt of \$435 million face amount.

In connection with the Rio merger, our equity interest in a new airline based in Las Vegas, Nevada, increased to approximately 47.8%, but our voting power is limited by contract to 25%. Our initial investment of \$15 million in this new airline was carried at cost. The increase in our ownership interest requires us to account for the investment by the equity method, whereby we include our share of this nonconsolidated affiliate's profits or losses in our financial results. Operation of the airline began in May 1999. Rio's investment in the new airline is reported as an asset-held-for-sale in our financial statements.

During second quarter 1999 we completed tender offers and consent solicitations for Rio's 10 5/8% Senior Subordinated Notes due 2005 and 9 1/2% Senior Subordinated Notes due 2007 (collectively, the "Rio Notes"). As a result of these tender offers, we redeemed all \$225 million face amount of the Rio Notes. We recorded liabilities assumed in the Rio merger, including these notes, at their fair value as of the date of the consummation of the merger. The difference between the consideration paid to the holders of the Rio Notes pursuant to the tender offers and the carrying value of the notes on the date of the redemption was recorded in the second quarter as an extraordinary loss of \$4.5 million, net of tax.

The following unaudited pro forma consolidated financial information for the Company has been prepared assuming that the acquisitions and the Showboat and Rio debt extinguishments discussed above had occurred on the first day of the period:

(In millions, except per share amounts)	Quarter Ended June 30, 1998 -----	Six Months Ended June 30, 1998 -----
Revenues	\$674.7 -----	\$1,324.8 -----
Income from operations	\$ 90.5 -----	\$ 185.5 -----
Income before extraordinary losses	\$ 24.2 -----	\$ 54.1 -----
Net income	\$ 7.6 -----	\$ 35.8 -----
Earnings per share-diluted		
Income before extraordinary losses	\$ 0.19 -----	\$ 0.43 -----
Net income	\$ 0.03 -----	\$ 0.25 -----

These unaudited pro forma results are presented for comparative purposes only. The pro forma results are not necessarily indicative of what our actual results would have been had the acquisitions been completed as of the beginning of the period, or of future results.

Note 3 - Stockholders' Equity  
-----

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

Preferred stock, \$100 par value, 150,000 shares authorized  
Special stock, \$1.125 par value, 5,000,000 shares authorized -  
Series A Special Stock, 2,000,000 shares designated

In July 1999, our Board of Directors authorized the repurchase in open market and other transactions of up to 10 million shares of the Company's common stock. We expect to acquire our shares from time to time at prevailing market prices through the December 31, 2000, expiration of the approved plan.

Note 4 - Long-Term Debt  
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Revolving Credit Facilities  
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On April 30, 1999, we consummated new revolving credit and letter of credit facilities (the "Bank Facility") in the amount

of \$1.6 billion. This Bank Facility consists of a five-year \$1.3 billion revolving credit and letter of credit facility maturing in 2004 and a separate \$300 million revolving credit facility which is renewable annually, at the borrower's and lenders' options. Initially, the Bank Facility bears interest based upon 87.5 basis points over LIBOR for current borrowings under the five-year facility and 92.5 basis points over LIBOR for the 364-day facility. In addition, there is a facility fee for borrowed and unborrowed amounts which is currently 20 basis points on the five-year, \$1.3 billion facility and 15 basis points on the 364-day, \$300 million facility. The interest rate and facility fee are based on our current debt ratings and leverage ratio and may change as our debt ratings and leverage ratio change. Proceeds from the Bank Facility were used to retire our previous revolving credit facility scheduled to mature in 2000 (the "Previous Facility") and to retire Rio's revolving credit facility scheduled to mature in 2003 and Rio's 10 5/8% Senior Subordinated Notes due 2005 and 9 1/2% Senior Subordinated Notes due 2007.

#### Issuance of Senior Notes

In keeping with our strategy to refinance a portion of our short-term, floating-rate borrowings with debt that has fixed rates and longer maturities, in January 1999 we issued \$500 million of 7 1/2% Senior Notes due 2009 and used the proceeds to reduce amounts outstanding under our Previous Facility. The corresponding reduction in our available borrowing capacity under the Previous Facility resulted in the write-off of related unamortized deferred finance charges, recorded as an extraordinary loss of \$1.2 million in first quarter.

#### Interest Rate Agreements

To manage the relative mix of our debt between fixed and variable rate instruments, we have entered into interest rate swap agreements to modify the interest characteristics of our outstanding debt without an exchange of the underlying principal amount.

We have six interest rate swap agreements which effectively convert a total of \$300 million in variable rate debt to a fixed rate. Pursuant to the terms of these swaps, all of which reset quarterly, we receive variable payments tied to LIBOR in exchange for our payments at a fixed interest rate. The fixed rates to be paid by us and variable rates to be received by us are summarized in the following table:

Notional Amount	Swap Rate Paid (Fixed)	Swap Rate Received (Variable) at June 30, 1999	Swap Maturity
\$50 million	6.985%	5.174%	March 2000
\$50 million	6.951%	5.165%	March 2000
\$50 million	6.945%	5.165%	March 2000
\$50 million	6.651%	5.000%	May 2000
\$50 million	5.788%	5.096%	June 2000
\$50 million	5.785%	5.096%	June 2000

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

Note 5 - Supplemental Cash Flow Disclosures

Cash Paid for Interest and Taxes

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

(In thousands)	Six Months Ended	
	June 30, 1999	June 30, 1998
Interest expense, net of amount capitalized	\$99,587	\$44,949
Adjustments to reconcile to cash paid for interest:		
Net change in accruals	(5,411)	(12,905)
Amortization of deferred finance charges	(5,553)	(1,697)
Net amortization of discounts and premiums	1,313	609
Cash paid for interest, net of amount capitalized	\$89,936	\$30,956
Cash payments of income taxes, net of refunds	\$12,743	\$15,058

New Orleans Casino Development

We have an approximate 43% ownership interest in Jazz Casino Company, L.L.C. ("JCC"), the company which will own and operate the exclusive land-based casino (the "Casino") in New Orleans, Louisiana. We will manage that Casino pursuant to a management agreement between JCC and a subsidiary of our Company. We have (i) guaranteed JCC's initial \$100 million annual payment under the Casino operating contract to the State of Louisiana gaming board (the "State Guarantee"); (ii) guaranteed \$166.5 million of a \$236.5 million JCC bank credit facility; (iii) guaranteed to the State of Louisiana gaming board, City of New Orleans, banks under the JCC bank credit facility and JCC bondholders, completion and opening of the Casino on or before October 30, 1999 (subject to force majeure); and (iv) made a \$22.5 million subordinated loan to JCC to finance construction of the Casino.

With respect to the State Guarantee, we are obligated to guarantee JCC's first \$100 million annual payment obligation commencing upon the earlier of opening of the Casino or October 30, 1999 (subject to force majeure), and, if certain cash flow tests (for the renewal periods beginning April 1, 2001) and other conditions are satisfied each year, to renew the guarantee beginning April 1, 2000, for each 12 month period ending March 31, 2004. Our obligations under the guarantee for the first year of operations or any succeeding 12 month period is limited to a guarantee of the \$100 million payment obligation of JCC for the 12 month period in which the guarantee is in effect and is secured by a first priority lien on JCC's assets. JCC's payment obligation (and therefore the amount we have guaranteed) is \$100 million at the commencement of each 12 month period under the Casino operating contract and declines on a daily basis by 1/365 of \$100 million to the extent payments are made each day by JCC to Louisiana's gaming board.

Rio

Rio has entered into an agreement with Clark County, Nevada, to construct a road across certain of its recently acquired properties that will provide an additional east/west conduit for Las Vegas residents and tourists and allow for additional access to the Rio from the Las Vegas Strip. Upon completion, we will deed the roadway acreage to Clark County in exchange for deeding other Clark County acreage to the Company and reimbursing us for a majority of our construction costs.

## Contractual Commitments

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We continue to pursue additional casino development opportunities that may require, individually and in the aggregate, significant commitments of capital, up-front payments to third parties, guarantees by the Company's of third party debt and development completion guarantees. Excluding guarantees and commitments for the New Orleans casino development project discussed above, as of June 30, 1999, we had guaranteed third party loans and leases of \$112 million, which are secured by certain assets, and had commitments of \$134 million, primarily construction-related.

During second quarter 1999, we performed under our guarantee of the Upper Skagit Tribe's development financing and purchased their receivable from the lender for \$11.4 million. Under the terms of our agreement with the Tribe, they have agreed to fund the retirement of this debt. The Tribe is attempting to secure new financing; however, there is no assurance that their efforts will be successful and that the receivable will be retired.

The agreements under which we manage casinos on Indian lands contain provisions required by law which provide that a minimum monthly payment be made to the tribe. That obligation has priority over scheduled payments of borrowings for development costs. In the event that insufficient cash flow is generated by the operations to fund this payment, we must pay the shortfall to the tribe. Such advances, if any, would be repaid to us in future periods in which operations generate cash flow in excess of the required minimum payment. These commitments will terminate upon the occurrence of certain defined events, including termination of the management contract. As of June 30, 1999, the aggregate monthly commitment pursuant to these contracts, which extend for periods of up to 42 months from June 30, 1999, was \$1.2 million.

## Severance Agreements

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As of June 30, 1999, we have severance agreements with 44 of our senior executives, which provide for payments to the executives in the event of their termination after a change in control, as defined. These agreements provide, among other things, for a compensation payment of 1.5 to 3.0 times the executive's average annual compensation, as defined, as well as for accelerated payment or accelerated vesting of any compensation or awards payable to the executive under any of our incentive plans. The estimated amount, computed as of June 30, 1999, that would be payable under the agreements to these executives based on earnings and stock options aggregated approximately \$61.9 million.

Tax Sharing Agreements

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

Self-Insurance

-----  
We are self-insured for various levels of general liability, workers' compensation and employee medical coverage. We also have stop loss coverage to protect against unexpected claims. Insurance claims and reserves include accruals of estimated settlements for known claims, as well as accruals of actuarial estimates of incurred but not reported claims.

Note 7 - Litigation

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

Note 8 - Nonconsolidated Affiliates

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Summarized balance sheet and income statement information of nonconsolidated affiliates as of June 30, 1999 and December 31, 1998, and for the second quarters and first six months ended June 30, 1999 and 1998 is included in the following tables.

(In thousands)	June 30, 1999	Dec. 31, 1998
	-----	-----
Combined Summarized Balance Sheet Information		
Current assets	\$ 101,969	\$ 111,218
Land, buildings and equipment, net	1,078,516	1,094,195
Other assets	356,763	355,505
	-----	-----
Total assets	1,537,248	1,560,918
	-----	-----
Current liabilities	44,235	96,095
Long-term debt	817,167	808,334
	-----	-----
Total liabilities	861,402	904,429
	-----	-----
Net assets	\$ 675,846	\$ 656,489
	=====	=====

	Second Quarter Ended		Six Months Ended	
(In thousands)	June 30, 1999	June 30, 1998	June 30, 1999	June 30, 1998
	-----	-----	-----	-----
Combined Summarized Statements of Operations				
Revenues	\$ 99,073	\$ 19,083	\$187,656	\$ 23,802
	=====	=====	=====	=====
Operating loss	\$ (12,593)	\$ (15,807)	\$ (16,012)	\$ (24,628)
	=====	=====	=====	=====
Net loss	\$ (12,997)	\$ (15,269)	\$ (27,287)	\$ (21,836)
	=====	=====	=====	=====

Our share of nonconsolidated affiliates' combined net operating results are reflected in the accompanying Consolidated Condensed Statements of Income as Equity in losses of nonconsolidated affiliates.

Our investments in and advances to nonconsolidated affiliates are reflected in the accompanying Consolidated Condensed Balance Sheets as follows:

(In thousands)	June 30, 1999	Dec. 31, 1998
	-----	-----
Investments in and advances to Nonconsolidated affiliates		
Accounted for under the equity method	\$271,027	\$231,366
Accounted for at historical cost	-	15,087
Equity securities available-for-sale and recorded at market value	30,420	27,055
	-----	-----
	\$301,447	\$273,508
	=====	=====

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

Note 9 - Summarized Financial Information

Harrah's Operating Company, Inc. ("HOC") is a wholly-owned subsidiary and the principal asset of Harrah's Entertainment. HOC is the issuer of certain debt securities which have been guaranteed by Harrah's Entertainment. Due to the comparability of HOC's consolidated financial information with that of Harrah's Entertainment, complete separate financial statements and other disclosures regarding HOC have not been presented. Management has determined that such information is not material to holders of HOC's debt securities. Summarized financial information of HOC as of June 30, 1999 and December 31, 1998, and for the second quarters and first six months ended June 30, 1999 and 1998, prepared on the same basis as Harrah's Entertainment, was as follows:

(In thousands)	June 30, 1999	Dec. 31, 1998
	-----	-----
Current assets	\$ 379,322	\$ 271,247
Land, buildings, riverboats and equipment, net	2,956,836	1,870,157
Other assets	1,391,582	1,136,750
	-----	-----
	4,727,740	3,278,154
	-----	-----
Current liabilities	336,714	209,651
Long-term debt	2,582,392	1,999,354
Other liabilities	310,577	187,247
Minority interests	14,828	14,906
	-----	-----
	3,244,511	2,411,158
	-----	-----
Net assets	\$1,483,229	\$ 866,996
	=====	=====

(In thousands)	Second Quarter Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	1999	1998	1999	1998
	-----	-----	-----	-----
Revenues	\$751,012	\$481,980	\$1,462,597	\$900,112
	=====	=====	=====	=====
Income from operations	\$124,444	\$ 76,520	\$ 236,856	\$139,129
	=====	=====	=====	=====
Income before extraordinary losses	\$ 48,534	\$ 40,051	\$ 85,834	\$ 67,907
	=====	=====	=====	=====
Net income	\$ 41,159	\$ 24,438	\$ 75,211	\$ 49,627
	=====	=====	=====	=====

Certain of our debt guarantees contain covenants which, among other things, place limitations on HOC's ability to pay dividends and make other restricted payments, as defined, to Harrah's Entertainment. The amount of HOC's restricted net assets, as defined, computed in accordance with the most restrictive of these covenants regarding restricted payments, was approximately \$1.5 billion at June 30, 1999.

Management's Discussion and Analysis of Financial

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Condition and Results of Operations  
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The following discussion and analysis of the financial position and operating results of Harrah's Entertainment, Inc., (referred to in this discussion, together with its consolidated subsidiaries where appropriate, as "Harrah's Entertainment", "Company", "we", "our" and "us") for second quarter 1999 and 1998, updates, and should be read in conjunction with, Management's Discussion and Analysis of Financial Position and Results of Operations presented in our 1998 Annual Report.

RIO ACQUISITION

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On January 1, 1999, we completed our merger with Rio Hotel & Casino, Inc. ("Rio"). In connection with the merger, we issued approximately 25 million shares of our common stock and assumed Rio's outstanding debt of \$435 million face amount. The acquisition is being accounted for as a purchase. Accordingly, the purchase price is being allocated to the underlying assets and liabilities based upon their estimated fair values at the date of acquisition. We determine the estimated fair values based on independent appraisals, discounted cash flows, quoted market prices and estimates made by management. The allocation of the purchase price will be completed by the end of 1999. To the extent that the purchase price exceeds the fair value of the net identifiable tangible assets acquired, such excess will be allocated to goodwill and amortized over 40 years. For periods prior to the completion of the purchase price allocation, our financial statements include estimated goodwill amortization expense.

In connection with the Rio merger, our equity interest in a new airline based in Las Vegas, Nevada, increased to approximately 47.8%, but our voting power is limited by contract to 25%. Our initial investment of \$15 million in this new airline was carried at cost. The increase in our ownership interest requires us to account for the investment by the equity method, whereby we include our share of this nonconsolidated affiliate's profits or losses in our financial results. Operation of the airline began in May 1999. Rio's investment in the new airline is reported as an asset-held-for-sale in our financial statements.

OPERATING RESULTS AND DEVELOPMENT PLANS

Overall

Second quarter 1999 results reflect the impact of the additions of Showboat in June 1998 and Rio in January 1999, but even without them we experienced a 8.1% increase in revenue and a 16.2% increase in income from operations. We believe this growth in our year-over-year comparable results is due to the continued execution of our customer loyalty strategy and cost-control management. Our Harrah's brand benefited from both local repeat business and cross-market customer visits generated through our marketing programs.

(in millions, except earnings per share)	Second Quarter		Percentage Increase/ (Decrease)	Six Months Ended		Percentage Increase/ (Decrease)
	1999	1998		1999	1998	
Revenues	\$751.1	\$478.6	56.9%	\$1,462.8	\$893.1	63.8%
Operating profit	148.9	86.3	72.5%	283.3	155.2	82.5%
Income from operations	123.5	71.9	71.8%	236.0	129.9	81.7%
Income before extraordinary losses	47.9	37.0	29.5%	85.3	61.9	37.8%
Net income	40.5	20.4	98.5%	74.6	43.6	71.1%
Earnings per share - diluted						
Before extraordinary losses	0.37	0.36	2.8%	0.66	0.61	8.2%
Net income	0.31	0.20	55.0%	0.58	0.43	34.9%
Operating margin	16.4%	15.0%	1.4pts	16.1%	14.5%	1.6pts

Revenues for second quarter 1999 increased 56.9% over second quarter 1998. This increase was driven by the addition of revenues from the Showboat and Rio properties, record revenues at Harrah's properties in Las Vegas, Atlantic City, St. Louis and North Kansas City, and increased management fees from Harrah's-brand casinos on Indian lands. These factors also contributed to increased operating income, net income and earnings per share over prior year.

Revenues for the six months ended June 30, 1999 were up 63.8% over revenues for the same period last year. While this increase was driven primarily by the addition of revenues from the Showboat and Rio properties, revenues excluding these recently acquired properties were up 9.7%.

Western Region

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(in millions)	Second Quarter		Percentage	Six Months Ended		Percentage
	1999	1998	Increase/ (Decrease)	1999	1998	Increase/ Decrease)
Casino revenues	\$175.8	\$111.9	57.1%	\$352.8	\$215.7	63.6%
Total revenues	283.0	159.4	77.5%	565.4	305.9	84.8%
Operating profit	43.9	23.0	90.9%	88.8	40.2	120.9%
Operating margin	15.5%	14.4%	1.1pts	15.7%	13.1%	2.6pts

The addition of Rio plus increased second quarter revenues at all Harrah's properties in the Western region, except Harrah's Reno, resulted in a 77.5% increase over second quarter 1998 in this region. Although revenues at Harrah's Reno were down slightly from last year, operating income was 5.1% higher than in second quarter 1998. Overall, revenues at Northern Nevada properties were 4.9% higher than in second quarter 1998 and operating profit 12.3% higher. Second quarter revenues at Southern Nevada properties, excluding Rio which was acquired January 1, 1999, were up 5.6% over last year and operating income was 26.7% higher than in the same period last year. These increases were driven by more effective marketing programs, cross-market visitation and improved margins.

For the six months ended June 30, 1999, revenues increased 8.1% in Northern Nevada and 7.4% in Southern Nevada, excluding Rio, and operating income increased 25.7% in Northern Nevada and 25.5% in Southern Nevada over the same six month period last year. Rio contributed \$235.9 million in revenue and \$38.2 million operating profit for the six months ended June 30, 1999.

In first quarter 1999, Rio began construction of a showroom complex as an addition to Rio's existing entertainment venues. The showroom will include a 1,500 seat, state-of-the-art theater with balcony; a three-level lobby with hospitality center; and a theater promenade with approximately 10,000 square feet of retail space. The showroom complex will be located adjacent to the Pavilion, Rio's new 110,000 square foot entertainment/convention complex which opened in March 1999. The showroom complex is expected to cost approximately \$35 million, of which \$12.7 million had been spent through June 30, 1999. Completion is scheduled for first quarter 2000.

At the time of the Showboat acquisition, the Showboat Las Vegas property was determined to be a nonstrategic asset for us and is being reported as an asset held-for-sale in our financial statements. In July 1999, we announced that we have reached an agreement to sell Showboat Las Vegas. The sale is expected to close by the end of 1999, subject to certain conditions, including regulatory approval. No gain or loss is expected to be recorded on this sale.

In June 1999, we purchased properties adjacent to our casino in Reno, Nevada. Buildings on these properties will be demolished to give way to possible expansions in the future.

Eastern Region  
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(in millions)	Second Quarter		Percentage Increase/ (Decrease)	Six Months Ended		Percentage Increase/ Decrease)
	1999	1998		1999	1998	
Casino revenues	\$183.0	\$113.1	61.8%	\$350.9	\$192.1	82.7%
Total revenues	196.8	123.8	59.0%	375.8	210.2	78.8%
Operating profit	45.4	27.7	63.9%	81.5	44.8	81.9%
Operating margin	23.1%	22.4%	0.7pts	21.7%	21.3%	0.4pts

Harrah's Atlantic City's revenues increased 9.9% in second quarter 1999 and operating profit increased 17.6% over the same period last year. Revenues increased 8.3% and operating income increased 12.8% over the same six month period last year at Harrah's Atlantic City. Eastern region results also include Showboat Atlantic City for 1999 and for one month during the second quarter and first six months of 1998.

Central Region  
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(in millions)	Second Quarter		Percentage Increase/ (Decrease)	Six Months Ended		Percentage Increase/ Decrease)
	1999	1998		1999	1998	
Casino revenues	\$240.8	\$162.5	48.2%	\$461.9	\$322.6	43.2%
Total revenues	252.6	172.4	46.5%	485.6	342.6	41.7%
Operating profit	50.8	33.4	52.1%	92.0	69.0	33.3%
Operating margin	20.1%	19.4%	0.7pts	19.0%	20.1%	(1.1)pts

Chicagoland - Revenues increased 24.2% at Harrah's Joliet compared to the second quarter of 1998, and operating profit increased 21.1% compared to the same period last year. For the six months ended June 30, 1999, revenues were 19.6% above the same six month period last year, while operating income was basically flat when compared to the same period last year. In late June 1999, cruise scheduling and ticketing were eliminated at Harrah's Joliet, and business levels have increased noticeably since going dockside. We began construction in third quarter 1998 of an 11-story 204-room hotel at this property. Estimated cost of this project is \$29.1 million, and \$11.0 million had been spent through June 30, 1999. Completion is projected for fourth quarter 1999.

In first quarter 1999, we consummated our agreement with our partners owning the other 45% ownership interest in the East Chicago Showboat property to increase our ownership interest to 99.55%, and partnership agreements were amended to give us greater flexibility in operating this property. Consequently, we began consolidating this partnership with the financial results of our other businesses in first quarter. The consideration for this increase in ownership was cash and stock. Also during first quarter 1999, this property was rebranded as a "Harrah's" property, and, despite some rebranding-related disruptions, results subsequent to rebranding have been strong.

Louisiana - Harrah's Shreveport's revenues and operating profit for second quarter and first six months decreased from the same period last year due to competitive conditions in the market. Construction began in May 1999 on a 514-room hotel with almost 13,500 square feet of convention center space. The new hotel and amenity expansion is expected to cost \$146.6 million, of which \$5.0 million had been spent through June 30, 1999, and is scheduled to open in fourth quarter of 2000.

Mississippi - Combined second quarter revenues by Harrah's Mississippi properties increased 3.5% over second quarter 1998 and 4.0% for the first six months of 1999. Results from Harrah's Tunica improved significantly over second quarter 1998, while operating profit at Harrah's Vicksburg declined from 1998.

In March 1999, we consummated the sale of our original Tunica property to another casino company for cash and a note receivable. The note was collected in full in April 1999, and a gain was recognized in second quarter. Our gain from this disposition is not material.

Missouri - Harrah's North Kansas City's revenues for second quarter 1999 increased 14.3% over the same period in 1998, and operating profit increased 7.5% from second quarter last year. For the first six months, revenues were 11.1% higher than in 1998, while operating income remained flat.

Second quarter revenues at Harrah's St. Louis-Riverport casino increased 38.1% over second quarter 1998. Operating profit increased 103.5% over the same period last year. Revenues for the first six months of 1999 increased 38.6%, and operating income increased 123.3% over the same period last year. Our pro-rata share of the operating losses of the related shoreside facilities, which are owned jointly with another casino company, was \$2.6 million for the quarter and \$5.4 million for the first six months of 1999. These losses are included in Equity in losses of nonconsolidated affiliates in the Consolidated Condensed Statements of Income (see Other Factors Affecting Net Income).

Both Harrah's St. Louis and Harrah's North Kansas City were market-share leaders in their respective markets for the second quarter and first six months.

Managed and Other Casinos

Increases in our managed and other results were led by the addition of management fees from the Star City casino in Sydney, Australia, for which we assumed management with the Showboat acquisition on June 1, 1998, and by increases in fees from our management of tribal-owned casino properties which were open in both periods.

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

Other Factors Affecting Net Income

(Income)/Expense (in millions)	Second Quarter		Percentage Increase/ (Decrease)	Six Months Ended		Percentage Increase/ (Decrease)
	1999	1998		1999	1998	
Development costs	\$ 1.5	\$ 2.1	(28.6)%	\$ 2.3	\$ 3.9	(41.0)%
Project opening costs	-	3.3	N/M	0.4	6.0	(93.3)%
Corporate expense	13.5	8.9	51.7 %	21.4	15.6	37.2 %
Headquarters relocation expense	1.4	-	N/M	4.5	-	N/M
Equity in losses of nonconsolidated affiliates	6.2	3.5	77.1 %	12.8	6.3	103.2 %
Write-downs, reserves and recoveries	(1.6)	1.8	N/M	(1.5)	1.8	N/M
Venture restructuring costs	-	1.5	N/M	(0.4)	2.5	N/M
Amortization of goodwill	4.4	1.9	131.6 %	9.0	2.3	N/M
Interest expense, net	48.7	25.6	90.2 %	99.6	44.9	121.8 %
Gain on sale of equity interest in subsidiary	-	(13.1)	N/M	-	(13.1)	N/M
Other income	(4.4)	(1.4)	N/M	(6.6)	(5.5)	20.0 %
Effective tax rate	36.3%	36.6%	(0.3)pts	37.3%	36.6%	0.7pts
Minority interests	\$ 2.6	\$ 1.7	52.9 %	\$ 4.3	\$ 3.8	13.2 %
Extraordinary losses, net of income taxes	7.4	16.6	(55.4)%	10.6	18.3	(42.1)%
Average common and common equivalent shares outstanding	129.0	101.7	26.8 %	127.9	101.5	26.0 %

Development costs for second quarter 1999 decreased 28.6% from the same period last year, reflecting the continuing decline in development activity due to the limited number of new markets opening for development.

Project opening costs for the first six months of 1999 include costs incurred in connection with expansions, remodeling and conversions at existing properties. 1998 project opening costs included costs incurred in connection with an initiative to develop and implement strategies and employee training programs designed to better focus the Company on serving our targeted customers.

Corporate expense increased 51.7% in second quarter 1999 from the prior year level due to timing of expenses and increased costs. Increased corporate expense for the quarter included approximately \$2.0 million in consultant costs for a complete review of corporate services and expenses. The review generated ideas from employees to cut costs through internal department efficiencies, automation, capturing synergies, outsourcing and streamlining or eliminating select, underutilized internal products or services. These cost saving measures will be phased in over the next 12 to 18 months. \$1.4 million of costs related to the relocation of the Company's headquarters to Las Vegas, Nevada, were expensed in second quarter 1999.

Equity in losses of nonconsolidated affiliates consists of losses from the St. Louis shoreside facilities joint venture and our investments in Jazz Casino Company L.L.C. in New Orleans, Star City casino in Australia, an airline company in Las Vegas, Nevada, a golf course in Tunica, Mississippi, and a thoroughbred racetrack in Florence, Kentucky.

Second quarter 1999 write-downs, reserves and recoveries include the gain from the sale of our idle property in Tunica, Mississippi. Second quarter 1998 represents charges accrued in connection with the planned termination of a development contract.

Amortization of goodwill increased significantly in 1999 over the same period last year due to the acquisitions of Showboat and Rio, both of which were accounted for as purchases.

Interest expense increased in 1999 over 1998, primarily as a result of increases in debt arising from the Showboat and Rio transactions.

Other income increased in second quarter 1999 due to higher income earned on the cash surrender value of company owned life insurance policies.

The effective tax rates for all periods are higher than the federal statutory rate primarily due to state income taxes. The increase in the effective tax rate for first six months of 1999 compared to 1998 is due to the additional goodwill incurred in connection with the Showboat and Rio acquisitions.

Minority interests reflects joint venture partners' share of income and decreased in 1999 from the prior year as a result of lower earnings from those ventures.

The extraordinary losses in 1999 and 1998 are due to the early extinguishments of debt and include premiums paid to the holders of the debt retired and the write-off of related unamortized deferred finance charges. (See Debt and Liquidity - Extinguishment of Debt.)

The increase in common and common equivalent shares outstanding over last year is primarily the result of shares issued in the consummation of the Rio merger.

CAPITAL SPENDING AND DEVELOPMENT

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Year 2000 Update

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We are continuing to address the potential impact of the Year 2000 ("Y2K") on the systems and equipment that are essential to our operations. Please see the discussion in our 1998 Form 10-K for a complete description of our approach to the Y2K issue and the processes underway to address its potential impact. We have prioritized our efforts according to the potential impact to our business if a system is not Y2K ready. Priorities, in order, are: Business Critical-required to operate the business; High Priority-significant impact to revenues, operating costs, or customer services; and Other-used by the business but not considered Business Critical or High Priority.

The following table provides an overview of Business Critical items for Harrah's, Showboat, and Rio branded properties and corporate facilities and our Y2K progress as of July 1999.

BUSINESS CRITICAL ITEMS	Y2K STRATEGY	Y2K READINESS STATUS (1)	INTERNALLY TESTED	VENDOR CERTIFIED
Casino Management System (Harrah's and Showboat).....	Renovate/Test	Y2K Ready	Complete	N/A
Casino Management System (Rio).....	Replace/Test	3rd Qtr `99	Complete	N/A
Financial Systems.....	Renovate/Test	Y2K Ready	Complete	Complete
Fire Alarm/Sprinkler Systems.....	Test	3rd Qtr `99	Complete	Complete
GPS/Navigational Systems.....	Test	Y2K Ready	Complete	Complete
HVAC.....	Test/Renovate	Y2K Ready	Complete	Complete
Key Lock System.....	Renovate/Test	Y2K Ready	Complete	Complete
IBM AS400/OS400.....	Renovate/Test	Y2K Ready	Complete	Complete
Kiosks.....	Test	Y2K Ready	Complete	Complete
Lodging Management System.....	Test	Y2K Ready	Complete	Complete
Payroll.....	Renovate/Test	Y2K Ready	Complete	Complete
Phone System-PBX.....	Renovate/Test	Y2K Ready	Complete	Complete
Point-of-Sale System (Micros).....	Renovate/Test	Y2K Ready	Complete	Complete
Procurement and Payables.....	Replace/Test	3rd Qtr `99	Complete	Complete
Slot Data System (Harrah's and Showboat).....	Renovate/Test	Y2K Ready	Complete	Complete
Slot Data System (Rio).....	Replace/Test	3rd Qtr `99	Complete	Complete
Slot Devices.....	Test	Y2K Ready	Complete	Complete
Surveillance/Security.....	Test	Y2K Ready	Complete	Complete
Time & Attendance.....	Replace/Test	3rd Qtr `99	Complete	Complete
UPS/Generator.....	Test	Y2K Ready	Complete	Complete
WINet (Customer Database).....	Renovate/Test	Y2K Ready	Complete	Complete

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(1) For purposes of this document, "Y2K Ready" means it is anticipated that the product, process, or mechanism will operate during and after the Year 2000 in a manner that will not create a material and adverse impact on our operations.

As noted in the table above, the majority of Business Critical items have been internally tested to verify vendor Y2K compliance claims. Such testing generally entails creating a test environment to roll the date forward to simulate the transition from December 31, 1999, to January 1, 2000, test that the year 2000 is recognized as a Leap year, and perform other tests such as end of month, quarter and year-end processing.

We currently estimate the total costs of system replacements and upgrades to address potential Y2K problems, as well as enhancing business and operational functionality in some areas, to be approximately \$11 million. Of this \$11 million, approximately \$9.6 million represents capitalizable costs. The total amount expended through June 30, 1999, was approximately \$6.7 million, of which approximately 80% is related to the cost to repair, replace, and improve software and related hardware and

equipment, approximately 20% related to the cost to repair, replace, and improve embedded technology, and approximately \$40,000 related to the costs of identifying and communicating with significant suppliers. The estimated future cost is approximately \$4.3 million, of which approximately 80% relates to the cost to repair, replace, and improve software and related hardware and equipment, approximately 20% relates to the cost of replacing, repairing, and improving embedded technology and approximately \$10,000 relates to the costs of identifying and communicating with significant suppliers. These costs, along with internal resource hours, are being separately tracked. We continue to evaluate the estimated costs associated with Y2K issues, and if significant issues are identified in the future, such costs could increase. Although we are devoting considerable resources to resolve Y2K issues, we continue to support and implement other systems, operations and initiatives.

Based upon our efforts to date and the status of the plans to address identified issues, we believe that our Business Critical and High Priority systems are compliant or will be made compliant by December 1999. One of the greatest challenges of the Y2K issue is the potential impact of items outside of our control, such as those of utility companies, phone and network systems, and financial institutions. We are assessing the Y2K status of such items on an ongoing basis and developing contingency plans in the event of failures. However, should we and/or our significant suppliers fail to timely correct material Y2K issues, such failure could have a significant impact on our ability to operate as we did before Y2K. We are currently developing contingency plans designed to minimize any impact to the extent possible. The impact on our operating results of such failures and of any contingency plans to be designed to address such events cannot be determined at this time. We believe the "most likely reasonable worst case scenario" is one in which there are power outages. Although we have backup power supplies and generators and contingency plans to address this type scenario, an extended power outage could impact our operating results. Like all other businesses, our ability to predict the impact of the Y2K Problem and the efficacy of our solutions with respect thereto is limited by the unprecedented nature of the problem.

Summary  
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In addition to the specific development and expansion projects discussed in the Operating Results and Development Plans section, we perform on-going refurbishment and maintenance at our casino entertainment facilities in order to maintain the

Company's quality standards. We also continue to pursue development and acquisition opportunities for additional casino entertainment facilities that meet our strategic and return on investment criteria. Prior to the receipt of necessary regulatory approvals, the costs of pursuing development projects are expensed as incurred. Construction-related costs incurred after the receipt of necessary approvals are capitalized and depreciated over the estimated useful life of the resulting asset. Project opening costs are expensed as incurred.

Our planned development projects, if they go forward, will require, individually and in the aggregate, significant capital commitments and, if completed, may result in significant additional revenues. The commitment of capital, the timing of completion and the commencement of operations of casino entertainment development projects are contingent upon, among other things, negotiation of final agreements and receipt of approvals from the appropriate political and regulatory bodies. Cash needed to finance projects currently under development as well as additional projects pursued is expected to be made available from operating cash flows, the Bank Facility (see Debt and Liquidity section), joint venture partners, specific project financing, guarantees of third party debt and, if necessary, additional debt and/or equity offerings. Our capital spending for the first six months of 1999 totaled approximately \$230.0 million. Estimated total capital expenditures for 1999 are expected to be between \$350 million and \$430 million.

#### DEBT AND LIQUIDITY

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#### Bank Facility

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On April 30, 1999, we consummated new revolving credit and letter of credit facilities (the "Bank Facility") in the amount of \$1.6 billion. This Bank Facility consists of a five-year \$1.3 billion revolving credit and letter of credit facility maturing in 2004 and a separate \$300 million revolving credit facility which is renewable annually, at the borrower's and lenders' options. Initially, the Bank Facility bears interest based upon 87.5 basis points over LIBOR for current borrowings under the five-year facility and 92.5 basis points over LIBOR for the 364-day facility. In addition, there is a facility fee for borrowed and unborrowed amounts which is currently 20 basis points on the five-year, \$1.3 billion facility and 15 basis points on the 364-day, \$300 million facility. The interest rate and facility fee are based on our current debt ratings and leverage ratio and may

change as our debt ratings and leverage ratio change. Proceeds from the Bank Facility were used to retire our previous revolving credit facility scheduled to mature in 2000 (the "Previous Facility") and to retire Rio's revolving credit facility scheduled to mature in 2003 and Rio's 10 5/8% Senior Subordinated Notes due 2005 and 9 1/2% Senior Subordinated Notes due 2007.

#### Issuance of Senior Notes

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In keeping with our strategy to refinance a portion of our short-term, floating-rate borrowings under our Previous Facility with debt that has fixed rates and longer maturities, in January 1999, we issued \$500 million of 7 1/2% Senior Notes due 2009 and used the net proceeds to further reduce amounts outstanding under our Previous Facility.

#### Extinguishments of Debt

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On March 15, 1999, we redeemed all \$140 million face amount of our 99.55% owned subsidiary, Showboat Marina Casino Partnership's, 13 1/2% First Mortgage Notes due 2003 (the "SMCP Notes"). We retired the SMCP Notes using proceeds from our Previous Facility. We recorded liabilities assumed in the Showboat acquisition, including the SMCP Notes, at their fair value as of the consummation date of the transaction. The difference between the consideration of \$159.8 million paid to the holders of the SMCP Notes pursuant to this tender offer and the carrying value of the SMCP notes on the consummation date was recorded in the first quarter as an extraordinary loss of \$2.0 million, net of tax.

On May 17, 1999, we redeemed all \$100 million face amount of Rio's 10 5/8% Senior Subordinated Notes due 2005 and all \$125 million of Rio's 9 1/2% Senior Subordinated Notes due 2007. We recorded liabilities assumed in the Rio merger, including these notes, at their fair value as of the date of consummation of the merger. The difference between the consideration of \$251.8 million paid to the holders of the Rio notes pursuant to the tender offer and the carrying value of the notes on the date of the redemption was recorded in the second quarter as an extraordinary loss of \$4.5 million, net of tax.

## Interest Rate Agreements

To manage the relative mix of our debt between fixed and variable rate instruments, we have entered into interest rate swap agreements to modify the interest characteristics of our outstanding debt without an exchange of the underlying principal amount. The differences to be paid or received under the terms of our interest rate swap agreements are accrued as interest rates change and recognized as an adjustment to interest expense for the related debt. Changes in the variable interest rates to be paid or received pursuant to the terms of our interest rate swap agreements will have a corresponding effect on our future cash flows.

These agreements contain a credit risk that the counterparties may be unable to meet the terms of the agreements. We minimize that risk by evaluating the creditworthiness of our counterparties, which are limited to major banks and financial institutions, and do not anticipate nonperformance by the counterparties.

For more information regarding the Company's interest rate swap agreements as of June 30, 1999, please see Note 4 to the accompanying Consolidated Condensed Financial Statements.

## Indian Contract Commitments and Guarantees

The agreements under which we manage casinos on Indian lands contain provisions required by law which provide that a minimum monthly payment be made to the tribe. That obligation has priority over scheduled repayments of borrowings for development costs. In the event that insufficient cash flow is generated by the operations to fund this payment, we must pay the shortfall to the tribe. Such advances, if any, would be repaid to us in future periods in which operations generate cash flow in excess of the required minimum payment. These commitments will terminate upon the occurrence of certain defined events, including termination of the management contract. Our aggregate monthly commitment pursuant to the contracts for the three Indian-owned facilities we now manage, which extend for periods of up to 42 months from June 30, 1999, is \$1.2 million.

We may guarantee all or part of the debt incurred by Indian tribes with which we have entered into a management contract to fund development of casinos on the Indian lands. For all existing guarantees of Indian debt, we have obtained a first lien

on certain personal property (tangible and intangible) of the casino enterprise. There can be no assurance, however, the value of such property would satisfy our obligations in the event these guarantees were enforced. Additionally, we have received limited waivers from the Indian tribes of their sovereign immunity to allow us to pursue our rights under the contracts between the parties and to enforce collection efforts as to any assets in which a security interest is taken. The aggregate outstanding balance of such debt as of June 30, 1999, was \$92.0 million, excluding the guarantee related to the Upper Skagit Tribe's debt.

During second quarter 1999, we performed under our guarantee of the Upper Skagit Tribe's development financing and purchased their receivable from the lender for \$11.4 million. Under the terms of our agreement with the Tribe, they have agreed to fund the retirement of this debt. The Tribe is attempting to secure new financing; however, there is no assurance that their efforts will be successful and that the receivable will be retired.

Our agreement with the Ak-Chin tribe for management of their casino near Phoenix, Arizona, expires in December 1999. We are presently negotiating with the tribe for renewal of this management agreement.

#### Announced Dispositions

In April 1999, we announced plans to sell certain of our interests in Star City casino in Sydney, Australia to an Australia-based company in connection with that company's intention to offer to acquire the issued and outstanding shares of Star City Holdings Ltd. We currently own 135 million shares of Star City Holdings Ltd. and 37 million options to purchase additional ordinary shares. We have agreed to sell approximately 110 million ordinary shares of Star City Holdings, our interest in the Star City management contract, and our options to purchase additional ordinary shares. We also intend to sell our remaining shares and any options in Star City not purchased by the Australia-based company for cash or by tendering such shares and options into the separate tender offer for Star City Shares that has been initiated by that company. Based on current exchange rates, we expect to realize approximately US\$220 million in after-tax proceeds from the sale of our equity and management contract interests in Star City, which will be used to reduce our outstanding indebtedness. The

acquisition of these securities and interests is subject to New South Wales Casino Control Authority regulatory approvals and satisfaction of closing conditions. Should such regulatory approvals not be obtained, the Australia-based company has agreed to purchase 27.5 million ordinary shares of our Star City shares, for which regulatory approval is not required. The transaction is expected to close in the second half of 1999.

We own approximately 3 million shares of Sodak Gaming, Inc. ("Sodak"), a company which distributes casino gaming products and software systems throughout the U.S. In first quarter 1999, it was announced that the shares of Sodak will be purchased by a gaming equipment manufacturing company for \$10 a share, with the transaction expected to close by the end of 1999.

EFFECTS OF CURRENT ECONOMIC AND POLITICAL CONDITIONS

Competitive Pressures

Due to the limited number of new markets opening for development, the focus of many casino operators has shifted to investing in existing markets in an effort to attract new customers, thereby increasing competition in those markets. Our properties in the long-established gaming markets of Nevada and New Jersey have generally reacted less significantly to the changing competitive conditions. With the exception of the additional supply being added in Las Vegas, the amount of supply change within these markets has represented a smaller percentage change than that experienced in some riverboat markets. In riverboat markets, the additions to supply had a more noticeable impact, due to the fact that competition was limited in the early stages of many of these markets. As companies have completed expansion projects, supply has typically grown at a faster pace than demand in some markets and competition has increased significantly. Furthermore, several operators, including Harrah's, have announced plans for additional developments or expansions in some markets. In the Las Vegas market, three new "mega" facilities have opened since October 1998, and others are planned and under development. The impact that the additional supply will have on our operations cannot be determined at this time.

Over the last decade, there has also been a significant increase in the number of casinos on Indian lands, made possible by the Indian Gaming Regulatory Act of 1988. We manage three such facilities. The future growth potential from Indian casinos is also uncertain, however. See "Political Uncertainties" below for information concerning a California referendum.

Although the short-term effect of these competitive developments on the Company has been negative, we are not able to determine the long-term impact, whether favorable or unfavorable, that these trends and events will have on our current or future markets. We believe that the geographic diversity of our operations; our focus on multi-market customer relationships; our service training, measurements and rewards programs; and our continuing efforts to establish our brands as premier brands have well-positioned us to face the challenges present within the industry. We have introduced WINet, a sophisticated nationwide customer database, and our Total Gold Card, a nationwide reward and recognition card, both of which we believe provide competitive advantages, particularly with players who visit more than one market. We are now embarking on the next state of our strategy with the launch of the tiered customer loyalty card program - Total Diamond, Total Platinum and Total Gold - to reward customers for choosing Harrah's Entertainment casinos.

#### Industry Consolidation

As evidenced by a number of recent public announcements by casino entertainment companies of plans to acquire or be acquired by other companies, including our acquisitions of Showboat and Rio, consolidation in the gaming industry is now underway. We believe we are well-positioned to, and may from time to time, pursue additional strategic acquisitions to further enhance our distribution, strengthen our access to target customers and leverage our technological and centralized services infrastructure.

#### Political Uncertainties

The casino entertainment industry is subject to political and regulatory uncertainty. In 1996, the U.S. government formed the National Gambling Impact Study Commission to study gambling in the United States, including the casino gaming industry. The commission issued its report in June 1999. During fourth quarter 1998, voters in

the state of California approved a referendum that will allow an expansion of gaming offerings on Indian lands in that state. A challenge to the constitutionality of the initiated act is currently pending before the California Supreme Court. At this time, the ultimate impacts that the National Gambling Impact Study Commission report and the approval of the California referendum will have on the industry are uncertain. From time to time, individual jurisdictions have also considered legislation or referendums which could adversely impact Harrah's Entertainment's operations, and the likelihood or outcome of similar legislation and referendums in the future is difficult to predict.

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

#### INTERCOMPANY DIVIDEND RESTRICTION

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Certain of our debt guarantees require us to abide by covenants which, among other things, limit HOC's ability to pay dividends and make other restricted payments, as defined, to Harrah's Entertainment. The amount of HOC's restricted net assets, as defined, computed in accordance with these covenants regarding restricted payments was approximately \$1.5 billion at June 30, 1999. Harrah's Entertainment's principal asset is the stock of HOC, a wholly-owned subsidiary which holds, directly and through subsidiaries, the principal assets of our businesses. Given this ownership structure, these restrictions should not impair our ability to conduct our business through our subsidiaries or to pursue our development plans.

#### PRIVATE SECURITIES LITIGATION REFORM ACT

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The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward looking statements. Certain information included in this Form 10-Q and other materials filed or to be filed by the Company with the Securities and Exchange Commission ("SEC") (as well as information included in oral statements or other written statements made or to be made by the Company) contain statements that are forward looking. These

include statements relating to the following activities, among others: (A) operations and expansions of existing properties, including future performance, anticipated scope and opening dates of expansions; (B) planned development of casinos and hotels that would be owned or managed by the Company and the pursuit of strategic acquisitions; (C) the redevelopment of the casino in New Orleans; (D) the sale of our interests in Star City casino and Sodak; (E) planned capital expenditures for 1999 and beyond; (F) the impact of the WINet and Total Gold Card Programs; (G) any future impact of the Showboat and Rio acquisitions; and (H) Year 2000 compliance plans. These activities involve important factors that could cause actual results to differ materially from those expressed in any forward looking statements made by or on behalf of the Company. These include, but are not limited to, the following factors as well as other factors described from time to time in the Company's reports filed with the SEC: construction factors, including zoning issues, environmental restrictions, soil conditions, weather and other hazards, site access matters and building permit issues; access to available and feasible financing; regulatory, licensing and other government approvals, third party consents and approvals, and relations with partners, owners and other third parties; conditions of credit markets and other business and economic conditions, including international and national economic problems; litigation, judicial actions and political uncertainties, including gaming legislative action, referenda, and taxation; actions or inactions of suppliers and vendors regarding Year 2000; and the effects of competition including locations of competitors and operating and marketing competition. Any forward looking statements are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such, speak only as of the date made.

PART II -OTHER INFORMATION

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

The Company held its annual stockholders meeting on May 7, 1999. The following matters were voted upon at the meeting:

1. Election of Class III Directors

Name of Director Elected	Votes Cast	
	For	Against or Withheld
Susan Clark-Johnson	103,955,333	1,911,506
James B. Farley	103,951,915	1,914,924
Walter J. Salmon	103,938,905	1,927,934

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

- Joe M. Henson
- Ralph Horn
- J. Kell Houssels III
- R. Brad Martin
- Colin V. Reed
- Philip G. Satre
- Boake A. Sells
- Eddie N. Williams

2. Ratification of Arthur Andersen LLP as the Company's independent public accountants for the 1999 calendar year	For	Against or Withheld	Abstentions
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105,450,842	152,868	263,129	

Item 6. Exhibits and Reports on Form 8-K

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(a) Exhibits

- \*EX-3.1 Bylaws of Harrah's Entertainment, Inc., as amended May 7, 1999.
- \*EX-3.2 Bylaws of Harrah's Operating Company, Inc., as amended May 7, 1999.
- \*EX-4.1 Five Year Loan Agreement Dated as of April 30, 1999 among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc. and Marina Associates, as Borrowers, The Lenders, Syndication Agent, Document Agents and Co-Documentation Agents and Bank of America National Trust and Savings Association, as Administrative Agent.
- \*EX-4.2 364-Day Loan Agreement Dated as of April 30, 1999 among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc. and Marina Associates, as Borrowers, The Lenders, Syndication Agent, Document Agents and Co-Documentation Agents and Bank of America National Trust and Savings Association, as Administrative Agent.
- \*EX-10.1 Master Agreement dated April 15, 1999 between TABCORP Holdings Limited and Harrah's Entertainment, Inc., with attachments.
- \*EX-10.2 Amendment to Harrah's Entertainment, Inc. 1990 Stock Option Plan.
- \*EX-10.3 Amendment to Harrah's Entertainment, Inc.'s Annual Management Bonus Plan.
- \*EX-10.4 Employment Agreement dated May 7, 1999, between Harrah's Entertainment, Inc. and Marilyn G. Winn.

\*EX-10.5 Severance Agreement dated May 7, 1999, between Harrah's Entertainment, Inc. and Marilyn G. Winn.

\*EX-11 Computation of per share earnings.

\*EX-27 Financial Data Schedule.

\*Filed herewith.

(b) The following Current Reports on Form 8-K were filed by the Company during the second quarter of 1999: April 23, 1999 - reporting the first quarter 1999 results.

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

HARRAH'S ENTERTAINMENT, INC.

August 12, 1999

BY: /s/ JUDY T. WORMSER

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Judy T. Wormser  
Vice President and Controller  
(Chief Accounting Officer)

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Exhibit Index  
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EX-27	Financial Data Schedule.	

BYLAWS  
OF  
HARRAH'S ENTERTAINMENT, INC.  
(Amended May 7, 1999)

ARTICLE I

OFFICES

SECTION 1. REGISTERED OFFICE. The registered office of Harrah's Entertainment, Inc. (the "Corporation") shall be at 1013 Centre Road, in the City of Wilmington, County of New Castle, State of Delaware.

SECTION 2. OTHER OFFICES. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors of the Corporation (the "Board of Directors") may from time to time determine.

ARTICLE II

MEETINGS OF STOCKHOLDERS

SECTION 1. PLACE OF MEETINGS. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

SECTION 2. ANNUAL MEETINGS. The annual meeting of stockholders shall be held on the first Friday in May in each year or on such other date and at such time as may be fixed by the Board of Directors and stated in the notice of the meeting, for the purpose of electing directors and for the transaction of only such other business as is properly brought before the meeting in accordance with these Bylaws.

Written notice of an annual meeting stating the place, date and hour of the meeting, shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

To be properly brought before the annual meeting, business must be either (i) specified in the notice of annual meeting (or any supplement or amendment thereto) given by or at the direction of the Board of Directors, (ii) otherwise brought before the annual meeting by or at the direction of the Board of Directors, or (iii) otherwise properly brought before the annual meeting by a stockholder. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than sixty (60) days nor more than ninety (90) days prior to the meeting, provided, however, that in the event that less than seventy (70) days notice or prior public disclosure of the date of the annual meeting is given or made to stockholders, notice by a stockholder, to be timely, must be received no later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made, whichever first occurs. A stockholder's notice to the Secretary shall set forth (a) as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, and (ii) any material interest of the stockholder in such business, and (b) as to the stockholder giving the notice (i) the name and record address of the stockholder and (ii) the class, series and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder. Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Article II, Section 2. The officer of the Corporation presiding at an annual meeting shall, if the facts warrant, determine and declare to the annual meeting that business was not properly brought before the annual meeting in accordance with the provisions of this Article II, Section 2, and if such officer should so determine, such officer shall so declare to the annual meeting and any such business not properly brought before the meeting shall not be transacted.

SECTION 3. SPECIAL MEETINGS. Unless otherwise prescribed by law or by the Certificate of Incorporation, special meetings of stockholders, for any purpose or purposes, may only be called by a majority of the entire Board of Directors or by the Chairman or the President.

Written notice of a special meeting stating the place, date and hour of the meeting, shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

SECTION 4. QUORUM. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the holders of a majority of the votes entitled to be cast by the stockholders entitled to vote thereat, present in person or represented by proxy may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented by proxy. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting.

SECTION 5. VOTING. Unless otherwise required by law, the Certificate of Incorporation or these Bylaws, any question brought before any meeting of stockholders shall be decided by the vote of the holders of a majority of the stock represented and entitled to vote thereat, excluding any shares that are voted "Abstain" on such question, so that abstentions shall not be counted in the decision. Each stockholder represented at a meeting of stockholders shall be entitled to cast one vote for each share of the capital stock entitled to vote thereat held by such stockholder, unless otherwise provided by the Certificate of Incorporation. Such votes may be cast in person or by proxy but no proxy shall be voted after three years from its date, unless such proxy provides for a longer period. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his discretion, may require that any votes cast at such meeting shall be cast by written ballot.

SECTION 6. LIST OF STOCKHOLDERS ENTITLED TO VOTE. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in

alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

SECTION 7. STOCK LEDGER. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 6 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

### ARTICLE III

#### DIRECTORS

SECTION 1. NOMINATION OF DIRECTORS. Nominations of persons for election to the Board of Directors of the Corporation at the annual meeting may be made at such meeting by or at the direction of the Board of Directors, by any committee or persons appointed by the Board of Directors or by any stockholder of the Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Article III, Section 1. Such nominations by any stockholder shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than sixty (60) days nor more than ninety (90) days prior to the meeting; provided, however, that in the event that less than seventy (70) days notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder, to be timely, must be received no later than the close of business on the tenth (10th) day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. Such stockholder's notice to the Secretary shall set forth (i) as to each person whom the stockholder proposes to nominate for

election or reelection as a director, (a) the name, age, business address and residence address of the person, (b) the principal occupation or employment of the person, (c) the class and number of shares of capital stock of the Corporation which are beneficially owned by the person, and (d) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to the Rules and Regulations of the Securities and Exchange Commission under Section 14 of the Securities Exchange Act of 1934, as amended; and (ii) as to the stockholder giving the notice (a) the name and record address of the stockholder and (b) the class and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth herein. The officer of the Corporation presiding at an annual meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded. The directors shall be elected at the annual meeting of the stockholders, except as provided in the Certificate of Incorporation, and each director elected shall hold office until his successor is elected and qualified; provided, however, that unless otherwise restricted by the Certificate of Incorporation or by law, any director or the entire Board of Directors may be removed, either with or without cause, from the Board of Directors at any meeting of stockholders by a majority of the stock represented and entitled to vote thereat.

SECTION 2. MEETINGS. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman of the Board or the President or a majority of the entire Board of Directors. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone or telegram on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

SECTION 3. QUORUM. Except as may be otherwise specifically provided by law, the Certificate of Incorporation or these Bylaws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, a majority of the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 4. ACTIONS OF BOARD OF DIRECTORS. Unless otherwise provided by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

SECTION 5. MEETINGS BY MEANS OF CONFERENCE TELEPHONE. Unless otherwise provided by the Certificate of Incorporation or these Bylaws, members of the Board of Directors of the Corporation, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 5 of Article III shall constitute presence in person at such meeting.

SECTION 6. COMMITTEES. The Board of Directors may, by resolution passed by a majority of the entire Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of

Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Each committee shall keep regular minutes and report to the Board of Directors when required.

SECTION 7. COMPENSATION. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

SECTION 8. INTERESTED DIRECTORS. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose if (i) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the shareholder entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the shareholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IV

OFFICERS

SECTION 1. GENERAL. The officers of the Corporation shall be chosen by the Board of Directors and shall be a President or one or more members of an Office of the President (hereinafter sometimes referred to as "the President"), a Secretary and a Treasurer. The Board of Directors, in its discretion, may also choose a Chairman of the Board of Directors (who must be a director) and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these Bylaws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

SECTION 2. ELECTION. The Board of Directors at its first meeting held after each annual meeting of stockholders shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all officers who are directors of the Corporation shall be fixed by the Board of Directors.

SECTION 3. VOTING SECURITIES OWNED BY THE CORPORATION. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or any Vice President and any such officer may, in the name and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

SECTION 4. CHAIRMAN OF THE BOARD OF DIRECTORS. The Chairman of the Board of Directors, if there be one, shall preside at all meetings of the stockholders and of the Board of Directors. Except where by law the signature of the President is required, the Chairman of the Board of Directors shall possess the same power as the President to sign all contracts, certificates and other instruments of the Corporation which may be authorized by the Board of Directors. During the absence or disability of the President, the Chairman of the Board of Directors shall exercise all the powers and discharge all the duties of the President. The Chairman of the Board of Directors shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these Bylaws or by the Board of Directors.

SECTION 5. PRESIDENT OR OFFICE OF THE PRESIDENT. The President and members of the Office of the President shall be selected by the Board and shall, subject to the control of the Board of Directors and, if there be one, the Chairman of the Board of Directors and, if there be one, the Chief Executive Officer, have general supervision of the business of the Corporation, and the President, or the members of the Office of the President, shall see that all orders and resolutions of the Board of Directors are carried into effect. The President, and each member of the Office of the President, shall individually have the authority to execute all bonds, mortgages, contracts and other instruments of the Corporation, including those requiring a seal under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these Bylaws, the Board of Directors or a Committee thereof, or the President or any member of the Office of the President. In the absence or disability of the Chairman of the Board of Directors, or if there be none, the President or the person in the Office of the President having the title of Chief Executive Officer, or in his absence or there being none, having the title of President shall preside at all meetings of the stockholders and the Board of Directors. The President and the members of the Office of the President shall also perform such other duties and may exercise such other powers as from time to time may be assigned to them by these Bylaws or by the Board of Directors. Each member of the Office of the President shall be authorized to act on behalf of such Office.

SECTION 6. VICE PRESIDENTS. At the request of the President or in his absence or in the event of his inability or refusal to act (and if there be no Chairman of the Board of Directors), the Vice President or the Vice Presidents if there is more than one

(in the order designated by the Board of Directors) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice President shall perform such other duties and have such other powers as the Board of Directors from time to time may prescribe. If there be no Chairman of the Board of Directors and no Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

SECTION 7. SECRETARY. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

SECTION 8. TREASURER. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors,

taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

SECTION 9. ASSISTANT SECRETARIES. Except as may be otherwise provided in these Bylaws, Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of his disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

SECTION 10. ASSISTANT TREASURERS. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of his disability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

SECTION 11. CONTROLLER. The Controller shall establish and maintain the accounting records of the Corporation in accordance with generally accepted accounting principles applied on a consistent basis, maintain proper internal control of the assets

of the Corporation and shall perform such other duties as the Board of Directors, the President or any Vice President of the Corporation may prescribe.

SECTION 12. OTHER OFFICERS. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

## ARTICLE V

### STOCK

SECTION 1. FORM OF CERTIFICATES. Every holder of stock in the Corporation shall be entitled to have a certificate signed, in the name of the Corporation (i) by the Chairman of the Board of Directors, the President or a Vice President and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation.

SECTION 2. SIGNATURES. Any or all of the signatures on the certificate may be a facsimile, including, but not limited to, signatures of officers of the Corporation and countersignatures of a transfer agent or registrar. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

SECTION 3. Lost Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

SECTION 4. TRANSFERS. Stock of the Corporation shall be transferable in the manner prescribed by law and in these Bylaws. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by his attorney lawfully constituted in writing and upon the surrender of the certificate therefor, which shall be cancelled before a new certificate shall be issued.

SECTION 5. RECORD DATE. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 6. BENEFICIAL OWNERS. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

#### ARTICLE VI

##### NOTICES

SECTION 1. NOTICES. Whenever written notice is required by law, the Certificate of Incorporation or these Bylaws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and

such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by telegram, telex or cable.

SECTION 2. WAIVERS OF NOTICE. Whenever any notice is required by law, the Certificate of Incorporation or these Bylaws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed, by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

## ARTICLE VII

### GENERAL PROVISIONS

SECTION 1. DIVIDENDS. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, in property, or in shares of the capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

SECTION 2. DISBURSEMENTS. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

SECTION 3. FISCAL YEAR. The fiscal year of the Corporation shall end on December 31 and the following fiscal year shall commence on January 1, unless the fiscal year is otherwise fixed by affirmative resolution of the entire Board of Directors.

SECTION 4. CORPORATE SEAL. The corporate seal shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

BYLAWS  
OF  
HARRAH'S OPERATING COMPANY, INC.  
(Amended May 7, 1999)

ARTICLE I

OFFICES

SECTION 1. REGISTERED OFFICE. The registered office of Harrah's Operating Company, Inc. (the "Corporation") shall be at 1013 Centre Road, in the City of Wilmington, County of New Castle, State of Delaware.

SECTION 2. OTHER OFFICES. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors of the Corporation (the "Board of Directors") may from time to time determine.

ARTICLE II

MEETINGS OF STOCKHOLDERS

SECTION 1. PLACE OF MEETINGS. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

SECTION 2. ANNUAL MEETINGS. The annual meeting of stockholders shall be held on the first Friday in May in each year or on such other date and at such time as may be fixed by the Board of Directors and stated in the notice of the meeting, for the purpose of electing directors and for the transaction of only such other business as is properly brought before the meeting in accordance with these Bylaws. Written notice of an annual meeting stating the place, date and hour of the meeting, shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

SECTION 3. SPECIAL MEETINGS. Unless otherwise prescribed by law or by the Certificate of Incorporation, special meetings of stockholders, for any purpose or purposes, may only be called by a majority of the entire Board of Directors or by the Chairman or the President.

Written notice of a special meeting stating the place, date and hour of the meeting, shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

SECTION 4. QUORUM. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the holders of a majority of the votes entitled to be cast by the stockholders entitled to vote thereat, present in person or represented by proxy may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented by proxy. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting.

SECTION 5. VOTING. Unless otherwise required by law, the Certificate of Incorporation or these Bylaws, any question brought before any meeting of stockholders shall be decided by the vote of the holders of a majority of the stock represented and entitled to vote thereat. Each stockholder represented at a meeting of stockholders shall be entitled to cast one vote for each share of the capital stock entitled to vote thereat held by such stockholder, unless otherwise provided by the Certificate of Incorporation. Such votes may be cast in person or by proxy but no proxy shall be voted after three years from its date, unless such proxy provides for a longer period. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his discretion, may require that any votes cast at such meeting shall be cast by written ballot.

SECTION 6. LIST OF STOCKHOLDERS ENTITLED TO VOTE. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the

notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

SECTION 7. STOCK LEDGER. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 6 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

### ARTICLE III

#### DIRECTORS

SECTION 1. MEETINGS. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman of the Board or the President or a majority of the entire Board of Directors. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone or telegram on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

SECTION 2. QUORUM. Except as may be otherwise specifically provided by law, the Certificate of Incorporation or these Bylaws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, a majority of the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 3. ACTIONS OF BOARD OF DIRECTORS. Unless otherwise provided by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

SECTION 4. MEETINGS BY MEANS OF CONFERENCE TELEPHONE. Unless otherwise provided by the Certificate of Incorporation or these Bylaws, members of the Board of Directors of the Corporation, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 4 of Article III shall constitute presence in person at such meeting.

SECTION 5. COMMITTEES. The Board of Directors may, by resolution passed by a majority of the entire Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Each committee shall keep regular minutes and report to the Board of Directors when required.

SECTION 6. COMPENSATION. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

SECTION 7. INTERESTED DIRECTORS. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for

such purpose if (i) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the shareholder entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the shareholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

#### ARTICLE IV

##### OFFICERS

SECTION 1. GENERAL. The officers of the Corporation shall be chosen by the Board of Directors and shall be a President or one or more members of an Office of the President (hereinafter sometimes referred to as "the President"), a Secretary and a Treasurer. The Board of Directors, in its discretion, may also choose a Chairman of the Board of Directors (who must be a director) and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these Bylaws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

SECTION 2. ELECTION. The Board of Directors at its first meeting held after each annual meeting of stockholders shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all officers who are directors of the Corporation shall be fixed by the Board of Directors.

SECTION 3. VOTING SECURITIES OWNED BY THE CORPORATION. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or any Vice President and any such officer may, in the name and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

SECTION 4. CHAIRMAN OF THE BOARD OF DIRECTORS. The Chairman of the Board of Directors, if there be one, shall preside at all meetings of the stockholders and of the Board of Directors. Except whereby law the signature of the President is required, the Chairman of the Board of Directors shall possess the same power as the President to sign all contracts, certificates and other instruments of the Corporation which may be authorized by the Board of Directors. During the absence or disability of the President, the Chairman of the Board of Directors shall exercise all the powers and discharge all the duties of the President. The Chairman of the Board of Directors shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these Bylaws or by the Board of Directors.

SECTION 5. PRESIDENT OR OFFICE OF THE PRESIDENT. The President and members of the Office of the President shall be selected by the Board and shall, subject to the control of the Board of Directors and, if there be one, the Chairman of the Board of Directors and, if there be one, the Chief Executive Officer, have general supervision of the business of the Corporation, and the President, or the members of the Office of the President, shall see that all orders and resolutions of the Board of Directors are carried into effect. The President, and each member of the Office of the President, shall individually have the authority to execute all bonds, mortgages, contracts and other instruments of the Corporation, including those requiring a seal under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these Bylaws, the Board of Directors or a Committee thereof, or the President or any member of the Office of the President. In the absence or disability of the Chairman of the Board of Directors, or if there be none, the President or the person in the Office of the President having the title of Chief Executive Officer, or in his absence or there

being none, having the title of President shall preside at all meetings of the stockholders and the Board of Directors. The President and the members of the Office of the President shall also perform such other duties and may exercise such other powers as from time to time may be assigned to them by these Bylaws or by the Board of Directors. Each member of the Office of the President shall be authorized to act on behalf of such Office.

SECTION 6. VICE PRESIDENTS. At the request of the President or in his absence or in the event of his inability or refusal to act (and if there be no Chairman of the Board of Directors), the Vice President or the Vice Presidents if there is more than one (in the order designated by the Board of Directors) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice President shall perform such other duties and have such other powers as the Board of Directors from time to time may prescribe. If there be no Chairman of the Board of Directors and no Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

SECTION 7. SECRETARY. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

SECTION 8. TREASURER. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

SECTION 9. ASSISTANT SECRETARIES. Except as may be otherwise provided in these Bylaws, Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of his disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

SECTION 10. ASSISTANT TREASURERS. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of his disability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

SECTION 11. CONTROLLER. The Controller shall establish and maintain the accounting records of the Corporation in accordance with generally accepted accounting principles applied on a consistent basis, maintain proper internal control of the assets of the Corporation and shall perform such other duties as the Board of Directors, the President or any Vice President of the Corporation may prescribe.

SECTION 12. OTHER OFFICERS. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

## ARTICLE V

### STOCK

SECTION 1. FORM OF CERTIFICATES. Every holder of stock in the Corporation shall be entitled to have a certificate signed, in the name of the Corporation (i) by the Chairman of the Board of Directors, the President or a Vice President and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation.

SECTION 2. SIGNATURES. Any or all of the signatures on the certificate may be a facsimile, including, but not limited to, signatures of officers of the Corporation and countersignatures of a transfer agent or registrar. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

SECTION 3. LOST CERTIFICATES. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

SECTION 4. TRANSFERS. Stock of the Corporation shall be transferable in the manner prescribed by law and in these Bylaws. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by his attorney lawfully constituted in writing and upon the surrender of the certificate therefor, which shall be cancelled before a new certificate shall be issued.

SECTION 5. RECORD DATE. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 6. BENEFICIAL OWNERS. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

## ARTICLE VI

### INDEMNIFICATION

SECTION 1. Subject to Section 3 of this Article VI, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and

amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of NOLO CONTENDERE or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the Corporation, or, with respect to any criminal action or proceeding, had reasonable cause to believe his conduct was unlawful.

SECTION 2. Subject to Section 3 of this Article VI, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

SECTION 3. Any indemnification under this Article VI (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VI, as the case may be. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders. To the extent, however, that a director, officer, employee or agent of the Corporation has been

successful on the merits or otherwise in defense of any action, suit or proceeding described in Section 1 or Section 2 of this Article VI, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, without the necessity of authorization in the specific case.

SECTION 4. For purposes of any determination under Section 3 of this Article VI, a person shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his conduct was unlawful, if his action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to him by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 4 of Article VI, shall mean any other corporation or any partnership, joint venture, trust or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VI as the case may be.

SECTION 5. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VI, and notwithstanding the absence of any determination thereunder, any director, officer, employee or agent may apply to any court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Section 1 and Section 2 of this Article VI. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standards of conduct set forth in Section 1 or Section 2 of this Article VI, as the case may be. Notice of any application for indemnification pursuant to this Section 5 of Article VI shall be given to the Corporation promptly upon the filing of such application.

SECTION 6. Expenses incurred in defending or investigating a threatened or pending action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or

on behalf of the director, officer, employee or agent to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article VI.

SECTION 7. The indemnification and advancement of expenses provided by this Article VI shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any Bylaw, agreement, contract, vote of stockholders or disinterested directors or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of, and advancement of expenses to, the persons specified in Section 1 and Section 2 of Article VI shall be made to the fullest extent permitted by law. The provisions of this Article VI shall not be deemed to preclude the indemnification of, and advancement of expenses to, any person who is not specified in Section 1 or Section 2 of this Article VI but whom the Corporation has the power or obligation to indemnify under the provisions of the General Corporation Law of the State of Delaware, or otherwise. The indemnification provided by this Article VI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

SECTION 8. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power or the obligation to indemnify him against such liability under the provisions of this Article VI.

SECTION 9. For purposes of this Article VI, reference to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VI with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

ARTICLE VII

NOTICES

SECTION 1. NOTICES. Whenever written notice is required by law, the Certificate of Incorporation or these Bylaws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by telegram, telex or cable.

SECTION 2. WAIVERS OF NOTICE. Whenever any notice is required by law, the Certificate of Incorporation or these Bylaws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed, by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VIII

GENERAL PROVISIONS

SECTION 1. DIVIDENDS. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, in property, or in shares of the capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

SECTION 2. DISBURSEMENTS. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

SECTION 3. FISCAL YEAR. The fiscal year of the Corporation shall end on December 31 and the following fiscal year shall commence on January 1, unless the fiscal year is otherwise fixed by affirmative resolution of the entire Board of Directors.

SECTION 4. CORPORATE SEAL. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

EXECUTION

FIVE YEAR LOAN AGREEMENT

Dated as of April 30, 1999

among

HARRAH'S ENTERTAINMENT, INC.

as Guarantor

HARRAH'S OPERATING COMPANY, INC.  
MARINA ASSOCIATES

as Borrowers

The Lenders, Syndication Agent, Documentation Agents  
And Co-Documentation Agents Herein Named

and

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION,

as Administrative Agent

NATIONSBANC MONTGOMERY SECURITIES, LLC.,  
Lead Arranger and Sole Book Manager

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FIVE YEAR LOAN AGREEMENT

Dated as of April 30, 1999

This FIVE YEAR LOAN AGREEMENT ("Agreement") is entered into among Harrah's Operating Company, Inc., a Delaware corporation ("Company"), Marina Associates, a New Jersey general partnership ("Marina" and together with the Company and such other Subsidiaries that become Borrowers pursuant to Section 2.10 hereof, as Borrowers, Harrah's Entertainment, Inc., a Delaware corporation (the "Parent"), as Guarantor, Bank of America National Trust and Savings Association and each lender whose name is set forth on the signature pages of this Agreement and each other lender which may hereafter become a party to this Agreement pursuant to Section 11.8 (collectively, the "Lenders" and individually, a "Lender"), Bankers Trust Company, as Syndication Agent, Canadian Imperial Bank of Commerce and Societe Generale, as Documentation Agents, Commerzbank AG, PNC Bank, National Association and Wells Fargo Bank, N.A., as Co-Documentation Agents, and Bank of America National Trust and Savings Association, as Administrative Agent. While not party to this Agreement, NationsBanc Montgomery Securities, LLC has served as Lead Arranger and Sole Book Manager and BT Alex. Brown Incorporated has served as Co-Lead Arranger for the credit facilities described herein.

RECITALS

A. Parent and Borrowers have requested that the Lenders provide the credit facilities described herein and in the 364-Day Loan Agreement to provide for their common working capital needs and for the refinancing of certain existing Indebtedness of Borrowers and their Subsidiaries, including without limitation the Existing Harrah's Credit Agreements and the Existing Rio Credit Agreements and the Existing Rio Indentures described herein, all as further set forth in Section 5.7.

B. It is intended that the Company shall be jointly and severally liable for all of the Obligations hereunder, as more particularly set forth in Section 11.23, notwithstanding any allocation of the Obligations to the nominal account of any other Borrower.

C. The principal Obligations of Marina for Loans, Swing Line Advances and Letters of Credit hereunder shall be limited to the amount of Loans and Swing Line Advances borrowed by Marina and Letters of Credit issued for the account of Marina under its Aggregate Sublimit.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

Article 1  
DEFINITIONS AND ACCOUNTING TERMS

1.1 DEFINED TERMS. As used in this Agreement, the following terms shall have the meanings set forth below:

"ABSOLUTE RATE BID" means a Competitive Bid to provide Competitive Advances on the basis of a fixed interest rate.

"ADMINISTRATIVE AGENT" means Bank of America, when acting in its capacity as the Administrative Agent under any of the Loan Documents, or any successor Administrative Agent.

"ADMINISTRATIVE AGENT'S OFFICE" means the Administrative Agent's address as set forth on the signature pages of this Agreement, or such other address as the Administrative Agent hereafter may designate by written notice to Borrowers and the Lenders.

"ADVANCE" means any advance made or to be made by any Lender to a Borrower as provided in Article 2, and includes each Base Rate Advance, Eurodollar Rate Advance, Committed Advance, Swing Line Advance and Competitive Advance.

"AFFILIATE" means, as to any Person, any other Person which directly or indirectly controls, or is under common control with, or is controlled by, such Person. As used in this definition, "control" (and the correlative terms, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise); provided that, in any event, any Person that owns, directly or indirectly, 5% or more of the securities having ordinary voting power for the election of directors or other governing body of a corporation that has more than 100 record holders of such securities, or 5% or more of the partnership or other ownership interests of any other Person that has more than 100 record holders of such interests, will be deemed to control such corporation or other Person.

"AGGREGATE EFFECTIVE AMOUNT" means, as of any date of determination and with respect to all Letters of Credit then outstanding, the sum of (a) the aggregate undrawn face amounts of all such Letters of Credit, plus (b) the aggregate amounts paid by Issuing Lenders under any Letters of Credit for which the relevant Issuing Lender has not been reimbursed and which are not the subject of Advances made pursuant to Section 2.4(f).

"AGGREGATE SUBLIMIT" means (a) with respect to Marina \$500,000,000, and (b) with respect to each other Subsidiary of Parent which hereafter becomes a Borrower, such aggregate amount as shall be established in accordance with Section 2.10.

"AGREEMENT" means this Five Year Loan Agreement, either as originally executed or as it may from time to time be supplemented, modified, amended, restated or extended.

"ASSIGNMENT AGREEMENT" means an Assignment Agreement substantially in the form of Exhibit A.

"ATLANTIC CITY SHOWBOAT LAND DEBT" means, the \$100,000,000 aggregate face amount of Showboat Land, LLC's 7.09% Promissory Note due February 1, 2028.

"BANK OF AMERICA" means Bank of America National Trust and Savings Association, its successors and assigns.

"BASE RATE" means, as of any date of determination, the rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the higher of (a) the Reference Rate in effect on such date (calculated on the basis of a year of 365 or 366 days and the actual number of days elapsed) and (b) the Federal Funds Rate in effect on such date (calculated on the basis of a year of 360 days and the actual number of days elapsed) plus 1/2 of 1% (50 basis points).

"BASE RATE ADVANCE" and "Base Rate Loan" mean, respectively, a Committed Advance or a Committed Loan made hereunder and specified to be a Base Rate Advance or Loan in accordance with Article 2.

"BASE RATE MARGIN" means, for each Pricing Period, the Eurodollar Margin (after any Pricing Adjustment) for that Pricing Period minus 125 basis points, provided that in no event shall the Base Rate Margin be less than 0.00 basis points.

"BORROWERS" means, collectively, Company, Marina and each other Wholly-Owned Subsidiary which is hereafter designated as a Borrower in accordance with Section 2.10, and their respective successors and permitted assigns.

"BUSINESS DAY" means any Monday, Tuesday, Wednesday, Thursday or Friday, other than a day on which commercial banks are authorized or required to be closed in California or New York.

"CAPITAL LEASE OBLIGATIONS" means all monetary obligations of a Person under any leasing or similar arrangement which, in accordance with Generally Accepted Accounting Principles, is classified as a capital lease.

"CASH" means, when used in connection with any Person, all monetary and non-monetary items owned by that Person that are treated as cash in accordance with Generally Accepted Accounting Principles, consistently applied.

"CERTIFICATE OF A RESPONSIBLE OFFICIAL" means a certificate signed by a Responsible Official of the Person providing the certificate.

"CHANGE IN CONTROL" means the occurrence of a Rating Decline in connection with any of the following events (or, if the Debt Ratings are not then Investment Grade, any further decline in the Debt Ratings): (i) upon any merger or consolidation of Parent with or into any person or any sale, transfer or other conveyance, whether direct or indirect, of all or substantially all of the assets of Parent, on a consolidated basis, in one transaction or a series of related transactions, if, immediately after giving effect to such transaction, any person or group of persons (within the meaning of Section 13 or 14 of the Securities Exchange Act of 1934, as amended) is or becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under said Act) of securities representing a majority of the total voting power of the aggregate outstanding securities of the transferee or surviving entity normally entitled to vote in the election of directors, managers, or trustees, as applicable, of the transferee or surviving entity, (ii) when any person or group of persons (within the meaning of Section 13 or 14 of

the Securities Exchange Act of 1934, as amended) is or becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated by The Securities and-Exchange Commission under said Act) of securities representing a majority of total voting power of the aggregate outstanding securities of Parent normally entitled to vote in the election of directors of Parent, (iii) when, during any period of 12 consecutive calendar months, individuals who were directors of Parent on the first day of such period (together with any new directors whose election by the board of directors of Parent or whose nomination for election by the stockholders of Parent was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the board of directors of Parent, or (iv) the sale or disposition, whether directly or indirectly, by Parent of all or substantially all of its assets.

"CLOSING DATE" means the time and Business Day on which the conditions set forth in Section 8.1 are satisfied or waived. The Administrative Agent shall notify Borrowers and the Lenders of the date that is the Closing Date.

"CO-DOCUMENTATION AGENTS" means those Lenders listed in the preamble of this Agreement as such. No Co-Documentation Agent shall have any additional rights, duties or obligations under this Agreement or the other Loan Documents by reason of its being a Co-Documentation Agent.

"CO-LEAD ARRANGER" means BT Alex. Brown Incorporated. The Co-Lead Arranger shall have no rights, duties or obligations under this Agreement or the other Loan Documents.

"CODE" means the Internal Revenue Code of 1986, as amended or replaced and as in effect from time to time.

"COMMITMENT" means, subject to Sections 2.7, 2.8, 2.9 and 11.14, \$1,300,000,000. As of the Closing Date, the respective Pro Rata Shares of the Lenders with respect to the Commitment are set forth in Schedule 1.1.

"COMMITTED ADVANCE" means an Advance made to a Borrower by any Lender in accordance with its Pro Rata Share pursuant to Section 2.1.

"COMMITTED ADVANCE NOTE" means the promissory note made by each Borrower to a Lender evidencing the Committed Advances under that Lender's Pro Rata Share to that Borrower, substantially in the form of Exhibit B, either as originally executed or as the same may from time to time be supplemented, modified, amended, renewed, extended or supplanted.

"COMMITTED LOANS" means Loans that are comprised of Committed Advances.

"COMPANY" means Harrah's Operating Company, Inc., its successors and permitted assigns.

"COMPETITIVE ADVANCE" means an Advance made to a Borrower by any Lender not determined by that Lender's Pro Rata Share pursuant to Section 2.5.

"COMPETITIVE ADVANCE NOTE" means the promissory note made by each Borrower in favor of a Lender to evidence the Competitive Advances made to that Borrower by that Lender, substantially in the form of Exhibit C, either as originally executed or as the same may from time to time be supplemented, modified, amended, renewed or extended.

"COMPETITIVE BID" means (a) a written bid to provide a Competitive Advance substantially in the form of Exhibit D, signed by a Responsible Official of a Lender and properly completed to provide all information required to be included therein or (b) at the election of any Lender, a telephonic bid by that Lender to provide a Competitive Advance which, if so made, shall be made by a Responsible Official of that Lender and deemed to have been made incorporating the substance of Exhibit D, and shall promptly be confirmed by a written Competitive Bid.

"COMPETITIVE BID REQUEST" means (a) a written request submitted by a Borrower to the Administrative Agent to provide a Competitive Bid, substantially in the form of Exhibit E, signed by a Responsible Official of that Borrower and properly completed to provide all information required to be included therein or (b) at the election of any Borrower, a telephonic request by a Borrower to the Administrative Agent to provide a Competitive Bid which, if so made, shall be made by a Responsible Official of that Borrower and deemed to have been made incorporating the substance of Exhibit E, and shall promptly be confirmed by a written Competitive Bid Request.

"COMPLIANCE CERTIFICATE" means a certificate substantially in the form of Exhibit F, properly completed and signed on behalf of Borrowers by a Senior Officer of each Borrower.

"CONFIDENTIAL INFORMATION MEMORANDUM" means the Confidential Information Memorandum dated March, 1999, distributed to the Lenders in connection with the credit facilities provided herein.

"CONTINGENT OBLIGATION" means, as to any Person, any (a) guarantee by that Person of Indebtedness of, or other obligation performable by, any other Person or (b) assurance given by that Person to an obligee of any other Person with respect to the performance of an obligation by, or the financial condition of, such other Person, whether direct, indirect or contingent, including any purchase or repurchase agreement covering such obligation or any collateral security therefor, any agreement to provide funds (by means of loans, capital contributions or otherwise) to such other Person, any agreement to support the solvency or level of any balance sheet item of such other Person or any "keep-well", "make-well" or other arrangement of whatever nature given for the purpose of assuring or holding harmless such obligee against loss with respect to any obligation of such other Person; provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business.

"CONTINUING LETTERS OF CREDIT" means those of the letters of credit issued under the Existing Harrah's Credit Agreements which are described on Schedule 1.2.

"CONTRACTUAL OBLIGATION" means, as to any Person, any provision of any outstanding security issued by that Person or of any material agreement, instrument or undertaking to which that Person is a party or by which it or any of its Property is bound.

"CREDITORS" means, collectively, the Administrative Agent, each Issuing Lender, the Swing Line Lender, each Lender, Syndication Agent, Documentation Agents, Co-Documentation Agents, the Lead Arranger, the Co-Lead Arranger and, where the context requires, any one or more of them.

"DEBT RATING" means, as of each date of determination, the most creditworthy credit rating, actual or implicit, assigned to senior unsecured Indebtedness of Company by S&P or Moody's, whichever is higher.

"DEBTOR RELIEF LAWS" means the Bankruptcy Code of the United States of America, as amended from time to time, and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws from time to time in effect affecting the rights of creditors generally.

"DEFAULT" means any event that, with the giving of any applicable notice or passage of time specified in Section 9.1, or both, would be an Event of Default.

"DEFAULT RATE" means the interest rate prescribed in Section 3.9.

"DEFEASED DEBT" means (a) the \$58,300,000 aggregate principal amount of Showboat's First Mortgage Bonds due 2008, (b) the \$2,400,000 aggregate outstanding principal amount of Showboat's Senior Subordinated Notes due 2009, and (c) any other Indebtedness of Parent and its Subsidiaries which, at any relevant time, is subject to legal or covenant defeasance in a manner which is reasonably acceptable to the Administrative Agent.

"DESIGNATED DEPOSIT ACCOUNT" means a deposit account to be maintained by Borrowers with Bank of America, as from time to time designated by Borrowers by written notification to the Administrative Agent.

"DESIGNATED EURODOLLAR MARKET" means, with respect to any Eurodollar Rate Loan, (a) the London Eurodollar Market, or (b) if prime banks in the London Eurodollar Market are at the relevant time not accepting deposits of Dollars or if the Administrative Agent determines that the London Eurodollar Market does not represent at the relevant time the effective pricing to the Lenders for deposits of Dollars in the London Eurodollar Market, the Cayman Islands Eurodollar Market or (c) if prime banks in the Cayman Islands Eurodollar Market are at the relevant time

not accepting deposits of Dollars or if the Administrative Agent determines that the Cayman Islands Eurodollar Market does not represent at the relevant time the effective pricing to the Lenders for deposits of Dollars in the Cayman Islands Eurodollar Market, such other Eurodollar Market as may from time to time be selected by the Administrative Agent with the approval of Borrowers and the Requisite Lenders.

"DISQUALIFICATION" means, with respect to any Lender:

(a) the failure of that Person timely to file pursuant to applicable Gaming Laws (i) any application requested of that Person by any Gaming Board in connection with any licensing required of that Person as a lender to Borrowers or (ii) any required application or other papers in connection with determination of the suitability of that Person as a lender to Borrowers;

(b) the withdrawal by that Person (except where requested or permitted by the Gaming Board) of any such application or other required papers; or

(c) any final determination by a Gaming Board pursuant to applicable Gaming Laws (i) that such Person is "unsuitable" as a lender to Borrowers, (ii) that such Person shall be "disqualified" as a lender to Borrowers or (iii) denying the issuance to that Person of any license required under applicable Gaming Laws to be held by all lenders to Borrowers.

"DOCUMENTATION AGENTS" means those Lenders listed in the preamble of this Agreement as such. No Documentation Agent shall have any additional rights, duties or obligations under this Agreement or the other Loan Documents by reason of its being a Documentation Agent.

"DOLLARS" or "\$" means United States dollars.

"EBITDA" means, for any period, Net Income for such period before (i) income taxes, (ii) interest expense, (iii) depreciation and amortization, (iv) minority interest, (v) extraordinary losses or gains, (vi) Pre-Opening Expenses, and (vii) nonrecurring non-cash charges, provided that, in calculating "EBITDA":

(a) for all periods ending on or prior to December 31, 1998, "EBITDA" shall be computed on the basis of the combined operating results of Parent and its Subsidiaries, Showboat and Rio as described on Schedule 1.3.

(b) the operating results of each New Project which commences operations and records not less than one full fiscal quarter's operations during the relevant period shall be annualized; and

(c) EBITDA shall be adjusted, on a pro forma basis, to include the operating results of each resort or casino property acquired by Parent and its Consolidated Subsidiaries during the relevant period and to exclude the operating results of each resort or casino property sold or otherwise disposed of by Parent and its Subsidiaries, or whose operations are discontinued during the relevant period.

"ELECTION TO BECOME A BORROWER" means an Election to Become a Borrower, substantially in the form of Exhibit K to this Agreement, properly completed and duly executed by each required party thereto.

"ELIGIBLE ASSIGNEE" means (a) another Lender, (b) with respect to any Lender, any Affiliate of that Lender, (c) any commercial bank having a combined capital and surplus of \$100,000,000 or more which is (i) organized under the laws of the United States or any state thereof, or (ii) the domestic branch or agency of any such commercial bank organized under the laws of a country which is a member of the Organization for Economic Cooperation and Development, (d) any (i) savings bank, savings and loan association or similar financial institution or (ii) insurance company engaged in the business of writing insurance which, in either case (A) has a net worth of \$200,000,000 or more, (B) is engaged in the business of lending money and extending credit under credit facilities substantially similar to those extended under this Agreement and (C) is operationally and procedurally able to meet the obligations of a Lender hereunder to the same degree as a commercial bank and (e) any other financial institution (including a mutual fund or other fund) having total assets of \$250,000,000 or more which meets the requirements set forth in subclauses (B) and (C) of clause (d) above; provided that each Eligible Assignee must either (a) be organized under the Laws of the United States of America, any State thereof or the District

of Columbia or (b) be organized under the Laws of the Cayman Islands or any country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of such a country, and (i) act hereunder through a branch, agency or funding office located in the United States of America and (ii) otherwise be exempt from withholding of tax on interest and delivers Form 1001 or Form 4224 pursuant to Section 11.21 at the time of any assignment pursuant to Section 11.8.

"ERISA" means the Employee Retirement Income Security Act of 1974, and any regulations issued pursuant thereto, as amended or replaced and as in effect from time to time.

"EURODOLLAR BUSINESS DAY" means any Business Day on which dealings in Dollar deposits are conducted by and among banks in the Designated Eurodollar Market.

"EURODOLLAR LENDING OFFICE" means, as to each Lender, its office or branch so designated by written notice to Borrowers and the Administrative Agent as its Eurodollar Lending Office. If no Eurodollar Lending Office is designated by a Lender, its Eurodollar Lending Office shall be its office at its address for purposes of notices hereunder.

"EURODOLLAR MARGIN" means, for each Pricing Period, the interest rate margin set forth below (expressed in basis points) opposite the Pricing Level for that Pricing Period plus or minus any then Pricing Adjustment applicable during that Pricing Period:

PRICING LEVEL	EURODOLLAR MARGIN
I	50.00
II	62.50
III	72.50
IV	80.00
V	100.00
VI	132.50

"EURODOLLAR MARGIN BID" means a Competitive Bid to provide a Competitive Advance on the basis of a margin over the Eurodollar Quoted Rate.

"EURODOLLAR MARKET" means a regular established market located outside the United States of America by and among banks for the solicitation, offer and acceptance of Dollar deposits in such banks.

"EURODOLLAR OBLIGATIONS" means eurocurrency liabilities, as defined in Regulation D.

"EURODOLLAR PERIOD" means, as to each Eurodollar Rate Loan, the period commencing on the date specified by any Borrower pursuant to Section 2.1(b) and ending 1, 2, 3 or 6 months thereafter (or, with the written consent of all of the Lenders, any other period), as specified by that Borrower in the applicable Request for Loan; provided that:

(a) The first day of any Eurodollar Period shall be a Eurodollar Business Day;

(b) Any Eurodollar Period that would otherwise end on a day that is not a Eurodollar Business Day shall be extended to the next succeeding Eurodollar Business Day unless such Eurodollar Business Day falls in another calendar month, in which case such Eurodollar Period shall end on the next preceding Eurodollar Business Day; and

(c) No Eurodollar Period shall extend beyond the Maturity Date.

"EURODOLLAR QUOTED RATE" means, with respect to any Eurodollar Rate Loan, the average of the interest rates per annum (rounded upward, if necessary, to the next 1/16 of 1%) at which deposits in Dollars are offered by Bank of America to prime banks in the Designated Eurodollar Market at or about 11:00 a.m. local time in the Designated Eurodollar Market, two Eurodollar Business Days before the first day of the applicable Eurodollar Period in an aggregate amount approximately equal to the amount of the Advances made by Bank of America with respect to such Eurodollar Rate Loan and for a period of time comparable to the number of days in the applicable Eurodollar Period. The determination of the Eurodollar Quoted Rate by the Administrative Agent shall be conclusive in the absence of manifest error.

"EURODOLLAR RATE" means, with respect to any Eurodollar Rate Loan and any Competitive Advance based on a margin over the Eurodollar Rate, an interest rate per annum (rounded upward, if necessary, to the nearest 1/16 of one percent) determined pursuant to the following formula:

Eurodollar            Eurodollar Quoted Rate  
Rate                    -----  
                          = 1.00 - Eurodollar Reserve  
                          Percentage

"EURODOLLAR RATE ADVANCE" and "EURODOLLAR RATE LOAN" mean, respectively, a Committed Advance made hereunder and specified to be a Eurodollar Rate Advance or Loan in accordance with Article 2.

"EURODOLLAR RESERVE PERCENTAGE" means, with respect to any Eurodollar Rate Loan, the maximum reserve percentage (expressed as a decimal, rounded upward to the nearest 1/100th of 1%) in effect on the date the Eurodollar Quoted Rate for that Eurodollar Rate Loan is determined (whether or not applicable to any Lender) under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as "eurocurrency liabilities") having a term comparable to the Eurodollar Period for such Eurodollar Rate Loan. The determination by the Administrative Agent of any applicable Eurodollar Reserve Percentage shall be conclusive in the absence of manifest error.

"EVENT OF DEFAULT" shall have the meaning provided in Section 9.1.

"EXISTING HARRAH'S CREDIT AGREEMENTS" means the Amended and Restated Credit Agreement and the Amended and Restated 364-Day Credit Agreement, in each case dated as of June 9, 1995, as amended and restated April 1, 1998, and among Parent, the initial Borrowers, the lenders therein named, and Bankers Trust Company, as Administrative Agent, in each case as amended.

"EXISTING RIO CREDIT AGREEMENTS" means (a) the Amended and Restated Credit Agreement dated as of February 24, 1998 among Rio Properties, Inc., a Nevada corporation, Rio Leasing, Inc., a Nevada corporation, the lenders referred to therein, and Bank of America, as agent, and (b) the Loan Agreement dated as of December 18, 1998 among Rio Properties, Inc., Rio Leasing, Inc., the lenders referred to therein, and Bank of America, as agent, in each case as amended.

"EXISTING RIO INDENTURES" means, (a) the \$100,000,000 10-5/8% Senior Subordinated Notes Due 2005 issued by Rio Hotel & Casino, Inc., a Nevada corporation, and (b) the \$125,000,000 9-1/2% Senior Subordinated Notes Due 2007 issued by Rio Hotel & Casino, Inc., in each case as amended.

"EXISTING SENIOR NOTES" means the Company's \$500,000,000 in 7.5% Senior Unsecured Notes due 2009 issued pursuant to the Indenture dated December 18, 1998 between the Company and IBJ Schroeder Bank and Trust Company, as Trustee and the First Supplemental Indenture with respect thereto dated as of January 20, 1999 among the Company, the Parent and IBJ Whitehall Bank & Trust Company, as Trustee.

"EXISTING SUBORDINATED DEBT" means the Company's \$750,000,000 7.875% Senior Subordinated Notes due 2005 issued pursuant to the Indenture dated December 9, 1998 among the Company and IBJ Schroeder Bank and Trust Company, as Trustee and the First Supplemental Indenture with respect thereto dated as of December 9, 1998 among the Company, the Parent and the Trustee.

"FACILITY FEE RATE" means, for each Pricing Period, the rate set forth below (expressed in basis points) opposite the Pricing Level for that Pricing Period:

PRICING LEVEL	FACILITY FEE RATE
I	10.00
II	12.50
III	15.00
IV	20.00
V	25.00
VI	30.00

"FEDERAL FUNDS RATE" means, as of any date of determination, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Board (including any such successor, "H.15(519)") for such date opposite the caption "Federal Funds (Effective)". If for any relevant date such rate is not yet published in H.15(519), the rate for such date will be the rate set forth in the daily statistical release designated as the Composite 3:30 p.m. Quotations for U.S. government securities, or any successor publication, published by the Federal Reserve Bank

of New York (including any such successor, the "Composite 3:30 p.m. Quotation") for such date under the caption "Federal Funds Effective Rate". If on any relevant date the appropriate rate for such date is not yet published in either H.15(519) or the Composite 3:30 p.m. Quotations, the rate for such date will be the arithmetic mean of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that date by each of three leading brokers of Federal funds transactions in New York City selected by the Administrative Agent. For purposes of this Agreement, any change in the Base Rate due to a change in the Federal Funds Rate shall be effective as of the opening of business on the effective date of such change.

"FISCAL QUARTER" means the fiscal quarter of Parent consisting of a three month fiscal period ending on each March 31, June 30, September 30, December 31.

"FISCAL YEAR" means the fiscal year of Parent consisting of a twelve month fiscal period ending on each December 31.

"GAMING BOARD" means any Governmental Agency that holds regulatory, licensing or permit authority over gambling, gaming or casino activities conducted by Parent and its Subsidiaries within its jurisdiction, or before which an application for licensing to conduct such activities is pending.

"GAMING LAWS" means all Laws pursuant to which any Gaming Board possesses regulatory, licensing or permit authority over gambling, gaming or casino activities conducted by Parent and its Subsidiaries within its jurisdiction.

"GENERALLY ACCEPTED ACCOUNTING PRINCIPLES" means, as of any date of determination, accounting principles (a) set forth as generally accepted in then currently effective Opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants, (b) set forth as generally accepted in then currently effective Statements of the Financial Accounting Standards Board or (c) that are then approved by such other entity as may be approved by a significant segment of the accounting profession in the United States of America. The term "consistently applied," as used in connection therewith, means that the accounting principles applied are consistent in all material respects to those applied at prior dates or for prior periods.

"GOVERNMENTAL AGENCY" means (a) any international, foreign, federal, state, county or municipal government, or political subdivision thereof, (b) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, or (c) any court or administrative tribunal.

"HAZARDOUS MATERIALS" means substances defined as hazardous substances pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. ss. 9601 et seq., or as hazardous, toxic or pollutant pursuant to the Hazardous Materials Transportation Act, 49 U.S.C. ss. 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. ss. 6901, et seq., the Hazardous Waste Control Law, California Health & Safety Code ss. 25100, et seq., or in any other applicable Hazardous Materials Law, in each case as such Laws are amended from time to time.

"HAZARDOUS MATERIALS LAWS" means all federal, state or local laws, ordinances, rules or regulations governing the disposal of Hazardous Materials applicable to any of the Real Property.

"INDEBTEDNESS" means, as to any Person and as of each date of determination, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all obligations of such Person as lessee which are capitalized in accordance with Generally Accepted Accounting Principles, (v) all indebtedness or other obligations secured by a contractual Lien on any asset of such Person, whether or not such indebtedness or other obligations are otherwise an obligation of such Person, and (vi) all Contingent Obligations made by such Person (including by way of provision of letters of credit or other contingent obligations) with respect to indebtedness or other obligations of any other Person which constitute "Indebtedness" of a type or class described in clauses (i) through (v) of this definition.

"INTANGIBLE ASSETS" means assets that are considered intangible assets under Generally Accepted Accounting Principles, including customer lists, goodwill, computer software, copyrights, trade names, trademarks and patents.

"INTEREST COVERAGE RATIO" means, as of the last day of any Fiscal Quarter, the RATIO OF (a) EBITDA for the four Fiscal Quarter period ending on that date to (b) Interest Expense for the same period.

"INTEREST DIFFERENTIAL" means, with respect to any prepayment of a Eurodollar Rate Loan on a day prior to the last day of the applicable Eurodollar Period and with respect to any failure to borrow a Eurodollar Rate Loan on the date or in the amount specified in any Request for Loan, (a) the per annum interest rate payable pursuant to Section 3.1(c) with respect to the Eurodollar Rate Loan minus (b) the Eurodollar Rate on, or as near as practicable to the date of the prepayment or failure to borrow for, a Eurodollar Rate Loan commencing on such date and ending on the last day of the Eurodollar Period of the Eurodollar Rate Loan so prepaid or which would have been borrowed on such date.

"INTEREST EXPENSE" means, as of the last day of any fiscal period, the SUM OF (a) all interest, fees, charges and related expenses paid or payable (without duplication) for that fiscal period to a lender in connection with borrowed money or the deferred purchase price of assets that are considered "interest expense" under Generally Accepted Accounting Principles, PLUS (b) the portion of rent paid or payable (without duplication) for that fiscal period under Capital Lease Obligations that should be treated as interest in accordance with Financial Accounting Standards Board Statement No. 13.

"INVESTMENT" means, when used in connection with any Person, any investment by or of that Person, whether by means of purchase or other acquisition of stock or other securities of any other Person or by means of a loan, advance creating a debt, capital contribution, guaranty or other debt or equity participation or interest in any other Person, including any partnership and joint venture interests of such Person. The amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

"INVESTMENT GRADE" means (i) with respect to S&P, a rating of BBB- or higher, and (ii) with respect to Moody's, a rating of Baa3 or higher.

"ISSUING LENDER" means, as to each Letter of Credit, the Lender which issues the same in accordance with Section 2.4, but only when acting in its capacity as Issuing Lender for that Letter of Credit. Subject to the procedures set forth in Section 2.4, any Lender may, at its option, be an Issuing Lender for Letters of Credit issued under this Agreement.

"LAWS" means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, regulations, ordinances, codes and administrative or judicial precedents.

"LEAD ARRANGER" means NationsBanc Montgomery Securities, LLC. The Lead Arranger shall have no duties or obligations under this Agreement or the other Loan Documents.

"LETTER OF CREDIT" means any letter of credit issued pursuant to Section 2.4, either as originally issued or as the same may from time to time be supplemented, modified, amended, renewed or extended in accordance with the terms hereof.

"LETTER OF CREDIT FEE" means, for each Pricing Period, the rate per annum set forth below (expressed in basis points) opposite the Pricing Level for that Pricing Period PLUS or minus any then Pricing Adjustment applicable during that Pricing Period:

PRICING LEVEL	LETTER OF CREDIT FEE
I	60.00
II	75.00
III	87.50
IV	100.00
V	125.00
VI	162.50

"LICENSE REVOCATION" means the revocation, failure to renew or suspension of, or the appointment of a receiver, supervisor or similar official with respect to, any casino, gambling or gaming license issued by any Gaming Board covering any casino or gaming facility of Parent or any of its Subsidiaries.

"LIEN" means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, lien or charge of any kind, whether voluntarily incurred or arising by operation of Law or otherwise, affecting any Property, including any agreement to grant any of the foregoing, any conditional sale or other title retention agreement, any lease in the nature of a security interest, and/or the filing of or agreement to give any financing statement (other than a precautionary financing statement with respect to a lease or other agreement that is not in the nature of a security interest) under the Uniform Commercial Code or comparable Law of any jurisdiction with respect to any Property.

"LOAN" means the aggregate of the Advances made at any one time by the Lenders pursuant to Article 2.

"LOAN DOCUMENTS" means, collectively, this Agreement, the Notes, the Letters of Credit, the Swing Line Documents, the Parent Guaranty, any Request for Loan, any Request for Letter of Credit, any Competitive Bid Request, any Compliance Certificate and any other instruments, documents or agreements of any type or nature hereafter executed and delivered by Parent or any of its Subsidiaries or Affiliates to the Administrative Agent or any other Creditor in any way relating to or in furtherance of this Agreement, in each case either as originally executed or as the same may from time to time be supplemented, modified, amended, restated, extended or supplanted.

"MARGIN STOCK" means "margin stock" as such term is defined in Regulation U.

"MATERIAL ADVERSE EFFECT" means any set of circumstances or events which (a) has or could reasonably be expected to have any material adverse effect whatsoever upon the validity or enforceability of any Loan Document, (b) is or could reasonably be expected to be material and adverse to the condition (financial or otherwise), assets, business or operations of Parent and its Subsidiaries, taken as a whole, or (c) materially impairs or could reasonably be expected to materially impair the ability of Parent and its Subsidiaries, taken as a whole, to perform the Obligations.

"MATURITY DATE" means April 30, 2004, or such later anniversary thereof as may be established pursuant to Section 2.12.

"MAXIMUM COMPETITIVE ADVANCE" means, with respect to any Competitive Bid made by a Lender, the amount set forth therein as the maximum Competitive Advance which that Lender is willing to make in response to the related Competitive Bid Request.

"MOODY'S" means Moody's Investor Service, Inc., its successors and assigns.

"MULTIEMPLOYER PLAN" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA.

"NEGATIVE PLEDGE" means a Contractual Obligation that contains a covenant binding on Parent or any of its Subsidiaries that prohibits Liens on any of its or their Property, other than (a) any such covenant contained in a Contractual Obligation granting a Lien permitted under Section 6.4 which affects only the Property that is the subject of such permitted Lien and (b) any such covenant that does not apply to Liens securing the Obligations.

"NET INCOME" means, with respect to any fiscal period, the consolidated net income of Parent and its Subsidiaries for that period, determined in accordance with Generally Accepted Accounting Principles, consistently applied.

"NET TANGIBLE ASSETS" means, as of each date of determination, the total amount of assets of Parent and its Subsidiaries as of the last day of the most recent Fiscal Quarter for which financial statements have been delivered in accordance with Section 7.1, after deducting therefrom (a) all current liabilities of Parent and its Subsidiaries (excluding (i) the current portion of long term Indebtedness, (ii) inter-company liabilities, and (iii) any liabilities which are by their terms renewable or extendable at the option of the obligor thereon to a time more than twelve months from the time as of which the amount thereof is being computed), and (b) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles, all as set forth on the latest consolidated balance sheet of Parent prepared in accordance with Generally Accepted Accounting Principles.

"NEW PROJECT" means each new hotel - casino, casino or resort project (as opposed to any project which consists of an extension or redevelopment of an operating hotel, casino or resort) owned by Parent or its Subsidiaries having a development and construction budget in excess of \$25,000,000 which hereafter receives a certificate of completion or occupancy and all relevant gaming and other licenses, and in fact commences operations.

"NOTES" means, collectively, the Committed Advance Notes and the Competitive Advance Notes.

"OBLIGATIONS" means all present and future obligations of every kind or nature of Parent, Borrowers or any Party at any time and from time to time owed to the Creditors or any one or more of them, under any one or more of the Loan Documents, whether due or to become due, matured or unmatured, liquidated or unliquidated, or contingent or noncontingent, including obligations of performance as well as obligations of payment, and including interest that accrues after the commencement of any proceeding under any Debtor Relief Law by or against Parent, any Borrower or any Subsidiary of Parent.

"OPINIONS OF COUNSEL" means (a) the favorable written legal opinion of Parent's general counsel, and (b) the favorable written legal opinion of Latham & Watkins, special counsel to Parent and the Borrowers, substantially in the form of Exhibit G, together with copies of all factual certificates and legal opinions upon which such counsel have relied.

"OUTSTANDING OBLIGATIONS" means, as of each date of determination, and giving effect to the making of any such credit accommodations requested on that date, the sum of (i) the aggregate principal amount of the outstanding Committed Loans, plus (ii) the aggregate principal amount of the outstanding Competitive Advances, plus (iii) the Swing Line Outstandings, plus (iv) the Aggregate Effective Amount of all Letters of Credit.

"PARENT" means Harrah's Entertainment, Inc., a Delaware corporation, and its permitted successors and assigns.

"PARENT GUARANTY" means the Guaranty executed by Parent on the Closing Date with respect to the Obligations, substantially in the form of Exhibit H, either as originally executed or as it may from time to time be supplemented, modified, amended, restated or extended.

"PARTY" means any Person other than Creditors which now or hereafter is a party to any of the Loan Documents.

"PBGCC" means the Pension Benefit Guaranty Corporation or any successor thereof established under ERISA.

"PENSION PLAN" means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, which is subject to Title IV of ERISA and is maintained by Parent or any of its Subsidiaries or to which Parent or any of its Subsidiaries contributes or has an obligation to contribute.

"PERMITTED ENCUMBRANCES" means:

(a) inchoate Liens incident to construction or maintenance of Real Property; or Liens incident to construction or maintenance of Real Property now or hereafter filed of record for which adequate reserves have been set aside (or deposits made pursuant to applicable Law) and which are being contested in good faith by appropriate proceedings and have not proceeded to judgment, provided that, by reason of nonpayment of the obligations secured by such Liens, no such Real Property is subject to a material risk of loss or forfeiture;

(b) Liens for taxes and assessments on and similar charges with respect to Real Property which are not yet past due; or Liens for taxes and assessments on Real Property for which adequate reserves have been set aside and are being contested in good faith by appropriate proceedings and have not proceeded to judgment, provided that, by reason of nonpayment of the obligations secured by such Liens, no material Real Property is subject to a material risk of loss or forfeiture;

(c) defects and irregularities in title to any Real Property which in the aggregate do not materially impair the fair market value or use of the Real Property for the purposes for which it is or may reasonably be expected to be held;

(d) easements, exceptions, reservations, or other agreements for the purpose of pipelines, conduits, cables, wire communication lines, power lines and substations, streets, trails, walkways, driveways, drainage, irrigation, water, and sewerage purposes, dikes, canals, ditches, the removal of oil, gas, coal, or other minerals, and other like purposes affecting Real Property, facilities, or equipment which in the aggregate do not materially burden or impair the fair market value or use of such Real Property for the purposes for which it is or may reasonably be expected to be held;

(e) easements, exceptions, reservations, or other agreements for the purpose of facilitating the joint or common use of property which in the aggregate do not materially burden or impair the fair market value or use of such property for the purposes for which it is or may reasonably be expected to be held;

(f) rights reserved to or vested in any Governmental Agency to control or regulate, or obligations or duties to any Governmental Agency with respect to, the use of any Real Property;

(g) rights reserved to or vested in any Governmental Agency to control or regulate, or obligations or duties to any Governmental Agency with respect to, any right, power, franchise, grant, license, or permit;

(h) present or future zoning laws, building codes and ordinances, zoning restrictions, or other laws and ordinances restricting the occupancy, use, or enjoyment of Real Property;

(i) statutory Liens, other than those described in clauses (a) or (b) above, arising in the ordinary course of business with respect to obligations which are not delinquent or are being contested in good faith, provided that, if delinquent, adequate reserves have been set aside with respect thereto and, by reason of nonpayment, no property is subject to a material risk of loss or forfeiture;

(j) covenants, conditions, and restrictions affecting the use of Real Property which in the aggregate do not materially impair the fair market value or use of the Real Property for the purposes for which it is or may reasonably be expected to be held;

(k) rights of tenants under leases and rental agreements covering Real Property entered into in the ordinary course of business of the Person owning such Real Property;

(l) Liens consisting of pledges or deposits to secure obligations under workers' compensation laws or similar legislation, including Liens of judgments thereunder which are not currently dischargeable;

(m) Liens consisting of pledges or deposits of property to secure performance in connection with operating leases made in the ordinary course of business to which Parent or any of its Subsidiaries is a party as lessee, provided the aggregate value of all such pledges and deposits in connection with any such lease does not at any time exceed 20% of the annual fixed rentals payable under such lease;

(n) Liens consisting of deposits of property to secure bids made with respect to, or performance of, contracts (other than contracts creating or evidencing an extension of credit to the depositor) in the ordinary course of business;

(o) Liens consisting of any right of offset, or statutory bankers' lien, on bank deposit accounts maintained in the ordinary course of business so long as such bank deposit accounts are not established or maintained for the purpose of providing such right of offset or bankers' lien;

(p) Liens consisting of deposits of property to secure statutory obligations of Parent or any of its Subsidiaries in the ordinary course of its business;

(q) Liens consisting of deposits of property to secure (or in lieu of) surety, appeal or customs bonds in proceedings to which Parent or any of its Subsidiaries is a party in the ordinary course of business;

(r) Liens created by or resulting from any litigation or legal proceeding involving Parent or any of its Subsidiaries in the ordinary course of its business which is currently being contested in good faith by appropriate proceedings, provided that adequate reserves have been set aside and no material property is subject to a material risk of loss or forfeiture;

(s) precautionary UCC financing statement filings made in connection with operating leases and not constituting Liens; and

(t) other non-consensual Liens incurred in the ordinary course of business but not in connection with an extension of credit, which do not in the aggregate, when taken together with all other Liens, materially impair the value or use of the Property of Parent and its Subsidiaries, taken as a whole.

"PERMITTED RIGHT OF OTHERS" means a Right of Others consisting of (i) an interest (other than a legal or equitable co-ownership interest, an option or right to acquire a legal or equitable co-ownership interest and any interest of a ground lessor under a ground lease), that does not materially impair the value or use of Property for the purposes for which it is or may reasonably be expected to be held, (ii) an option or right to acquire a Lien that would be a Permitted Encumbrance, (iii) the subordination of a lease or sublease in favor of a financing entity and (iv) a license, or similar right, of or to Intangible Assets granted in the ordinary course of business.

"PERSON" means any entity, whether an individual, trustee, corporation, general partnership, limited partnership, joint stock company, trust, estate, unincorporated organization, business association, firm, joint venture, Governmental Agency, or otherwise.

"PRE-OPENING EXPENSES" means, with respect to any fiscal period, the amount of expenses (other than Interest Expense) incurred with respect to capital projects which are classified as "pre-opening expenses" on the applicable financial statements of Parent and its Subsidiaries for such period (or, with respect to periods prior to December 31, 1998, the financial statements of Rio and Showboat), prepared in accordance with Generally Accepted Accounting Principles.

"PRICING ADJUSTMENT" means, during any Pricing Period, (a) if the Total Debt Ratio as of the last day of the Fiscal Quarter ending immediately prior to the commencement of such Pricing Period was greater than 3.75 to 1.00 but less than or equal to 4.25:1.00, an increase to the Eurodollar Margin of 7.5 basis points, (b) if the Total Debt Ratio as of the last day of the Fiscal Quarter ending immediately prior to the commencement of such Pricing Period was greater than 4.25:1.00, an increase to the Eurodollar Margin of 15.0 basis points, and (c) if the Total Debt Ratio as of the last day of the Fiscal Quarter ending immediately prior to the commencement of such Pricing Period was less than 2.00:1.00, a decrease to the Eurodollar Margin of 7.5 basis points.

"PRICING LEVEL" means, for each Pricing Period, the pricing level set forth below opposite the Debt Ratings as of the first day of that Pricing Period:

MOODY'S/S&P RATING	APPLICABLE PRICING LEVEL
A-/A3 or higher	Pricing Level I
BBB+/Baa1	Pricing Level II
BBB/Baa2	Pricing Level III
BBB-/Baa3	Pricing Level IV
BB+/Ba1	Pricing Level V
BB/Ba2 or lower	Pricing Level VI

PROVIDED that if Moody's and S&P each assign Debt Ratings which are associated with different Pricing Levels in the matrix set forth above, then the applicable Pricing Level shall be the Pricing Level which is one Pricing Level higher than that associated with the lower of the two Debt Ratings.

"PRICING PERIOD" means (a) the period commencing on the Closing Date and ending on May 31, 1999, (b) each subsequent three month period commencing on each June 1, September 1, December 1 and March 1, and (c) any shorter period ending on the date upon which the Commitment is terminated.

"PROJECTIONS" means the financial projections contained in the Confidential Information Memorandum.

"PROPERTY" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"PRO RATA SHARE" means, with respect to each Lender, the percentage of the Commitment held by that Lender. The Pro Rata Share of each Lender as of the Closing Date is set forth opposite the name of that Lender on Schedule 1.1.

"QUARTERLY PAYMENT DATE" means each March 31, June 30, September 30 and December 31.

"RATING DECLINE" means the occurrence of a decrease in the Debt Rating by either Moody's or S&P to below Investment Grade on any date on or within 90 days after the date of the first public notice of (a) the occurrence of an event described in clauses (i)-(iv) of the definition of "Change in Control" or (b) the intention by any of the Parent or Borrowers to effect such an event (which 90-day period shall be extended so long as the Debt Rating is under publicly announced consideration for possible downgrade by Moody's or S&P).

"REAL PROPERTY" means, as of any date of determination, all real property then or theretofore owned, leased or occupied by Parent or any of its Subsidiaries.

"REFERENCE RATE" means the rate of interest publicly announced from time to time by Bank of America as its "reference rate" or the similar prime rate or reference rate announced by any successor Administrative Agent. Bank of America's reference rate is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the Reference Rate announced by Bank of America or any successor Administrative Agent shall take effect at the opening of business on the day specified in the public announcement of such change.

"REGULATIONS D, T, U AND X" means Regulations D, T, U and X, as at any time amended, of the Board of Governors of the Federal Reserve System, or any other regulations in substance substituted therefor.

"REQUEST FOR LETTER OF CREDIT" means a written request for a Letter of Credit substantially in the form of Exhibit I, together with any forms of application for letter of credit required by the relevant Issuing Lender therefor, in each case signed by a Responsible Official of a Borrower on

behalf of that Borrower and properly completed to provide all information required to be included therein (provided that it is understood that the terms of the Loan Documents shall govern and control in the event of any conflict between the terms of any such application and the Loan Documents).

"REQUEST FOR LOAN" means a written request for a Loan substantially in the form of Exhibit J, signed by a Responsible Official of a Borrower, on behalf of that Borrower, and properly completed to provide all information required to be included therein.

"REQUIREMENT OF LAW" means, as to any Person, the articles or certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any Law, or judgment, award, decree, writ or determination of a Governmental Agency, in each case applicable to or binding upon such Person or any of its Property or to which such Person or any of its Property is subject.

"REQUISITE LENDERS" means (a) as of any date of determination if the Commitment is then in effect, Lenders having in the aggregate 51% or more of the Commitment then in effect and (b) as of any date of determination if the Commitment has then been terminated, Lenders holding 51% of the Outstanding Obligations.

"RESPONSIBLE OFFICIAL" means when used with reference to a Person other than an individual, any corporate officer of such Person, general partner of such Person, corporate officer of a corporate general partner of such Person, or corporate officer of a corporate general partner of a partnership that is a general partner of such Person, or any other responsible official thereof duly acting on behalf thereof. Any document or certificate hereunder that is signed or executed by a Responsible Official of another Person shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such other Person.

"RIGHT OF OTHERS" means, as to any Property in which a Person has an interest, any legal or equitable ownership right, title or other interest (other than a Lien) held by any other Person in that Property, and any option or right held by any other Person to acquire any such right, title or

other interest in that Property, including any option or right to acquire a Lien; provided, however, that (a) any covenant restricting the use or disposition of Property of such Person contained in any Contractual Obligation of such Person, (b) any provision contained in a contract creating a right of payment or performance in favor of a Person that conditions, limits, restricts, diminishes, transfers or terminates such right, and (c) any residual rights held by a lessor or vendor of Property, shall not be deemed to constitute a Right of Others.

"RIO" means Rio Hotel & Casino, Inc., a Nevada Corporation, and its Subsidiaries.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw Hill, Inc., its successors and assigns.

"SALE AND LEASEBACK" means, with respect to any Person, the sale of Property owned by that Person (the "Seller") to another Person (the "Buyer"), together with the substantially concurrent leasing of such Property (or any portion thereof) by the Buyer to the Seller.

"SALE AND LEASEBACK OBLIGATION" means, with respect to any Sale and Leaseback and as of any date of determination, the present value of the aggregate monetary obligations of the lessee under the lease of the Property which is the subject of such Sale and Leaseback (discounted at the interest rate implicit in such lease, compounded annually) for the then remaining term of such lease (treating all extension options exercisable by the lessor as having been exercised, but deeming the lease terminated as of the earliest date upon which the lessee has the option to do so); provided that such monetary obligations shall exclude amounts payable in respect of maintenance, repairs, insurance, taxes, assessments, utilities and similar charges.

"SENIOR OFFICER" means Parent's and each Borrower's (a) chief executive officer, (b) president, (c) chief financial officer, (d) treasurer, (e) vice presidents or (f) secretaries.

"SHORT TERM COMMITMENTS" means the lending commitment of the lenders under the Short Term Loan Agreement.

"SHORT TERM LOAN AGREEMENT" means the 364-Day Loan Agreement of even date herewith among the Lenders party to this Agreement on the Effective Date and Bank of America National Trust and Savings Association, as Administrative Agent, as at any time amended

"SHOWBOAT" means Showboat, Inc., a Nevada corporation and its Subsidiaries.

"SIGNIFICANT SUBSIDIARY" means, as of any date of determination, each Subsidiary of Parent that had on the last day of the Fiscal Quarter then most recently ended total assets (determined in accordance with Generally Accepted Accounting Principles) of \$50,000,000 or more.

"SPECIAL EURODOLLAR CIRCUMSTANCE" means the application or adoption after the date hereof of any Law or interpretation, or any change therein or thereof, or any change in the interpretation or administration thereof by any Governmental Agency, central bank or comparable authority charged with the interpretation or administration thereof, or compliance by any Lender or its Eurodollar Lending Office with any request or directive (whether or not having the force of Law) of any such Governmental Agency, central bank or comparable authority, or the existence or occurrence of circumstances affecting the Designated Eurodollar Market generally that are beyond the reasonable control of the Lenders.

"SOLVENT" as to any Person shall mean that (a) the sum of the assets of such Person, both at a fair valuation and at present fair saleable value, exceeds its liabilities, including its probable liability in respect of contingent liabilities, (b) such Person will have sufficient capital with which to conduct its business as presently conducted and as proposed to be conducted and (c) such Person has not incurred debts, and does not intend to incur debts, beyond its ability to pay such debts as they mature. For purposes of this definition, "debt" means any liability on a claim, and "claim" means (x) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or (y) a right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured. With respect to any such contingent liabilities, such liabilities shall be computed at the amount which, in light of all the facts and circumstances existing at the time, represents the amount which can reasonably be expected to become an actual or matured liability.

"SUBORDINATED DEBT" means (a) the Existing Subordinated Debt, and (b) any other Indebtedness of Parent or the Company which is subordinated in right of payment to the Obligations pursuant to subordination provisions which are either (i) substantively no less favorable to the Lenders than the subordination provisions of the Existing Subordinated Debt, or (ii) otherwise are acceptable to the Requisite Lenders in the exercise of their sole discretion.

"SUBSIDIARY" means, as of any date of determination and with respect to any Person, any corporation or partnership (whether or not, in either case, characterized as such or as a "joint venture"), whether now existing or hereafter organized or acquired: (a) in the case of a corporation, of which a majority of the securities having ordinary voting power for the election of directors or other governing body (other than securities having such power only by reason of the happening of a contingency) are at the time beneficially owned by such Person and/or one or more Subsidiaries of such Person, or (b) in the case of a partnership, of which a majority of the partnership or other ownership interests having ordinary management power are at the time beneficially owned by such Person and/or one or more of its Subsidiaries.

"SWING LINE" means the revolving line of credit established by the Swing Line Lender in favor of Borrowers pursuant to Section 2.6.

"SWING LINE ADVANCES" means Advances made by the Swing Line Lender to any of the Borrowers pursuant to Section 2.6.

"SWING LINE DOCUMENTS" means the promissory notes and any other documents executed by Borrowers in favor of the Swing Line Lender in connection with the Swing Line.

"SWING LINE LENDER" means, when acting in such capacity, Bank of America (through its Nevada Commercial Banking Division), its successors and assigns.

"SWING LINE OUTSTANDINGS" means, as of any date of determination, the aggregate principal Indebtedness of Borrowers on all Swing Line Advances then outstanding.

"SYNDICATION AGENT" means Bankers Trust Company. Bankers Trust Company shall not have any additional rights, duties or obligations under this Agreement or the other Loan Documents by reason of its being a Syndication Agent.

"TOTAL DEBT" means, as of any date of determination, the sum (without duplication) of (a) the outstanding principal Indebtedness of Parent and its Subsidiaries for borrowed money (including debt securities issued by Parent or any of its Subsidiaries) on that date, plus (b) the aggregate amount of all Capital Lease Obligations of Parent and its Subsidiaries on that date, plus (c) all obligations in respect of letters of credit or other similar instruments for which Parent or any of its Subsidiaries are account parties or are otherwise obligated, plus (d) the aggregate amount of all Contingent Obligations and other similar contingent obligations of Parent and its Subsidiaries with respect to any of the foregoing, and plus (e) any obligations of Parent or any of its Subsidiaries to the extent that the same are secured by a Lien on any of the assets of Parent or its Subsidiaries. In computing "Total Debt," the amount of any Contingent Obligation or letter of credit shall be deemed to be zero unless and until (1) in the case of obligations in respect of letters of credit, a drawing is made with respect thereto, (2) in the case of any other Contingent Obligations, demand for payment is made with respect thereto, or (3) Parent's independent auditors have quantified the amount of Parent's and its Subsidiaries with respect to letters of credit and Contingent Obligations as liabilities on Parent's consolidated balance sheet in accordance with Generally Accepted Accounting Principles (as opposed to merely noted in the footnotes to any such balance sheet) and the amount of any such individual liability is in excess of \$50,000,000, in which case the amount thereof shall be deemed to be the amount so quantified from time to time.

"TOTAL DEBT RATIO" means, as of the last day of any Fiscal Quarter, the RATIO OF (a) Total Debt on that date, to (b) EBITDA for the four Fiscal Quarter period ending on that date.

"TYPE", when used with respect to any Loan or Advance, means the designation of whether such Loan or Advance is a Base Rate Loan or Advance, or a Eurodollar Rate Loan or Advance.

"WHOLLY-OWNED SUBSIDIARY" means, as to any Person any other Person, 100% of whose capital stock, partnership interests, membership interests or other forms of equity ownership interest (other than directors qualifying shares and similar interests) is at the time owned, directly or indirectly, by such Person.

"YEAR 2000 ISSUE" means failure of computer software, hardware and firmware systems, and equipment containing embedded computer chips, to properly receive, transmit, process, manipulate, store, retrieve, re-transmit or in any other way utilize data and information due to the occurrence of the year 2000 or the inclusion of dates on or after January 1, 2000.

1.2 USE OF DEFINED TERMS. Any defined term used in the plural shall refer to all members of the relevant class, and any defined term used in the singular shall refer to any one or more of the members of the relevant class.

1.3 ACCOUNTING TERMS. All accounting terms not specifically defined in this Agreement shall be construed in conformity with, and all financial data required to be submitted by this Agreement shall be prepared in conformity with, Generally Accepted Accounting Principles applied on a consistent basis, except as otherwise specifically prescribed herein. In the event that Generally Accepted Accounting Principles change during the term of this Agreement such that the covenants contained in Sections 6.5 and 6.6 would then be calculated in a different manner or with different components, (a) Parent, Borrowers and the Lenders agree to amend this Agreement in such respects as are necessary to conform those covenants as criteria for evaluating Parent's consolidated financial condition to substantially the same criteria as were effective prior to such change in Generally Accepted Accounting Principles and (b) Parent and Borrowers shall be deemed to be in compliance with the covenants contained in the aforesaid Sections during the 90 day period following any such change in Generally Accepted Accounting Principles if and to the extent that Parent and Borrowers would have been in compliance therewith under Generally Accepted Accounting Principles as in effect immediately prior to such change.

1.4 ROUNDING. Any financial ratios required to be maintained by Parent and Borrowers pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed in this Agreement and rounding the result up or down to the nearest number (with a round-up if there is no nearest number) to the number of places by which such ratio is expressed in this Agreement.

1.5 EXHIBITS AND SCHEDULES. All Exhibits and Schedules to this Agreement, either as originally existing or as the same may from time to time be supplemented, modified or amended, are incorporated herein by this reference. A matter disclosed on any Schedule shall be deemed disclosed on all Schedules.

1.6 MISCELLANEOUS TERMS. The term "or" is disjunctive; the term "and" is conjunctive. The term "shall" is mandatory; the term "may" is permissive. Masculine terms also apply to females; feminine terms also apply to males. The term "including" is by way of example and not limitation.

Article 2  
LOANS AND LETTERS OF CREDIT

2.1 COMMITTED LOANS-GENERAL.

(a) Subject to the terms and conditions set forth in this Agreement, at any time and from time to time from the Closing Date through and including the Maturity Date, each Lender shall, pro rata according to that Lender's Pro Rata Share of the then applicable Commitment, make Committed Advances in Dollars to Borrowers in such amounts as any Borrower may request provided that (a) giving effect to such Advances, the Outstanding Obligations shall not exceed the Commitment at any time, (b) without the consent of all of the Lenders, the aggregate principal amount of the Outstanding Obligations of Marina plus the outstanding principal amount of the loans outstanding to Marina under the Short Term Commitment shall not exceed Marina's Aggregate Sublimit at any time, and (c) without the consent of all of the Lenders, the aggregate principal amount of the

Outstanding Obligations of each Borrower hereafter designated as such pursuant to Section 2.10 PLUS the outstanding principal amount of the loans outstanding to such Borrower under the Short Term Commitment shall not exceed that Borrower's Aggregate Sublimit at any time. Subject to the limitations set forth herein, each of the Borrowers may borrow, repay and reborrow under the Commitment without premium or penalty.

(b) Subject to the next sentence, each Committed Loan shall be made pursuant to a Request for Loan executed by the relevant Borrower which shall specify the requested (i) date of such Loan, (ii) type of Loan, (iii) amount of such Loan, and (iv) in the case of a Eurodollar Rate Loan, the Eurodollar Period for such Loan. Unless the Administrative Agent has notified, in its sole and absolute discretion, Borrowers to the contrary, a Loan may be requested by telephone by a Responsible Official of any Borrower, in which case that Borrower shall confirm such request by promptly delivering a Request for Loan in person or by telecopier conforming to the preceding sentence to the Administrative Agent. The Administrative Agent shall incur no liability whatsoever hereunder in acting upon any telephonic request for loan purportedly made by a Responsible Official of a Borrower, and each Borrower hereby jointly and severally (but as between Borrowers, ratably) agrees to indemnify the Administrative Agent from any loss, cost, expense or liability as a result of so acting.

(c) Promptly following receipt of a Request for Loan, the Administrative Agent shall notify each Lender by telephone or telecopier (and if by telephone, promptly confirmed by telecopier) of the identity of the relevant Borrower, the date and type of the Loan, the applicable Eurodollar Period, and that Lender's Pro Rata Share of the Loan. Not later than 11:00 a.m., California local time, on the date specified for any Loan (which must be a Business Day), each Lender shall make its Pro Rata Share of the Committed Loan in immediately available funds available to the Administrative Agent at the Administrative Agent's Office. Upon satisfaction or waiver of the applicable conditions set forth in Article 8, all Committed Advances shall be credited on that date in immediately available funds to the Designated Deposit Account.

(d) Unless the Requisite Lenders otherwise consent, each Committed Loan shall be an integral multiple of \$1,000,000 and shall be not less than \$10,000,000.

(e) The Committed Advances made by each Lender to each Borrower shall be evidenced by a Committed Advance Note issued by that Borrower and made payable to that Lender.

(f) A Request for Loan shall be irrevocable upon the Administrative Agent's first notification thereof.

(g) If no Request for Loan (or telephonic request for loan referred to in the second sentence of Section 2.1(b), if applicable) has been made within the requisite notice periods set forth in Sections 2.2 or 2.3 in connection with a Loan which, if made and giving effect to the application of the proceeds thereof, would not increase the outstanding principal Indebtedness evidenced by the Committed Advance Notes of the relevant Borrower, then that Borrower shall be deemed to have requested, as of the date upon which the related then outstanding Loan is due pursuant to Section 3.1(f)(i), a Base Rate Loan in an amount equal to the amount necessary to cause the outstanding principal Indebtedness evidenced by its Committed Advance Notes to remain the same and the Lenders shall make the Advances necessary to make such Loan notwithstanding Sections 2.1(b), 2.2 and 2.3.

2.2 BASE RATE LOANS. Each request by a Borrower for a Base Rate Loan shall be made pursuant to a Request for Loan (or telephonic or other request for loan referred to in the second sentence of Section 2.1(b), if applicable) received by the Administrative Agent, at the Administrative Agent's Office, not later than 9:00 a.m. California local time, on the date (which must be a Business Day) of the requested Base Rate Loan. All Committed Loans shall constitute Base Rate Loans unless properly designated as a Eurodollar Rate Loan pursuant to Section 2.3.

### 2.3 EURODOLLAR RATE LOANS.

(a) Each request by a Borrower for a Eurodollar Rate Loan shall be made pursuant to a Request for Loan (or telephonic or other request for loan referred to in the second sentence of Section 2.1(b), if applicable) received by the Administrative Agent, at the Administrative Agent's Office, not later than 9:00 a.m., California local time, at least three Eurodollar Business Days before the first day of the applicable Eurodollar Period.

(b) On the date which is two Eurodollar Business Days before the first day of the applicable Eurodollar Period, the Administrative Agent shall confirm its determination of the applicable Eurodollar Rate (which determination shall be conclusive in the absence of manifest error) and promptly shall give notice of the same to Borrowers and the Lenders by telephone or telecopier (and if by telephone, promptly confirmed by telecopier).

(c) Unless the Administrative Agent and the Requisite Lenders otherwise consent, no more than twenty Eurodollar Rate Loans shall be outstanding at any one time.

(d) No Eurodollar Rate Loan may be requested during the existence of a Default or Event of Default.

(e) No Lender shall be required to obtain the funds necessary to fund its Eurodollar Rate Advances in the Designated Eurodollar Market or from any other particular source of funds, rather each Lender shall be free to obtain such funds from any legal source.

#### 2.4 LETTERS OF CREDIT.

(a) On the Closing Date, each of the Continuing Letters of Credit shall be deemed to have been issued and to be outstanding under this Agreement, and each issuer of a Continuing Letter of Credit hereby consents to the termination, concurrently with the Closing Date, of the participation therein of the lenders under the Existing Harrah's Credit Agreements.

(b) Subject to the terms and conditions hereof, at any time and from time to time from the Closing Date through the day prior to the Maturity Date, any one or more of the Borrowers may request that any one or more of the Lenders issue, as Issuing Lender, additional Letters of Credit under the Commitment (each of which shall be denominated in Dollars) by submission of a Request for Letter of Credit to such Lender (with a copy to the Administrative Agent); provided that giving effect to all such Letters of Credit, (i) the Outstanding Obligations shall not exceed the Commitment at any time, (ii) without the consent of all of the Lenders, the aggregate principal amount of the Outstanding Obligations of Marina PLUS the outstanding principal amount of the loans outstanding to Marina under the Short Term Commitment shall not exceed Marina's Aggregate Sublimit at any time, (iii) without the consent of all of the Lenders, the aggregate principal amount of the Outstanding Obligations of each Borrower hereafter designated as such pursuant to Section 2.10 PLUS the outstanding principal amount of the loans outstanding to such Borrower under the Short Term Commitment shall not exceed that Borrower's Aggregate Sublimit at any time, and (iv) the Aggregate Effective Amount under all outstanding Letters of Credit shall not exceed \$200,000,000. Each Letter of Credit shall be in a form reasonably acceptable to the relevant Issuing Lender. Unless all the Lenders otherwise consent in a writing delivered to the Administrative Agent, no Letter of Credit shall have a term which extends beyond the Maturity Date.

(c) Each Request for Letter of Credit shall be submitted to the relevant Issuing Lender, with a copy to the Administrative Agent, at least five Business Days prior to the date upon which the related Letter of Credit is proposed to be issued (or such shorter period as may be acceptable to both the relevant Issuing Lender and the Administrative Agent). The Administrative Agent shall promptly notify the relevant Issuing Lender whether such Request for Letter of Credit, and the issuance of a Letter of Credit pursuant thereto, conforms to the requirements of this Agreement. Upon issuance, amendment to or extension of a Letter of Credit, the relevant Issuing Lender shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify the Lenders, of the amount and terms thereof.

(d) On the Closing Date, each Lender shall be deemed to have purchased a pro rata participation in each Continuing Letter of Credit from the relevant Issuing Lender in an amount equal to that Lender's Pro Rata share. Upon the issuance of each other Letter of Credit, each Lender shall be deemed to have purchased a pro rata participation in such Letter of Credit from the relevant Issuing Lender in an amount equal to that Lender's Pro Rata Share. Without limiting the scope and nature of each Lender's participation in any Letter of Credit, to the extent that the relevant Issuing Lender has not been reimbursed by the Borrower which is the account party for any Letter of Credit for any payment required to be made by the relevant Issuing Lender thereunder, each Lender shall, pro rata according to its Pro Rata Share, reimburse the relevant Issuing Lender promptly upon demand for the amount of such payment. The obligation of each Lender to so reimburse the relevant Issuing Lender shall be absolute and unconditional and shall not be affected by the occurrence of an Event of Default or any other occurrence or event. Any such reimbursement shall not relieve or otherwise impair the obligation of Borrowers to reimburse the relevant Issuing Lender for the amount of any payment made by the relevant Issuing Lender under any Letter of Credit together with interest as hereinafter provided.

(e) Promptly and in any event within one Business Day following any drawing upon a Letter of Credit, the amendment or extension thereof, the Issuing Bank for that Letter of Credit shall provide notice thereof to the Administrative Agent. Each Borrower agrees to pay to the relevant Issuing Lender an amount equal to any payment made by the relevant Issuing Lender with respect to each Letter of Credit within one Business Day after demand made by the relevant Issuing Lender therefor (which demand

the relevant Issuing Lender shall make promptly and in any event shall make upon the request of the Requisite Lenders), together with interest on such amount from the date of any payment made by the relevant Issuing Lender at the rate applicable to Base Rate Loans for three Business Days and thereafter at the Default Rate. The principal amount of any such payment shall be used to reimburse the relevant Issuing Lender for the payment made by it under the Letter of Credit and, to the extent that the Lenders have not reimbursed the relevant Issuing Lender pursuant to Section 2.4(d), the interest amount of any such payment shall be for the account of the relevant Issuing Lender. Each Lender that has reimbursed the relevant Issuing Lender pursuant to Section 2.4(d) for its Pro Rata Share of any payment made by the relevant Issuing Lender under a Letter of Credit shall thereupon acquire a pro rata participation, to the extent of such reimbursement, in the claim of the relevant Issuing Lender against Borrowers for reimbursement of principal and interest under this Section 2.4(e) and shall share, in accordance with that pro rata participation, in any principal payment made by Borrowers with respect to such claim and in any interest payment made by Borrowers (but only with respect to periods subsequent to the date such Lender reimbursed the relevant Issuing Lender) with respect to such claim. The relevant Issuing Lender shall promptly make available to the Administrative Agent, which will thereupon remit to the appropriate Lenders, in immediately available funds, any amounts due to the Lenders under this Section.

(f) Each Borrower may, pursuant to a Request for Loan, request that Advances be made pursuant to Section 2.1(a) to provide funds for the payment required by Section 2.4(e) and, for this purpose, the conditions precedent set forth in Article 8 shall not apply. The proceeds of such Advances shall be paid directly by the Administrative Agent to the relevant Issuing Lender to reimburse it for the payment made by it under the Letter of Credit.

(g) If Borrowers fail to make the payment required by Section 2.4(e) within the time period therein set forth, in lieu of the reimbursement to the relevant Issuing Lender under Section 2.4(d) the relevant Issuing Lender may (but is not required to), without notice to or the consent of Borrowers, to require that the Administrative Agent request that the Lenders to make Advances under the Commitment in an aggregate amount equal to the amount paid by that Issuing Lender with respect to that

Letter of Credit and, for this purpose, the conditions precedent set forth in Article 8 shall not apply. The proceeds of such Advances shall be paid by the Administrative Agent directly to the relevant Issuing Lender to reimburse it for the payment made by it under the Letter of Credit.

(h) The issuance of any supplement, modification, amendment, renewal, or extension to or of any Letter of Credit shall be treated in all respects the same as the issuance of a new Letter of Credit.

(i) The obligation of Borrowers to pay to each Issuing Lender the amount of any payment made by that Issuing Lender under any Letter of Credit shall be absolute, unconditional, and irrevocable. Without limiting the foregoing, Borrowers' obligations shall not be affected by any of the following circumstances:

(i) any lack of validity or enforceability of the Letter of Credit, this Agreement, or any other agreement or instrument relating thereto;

(ii) any amendment or waiver of or any consent to departure from the Letter of Credit, this Agreement, or any other agreement or instrument relating thereto;

(iii) the existence of any claim, setoff, defense, or other rights which any Borrower may have at any time against any Issuing Lender or any other Creditor, any beneficiary of the Letter of Credit (or any persons or entities for whom any such beneficiary may be acting) or any other Person, whether in connection with the Letter of Credit, this Agreement, or any other agreement or instrument relating thereto, or any unrelated transactions;

(iv) any demand, statement, or any other document presented under the Letter of Credit proving to be forged, fraudulent, invalid, or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(v) payment by the relevant Issuing Lender under the Letter of Credit against presentation of a draft or any accompanying document which does not strictly comply with the terms of the Letter of Credit;

(vi) the existence, character, quality, quantity, condition, packing, value or delivery of any Property purported to be represented by documents presented in connection with any Letter of Credit or any difference between any such Property and the character, quality, quantity, condition, or value of such Property as described in such documents;

(vii) the time, place, manner, order or contents of shipments or deliveries of Property as described in documents presented in connection with any Letter of Credit or the existence, nature and extent of any insurance relative thereto;

(viii) the solvency or financial responsibility of any party issuing any documents in connection with a Letter of Credit;

(ix) any failure or delay in notice of shipments or arrival of any Property;

(x) any error in the transmission of any message relating to a Letter of Credit not caused by the relevant Issuing Lender, or any delay or interruption in any such message;

(xi) any consequence arising from acts of God, war, insurrection, civil unrest, disturbances, labor disputes, emergency conditions or other causes beyond the control of the relevant Issuing Lender;

(xii) so long as the relevant Issuing Lender in good faith determines that the contract or document appears to comply with the terms of the Letter of Credit, the form, accuracy, genuineness or legal effect of any contract or document referred to in any document submitted to the relevant Issuing Lender in connection with a Letter of Credit; and

(xiii) where the relevant Issuing Lender has acted in good faith and observed general banking usage, any other circumstances whatsoever.

(j) Each Issuing Lender shall be entitled to the protection accorded to the Administrative Agent pursuant to Section 10.6, mutatis mutandis.

## 2.5 COMPETITIVE ADVANCES.

(a) Subject to the terms and conditions hereof, at any time and from time to time from the Closing Date through and including the Maturity Date, each Lender may in its sole and absolute discretion make Competitive Advances to each Borrower pursuant to Competitive Bids accepted by that Borrower in such principal amounts as that Borrower may request pursuant to a Competitive Bid Request that do not result in the aggregate outstanding principal Indebtedness evidenced by the Competitive Advance Notes being in excess of \$200,000,000, provided that giving effect to the making of each Competitive Advance, (a) the Outstanding Obligations shall not exceed the Commitment at any time, and (b) without the consent of all of the Lenders, the aggregate principal amount of the Outstanding Obligations of Marina plus the outstanding principal amount of the loans outstanding to Marina under the Short Term Commitment shall not exceed Marina's Aggregate Sublimit at any time, and (c) without the consent of all of the Lenders, the aggregate principal amount of the Outstanding Obligations of each Borrower hereafter designated as such pursuant to Section 2.10 PLUS the outstanding principal amount of the loans outstanding to such Borrower under the Short Term Commitment shall not exceed that Borrower's Aggregate Sublimit at any time. No Competitive Advance made by any Lender shall relieve that Lender of its Pro Rata Share of the undrawn Commitment.

(b) Each Borrower shall request Competitive Advances by submitting Competitive Bid Requests to the Administrative Agent, which specify the relevant date, amount and maturity of the proposed Competitive Advance, whether the Competitive Bid requested is an Absolute Rate Bid or a Eurodollar Margin Bid. Any Competitive Bid Request made by telephone shall promptly be confirmed by the delivery to Administrative Agent in person or by telecopier of a written Competitive Bid Request. The Administrative Agent shall incur no liability whatsoever hereunder in acting upon any telephonic Competitive Bid Request purportedly made by a Responsible Official of a Borrower, and each Borrower hereby jointly and severally (but as between Borrowers, ratably) agrees to indemnify the Administrative Agent from any loss, cost, expense or liability as a result of so acting. Each Competitive Bid Request must be received by the Administrative Agent not later than 9:00 a.m., California local time, on a Business Day that is at least one Business Day prior

to the date of the proposed Competitive Advance if an Absolute Rate Bid is requested; if a Eurodollar Margin Bid is requested, it must be received by the Administrative Agent five Business Days prior to the date of the proposed Competitive Advance.

(c) Unless the Administrative Agent otherwise agrees, in its sole and absolute discretion, no Competitive Bid Request shall be made by a Borrower if any Borrower has, within the immediately preceding five Business Days, submitted another Competitive Bid Request.

(d) Each Competitive Bid Request must be made for a Competitive Advance of at least \$10,000,000 and shall be in an integral multiple of \$1,000,000.

(e) No Competitive Bid Request shall be made for a Competitive Advance with a maturity of less than 14 days or more than 180 days, or with a maturity date subsequent to the Maturity Date.

(f) The Administrative Agent shall, promptly after receipt of a Competitive Bid Request, notify the Lenders thereof by telephone and provide the Lenders a copy thereof by telecopier. Any Lender may, by written notice to the Administrative Agent, advise the Administrative Agent that it elects not to be so notified of Competitive Bid Requests, in which case the Administrative Agent shall not notify such Lender of the Competitive Bid Request.

(g) Each Lender receiving a Competitive Bid Request may, in its sole and absolute discretion, make or not make a Competitive Bid responsive to the Competitive Bid Request. Each Competitive Bid shall be submitted to the Administrative Agent not later than 7:30 a.m. (or, in the case of the Lender which is also the Administrative Agent, submitted to the Borrower not later than 7:15 a.m.) California local time, in the case of a Eurodollar Margin Bid, on the date which is four (4) Business Days prior to the requested Competitive Advance and, in the case of an Absolute Rate Bid, on the date of the requested Competitive Advance. Any Competitive Bid received by the Administrative Agent after 7:30 a.m. (or 7:15 a.m. in the case of the Lender which is also the Administrative Agent) on such date shall be disregarded for purposes of this Agreement. Any Competitive Bid made by telephone shall promptly be confirmed by the delivery to the Administrative Agent in person or by telecopier of a written Competitive Bid. The Administrative Agent shall incur no

liability whatsoever hereunder in acting upon any telephonic Competitive Bid purportedly made by a Responsible Official of a Lender, each of which hereby agrees to indemnify the Administrative Agent from any loss, cost, expense or liability as a result of so acting with respect to that Lender.

(h) Each Competitive Bid shall specify the fixed interest rate or the margin over the Eurodollar Quoted Rate, as applicable, for the offered Maximum Competitive Advance set forth in the Competitive Bid. The Maximum Competitive Advance offered by a Lender in a Competitive Bid may be less than the Competitive Advance requested in the Competitive Bid Request, but, if so, shall be an integral multiple of \$1,000,000. Any Competitive Bid which offers an interest rate other than a fixed interest rate or a margin over the Eurodollar Quoted Rate, is in a form other than set forth in Exhibit D or which otherwise contains any term, condition or provision not contained in the Competitive Bid Request shall be disregarded for purposes of this Agreement. A Competitive Bid once submitted to the Administrative Agent shall be irrevocable until 8:30 a.m. California local time, in the case of a Eurodollar Margin Bid, on the date which is three Business Days prior to the requested Competitive Advance and, in the case of an Absolute Rate Bid, on the date of the proposed Competitive Advance set forth in the related Competitive Bid Request, and shall expire by its terms at such time unless accepted by the relevant Borrower prior thereto.

(i) Promptly after 7:30 a.m. California local time, in the case of a Eurodollar Margin Bid, on the date which is four Business Days prior to the date of the proposed Competitive Advance and, in the case of an Absolute Rate Bid, on the date of the proposed Competitive Advance, the Administrative Agent shall notify Borrowers of the names of the Lenders providing Competitive Bids to the Administrative Agent at or before 7:30 a.m. on that date (or 7:15 a.m. in the case of the Lender which is also the Administrative Agent) and the Maximum Competitive Advance and fixed interest rate or margin over the Eurodollar Quoted Rate set forth by each such Lender in its Competitive Bid. The Administrative Agent shall promptly confirm such notification in writing delivered in person or by telecopier to Borrowers.

(j) Each Borrower may, in its sole and absolute discretion, reject any or all of the Competitive Bids. If a Borrower accepts any Competitive Bid, the following shall apply: (a) the relevant Borrower must accept all Absolute Rate Bids at all lower fixed interest rates before accepting any portion of an Absolute Rate Bid at a higher fixed interest rate, (b) the

relevant Borrower must accept all Eurodollar Margin Bids at all lower margins over the Eurodollar Quoted Rate before accepting any portion of a Eurodollar Margin Bid at a higher margin over the Eurodollar Quoted Rate, (c) if two or more Lenders have submitted a Competitive Bid at the same fixed interest rate or margin, then the relevant Borrower must accept either all of such Competitive Bids or accept such Competitive Bids in the same proportion as the Maximum Competitive Advance of each Lender bears to the aggregate Maximum Competitive Advances of all such Lenders, and (d) the relevant Borrower may not accept Competitive Bids for an aggregate amount in excess of the requested Competitive Advance set forth in the Competitive Bid Request. Acceptance by a Borrower of a Eurodollar Margin Rate Bid must be made prior to 8:30 a.m., California local time, on the date which is three Business Days prior to the requested Competitive Advance and acceptance by a Borrower of an Absolute Rate Bid must be made prior to 8:30 a.m. on the date of the requested Competitive Advance. Acceptance of a Competitive Bid by a Borrower shall be irrevocable upon communication thereof to the Administrative Agent. The Administrative Agent shall promptly notify each of the Lenders whose Competitive Bid has been accepted by a Borrower by telephone, which notification shall promptly be confirmed in writing delivered in person or by telecopier to such Lenders. Any Competitive Bid not accepted by a Borrower by 8:30 a.m., in the case of a Eurodollar Margin Bid, on the date which is three Business Days prior to the proposed Competitive Advance or, in the case of an Absolute Rate Bid, on the date of the proposed Competitive Bid, shall be deemed rejected.

(k) In the case of Eurodollar Margin Bids, the Administrative Agent shall determine the Eurodollar Quoted Rate (as the case may be) on the date which is two Eurodollar Business Days prior to the date of the proposed Competitive Advance, and shall promptly thereafter notify Borrowers and the Lenders whose Competitive Bids were accepted by a Borrower of such Eurodollar Quoted Rate.

(l) A Lender whose Competitive Bid has been accepted by a Borrower shall make the Competitive Advance in accordance with the Competitive Bid Request and with its Competitive Bid, subject to the applicable conditions set forth in this Agreement by making funds immediately available to the Administrative Agent at the Administrative Agent's Office in the amount of such Competitive Advance not later than 12:00 noon, California local time, on the date set forth in the Competitive Bid Request. The Administrative Agent shall then promptly credit the Competitive Advance in immediately available funds to the Designated Deposit Account.

(m) The Administrative Agent shall notify Borrowers and the Lenders promptly after any Competitive Advance is made of the amounts and maturity of such Competitive Advances and the identity of the Lenders making such Competitive Advances.

(n) The Competitive Advances made by a Lender to each Borrower shall be evidenced by that Lender's Competitive Advance Note issued by that Borrower.

2.6 SWING LINE. (a) The Swing Line Lender shall from time to time from the Closing Date through the Business Day prior to the Maturity Date make Swing Line Advances in Dollars to any Borrower in such amounts as that Borrower may request, provided that (i) after giving effect to such Swing Line Advance, the Swing Line Outstandings shall not exceed \$50,000,000, (ii) after giving effect to such Swing Line Advance, the Outstanding Obligations shall not exceed the Commitment at any time, (iii) without the consent of all of the Lenders, no Swing Line Advance may be made during the continuation of any Default or Event of Default, (iv) without the consent of all of the Lenders, the aggregate principal amount of the Outstanding Obligations of Marina and of each other Borrower designated as such in accordance with Section 2.10 shall not exceed the Aggregate Sublimit for that Borrower at any time, and (v) the Swing Line Lender has not given at least twenty-four hours prior notice to the Parent that availability under the Swing Line is suspended or terminated. Borrowers may borrow, repay and reborrow under this Section. Unless notified to the contrary by the Swing Line Lender, borrowings under the Swing Line may be made in amounts which are integral multiples of \$100,000 upon telephonic request by a Responsible Official of any Borrower made to the Administrative Agent not later than 1:00 p.m., California time, on the Business Day of the requested Swing Line Advance (which telephonic request shall be promptly confirmed in writing by telecopier). Promptly after receipt of such a request for a Swing Line Advance, the Administrative Agent shall provide telephonic verification to the Swing Line Lender that, after giving effect to such request, the Outstanding Obligations shall not exceed the Commitment (and such verification shall be promptly confirmed in writing by telecopier). Unless the Swing Line Lender otherwise agrees, each repayment of a Swing Line Advance shall be in an amount which is an integral multiple of \$100,000. If a Borrower instructs the Swing Line Lender to debit its demand deposit account at the Swing Line Lender in the amount of any payment with respect to a Swing Line Advance, or the Swing Line Lender otherwise receives

repayment, after 3:00 p.m., California time, on a Business Day, such payment shall be deemed received on the next Business Day. The Swing Line Lender shall promptly notify the Administrative Agent of the Swing Loan Outstandings each time there is a change therein.

(b) Swing Line Advances shall bear interest at a fluctuating rate per annum equal to that applicable from time to time for Base Rate Loans. Interest shall be payable on such dates, not more frequent than monthly, as may be specified by the Swing Line Lender and in any event on the Maturity Date. The Swing Line Lender shall be responsible for submitting invoices to the Borrowers for such interest. The interest payable on Swing Line Advances shall be solely for the account of the Swing Line Lender unless and until the Lenders fund their participations therein pursuant to clause (d) of this Section.

(c) The Swing Line Advances shall be payable on demand made by the Swing Line Lender and in any event on the Maturity Date.

(d) Upon the making of a Swing Line Advance, each Lender shall be deemed to have purchased from the Swing Line Lender a participation therein in an amount equal to that Lender's Pro Rata Share times the amount of the Swing Line Advance. Upon demand made by the Swing Line Lender, each Lender shall, according to its Pro Rata Share, promptly provide to the Swing Line Lender its purchase price therefor in an amount equal to its participation therein. The obligation of each Lender to so provide its purchase price to the Swing Line Lender shall be absolute and unconditional (except only demand made by the Swing Line Lender) and shall not be affected by the occurrence of a Default or Event of Default; provided that no Lender shall be obligated to purchase its Pro Rata Share of (i) Swing Line Advances to the extent that Swing Line Outstandings are in excess of \$10,000,000 and (ii) any Swing Line Advance made (absent the consent of all of the Lenders) when the Swing Line Lender has written notice that a Default or Event of Default has occurred and such Default or Event of Default remains continuing. Each Lender that has provided to the Swing Line Lender the purchase price due for its participation in Swing Line Advances shall thereupon acquire a pro rata participation, to the extent of such payment, in the claim of the Swing Line Lender against Borrowers for principal and interest and shall share, in accordance with that pro rata participation, in any principal payment made by Borrowers with respect to such claim and in any interest payment made by Borrowers (but only with respect to periods subsequent to the date such Lender paid the Swing Line Lender its purchase price) with respect to such claim.

(e) In the event that the Swing Line Outstandings are in excess of \$10,000,000 on ten consecutive Business Days then, on the next Business Day (unless the relevant Borrower has made other arrangements acceptable to the Swing Line Lender to reduce the Swing Line Outstandings below \$10,000,000) that Borrower shall request a Committed Loan in an amount sufficient to reduce the Swing Line Outstandings below \$10,000,000. In addition, upon any demand for payment of the Swing Line Outstandings by the Swing Line Lender (unless Borrowers have made other arrangements acceptable to the Swing Line Lender to reduce the Swing Line Outstandings to \$0), the relevant Borrower shall request a Committed Loan in an amount sufficient to repay all Swing Line Outstandings (and, for this purpose, Section 2.1(d) shall not apply). In each case, the Administrative Agent shall automatically provide the responsive Advances made by each Lender to the Swing Line Lender (which the Swing Line Lender shall then apply to the Swing Line Outstandings). In the event that any Borrower fails to request a Loan within the time specified by Section 2.2 on any such date, the Administrative Agent may, but shall not be required to, without notice to or the consent of Borrowers, cause Advances to be made by the Lenders to that Borrower under the Commitment in amounts which are sufficient to reduce the Swing Line Outstandings as required above. The conditions precedent set forth in Article 8 shall not apply to Advances to be made by the Lenders pursuant to the three preceding sentences. The proceeds of such Advances shall be paid by the Administrative Agent directly to the Swing Line Lender for application to the Swing Line Outstandings.

#### 2.7 VOLUNTARY INCREASE TO THE COMMITMENT.

(a) Provided that no Default or Event of Default then exists, during the one year period following the Closing Date, Parent and the Borrowers may, upon at least 30 days notice to the Administrative Agent (which shall promptly provide a copy of such notice to the Lenders), propose to ratably increase the aggregate amount of the Commitment and the Short Term Commitment by an aggregate amount not to exceed \$300,000,000 (the amount of any such ratable increase of the Commitment being referred to as the "Increased Commitment"). Each Lender party to this Agreement at such time shall have the right (but no obligation), for a period of 15 days following receipt of such notice, to elect by notice to Parent and the Borrowers and the Administrative Agent to increase its Commitment by a principal amount which

bears the same ratio to the Increased Commitments as its then Commitment bears to the aggregate Commitments then existing. Each Lender which fails to respond to any such request shall be conclusively deemed to have refused to consent to an increase in its Commitment.

(b) If any Lender party to this Agreement shall not elect to increase its Commitment pursuant to clause (a) of this Section, Parent and the Borrowers may designate another Person which qualifies as an Eligible Assignee (which may be, but need not be, one or more of the existing Lenders) which at the time agrees to (i) in the case of any such Person that is an existing Lender, increase its Commitment and (ii) in the case of any other such Person (an "Additional Lender"), become a party to this Agreement. The sum of the increases in the Commitments of the existing Lenders pursuant to this clause (b) plus the Commitments of the Additional Lenders shall not in the aggregate exceed the unsubscribed amount of the Increased Commitments.

(c) An increase in the aggregate amount of the Commitments pursuant to this Section shall become effective upon the receipt by the Administrative Agent of an agreement in form and substance satisfactory to the Administrative Agent signed by the Parent and the Borrowers, by each Additional Lender and by each other Lender whose Commitment is to be increased, setting forth the new Commitments of such Lenders and setting forth the agreement of each Additional Lender to become a party to this Agreement and to be bound by all the terms and provisions hereof, together with such evidence of appropriate corporate authorization on the part of Parent and the Borrowers and the Additional Lenders with respect to the Increased Commitments as the Administrative Agent may reasonably request.

2.8 VOLUNTARY REDUCTION OF COMMITMENT. Borrowers shall have the right, at any time and from time to time, without penalty or charge, upon at least three Business Days prior written notice to the Administrative Agent, voluntarily to reduce or to terminate, permanently and irrevocably, in aggregate principal amounts in an integral multiple of \$1,000,000 but not less than \$10,000,000, all or a portion of the then undisbursed portion of the Commitment, provided that any such reduction or termination shall be accompanied by payment of all accrued and unpaid commitment fees with respect to the portion of the Commitment being reduced or terminated. The Administrative Agent shall promptly notify the Lenders of any reduction of the Commitment under this Section.

2.9 OPTIONAL TERMINATION OF COMMITMENT. Following the occurrence of a Change in Control, the Requisite Lenders may in their sole and absolute discretion elect, during the sixty day period immediately subsequent to the LATER OF (a) such occurrence and (b) the earlier of (i) receipt of Borrowers' written notice to the Administrative Agent of such occurrence and (ii) if no such notice has been received by the Administrative Agent, the date upon which the Administrative Agent and the Lenders have actual knowledge thereof, to terminate the Commitment. In any such case the Commitment shall be terminated effective on the date which is sixty days subsequent to the date of written notice from the Administrative Agent to Borrowers thereof, and (i) to the extent that there are then any Obligations outstanding, the same shall be immediately due and payable, and (ii) to the extent that any Letters of Credit are then outstanding, Borrowers shall provide cash collateral for the same.

2.10 ADDITIONAL BORROWERS. From time to time following the Closing Date and when no Default or Event of Default exists, Parent, Company and Marina (and each other Borrower then a party to this Agreement) may jointly designate one or more additional Wholly-Owned Subsidiaries as additional co-borrowers under this Agreement in accordance with the provisions of this Section. Prior to the effectiveness of any such designation each such additional Borrower shall have duly authorized, executed and delivered to the Administrative Agent each of the following:

(a) an Election to Become a Borrower, setting forth the proposed Aggregate Sublimit for that Borrower, together with such other documents, certificates, resolutions, opinions and other assurances as the Administrative Agent may reasonably require in connection therewith; and

(b) Competitive Advance Notes, Committed Advance Notes and Swing Line Documents;

Promptly following the submission of the foregoing documents, the Administrative Agent shall inform the Lenders of the proposed designation and the proposed Aggregate Sublimit. Unless the Requisite Lenders have objected in writing to the proposed designee or Aggregate Sublimit within ten Business Days following such notice from the Administrative Agent (which objection may be in the sole discretion of each Lender), the Administrative Agent shall notify the Borrowers that the appointment is accepted, whereupon the proposed new Borrower shall be a Borrower for all purposes of this Agreement, with the Aggregate Sublimit set forth in its Election to Become a Borrower.

2.11 ADMINISTRATIVE AGENT'S RIGHT TO ASSUME FUNDS AVAILABLE FOR ADVANCES. Unless the Administrative Agent shall have been notified by any Lender no later than the Business Day prior to the funding by the Administrative Agent of any Loan that such Lender does not intend to make available to the Administrative Agent such Lender's portion of the total amount of such Loan, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on the date of the Loan and the Administrative Agent may, in reliance upon such assumption, make available to the relevant Borrower a corresponding amount. If the Administrative Agent has made funds available to a Borrower based on such assumption and such corresponding amount is not in fact made available to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent promptly shall notify Borrowers and the relevant Borrower shall pay such corresponding amount to the Administrative Agent. The Administrative Agent also shall be entitled to recover from such Lender interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to that Borrower to the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to the daily Federal Funds Rate. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its share of the Commitment or to prejudice any rights which the Administrative Agent or Borrowers may have against any Lender as a result of any default by such Lender hereunder.

2.12 EXTENSION OF THE MATURITY DATE. The Maturity Date may be extended for 364 day periods at the request of the Parent and with the written consent of all of the Lenders (which may be withheld in the sole and absolute discretion of each Lender) pursuant to this Section. Not earlier than January 15 of each year, nor later than March 15 of each year, the Parent and the Borrowers may deliver to the Administrative Agent and the Lenders a written request for a 364 day extension of the Maturity Date together with a Certificate of a Responsible Official signed by a Senior Officer on behalf of Parent and each Borrower stating that the representations and warranties contained in Article 4 (other than (i) representations and warranties which expressly speak as of a particular date or are no longer true and correct as a result of a change which is

not a violation of this Agreement, (ii) as otherwise disclosed by the Parent and the Borrowers and approved in writing by the Requisite Lenders and (iii) Sections 4.4(a), 4.6 (first sentence), and 4.15) shall be true and correct on and as of the date of such Certificate. Each Lender shall notify the Administrative Agent within 30 days following its receipt of such a Certificate whether (in its sole and absolute discretion) it consents to such request and the Administrative Agent shall, after receiving the notifications from all of the Lenders or the expiration of such period, whichever is earlier, notify Parent and the Borrowers and the Lenders of the results thereof. If all of the Lenders have consented, then the Maturity Date shall, effective on the then-current Maturity Date, be extended for 364 days from the then current Maturity Date.

If Lenders holding at least 66 2/3% of the Commitment consent to the request for extension, but one or more Lenders (each a "Non-Consenting Lender") notify the Administrative Agent that it will not consent to the request for extension (or fail to notify the Managing Agent in writing of its consent within the required period), Parent and the Borrowers may (i) cause such Non-Consenting Lender to be removed as a Lender under this Agreement pursuant to Section 11.14(a), (ii) voluntarily terminate the Pro Rata Share of Non-Consenting Lender in accordance with Section 11.14(b), or (iii) utilize a combination of the procedures described in clauses (i) and (ii) of this Section. If such removal is accomplished by assignment to an Eligible Assignee which has consented to the requested extension, then the request for extension shall be granted with the effect as set forth above. If such removal is accomplished by a voluntary reduction of the Commitment, then the Administrative Agent shall notify all of the Lenders in writing thereof.

Article 3  
PAYMENTS AND FEES

3.1 PRINCIPAL AND INTEREST.

(a) Interest shall be payable on the outstanding daily unpaid principal amount of each Advance from the date thereof until payment in full is made and shall accrue and be payable at the rates set forth or provided for herein before and after default, before and after maturity, before and after judgment,

and before and after the commencement of any proceeding under any Debtor Relief Law, with interest on overdue interest to bear interest at the Default Rate to the fullest extent permitted by applicable Laws.

(b) Interest accrued on each Base Rate Loan on each Quarterly Payment Date, and on the date of any prepayment of the Committed Advance Notes pursuant to Section 3.1(g), shall be due and payable on that day. Except as otherwise provided in Section 3.9, the unpaid principal amount of any Base Rate Loan shall bear interest at a fluctuating rate per annum equal to the Base Rate. Each change in the interest rate under this Section 3.1(b) due to a change in the Base Rate shall take effect simultaneously with the corresponding change in the Base Rate.

(c) Interest accrued on each Eurodollar Rate Loan having a Eurodollar Period of three months or less shall be due and payable on the last day of the related Eurodollar Period. Interest accrued on each other Eurodollar Rate Loan shall be due and payable on the date which is three months after the date such Eurodollar Rate Loan was made (and, in the event that all of the Lenders have approved a Eurodollar Period of longer than 6 months, every three months thereafter through the last day of the Eurodollar Period) and on the last day of the related Eurodollar Period. Except as otherwise provided in Sections 3.1(d) and 3.9, the unpaid principal amount of any Eurodollar Rate Loan shall bear interest at a rate per annum equal to the Eurodollar Rate for that Eurodollar Rate Loan PLUS the Eurodollar Margin.

(d) During the existence of a Default or Event of Default, the Requisite Lenders may determine that any or all then outstanding Eurodollar Rate Loans shall be converted to Base Rate Loans. Such conversion shall be effective upon notice to Borrowers from the Requisite Lenders (or from the Administrative Agent on behalf of the Requisite Lenders) and shall continue so long as such Default or Event of Default continues to exist.

(e) Interest accrued on each Competitive Advance shall be due and payable on the maturity date of the Competitive Advance. Except as otherwise provided in Section 3.9, the unpaid principal amount of each Competitive Advance shall bear interest at the fixed interest rate or the margin over the Eurodollar Quoted Rate specified in the related Competitive Bid.

(f) If not sooner paid, the principal Indebtedness evidenced by the Notes shall be payable as follows:

(i) the principal amount of each Eurodollar Rate Loan shall be payable on the last day of the Eurodollar Period for such Loan;

(ii) the principal amount of each Competitive Advance shall be payable on the maturity date specified in the related Competitive Bid;

(iii) the amount, if any, by which the Outstanding Obligations at any time exceed the Commitment shall be payable immediately, and shall be applied to the Committed Advance Notes; and

(iv) the principal Indebtedness evidenced by the Committed Advance Notes shall in any event be payable on the Maturity Date.

(g) The Committed Advance Notes may, at any time and from time to time, voluntarily be paid or prepaid in whole or in part without premium or penalty, except that with respect to any voluntary prepayment under this Section 3.1(g), (i) any partial prepayment shall be in an integral multiple of \$1,000,000 but not less than \$10,000,000, (ii) the Administrative Agent shall have received written notice of any prepayment by 9:00 a.m., California local time on a Business Day on the date of prepayment in the case of a Base Rate Loan, and three Business Days, in the case of a Eurodollar Rate Loan, before the date of prepayment, which notice shall identify the date and amount of the prepayment and the Loan(s) being prepaid, (iii) each prepayment of principal shall be accompanied by payment of interest accrued to the date of payment on the amount of principal paid and (iv) any payment or prepayment of all or any part of any Eurodollar Rate Loan on a day other than the last day of the applicable Eurodollar Period shall be subject to Section 3.8(d).

(h) No Competitive Advance Note may be prepaid without the prior written consent of the Lender making such Competitive Advance.

3.2 ARRANGEMENT FEE. On the Closing Date, Parent and the Borrowers shall pay to the Administrative Agent, for the sole account of the Arranger, an arrangement fee in the amount heretofore agreed upon by letter agreement among Parent, the Borrowers and the Arranger. Such arrangement fee is for the services of the Arranger in arranging the credit facilities under this Agreement and is fully earned when paid. The arrangement fee is earned as of the date hereof and is nonrefundable.

3.3 UPFRONT FEES. On the Closing Date, Parent and the Borrowers shall pay to the Administrative Agent, for the respective accounts of the Lenders, upfront fees in the respective amounts set forth in a writing addressed to that Lender by the Lead Arranger. Such fees are for the credit facility committed by each Lender under this Agreement and are fully earned when paid. The upfront fees paid to each Lender are solely for its own account and are nonrefundable.

3.4 FACILITY FEES. On the last day of each Pricing Period, Borrowers shall pay to the Administrative Agent, for the respective accounts of the Lenders, pro rata according to their Pro Rata Share, a facility fee equal to (a) the Facility Fee Rate per annum for that Pricing Period times (b) the average daily amount by of the Commitment (whether drawn or undrawn) during that Pricing Period.

3.5 LETTER OF CREDIT FEES. Concurrently with the issuance of each Letter of Credit, Borrowers shall pay a letter of credit issuance fee to the relevant Issuing Lender, for the sole account of that Issuing Lender, in an amount set forth in a letter agreement between the Parent and each Issuing Lender. Each letter of credit issuance fee is nonrefundable. On each Quarterly Payment Date and on the Maturity Date, Borrowers shall also pay to the Administrative Agent in arrears, for the ratable account of the Lenders in accordance with their Pro Rata Share, letter of credit fees in an amount equal to the Letter of Credit Fee per annum times the average daily Aggregate Effective Amount of all Letters of Credit for the period from the Closing Date or the most recent Quarterly Payment Date.

3.6 AGENCY FEES. Borrowers shall pay to the Administrative Agent an agency fee in such amounts and at such times as heretofore agreed upon by letter agreement among Parent, the Borrowers and the Administrative Agent. The agency fee is for the services to be performed by the Administrative Agent in acting as Administrative Agent and is fully earned on the date paid. The agency fee paid to the Administrative Agent is solely for its own account and is nonrefundable.

3.7 INCREASED COMMITMENT COSTS. If any Lender shall determine that the introduction after the Closing Date of any applicable law, rule, regulation or guideline regarding capital adequacy, or any change therein or any change in the interpretation or administration thereof by any central bank or other Governmental Agency charged with the interpretation or administration thereof, or compliance by such Lender (or its Eurodollar Lending Office) or any corporation controlling the Lender, with any request, guidelines or directive regarding capital adequacy (whether or not having the force of law) of any such central bank or other authority, affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy and such Lender's desired return on capital) determines that the amount of such capital is increased, or the rate of return on capital is reduced, as a consequence of its obligations under this Agreement, then such Lender shall promptly give notice to the Borrowers and the Agent of such determination. Thereafter, the Borrowers shall pay to such Lender, within five Business Days following written demand therefor (setting forth the additional amounts owed to such Lender and the basis of the calculation thereof in reasonable detail), additional amounts sufficient to compensate such Lender in light of such circumstances, to the extent reasonably allocable to such obligations under this Agreement. Each Lender shall afford treatment to Borrowers under this Section which is substantially similar to that which such Lender affords to its other similarly situated customers.

3.8 EURODOLLAR COSTS AND RELATED MATTERS.

(a) If, after the date hereof, the existence or occurrence of any Special Eurodollar Circumstance shall:

(1) subject any Lender or its Eurodollar Lending Office to any tax, duty or other charge or cost with respect to any Eurodollar Rate Advance, any of its Notes evidencing Eurodollar Rate Loans or its obligation to make Eurodollar Rate Advances, or shall change the basis of taxation of payments to any Lender of the principal of or interest on any Eurodollar Rate Advance or any other amounts due under this Agreement in respect of any Eurodollar Rate Advance, any of its

Notes evidencing Eurodollar Rate Loans or its obligation to make Eurodollar Rate Advances, excluding, with respect to each Creditor, and any Affiliate or Eurodollar Lending Office thereof, (i) taxes imposed on or measured in whole or in part by its net income or capital and franchise taxes imposed on it, (ii) any withholding taxes or other taxes based on net income (other than withholding taxes and taxes based on net income resulting from or attributable to any change in any law, rule or regulation or any change in the interpretation or administration of any law, rule or regulation by any Governmental Agency) or (iii) any withholding taxes or other taxes based on net income for any period with respect to which it has failed to provide Borrowers with the appropriate form or forms required by Section 11.21, to the extent such forms are then required by applicable Laws;

(2) impose, modify or deem applicable any reserve not applicable or deemed applicable on the date hereof (including, without limitation, any reserve imposed by the Board of Governors of the Federal Reserve System, but excluding the Eurodollar Reserve Percentage taken into account in calculating the Eurodollar Rate), special deposit, capital or similar requirements against assets of, deposits with or for the account of, or credit extended by, any Lender or its Eurodollar Lending Office; or

(3) impose on any Lender or its Eurodollar Lending Office or the Designated Eurodollar Market any other condition materially affecting any Eurodollar Rate Advance, any of its Notes evidencing Eurodollar Rate Loans, its obligation to make Eurodollar Rate Advances or this Agreement, or shall otherwise materially affect any of the same;

and the result of any of the foregoing, as determined by such Lender, increases the cost to such Lender or its Eurodollar Lending Office of making or maintaining any Eurodollar Rate Advance or in respect of any Eurodollar Rate Advance, any of its Notes evidencing Eurodollar Rate Loans or its obligation to make Eurodollar Rate Advances or reduces the amount of any sum received or receivable by such Lender or its Eurodollar Lending Office with respect to any Eurodollar Rate Advance, any of its Notes evidencing Eurodollar Rate Loans or its obligation to make Eurodollar Rate Advances (assuming such Lender's Eurodollar Lending Office had funded 100% of its Eurodollar Rate Advance in

the Designated Eurodollar Market), then, provided that such Lender makes demand upon Borrowers (with a copy to the Administrative Agent) within 90 days following the date upon which it becomes aware of any such event or circumstance, Borrowers shall within five Business Days pay to such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduction (determined as though such Lender's Eurodollar Lending Office had funded 100% of its Eurodollar Rate Advance in the Designated Eurodollar Market). Each of the Borrowers hereby jointly and severally (but as between Borrowers, ratably) indemnifies each Lender against, and agrees to hold each Lender harmless from and reimburse such Lender within five Business Days after demand for (without duplication) all costs, expenses, claims, penalties, liabilities, losses, legal fees and damages incurred or sustained by each Lender in connection with this Agreement, or any of the rights, obligations or transactions provided for or contemplated herein, as a result of the existence or occurrence of any Special Eurodollar Circumstance. A statement of any Lender claiming compensation under this clause and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. Each Lender agrees to endeavor promptly to notify Borrowers of any event of which it has actual knowledge, occurring after the Closing Date, which will entitle such Lender to compensation pursuant to this Section and agrees to designate a different Eurodollar Lending Office if such designation will avoid the need for or reduce the amount of such compensation and will not, in the judgment of such Lender, otherwise be materially disadvantageous to such Lender. If any Lender claims compensation under this Section, Borrowers may at any time, upon at least four Eurodollar Business Days' prior notice to the Administrative Agent and such Lender and upon payment in full of the amounts provided for in this Section through the date of such payment PLUS any prepayment fee required by Section 3.8(d), pay in full the affected Eurodollar Rate Advances of such Lender or request that such Eurodollar Rate Advances be converted to Base Rate Advances. To the extent that any Lender which receives any payment from Borrowers under this Section later receives any funds which are identifiable as a reimbursement or rebate of such amount from any other Person, such Lender shall promptly refund such amount to Borrowers.

(b) If the existence or occurrence of any Special Eurodollar Circumstance shall, in the opinion of any Lender, make it unlawful, impossible or impracticable for such Lender or its Eurodollar Lending Office to make, maintain or fund its portion of any Eurodollar Rate Loan, or materially restrict the authority

of such Lender to purchase or sell, or to take deposits of, Dollars in the Designated Eurodollar Market, or to determine or charge interest rates based upon the Eurodollar Rate, and such Lender shall so notify the Administrative Agent, then such Lender's obligation to make Eurodollar Rate Advances shall be suspended for the duration of such illegality, impossibility or impracticability and the Administrative Agent forthwith shall give notice thereof to the other Lenders and Borrowers. Upon receipt of such notice, the outstanding principal amount of such Lender's Eurodollar Rate Advances, together with accrued interest thereon, automatically shall be converted to Base Rate Advances on either (1) the last day of the Eurodollar Period(s) applicable to such Eurodollar Rate Advances if such Lender may lawfully continue to maintain and fund such Eurodollar Rate Advances to such day(s) or (2) immediately if such Lender may not lawfully continue to fund and maintain such Eurodollar Rate Advances to such day(s), PROVIDED that in such event the conversion shall not be subject to payment of a prepayment fee under Section 3.8(d). Each Lender agrees to endeavor promptly to notify Borrowers of any event of which it has actual knowledge, occurring after the Closing Date, which will cause that Lender to notify the Administrative Agent under this Section 3.8(b), and agrees to designate a different Eurodollar Lending Office if such designation will avoid the need for such notice and will not, in the judgment of such Lender, otherwise be disadvantageous to such Lender. In the event that any Lender is unable, for the reasons set forth above, to make, maintain or fund its portion of any Eurodollar Rate Loan, such Lender shall fund such amount as a Base Rate Advance for the same period of time, and such amount shall be treated in all respects as a Base Rate Advance. Any Lender whose obligation to make Eurodollar Rate Advances has been suspended under this Section 3.8(b) shall promptly notify the Administrative Agent and Borrowers of the cessation of the Special Eurodollar Circumstance which gave rise to such suspension.

(c) If, with respect to any proposed Eurodollar Rate Loan:

(1) the Administrative Agent reasonably determines that, by reason of circumstances affecting the Designated Eurodollar Market generally that are beyond the reasonable control of the Lenders, deposits in Dollars (in the applicable amounts) are not being offered to any Lender in the Designated Eurodollar Market for the applicable Eurodollar Period; or

(2) the Requisite Lenders advise the Administrative Agent that the Eurodollar Rate as determined by the Administrative Agent (i) does not represent the effective pricing to such Lenders for deposits in Dollars in the Designated Eurodollar Market in the relevant amount for the applicable Eurodollar Period, or (ii) will not adequately and fairly reflect the cost to such Lenders of making the applicable Eurodollar Rate Advances;

then the Administrative Agent forthwith shall give notice thereof to Borrowers and the Lenders, whereupon until the Administrative Agent notifies Borrowers that the circumstances giving rise to such suspension no longer exist, the obligation of the Lenders to make any future Eurodollar Rate Advances shall be suspended. If at the time of such notice there is then pending a Request for Loan that specifies a Eurodollar Rate Loan, such Request for Loan shall be deemed to specify a Base Rate Loan.

(d) Upon payment or prepayment of any Eurodollar Rate Advance, (OTHER THAN as the result of a conversion required under Section 3.1(d) or 3.8(b)), on a day other than the last day in the applicable Eurodollar Period (whether voluntarily, involuntarily, by reason of acceleration, or otherwise), or upon the failure of any Borrower (for a reason other than the failure of a Lender to make an Advance) to borrow on the date or in the amount specified for a Eurodollar Rate Loan in any Request for Loan, Borrowers shall pay to the appropriate Lender within five Business Days after demand a prepayment fee or failure to borrow fee, as the case may be, (determined as though 100% of the Eurodollar Rate Advance had been funded in the Designated Eurodollar Market) equal to the SUM of:

(1) principal amount of the Eurodollar Rate Advance prepaid or not borrowed, as the case may be, times the quotient of (A) the number of days between the date of prepayment or failure to borrow, as applicable, and the last day in the applicable Eurodollar Period, divided by (B) 360, times the applicable Interest Differential (provided that the product of the foregoing formula must be a positive number); plus

(2) all out-of-pocket expenses incurred by the Lender reasonably attributable to such payment, prepayment or failure to borrow.

Each Lender's determination of the amount of any prepayment fee payable under this Section 3.8(d) shall be conclusive in the absence of manifest error.

3.9 DEFAULT RATE. If (a) any installment of principal or interest or any fee or cost or other amount payable under any Loan Document to any Creditor is not paid when due, then such overdue Obligations shall, or (b) if any Event of Default has occurred and remains continuing, then at the option of the Requisite Lenders, all of the Obligations shall, thereafter bear interest at a fluctuating interest rate per annum at all times equal to the sum of the Base Rate plus 2%, to the fullest extent permitted by applicable Laws. Accrued and unpaid interest on past due amounts (including, without limitation, interest on past due interest) shall be compounded monthly, on the last day of each calendar month, to the fullest extent permitted by applicable Laws.

3.10 COMPUTATION OF INTEREST AND FEES. Computation of interest on Base Rate Loans calculated with reference to the Reference Rate shall be calculated on the basis of a year of 365 or 366 days, as the case may be, and the actual number of days elapsed; computation of interest on Base Rate Loans calculated by reference to the Federal Funds Rate, and on Eurodollar Rate Loans, Competitive Advances and all fees under this Agreement shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. Each Borrower acknowledges that such latter calculation method will result in a higher yield to the Lenders than a method based on a year of 365 or 366 days. Interest shall accrue on each Loan for the day on which the Loan is made; interest shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid. Any Loan that is repaid on the same day on which it is made shall bear interest for one day.

3.11 NON-BUSINESS DAYS. Subject to clause (b) of the definition of "Eurodollar Period," if any payment to be made by Borrowers or any other Party under any Loan Document shall come due on a day other than a Business Day, payment shall instead be considered due on the next succeeding Business Day and the extension of time shall be reflected in computing interest and fees.

3.12 MANNER AND TREATMENT OF PAYMENTS.

(a) Each payment hereunder (except payments with respect to Swing Line Obligations and payments pursuant to Sections 3.7, 3.8, 11.3, and 11.11) or on the Notes or under any other Loan Document shall be made without setoff, counterclaim,

recoupment or other deduction of any kind to the Administrative Agent, at the Administrative Agent's Office, for the account of each of the Lenders or the Administrative Agent, as the case may be, in immediately available funds not later than 11:00 a.m., California local time, on the day of payment (which must be a Business Day), other than payments with respect to Swing Line Advances, which must be received by 3:00 p.m., California time, on the day of payment (which must be a Business Day). All payments received after these deadlines shall be deemed received on the next succeeding Business Day. The amount of all payments received by the Administrative Agent for the account of each Lender shall be immediately paid by the Administrative Agent to the applicable Lender in immediately available funds and, if such payment was received by the Administrative Agent by 11:00 a.m., California local time, on a Business Day and not so made available to the account of a Lender on that Business Day, the Administrative Agent shall reimburse that Lender for the cost to such Lender of funding the amount of such payment at the Federal Funds Rate. All payments shall be made in lawful money of the United States of America.

(b) Each payment or prepayment on account of any Committed Loan shall be applied pro rata according to the outstanding Committed Advances made by each Lender comprising such Committed Loan. Each payment or prepayment of a Competitive Advance shall be applied to the Competitive Advance Note held by the Lender which made such Competitive Advance.

(c) Each Lender shall use its best efforts to keep a record of Advances made by it and payments received by it with respect to each of its Notes and, subject to Section 10.6(g), such record shall, as against Borrowers, be presumptive evidence absent manifest error of the amounts owing. Notwithstanding the foregoing sentence, no Lender shall be liable to any Party for any failure to keep such a record.

(d) Each payment of any amount payable by Borrowers or any other Party under this Agreement or any other Loan Document shall be made free and clear of, and without reduction by reason of, any taxes, assessments or other charges imposed by any Governmental Agency, central bank or comparable authority, excluding, in the case of each Creditor, and any Affiliate or Eurodollar Lending Office thereof, (i) taxes imposed on or measured in whole or in part by its net income or capital and franchise taxes imposed on it, (ii) any withholding taxes or other taxes based on net income (other than withholding taxes and

taxes based on net income resulting from or attributable to any change in any law, rule or regulation or any change in the interpretation or administration of any law, rule or regulation by any Governmental Agency) or (iii) any withholding taxes or other taxes based on net income for any period with respect to which it has failed to provide Borrowers with the appropriate form or forms required by Section 11.21, to the extent such forms are then required by applicable Laws, (all such non-excluded taxes, assessments or other charges being hereinafter referred to as "Taxes"). To the extent that Parent or any Borrower is obligated by applicable Laws to make any deduction or withholding on account of Taxes from any amount payable to any Lender under this Agreement, Parent or that Borrower shall (i) make such deduction or withholding and pay the same to the relevant Governmental Agency and (ii) pay such additional amount to that Lender as is necessary to result in that Lender's receiving a net after-Tax amount equal to the amount to which that Lender would have been entitled under this Agreement absent such deduction or withholding. If and when receipt of such payment results in an excess payment or credit to that Lender on account of such Taxes, that Lender shall promptly refund such excess to Parent or the appropriate Borrower.

3.13 FUNDING SOURCES. Nothing in this Agreement shall be deemed to obligate any Lender to obtain the funds for any Loan or Advance in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan or Advance in any particular place or manner.

3.14 FAILURE TO CHARGE NOT SUBSEQUENT WAIVER. Any decision by the Creditors not to require payment of any interest (including interest arising under Section 3.9), fee, cost or other amount payable under any Loan Document, or to calculate any amount payable by a particular method, on any occasion shall in no way limit or be deemed a waiver of the Creditor's right to require full payment of any interest (including interest arising under Section 3.9), fee, cost or other amount payable under any Loan Document on any other or subsequent occasion.

3.15 ADMINISTRATIVE AGENT'S RIGHT TO ASSUME PAYMENTS WILL BE MADE BY BORROWERS. Unless the Administrative Agent shall have been notified by Borrowers prior to the date on which any payment to be made by Borrowers hereunder is due that Borrowers do not intend to remit such payment, the Administrative Agent may, in its discretion, assume that the appropriate Borrower has remitted such payment when so due and the Administrative Agent may, in its discretion and in reliance upon such assumption, make available to each Lender on such payment date an amount equal to such Lender's share of such assumed payment. If that Borrower has not in fact remitted such payment to the Administrative Agent, each Lender shall forthwith on demand repay to the Administrative Agent the amount of such assumed payment made available to such Lender, together with interest thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent at the Federal Funds Rate.

3.16 FEE DETERMINATION DETAIL. Each Creditor shall provide reasonable detail to Parent and the Borrowers regarding the manner in which the amount of any payment to that Creditor under Article 3 has been determined, concurrently with demand for such payment.

3.17 SURVIVABILITY. All of the Parent's and the Borrowers' obligations under Sections 3.7 and 3.8 shall survive for ninety days following the date on which the Commitment is terminated and all Loans hereunder are fully paid.

Article 4  
REPRESENTATIONS AND WARRANTIES

Parent and each Borrower represents and warrants to the Creditors, as of the date hereof, as of the Closing Date, and as of the date of the making of each Advance and the Issuance of each Letter of Credit that:

4.1 EXISTENCE AND QUALIFICATION; POWER; COMPLIANCE WITH LAWS. Parent and each of the Borrowers are duly formed, validly existing and in good standing under the Laws of its jurisdiction of formation. Parent and each of the Borrowers are duly qualified or registered to transact business and is in good standing in each other jurisdiction in which the conduct of its business or the ownership or leasing of its Properties makes such qualification or registration necessary, except where the failure so to qualify or register and to be in good standing would not constitute a Material Adverse Effect. Parent and each of the Borrowers have all requisite corporate or partnership power (as applicable) and authority to conduct their respective business, to own and lease their respective Properties and to execute and deliver each Loan Document to which it is a Party and to perform its Obligations. All outstanding shares of capital stock of Parent and each of the Borrowers are duly authorized, validly issued, fully paid, and non-assessable and no holder thereof has any enforceable right of rescission under any applicable state or federal securities Laws. Parent and each of the Borrowers are in compliance with all Laws and other legal requirements applicable to their respective business, have obtained all authorizations, consents, approvals, orders, licenses and permits from, and have accomplished all filings, registrations and qualifications with, or obtained exemptions from any of the foregoing from, any Governmental Agency that are necessary for the transaction of their business, except where the failure so to comply, file, register, qualify or obtain exemptions does not constitute a Material Adverse Effect.

4.2 AUTHORITY; COMPLIANCE WITH OTHER AGREEMENTS AND INSTRUMENTS AND GOVERNMENT REGULATIONS. The execution, delivery and performance by Parent and each Borrower of the Loan Documents to which it is a Party have been duly authorized by all necessary corporate or partnership action, as applicable, and do not and will not:

(a) Require any consent or approval not heretofore obtained of any partner, director, stockholder, security holder or creditor of such Party;

(b) Violate or conflict with any provision of such Party's charter, articles of incorporation or bylaws, as applicable;

(c) Result in or require the creation or imposition of any Lien or Right of Others upon or with respect to any Property now owned or leased or hereafter acquired by such Party;

(d) Violate any Requirement of Law applicable to such Party, subject to obtaining the authorizations from, or filings with, the Governmental Agencies described in Schedule 4.3;

(e) Result in a breach by such Party of or constitute a default by such Party under, or cause or permit the acceleration of any obligation owed under, any indenture or loan or credit agreement or any other Contractual Obligation to which such Party is a party or by which such Party or any of its Property is bound or affected;

and neither Parent, Borrowers nor any of their Significant Subsidiaries is in violation of, or default under, any Requirement of Law or Contractual Obligation, or any indenture, loan or credit agreement described in Section 4.2(e), in any respect that constitutes a Material Adverse Effect.

4.3 NO GOVERNMENTAL APPROVALS REQUIRED. EXCEPT as set forth in Schedule 4.3 or previously obtained or made, no authorization, consent, approval, order, license or permit from, or filing, registration or qualification with, any Governmental Agency is or will be required to authorize or permit under applicable Laws the execution, delivery and performance by Parent, Borrowers of the Loan Documents to which any of them is a Party. All authorizations from, or filings with, any Governmental Agency described in Schedule 4.3 will be accomplished as of the Closing Date or such other date as is specified in Schedule 4.3.

#### 4.4 SIGNIFICANT SUBSIDIARIES.

(a) Schedule 4.4 hereto correctly sets forth the names, form of legal entity, percentage of shares of each class of capital stock issued and outstanding, percentage of shares owned by Parent or a Significant Subsidiary (specifying such owner) and jurisdictions of organization of each of the Significant Subsidiaries of Parent. Unless otherwise indicated in Schedule 4.4, as of the Closing Date all of the outstanding shares of capital stock, or all of the units of equity interest,

as the case may be, of each such Significant Subsidiary are owned of record and beneficially by the Persons described therein, there are no outstanding options, warrants or other rights to purchase capital stock of any such Significant Subsidiary, and all such shares or equity interests so owned are duly authorized, validly issued, fully paid, non-assessable, and were issued in compliance with all applicable state and federal securities and other Laws, and are free and clear of all Liens and Rights of Others, except for Permitted Encumbrances and Permitted Rights of Others.

(b) Each Significant Subsidiary of Parent is duly formed, validly existing and in good standing under the Laws of its jurisdiction of organization, is duly qualified to do business as a foreign organization and is in good standing as such in each jurisdiction in which the conduct of its business or the ownership or leasing of its properties makes such qualification necessary (except where the failure to be so duly qualified and in good standing does not constitute a Material Adverse Effect), and has all requisite power and authority to conduct its business and to own and lease its Properties.

(c) Each Significant Subsidiary of Parent is in compliance with all Laws and other requirements applicable to its business and has obtained all authorizations, consents, approvals, orders, licenses, and permits from, and each such Significant Subsidiary has accomplished all filings, registrations, and qualifications with, or obtained exemptions from any of the foregoing from, any Governmental Agency that are necessary for the transaction of its business, except where the failure to be in such compliance, obtain such authorizations, consents, approvals, orders, licenses, and permits, accomplish such filings, registrations, and qualifications, or obtain such exemptions, does not constitute a Material Adverse Effect.

4.5 FINANCIAL STATEMENTS. Parent and Borrowers have furnished to the Lenders the audited consolidated financial statements of Parent and its Subsidiaries for the Fiscal Year ended December 31, 1998. The financial statements described above fairly present in all material respects the financial condition, results of operations and changes in financial position of Parent and its Subsidiaries as of such dates and for such periods, in conformity with Generally Accepted Accounting Principles, consistently applied.

4.6 NO OTHER LIABILITIES; NO MATERIAL ADVERSE EFFECT. As of the Closing Date, Parent and its Subsidiaries do not have any material liability or material contingent liability not reflected or disclosed in the financial statements described in Section 4.5, other than liabilities and contingent liabilities arising in the ordinary course of business since the date of such financial statements. As of the Closing Date, no circumstance or event has occurred that constitutes a Material Adverse Effect since December 31, 1998.

4.7 TITLE TO PROPERTY. Parent and its Subsidiaries have valid title to the Property reflected in the financial statements described in Section 4.5, other than immaterial items of Property and Property subsequently sold or disposed of in the ordinary course of business, free and clear of all Liens and Rights of Others, other than Liens or Rights of Others described in Schedule 4.7, as permitted by Section 6.4, and any other matters which do not have a Material Adverse Effect.

4.8 LITIGATION. There are no actions, suits, proceedings or investigations pending as to which Parent or any of its Subsidiaries have been served or have received notice or, to the knowledge of Parent and the Borrowers, threatened against or affecting Parent or any of its Subsidiaries or any Property of any of them before any Governmental Agency in which there is any reasonable possibility of an adverse decision which could materially adversely affect the business, consolidated financial position or results of operations of Parent and its Subsidiaries, taken as a whole, or which in any manner draws into question the validity or enforceability of the Loan Documents.

4.9 BINDING OBLIGATIONS. Each of the Loan Documents will, when executed and delivered by Parent and the Borrowers party thereto, constitute the legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as enforcement may be limited by Debtor Relief Laws or equitable principles relating to the granting of specific performance and other equitable remedies as a matter of judicial discretion.

4.10 NO DEFAULT. No event has occurred and is continuing that is a Default or Event of Default.

4.11 ERISA.

(a) With respect to each Pension Plan:

(i) such Pension Plan complies in all material respects with ERISA and any other applicable Laws to the extent that noncompliance could reasonably be expected to have a Material Adverse Effect;

(ii) such Pension Plan has not incurred any "accumulated funding deficiency" (as defined in Section 302 of ERISA) that could reasonably be expected to have a Material Adverse Effect;

(iii) no "reportable event" (as defined in Section 4043 of ERISA) has occurred that could reasonably be expected to have a Material Adverse Effect; and

(iv) neither Parent nor any of its Subsidiaries has engaged in any non-exempt "prohibited transaction" (as defined in Section 4975 of the Code) that could reasonably be expected to have a Material Adverse Effect.

(b) Neither Parent nor any of its Subsidiaries has incurred or expects to incur any withdrawal liability to any Multiemployer Plan that could reasonably be expected to have a Material Adverse Effect.

4.12 REGULATIONS T, U AND X; INVESTMENT COMPANY ACT. No part of the proceeds of any Loan hereunder will be used to purchase or carry, or to extend credit to others for the purpose of purchasing or carrying, any Margin Stock in violation of Regulations T, U or X. Neither Parent nor any of its Subsidiaries is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

4.13 DISCLOSURE. No written statement made by a Senior Officer of Parent or any Borrower to any Creditor in connection with this Agreement, including without limitation the statements made in the Confidential Offering Memorandum, or in connection with any Loan, Advance or Letter of Credit as of the date thereof contained any untrue statement of a material fact or omitted a material fact necessary to make the statement made not misleading in light of all the circumstances existing at the date the statement was made.

4.14 TAX LIABILITY. Parent and its Subsidiaries have filed all tax returns which are required to be filed, and have paid, or made provision for the payment of, all taxes with respect to the periods, Property or transactions covered by said returns, or pursuant to any assessment received by Parent or any of its Subsidiaries, except (a) such taxes, if any, as are being contested in good faith by appropriate proceedings and as to which adequate reserves have been established and maintained and (b) immaterial taxes and tax returns so long as no material item or portion of Property of Parent or any of its Subsidiaries is in jeopardy of being seized, levied upon or forfeited.

4.15 PROJECTIONS. As of the Closing Date, to the best knowledge of Parent and the Borrowers, the assumptions set forth in the Projections are reasonable and consistent with each other and with all facts known to Parent and the Borrowers, and the Projections are (a) reasonably based on such assumptions and (b) although a range of possible different assumptions and estimates might also be reasonable, neither Parent nor the Borrowers are aware of any facts which would lead them to believe that the assumptions and estimates on which the Projections were based are not reasonable; provided that no representation or warranty can be given that the projected results will be realized or with respect to the ability of Parent and its Subsidiaries to achieve the projected results and, while the Projections are necessarily presented with numerical specificity, the actual results achieved during the periods presented may differ from the projected results, and such differences may be material.

4.16 HAZARDOUS MATERIALS. Parent and the Borrowers have reasonably concluded that Environmental Laws are unlikely to have a material adverse effect on the business, financial position, results of operations or prospects of the Parent and its Subsidiaries, considered as a whole.

4.17 GAMING LAWS. Parent and each of its Subsidiaries are in compliance in all material respects with all Gaming Laws that are applicable to them and their businesses.

4.18 YEAR 2000 COMPLIANCE. Parent and its Subsidiaries have reviewed the effect of the Year 2000 Issue on the computer software, hardware and firmware systems and equipment containing embedded microchips owned or operated by or for Parent and its Subsidiaries. The costs to Parent and its Subsidiaries of any reprogramming required as a result of the Year 2000 Issue to permit the proper functioning of such systems and equipment and the proper processing of data, and the testing of such reprogramming, and of required systems changes are not reasonably expected to result in a Default or Event of Default or to have a material adverse effect on the business, financial position, results of operations or prospects of Parent and its Subsidiaries, considered as a whole.

4.19 SOLVENCY. As of the Closing Date, and giving effect to the transactions contemplated to occur on the Closing Date, Parent and each of its Subsidiaries are Solvent.

Article 5  
AFFIRMATIVE COVENANTS

So long as any Advance remains unpaid, or any other Obligation remains unpaid or unperformed, or any portion of the Commitment remains in force, Parent and each Borrower shall, and shall cause each of their respective Subsidiaries to, unless the Administrative Agent (with the written approval of the Requisite Lenders) otherwise consents:

5.1 PRESERVATION OF EXISTENCE. Preserve and maintain their respective existences in the jurisdiction of their formation and all material authorizations, rights, franchises, privileges, consents, approvals, orders, licenses, permits, or registrations from any Governmental Agency that are necessary for the transaction of their respective business, except where the failure to so preserve and maintain the existence of any Subsidiary and such authorizations would not constitute a Material Adverse Effect and except that a merger permitted by Section 6.1 shall not constitute a violation of this covenant; and qualify and remain qualified to transact business in each jurisdiction in which such qualification is necessary in view of their respective business or the ownership or leasing of their respective Properties except where the failure to so qualify or remain qualified would not constitute a Material Adverse Effect.

5.2 MAINTENANCE OF PROPERTIES. Maintain, preserve and protect all of their respective depreciable Properties in good order and condition, subject to wear and tear in the ordinary course of business, and not permit any waste of their respective Properties, EXCEPT where the failure to maintain, preserve and protect a particular item of depreciable Property would not have a Material Adverse Effect.

5.3 MAINTENANCE OF INSURANCE. Maintain liability, casualty and other insurance (subject to customary deductibles and retentions) with financially sound and responsible insurance companies in such amounts and against such risks as is carried by responsible companies engaged in similar businesses and owning similar assets in the general areas in which Parent and its Subsidiaries operate, and will furnish to the Administrative Agent upon request information in reasonable detail as to the insurance so carried. Notwithstanding the foregoing, Parent and its Subsidiaries may self-insure with respect to such risks with respect to which companies of established reputation engaged in the same general line of business in the same general area usually self-insure.

5.4 COMPLIANCE WITH LAWS. Comply in all material respects and within the time period, if any, given for such compliance by the relevant Governmental Agency or Agencies with enforcement authority, with all Laws and Requirements of Law, including without limitation Hazardous Materials Laws, ERISA and all Gaming Laws, except that Parent and its Subsidiaries need not comply with a Requirement of Law then being contested by any of them in good faith by appropriate proceedings.

5.5 INSPECTION RIGHTS. Upon reasonable notice, at any time during regular business hours and as often as requested (but not so as to materially interfere with the business of the Parent or any of its Subsidiaries), permit the Administrative Agent or any Lender, or any authorized employee, agent or representative thereof, to examine, audit and make copies and abstracts from the records and books of account of, and to visit and inspect the Properties of, the Parent and its Subsidiaries and to discuss the affairs, finances and accounts of the Parent and its Subsidiaries with any of their officers, key employees or accountants and, upon request, furnish promptly to the Administrative Agent or any Lender true copies of all financial information made available to the senior management of the Parent.

5.6 KEEPING OF RECORDS AND BOOKS OF ACCOUNT. Keep adequate records and books of account reflecting all financial transactions in conformity with Generally Accepted Accounting Principles, consistently applied, and in material conformity with all applicable requirements of any Governmental Agency having regulatory jurisdiction over Parent or any of its Subsidiaries.

5.7 USE OF PROCEEDS. Use the proceeds of Loans (a) on the Closing Date, for retirement of all outstanding obligations under the Existing Harrah's Credit Agreements, the Rio Credit Agreements, and related transactional expenses, and (b) thereafter to refinance or defease the Existing Rio Indentures in accordance with Section 5.8, for working capital and general corporate purposes of Parent and its Subsidiaries including without limitation capital expenditures, share repurchases, commercial paper backup and acquisitions of equity securities or assets of other Persons, in each case to the extent not prohibited by the Loan Documents.

5.8 EXISTING RIO INDENTURES. Not later than June 1, 1999, either (a) repay the Indebtedness under the Rio Indentures in its entirety, or (b) provide for the legal or covenant defeasance of the Indebtedness under the Rio Indentures, or (c) deliver to the Administrative Agent a writing acceptable to the Administrative Agent reserving from the available Commitment and the Short Term Commitment an aggregate amount equal to the then remaining principal balance of the Indebtedness under the Rio Indentures (with such reserve to remain in place until the satisfaction or defeasance of such Indebtedness).

5.9 YEAR 2000 PREPARATIONS. Make all required systems changes by December 31, 1999, in computer software, hardware and firmware systems and equipment containing embedded microchips owned or operated by or for Parent and its Subsidiaries required as a result of the Year 2000 Issue to permit the proper functioning of such computer systems and other equipment, except to the extent that the failure to take any such action could not reasonably be expected to result in a Default or Event of Default or to have a material adverse effect on the business, financial position, results of operations or prospects of Parent and its Subsidiaries, considered as a whole. At the request of any Lender, Parent and Borrowers shall provide, and shall cause each of their respective Subsidiaries to provide, to such Lender reasonable information with respect to its compliance with this Section.

Article 6  
NEGATIVE COVENANTS

So long as any Advance remains unpaid, or any other Obligation remains unpaid or unperformed, or any portion of the Commitment remains in force, Parent and each Borrower shall not, and shall not permit any of their respective Subsidiaries to, unless the Administrative Agent (with the written approval of the Requisite Lenders) otherwise consents:

6.1 CONSOLIDATIONS, MERGERS AND SALES OF ASSETS. Merge or consolidate with or into any Person, or sell lease or otherwise transfer all or any substantial part of the assets of Parent and its Subsidiaries, taken as a whole, to any Person, except:

(a) mergers and consolidations of a Subsidiary of a Borrower into that Borrower or a Subsidiary thereof (with that Borrower or the Subsidiary as the surviving entity) or of Subsidiaries of the Borrowers with each other;

(b) a merger or consolidation of a Borrower or any Subsidiary thereof with any other Person, provided that (i) either (A) the Borrower or the Subsidiary is the surviving entity, or (B) the surviving entity is a corporation organized under the Laws of a State of the United States of America and, as of the date of such merger or consolidation, expressly assumes, by an instrument satisfactory in form and substance to the Requisite Lenders, the Obligations of the relevant Borrower or the Subsidiary, as the case may be, (ii) giving effect thereto, no Default or Event of Default exists or would result therefrom, and (iii) giving pro forma effect thereto, Borrowers are in compliance with the covenants set forth in Sections 6.5 and 6.6.

6.2 HOSTILE TENDER OFFERS. Make any offer to purchase or acquire, or consummate a purchase or acquisition of, 5% or more of the capital stock of any corporation or other equity securities of any business entity if the board of directors or management of such corporation or business entity has notified Parent or any of its Subsidiaries in writing that it opposes such offer or purchase and such notice has not been withdrawn or superseded.

6.3 CHANGE IN NATURE OF BUSINESS. Make any material change in the nature of the business of Parent and its Subsidiaries, taken as a whole, or acquire more than 49% of the capital stock or other equity securities of any Person which is engaged in a line of business other than the lines of business reasonably related to or incidental to the business engaged in by Parent and its Subsidiaries.

6.4 LIENS, NEGATIVE PLEDGES, SALE LEASEBACKS AND RIGHTS OF OTHERS. Create, incur, assume or suffer to exist any Lien, Negative Pledge or Right of Others of any nature upon or with respect to any of their respective Properties, whether now owned or hereafter acquired, or enter into any Sale and Leaseback with respect to any such Properties except:

(a) Permitted Encumbrances and Permitted Rights of Others;

(b) Liens and Negative Pledges under the Loan Documents and under the Short Term Loan Agreement;

(c) other existing Liens, Negative Pledges and Rights of Others existing on the Closing Date and disclosed in Schedule 4.7 (or not required to be disclosed therein under Section 4.7) and any renewals or extensions thereof; provided that the obligations secured or benefitted thereby are not increased;

(d) Until the date which is ninety days following the Closing Date, any Lien, Negative Pledge or Right of Others on shares of any equity security or any warrant or option to purchase an equity security or any security which is convertible into an equity security issued by any Subsidiary of Parent that holds, directly or indirectly through a holding company or otherwise, a license to conduct gaming under any Gaming Law, and in the proceeds thereof; provided that this clause shall apply only so long as the Gaming Laws of the relevant jurisdiction provide that the creation of any restriction on the disposition of any of such securities shall not be effective and, if such Gaming Laws at any time cease to so provide, then this clause shall be of no further effect; and provided further that if at any time Parent or any of its Subsidiaries creates or suffers to

exist a Lien or Negative Pledge covering such securities in favor of the holder of any other Indebtedness, it will (subject to any approval required under such Gaming Laws) concurrently grant a pari-passu Lien or Negative Pledge likewise covering such securities in favor of the Administrative Agent for the benefit of the Lenders;

(e) Liens on Property acquired or constructed by Parent or any of its Subsidiaries, and in the proceeds thereof, that (i) were in existence at the time of the acquisition or construction of such Property or were created at or within 90 days after such acquisition or construction, and (ii) secure (in the case of Liens not in existence at the time of acquisition of the Property) only the unpaid portion of the acquisition or construction price for such Property, or monies borrowed that were used to pay such acquisition or construction price;

(f) Liens securing Indebtedness (including Capital Lease Obligations) that replaces or refinances Indebtedness secured by Liens permitted under clause (e); provided that such Liens cover only the same Property as the Liens securing the Indebtedness replaced or refinanced;

(g) Liens, Negative Pledges and Rights of Others held by joint venture partners and any assignees thereof, and lenders thereto and any assignees thereof, with respect to the interests of Parent and its Subsidiaries in that joint venture and the proceeds thereof, provided that such Liens, Negative Pledges and Rights of Others shall secure and relate only the obligations of such joint venture;

(h) Liens, Negative Pledges and Rights of Others in favor of counterparties to agreements, and assignees thereof, entered into by Parent and its Subsidiaries in the ordinary course of business on the interests of Parent and its Subsidiaries under such agreements and the proceeds thereof, provided that such Liens, Negative Pledges and Rights of Others shall secure and relate only to restrictions on transfer of the rights of Parent and its Subsidiaries to the holders thereof under the relevant agreement;

(i) Liens on Cash securing only Defeased Debt;

(j) Liens not otherwise permitted by the foregoing clauses of this Section encumbering assets of the Parent and its Subsidiaries having an aggregate fair market value which is not in excess of 10% of Net Tangible Assets at any time; and

(k) Subject to Section 5.8, the Negative Pledges set forth with respect to Rio and its Subsidiaries contained in the Existing Rio Indentures.

6.5 TOTAL DEBT RATIO. Permit the Total Debt Ratio to exceed 4.50:1.00 as of the last day of any Fiscal Quarter.

6.6 INTEREST COVERAGE RATIO. Permit the Interest Coverage Ratio to be less than 3.00:1.00 as of the last day of any Fiscal Quarter.

6.7 SUBSIDIARY INDEBTEDNESS. Permit any Subsidiary of Parent which is not a Borrower hereunder to create, assume, incur or suffer to exist any Indebtedness or Contingent Obligations with respect to Indebtedness other than:

(a) Defeased Debt;

(b) secured Indebtedness (including Capital Lease Obligations) and Contingent Obligations which are permitted by Sections 6.4(e) or 6.4(f);

(c) unsecured Indebtedness and Contingent Obligations which were created, assumed or incurred by such Subsidiary prior to its acquisition by Parent and its Subsidiaries (and not in anticipation of such acquisition) but not any refinancings, renewals or extensions thereof;

(d) letters of credit, surety bonds and other similar forms of credit enhancement for such Subsidiaries incurred in the ordinary course of their business; and

(e) Subject to Section 5.8, the Indebtedness evidenced by the Existing Rio Indentures.

Article 7  
INFORMATION AND REPORTING REQUIREMENTS

7.1 FINANCIAL AND BUSINESS INFORMATION. So long as any Advance remains unpaid, or any other Obligation remains unpaid or unperformed, or any portion of the Commitment remains in force, Parent and the Borrowers shall, unless the Administrative Agent (with the written approval of the Requisite Lenders) otherwise consents, deliver to the Administrative Agent and the Lenders, at Parent's and Borrowers' sole expense:

(a) As soon as practicable, and in any event within 45 days after the end of each Fiscal Quarter (other than the fourth Fiscal Quarter in any Fiscal Year), the consolidated balance sheet of Parent and its Subsidiaries as at the end of such Fiscal Quarter and the consolidated statement of operations for each Fiscal Quarter, and its statement of cash flows for the portion of the Fiscal Year ended with such Fiscal Quarter and as at and for the portion of the Fiscal Year ended with such Fiscal Quarter, all in reasonable detail. Such financial statements shall be certified by a Senior Officer of Parent as fairly presenting the financial condition, results of operations and cash flows of Parent and its Subsidiaries in accordance with Generally Accepted Accounting Principles (other than footnote disclosures), consistently applied, as at such date and for such periods, subject only to normal year-end accruals and audit adjustments;

(b) As soon as practicable, and in any event prior to the penultimate Business Day of February in each Fiscal Year, a Certificate of a Responsible Official setting forth the Total Debt Ratio as of the last day of the fourth Fiscal Quarter of the preceding year, and providing reasonable detail as to the calculation thereof, which calculations shall be based on the preliminary unaudited financial statements of Parent and its Subsidiaries for such Fiscal Quarter;

(c) As soon as practicable, and in any event within 120 days after the end of each Fiscal Year, the consolidated balance sheet of Parent and its Subsidiaries as at the end of such Fiscal Year and the consolidated statements of operations, shareholders' equity and cash flows, in each case of Parent and its Subsidiaries for such Fiscal Year as at and for the Fiscal Year, all in reasonable detail. Such financial statements shall be prepared in accordance with Generally Accepted Accounting Principles, consistently applied, and such consolidated balance sheet and consolidated statements shall be accompanied by a report and opinion of independent public accountants of recognized standing selected by Parent and reasonably satisfactory to the Requisite Lenders, which report and opinion shall be prepared in accordance with generally accepted auditing standards as at such date, and shall not be subject to any qualifications or exceptions. Such accountants' report and opinion shall be accompanied by a certificate stating that, in making the examination pursuant to generally accepted auditing standards necessary for the certification of such financial statements and such report, such accountants have obtained no knowledge of any Default or, if, in the opinion of such accountants, any such Default shall exist, stating the nature and status of such Default, and stating that such accountants have reviewed Parent's and Borrowers' financial calculations as at the end of such Fiscal Year (which shall accompany such certificate) under Section 6.5 and 6.6, have read such Sections (including the definitions of all defined terms used therein) and that nothing has come to the attention of such accountants in the course of such examination that would cause them to believe that the same were not calculated by Parent and the Borrowers in the manner prescribed by this Agreement;

(d) As soon as practicable, and in any event within 90 days after the commencement of each Fiscal Year, a budget and projection by Fiscal Quarter for that Fiscal Year and by Fiscal Year for the next four succeeding Fiscal Years, including for the first such Fiscal Year, projected quarterly consolidated balance sheets, statement of operations and statements of cash flow and, for the remaining four Fiscal Years, projected annual consolidated condensed balance sheets and statements of operations and cash flow, of Parent and its Subsidiaries, all in reasonable detail;

(e) Promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the shareholders of Parent, and copies of all annual, regular, periodic and special reports and registration statements which Parent may file or be required to file with the Securities and Exchange Commission under Sections 13 or 15(d) of the Securities Exchange Act of 1934 and not otherwise required to be delivered to the Lenders pursuant to other provisions of this Section;

(f) Promptly after the same are available, copies of the Nevada "Regulation 6.090 Report" and "6-A Report" and copies of any written communication to Parent or any of its Subsidiaries from any Gaming Board advising it of a violation of or non-compliance with, any Gaming Law by Parent or any of its Subsidiaries;

(g) Promptly after request by any Creditor, copies of any other report or other document that was filed by Parent or any of its Subsidiaries with any Governmental Agency;

(h) As soon as practicable, and in any event within three Business Days after a Senior Officer becomes aware of the existence of any condition or event which constitutes a Default, telephonic notice specifying the nature and period of existence thereof, and, no more than three Business Days after such telephonic notice, written notice again specifying the nature and period of existence thereof and specifying what action Parent or any of its Subsidiaries are taking or propose to take with respect thereto;

(i) Promptly upon a Senior Officer becoming aware of any litigation, governmental investigation or any proceeding (including any litigation or proceeding by or subject to decision by any Gaming Board) pending (i) against Parent or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect, (ii) with respect to any material Indebtedness of Parent or any of its Subsidiaries, or (iii) with respect to the Loan Documents, notice of the existence of the same; and

(j) Such other data and information as from time to time may be reasonably requested by any Creditor through the Administrative Agent.

7.2 COMPLIANCE CERTIFICATES. So long as any Advance remains unpaid, or any other Obligation remains unpaid or unperformed, or any portion of the Commitment remains outstanding, Parent and Borrowers shall deliver to the Administrative Agent and the Lenders, at Parent's and Borrowers' sole expense, concurrently with the financial statements required pursuant to Sections 7.1(a) and 7.1(c), a Compliance Certificate signed on Parent's and Borrowers' behalf by a Senior Officer.

Article 8  
CONDITIONS

8.1 INITIAL ADVANCES, ETC. The obligation of each Lender to make the initial Advance to be made by it, the obligation of the Swing Line Lender to make Swing Line Advances and the obligation of the relevant Issuing Lenders to issue the initial Letters of Credit, are each subject to the following conditions precedent, each of which shall be satisfied prior to the making of the initial Advances (unless all of the Lenders, in their sole and absolute discretion, shall agree otherwise):

(a) The Administrative Agent shall have received all of the following, each of which shall be originals unless otherwise specified, each properly executed by a Responsible Official of each party thereto, each dated as of the Closing Date and each in form and substance satisfactory to the Administrative Agent and its legal counsel (unless otherwise specified or, in the case of the date of any of the following, unless the Administrative Agent otherwise agrees or directs):

(1) at least one executed counterpart of this Agreement, together with arrangements satisfactory to the Administrative Agent for additional executed counterparts, sufficient in number for distribution to the Lenders, Parent and each Borrower;

(2) Committed Advance Notes executed by each Borrower in favor of each Lender, each in a principal amount equal to that Lender's Pro Rata Share provided that the Committed Advance Notes issued by Marina to each Lender shall be in a principal amount equal to that Lender's Pro Rata Share of Marina's Aggregate Sublimit;

(3) Competitive Advance Notes executed by each Borrower in favor of each Lender;

(4) the Swing Line Documents;

(5) the Parent Guaranty executed by Parent;

(6) with respect to the Parent and each other Borrower, such documentation as the Administrative Agent may require to establish the due organization, valid existence and good standing of Parent and each Borrower, its authority to execute, deliver and perform any Loan Documents to which it is a Party, the identity, authority and capacity of each Responsible Official thereof authorized to act on its behalf, including certified copies of articles of incorporation and amendments thereto, bylaws and amendments thereto, certificates of good standing, certificates of corporate resolutions, incumbency certificates and Certificates of Responsible Officials;

(7) the Opinions of Counsel;

(8) a Certificate of a Responsible Official certifying that the attached copies of the governing indentures and agreements for the Existing Subordinated Debt, the Existing Senior Notes and the Atlantic City Showboat Land Debt are true copies;

(9) such assurances as the Administrative Agent deems appropriate that the relevant Gaming Boards have approved the transactions contemplated by the Loan Documents to the extent that such approval is required by applicable Gaming Laws;

(10) a Certificate of a Responsible Official signed on Parent's and the Borrowers' behalf by a Senior Officer setting forth the Total Debt Ratio as of March 31, 1999 and the Debt Rating as of the Closing Date;

(11) a Certificate of a Responsible Official signed on Parent's and the Borrowers' behalf by a Senior Officer certifying that the conditions specified in Sections 8.1(e) and 8.1(f) have been satisfied;

(12) a copy of the Parent's audited consolidated annual financial statements for the Fiscal Year ended December 31, 1998; and

(13) such other assurances, certificates, documents, consents or opinions as the Administrative Agent reasonably may require.

(b) The Borrowers shall have on the Closing Date terminated the Existing Harrah's Credit Agreements and the Existing Rio Credit Agreements and repaid each of the loans and terminated each of the outstanding letters of credit and other credit accommodations made thereunder (other than the Continuing Letters of Credit) pursuant to arrangements acceptable to the Administrative Agent (including in the case of the Existing Rio Credit Agreements the substantially concurrent termination and reconveyance of all Liens in favor of the lenders thereunder), and the proceeds of the initial Loans shall have been used or shall concurrently be used to refinance the obligations of the Borrowers thereunder.

(c) The arrangement fee, upfront fees and agency fees payable pursuant to Sections 3.2, 3.3 and 3.6 shall have been paid.

(d) The reasonable costs and expenses of the Administrative Agent in connection with the preparation of the Loan Documents payable pursuant to Section 11.3, and invoiced to the Parent prior to the Closing Date, shall have been paid.

(e) The representations and warranties of Parent and the Borrowers contained in Article 4 shall be true and correct.

(f) Parent, Borrowers and any other Parties shall be in compliance with all the terms and provisions of the Loan Documents, and after giving effect to the initial Advance no Default or Event of Default shall have occurred and be continuing.

8.2 ANY INCREASING ADVANCE, ETC. The obligation of each Lender to make any Committed Advance which would increase the aggregate principal amount of the outstanding Committed Advances, the obligation of the relevant Issuing Lender to issue each Letter of Credit, the obligation of the Swing Line Lender to make Swing Line Advances, and the obligation of each Lender to make any Competitive Advance, is subject to the following conditions precedent:

(a) Except (i) for representations and warranties which expressly speak as of a particular date or are no longer true and correct as a result of a change which is not a violation of the Loan Documents and (ii) as disclosed by Parent and Borrowers and approved in writing by the Requisite Lenders, the representations and warranties contained in Article 4 (other than Sections 4.4(a), 4.6 (first sentence), and 4.15) shall be true and correct on and as of the date of the Advance as though made on that date;

(b) there shall not be then pending or threatened any action, suit, proceeding or investigation against or affecting Parent or any of its Subsidiaries or any Property of any of them before any Governmental Agency that constitutes a Material Adverse Effect;

(c) the Administrative Agent shall, in the case of a Committed Advance, have timely received a Request for Loan in compliance with Article 2 (or telephonic or other request for loan referred to in the second sentence of Section 2.1(c), if applicable) in compliance with Article 2 (or, in the proper case, a Request for Letter of Credit); and

(d) the Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent, such other assurances, certificates, documents or consents related to the foregoing as the Administrative Agent or Requisite Lenders reasonably may require.

Article 9  
EVENTS OF DEFAULT AND REMEDIES UPON EVENT OF DEFAULT

9.1 EVENTS OF DEFAULT. The existence or occurrence of any one or more of the following events, whatever the reason therefor and under any circumstances whatsoever, shall constitute an Event of Default:

(a) Any Borrower (i) fails to pay any principal on any Committed Advance Note or any Swing Line Advance, or any portion thereof, on the date when due, (ii) fails to make any payment with respect to any Letter of Credit when required by Section 2.4(e), or (iii) fails to pay any principal on any Competitive Advance Note, or any portion thereof on the date when due; or

(b) Parent or any Borrower fails to pay any interest on any of the Notes, or any fees under Sections 3.4, 3.5 or 3.6, or any portion thereof, within five Business Days after the date when due; or fails to pay any other fee or amount payable to the Lenders under any Loan Document, or any portion thereof, within five Business Days after demand therefor; or

(c) Parent or any Borrower fails, immediately upon notice from the Administrative Agent, to comply with any of the covenants contained in Article 6 (other than the covenant contained in Section 6.3); or

(d) Parent or any Borrower fails to comply with Section 7.1(h) in any respect that is materially adverse to the interests of the Lenders; or

(e) Parent, any Borrower or any other Party fails to perform or observe any other covenant or agreement (not specified in clauses (a), (b), (c) or (d) above) contained in any Loan Document on its part to be performed or observed within thirty Business Days after the giving of notice by the Administrative Agent on behalf of the Requisite Lenders of such Default; or

(f) Any representation or warranty of Parent or any Borrower made in any Loan Document, or in any certificate or other writing delivered by Parent or any Borrower pursuant to any Loan Document, proves to have been incorrect when made or reaffirmed; or

(g) Parent or any of its Significant Subsidiaries (i) fails to pay the principal, or any principal installment, of any present or future indebtedness for borrowed money of \$100,000,000 or more including without limitation the Short Term Loan Agreement, or any guaranty of present or future indebtedness for borrowed money of \$100,000,000 or more, on its part to be paid, when due (or within any stated grace period), whether at the stated

maturity, upon acceleration, by reason of required prepayment or otherwise or (ii) fails to perform or observe any other term, covenant or agreement on its part to be performed or observed, or suffers any event to occur, in connection with any present or future indebtedness for borrowed money of \$100,000,000 or more, or of any guaranty of present or future indebtedness for borrowed money of \$100,000,000 or more, if as a result of such failure or sufferance any holder or holders thereof (or an agent or trustee on its or their behalf) has the right to declare such indebtedness due before the date on which it otherwise would become due; or

(h) Any event occurs which gives the holder or holders of any Subordinated Debt (or an agent or trustee on its or their behalf) the right to declare such indebtedness due before the date on which it otherwise would become due, or the right to require the issuer thereof to redeem or purchase, or offer to redeem or purchase, all or any portion of any Subordinated Debt; or

(i) Any Loan Document, at any time after its execution and delivery and for any reason other than the agreement of the Lenders or satisfaction in full of all the Obligations ceases to be in full force and effect or is declared by a court of competent jurisdiction to be null and void, invalid or unenforceable in any respect which, in any such event in the reasonable opinion of the Requisite Lenders, is materially adverse to the interests of the Lenders; or any Party thereto denies in writing that it has any or further liability or obligation under any Loan Document, or purports in writing to revoke, terminate or rescind same; or

(j) A final judgment against the Parent or any of its Significant Subsidiaries is entered for the payment of money in excess of \$25,000,000 and, absent procurement of a stay of execution, such judgment remains unsatisfied for thirty calendar days after the date of entry of judgment, or in any event later than five days prior to the date of any proposed sale thereunder; or any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the Property of any such Person and is not released, vacated or fully bonded within thirty calendar days after its issue or levy; or

(k) The Parent or any of its Significant Subsidiaries institutes or consents to the institution of any proceeding under a Debtor Relief Law relating to it or to all or any part of its Property, or is unable or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any part of its Property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of that Person and the appointment continues undischarged or unstayed for 60 calendar days; or any proceeding under a Debtor Relief Law relating to any such Person or to all or any part of its Property is instituted without the consent of that Person and continues undismissed or unstayed for 60 calendar days; or

(l) The occurrence of an Event of Default (as such term is or may hereafter be specifically defined in any other Loan Document) under any other Loan Document; or

(m) Any determination is made by a court of competent jurisdiction that any Subordinated Debt is not subordinated in accordance with its terms to the Obligations, provided that for so long as such determination is effectively stayed during any pending appeal the same shall not constitute an Event of Default; or

(n) Any Pension Plan maintained by the Parent or any of its Subsidiaries is determined to have a material "accumulated funding deficiency" as that term is defined in Section 302 of ERISA and the result is a Material Adverse Effect; or

(o) The occurrence of a License Revocation with respect to a license issued to Parent or any of its Subsidiaries by any Gaming Board of the States of New Jersey or Nevada with respect to gaming operations at any gaming facility accounting for 5% or more of the consolidated gross revenues of Parent and its Subsidiaries that continues for thirty calendar days.

9.2 REMEDIES UPON EVENT OF DEFAULT. Without limiting any other rights or remedies of the Creditors provided for elsewhere in this Agreement, or the Loan Documents, or by applicable Law, or in equity, or otherwise:

(a) Upon the occurrence, and during the continuance, of any Event of Default other than an Event of Default described in Section 9.1(k):

(1) the commitment to make Advances and all other obligations of the Creditors and all rights of Parent, Borrowers and any other Parties under the Loan Documents shall be suspended without notice to or demand upon Parent or the Borrowers, which are expressly waived by Parent and the Borrowers, except that all of the Lenders or the Requisite Lenders (as the case may be, in accordance with Section 11.2) may waive an Event of Default or, without waiving, determine, upon terms and conditions satisfactory to the Lenders or Requisite Lenders, as the case may be, to reinstate the Commitment and make further Advances, which waiver or determination shall apply equally to, and shall be binding upon, all the Lenders; and

(2) the Requisite Lenders may request the Administrative Agent to, and the Administrative Agent thereupon shall, terminate the Commitment, demand that Borrowers deposit cash collateral for all Letters of Credit in the amount thereof with the Administrative Agent and/or declare all or any part of the unpaid principal of all Notes, all interest accrued and unpaid thereon and all other amounts payable under the Loan Documents to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable, without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which are expressly waived by Parent and the Borrowers.

(b) Upon the occurrence of any Event of Default described in Section 9.1(k):

(1) the commitment to make Advances and all other obligations of the Creditors and all rights of Parent, Borrowers and any other Parties under the Loan Documents shall terminate without notice to or demand upon Parent or Borrowers, which are expressly waived by

Parent and Borrowers, except that all the Lenders may waive the Event of Default or, without waiving, determine, upon terms and conditions satisfactory to all the Lenders, to reinstate the Commitment and make further Advances, which determination shall apply equally to, and shall be binding upon, all the Lenders; and

(2) the unpaid principal of all Notes, all interest accrued and unpaid thereon and all other amounts payable under the Loan Documents shall be forthwith due and payable, without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which are expressly waived by Parent and Borrowers, and Borrowers shall be obligated to immediately deposit cash collateral for all Letters of Credit with the Administrative Agent in the amount thereof.

(c) Upon the occurrence of any Event of Default, the Creditors, or any of them, without notice to (except as expressly provided for in any Loan Document) or demand upon Parent or Borrowers, which are expressly waived by Borrowers (except as to notices expressly provided for in any Loan Document), may proceed (but only with the consent of the Requisite Lenders) to protect, exercise and enforce their rights and remedies under the Loan Documents against Parent and the Borrowers and any other Parties and such other rights and remedies as are provided by Law or equity.

(d) The order and manner in which the Lenders' rights and remedies are to be exercised shall be determined by the Requisite Lenders in their sole discretion, and all payments received by the Creditors, shall be applied first to the costs and expenses (including attorneys' fees and disbursements and the allocated costs of attorneys employed by the Administrative Agent) of the Creditors, and thereafter paid pro rata to the Lenders in the same proportions that the aggregate Obligations owed to each Lender under the Loan Documents bear to the aggregate Obligations owed under the Loan Documents to all the Lenders, without priority or preference among the Lenders. Regardless of how each Lender may treat payments for the purpose of its own accounting, for the purpose of computing the Obligations hereunder and under the Notes, payments shall be applied first, to the costs and expenses of the Creditors, as set forth above, second, to the payment of

accrued and unpaid interest due under any Loan Documents to and including the date of such application (ratably, and without duplication, according to the accrued and unpaid interest due under each of the Loan Documents), and third, to the payment of all other amounts (including principal and fees) then owing to the Creditors under the Loan Documents. No application of payments will cure any Event of Default, or prevent acceleration, or continued acceleration, of amounts payable under the Loan Documents, or prevent the exercise, or continued exercise, of rights or remedies of the Lenders hereunder or thereunder or at Law or in equity.

Article 10  
THE ADMINISTRATIVE AGENT

10.1 APPOINTMENT AND AUTHORIZATION. Each Creditor hereby irrevocably appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to the Administrative Agent by the terms thereof or are reasonably incidental, as determined by the Administrative Agent, thereto. This appointment and authorization is intended solely for the purpose of facilitating the servicing of the Obligations and does not constitute appointment of the Administrative Agent as trustee for any Lender or as representative of any Lender for any other purpose and, except as specifically set forth in the Loan Documents to the contrary, the Administrative Agent shall take such action and exercise such powers only in an administrative and ministerial capacity.

10.2 ADMINISTRATIVE AGENT AND AFFILIATES. Bank of America (and each successor Administrative Agent) has the same rights and powers under the Loan Documents as any other Lender and may exercise the same as though it was not the Administrative Agent, and the term "Lender" or "Lenders" includes Bank of America in its individual capacity. Bank of America (and each successor Administrative Agent) and its Affiliates may accept deposits from, lend money to and generally engage in any kind of banking, trust or other business with Parent, any Subsidiary thereof, or any Affiliate of Parent, as if it was not the Administrative Agent and without any duty to account therefor to the Lenders. Bank of America (and each successor Administrative Agent) need not account to any other Bank for any monies received by it for reimbursement of its costs and expenses as Administrative Agent hereunder, or for any monies received by it in its capacity as a Lender hereunder. The Administrative Agent shall not be deemed

to hold a fiduciary relationship with any Lender and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent.

10.3 PROPORTIONATE INTEREST IN ANY COLLATERAL. The Administrative Agent, on behalf of all the Lenders, shall hold in accordance with the Loan Documents all items of any collateral or interests therein hereafter received or held by the Administrative Agent. Subject to the Administrative Agent's and the Lenders' rights to reimbursement for their costs and expenses hereunder (including attorneys' fees and disbursements and other professional services and the allocated costs of attorneys employed by the Administrative Agent or a Lender), each Lender shall have an interest in the Lenders' interest in any collateral or interests therein in the same proportions that the aggregate Obligations owed such Lender under the Loan Documents bear to the aggregate Obligations owed under the Loan Documents to all the Lenders, without priority or preference among the Lenders.

10.4 LENDERS' CREDIT DECISIONS. Each Creditor agrees that it has, independently and without reliance upon the Administrative Agent, any other Creditor or the directors, officers, agents, employees or attorneys of any other Creditor, and instead in reliance upon information supplied to it by or on behalf of Parent and Borrowers and upon such other information as it has deemed appropriate, made its own independent credit analysis and decision to enter into this Agreement. Each Creditor also agrees that it shall, independently and without reliance upon any other Creditor or the directors, officers, agents, employees or attorneys of any other Creditor, continue to make its own independent credit analyses and decisions in acting or not acting under the Loan Documents.

10.5 ACTION BY ADMINISTRATIVE AGENT.

(a) The Administrative Agent, the relevant Issuing Lender and the Swing Line Lender may assume that no Default or Event of Default has occurred and is continuing, unless they have received notice from a Parent or any Borrower stating the nature of the Default or Event of Default or have received notice from a Lender stating the nature of the Default or Event of Default and that such Lender considers the Default or Event of Default to have occurred and to be continuing.

(b) The Administrative Agent has only those obligations under the Loan Documents as are expressly set forth therein.

(c) Except for any obligation expressly set forth in the Loan Documents and as long as the Administrative Agent may assume that no Event of Default has occurred and is continuing, the Administrative Agent may, but shall not be required to, exercise its discretion to act or not act, except that the Administrative Agent shall be required to act or not act upon the instructions of the Requisite Lenders (or of all the Lenders, to the extent required by Section 11.2) and those instructions shall be binding upon the Administrative Agent and all the Lenders, provided that the Administrative Agent shall not be required to act or not act if to do so would be contrary to any Loan Document or to applicable Law or would result, in the reasonable judgment of the Administrative Agent, in substantial risk of liability to the Administrative Agent.

(d) If the Administrative Agent has received a notice specified in clause (a), the Administrative Agent shall immediately give notice thereof to the Lenders and shall act or not act upon the instructions of the Requisite Lenders (or of all the Lenders, to the extent required by Section 11.2), provided that the Administrative Agent shall not be required to act or not act if to do so would be contrary to any Loan Document or to applicable Law or would result, in the reasonable judgment of the Administrative Agent, in substantial risk of liability to the Administrative Agent, and except that if the Requisite Lenders (or all the Lenders, if required under Section 11.2) fail, for five Business Days after the receipt of notice from the Administrative Agent, to instruct the Administrative Agent, then the Administrative Agent, in its sole discretion, may act or not act as it deems advisable for the protection of the interests of the Creditors.

(e) The Administrative Agent shall have no liability to any Creditor for acting, or not acting, as instructed by the Requisite Lenders (or all the Lenders, if required under Section 11.2), notwithstanding any other provision hereof.

10.6 LIABILITY OF ADMINISTRATIVE AGENT. Neither the Administrative Agent nor any of its directors, officers, agents, employees or attorneys shall be liable for any action taken or not taken by them under or in connection with the Loan Documents, except for their own gross negligence or willful misconduct. Without limitation on the foregoing, the Administrative Agent and its directors, officers, agents, employees and attorneys:

(a) May treat the payee of any Note as the holder thereof until the Administrative Agent receives notice of the assignment or transfer thereof, in form satisfactory to the Administrative Agent, signed by the payee, and may treat each Lender as the owner of that Lender's interest in the Obligations for all purposes of this Agreement until the Administrative Agent receives notice of the assignment or transfer thereof, in form satisfactory to the Administrative Agent, signed by that Lender.

(b) May consult with legal counsel (including in-house legal counsel), accountants (including in-house accountants) and other professionals or experts selected by it, or with legal counsel, accountants or other professionals or experts for Parent and/or its Subsidiaries or the Lenders, and shall not be liable for any action taken or not taken by it in good faith in accordance with any advice of such legal counsel, accountants or other professionals or experts.

(c) Shall not be responsible to any Lender for any statement, warranty or representation made in any of the Loan Documents or in any notice, certificate, report, request or other statement (written or oral) given or made in connection with any of the Loan Documents.

(d) Except to the extent expressly set forth in the Loan Documents, shall have no duty to ask or inquire as to the performance or observance by Parent or its Subsidiaries of any of the terms, conditions or covenants of any of the Loan Documents or to inspect any collateral or the Property, books or records of Parent or its Subsidiaries.

(e) Will not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, effectiveness, sufficiency or value of any Loan Document, any other instrument or writing furnished pursuant thereto or in connection therewith, or any collateral.

(f) Will not incur any liability by acting or not acting in reliance upon any Loan Document, notice, consent, certificate, statement, request or other instrument or writing believed by it to be genuine and signed or sent by the proper party or parties.

(g) Will not incur any liability for any arithmetical error in computing any amount paid or payable by Parent, Borrowers or any Subsidiary thereof or paid or payable to or received or receivable from any Lender under any Loan Document, including, without limitation, principal, interest, commitment fees, Advances and other amounts; provided that, promptly upon discovery of such an error in computation, the Creditors (and, to the extent applicable, Parent and Borrowers) shall make such adjustments as are necessary to correct such error and to restore the parties to the position that they would have occupied had the error not occurred.

10.7 INDEMNIFICATION. Each Lender shall, ratably in accordance with its Pro Rata Share, indemnify and hold the Administrative Agent, the Lead Arranger and their respective directors, officers, agents, employees and attorneys harmless against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including, without limitation, attorneys' fees and disbursements and allocated costs of attorneys employed by the Administrative Agent or the Lead Arranger) that may be imposed on, incurred by or asserted against it or them in any way relating to or arising out of the Loan Documents (other than losses incurred by reason of the failure of Parent or Borrowers to pay and perform the Obligations) or any action taken or not taken by it as Administrative Agent and the Lead Arranger thereunder, except such as result from their own gross negligence or willful misconduct. Without limitation on the foregoing, each Lender shall reimburse the Administrative Agent and the Lead Arranger upon demand for that Lender's Pro Rata Share of any out-of-pocket cost or expense incurred by the Administrative Agent or the Lead Arranger in connection with the negotiation, preparation, execution, delivery, amendment, waiver, restructuring, reorganization (including a bankruptcy reorganization), enforcement or attempted enforcement of the Loan Documents, to the extent that Parent, Borrowers or any other Party fails to do so upon demand.

10.8 SUCCESSOR ADMINISTRATIVE AGENT. The Administrative Agent may, and at the request of the Requisite Lenders shall, resign as Administrative Agent upon thirty days notice to the Lenders, Parent and the Borrowers. If the Administrative Agent resigns as Administrative Agent under this Agreement, the Requisite Lenders shall appoint from among the Lenders a successor administrative agent for the Lenders, which successor administrative agent shall be approved by Parent and Borrowers (and such approval shall not be unreasonably withheld). If no successor administrative agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Lenders, Parent and Borrowers, a successor administrative agent from among the Lenders. Upon the acceptance of its appointment as successor administrative agent hereunder, such successor administrative agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent" shall mean such successor administrative agent and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated (except for any liabilities incurred prior to such termination). After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article 10, and Sections 11.3, 11.11 and 11.23, shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor administrative agent has accepted appointment as Administrative Agent by the date which is thirty days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Lenders appoint a successor administrative agent as provided for above.

10.9 NO OBLIGATIONS OF PARENT OR BORROWERS. Nothing contained in this Article 10 shall be deemed to impose upon Parent or Borrowers any obligation in respect of the due and punctual performance by the Administrative Agent of its obligations to the Lenders under any provision of this Agreement, and Parent and Borrowers shall have no liability to any Creditor in respect of any failure by any Creditor to perform any of its obligations to any other Creditor under this Agreement.

Article 11  
MISCELLANEOUS

11.1 CUMULATIVE REMEDIES; NO WAIVER. The rights, powers, privileges and remedies of the Creditors provided herein or in any Note or other Loan Document are cumulative and not exclusive of any right, power, privilege or remedy provided by Law or equity. No failure or delay on the part of any Creditor in exercising any right, power, privilege or remedy may be, or may be deemed to be, a waiver thereof; nor may any single or partial exercise of any right, power, privilege or remedy preclude any other or further exercise of the same or any other right, power, privilege or remedy. The terms and conditions of Article 8 hereof are inserted for the sole benefit of the Creditors; the same may be waived in whole or in part, with or without terms or conditions, in respect of any Loan or Letter of Credit without prejudicing the Creditors rights to assert them in whole or in part in respect of any other Loan or Letter of Credit.

11.2 AMENDMENTS; CONSENTS. No amendment, modification, supplement, extension, termination or waiver of any provision of this Agreement or any other Loan Document, no approval or consent thereunder, and no consent to any departure by Parent, Borrowers or any other Party therefrom, may in any event be effective unless in writing signed by the Requisite Lenders (and, in the case of any amendment, modification or supplement of or to any Loan Document to which Parent or any Borrower is a party, signed by Parent and that Borrower and, in the case of any amendment, modification or supplement to Article 10, signed by the Administrative Agent), and then only in the specific instance and for the specific purpose given; and, without the approval in writing of all the Lenders, no amendment, modification, supplement, termination, waiver or consent may be effective:

(a) To forgive any principal Obligation, defer any required payment of any Obligation, reduce the amount or rate of interest payable on any Loan or Advance without the consent of the affected Lender, increase the amount of the Commitment (except as set forth in Section 2.7) or the Pro Rata Share of any Lender or decrease the amount of any Letter of Credit Fee or facility fee payable to any Lender, or reduce any other fee or amount payable to the Creditors under the Loan Documents or to waive an Event of Default consisting of the failure of any Borrower to pay when due principal, interest or any facility fee or letter of credit fee;

(b) To postpone any date fixed for any payment of principal of, prepayment of principal of or any installment of interest on, any Note or any installment of any facility fee or letter of credit fee, or to extend the term of the Commitment (except as set forth in Section 2.12);

(c) To amend the provisions of the definition of "Requisite Lenders" or this Section 11.2 or to amend or waive Section 6.2;

(d) to release or subordinate the Parent Guaranty; or

(e) To amend any provision of this Agreement that expressly requires the consent or approval of all the Lenders.

Any amendment, modification, supplement, termination, waiver or consent pursuant to this Section 11.2 shall apply equally to, and shall be binding upon, all of the Creditors.

If, in connection with any proposed amendment, modification, supplement, termination, waiver or consent to any of the provisions hereof as contemplated by clauses (a) through (d), inclusive, of this Section 11.2, the consent of the Required Lenders is obtained, but the consent of one or more of the other Lenders is required and is not obtained, then the Borrowers shall have the right to (i) replace such non-consenting Lender with one or more Eligible Assignees in accordance with Section 11.14(a) if such Eligible Assignee consents to the proposed amendment, modification, supplement, termination, waiver or consent, or (ii) reduce the Commitment in accordance with Section 11.14(b) or any combination of the foregoing, provided that each such non-consenting Lender shall be either replaced as set forth in clause (i) or eliminated as set forth in clause (ii).

11.3 COSTS, EXPENSES AND TAXES. Each Borrower shall pay within two Business Days after demand, accompanied by an invoice therefor, the reasonable costs and expenses of the Administrative Agent and the Lead Arranger in connection with the negotiation, preparation, syndication, execution and delivery of the Loan Documents and any amendment thereto or waiver thereof which is requested by Borrowers or is entered into when any Default or Event of Default exists. Following any Event of Default, each Borrower shall pay on demand, accompanied by an invoice therefor, the reasonable costs and expenses of the Administrative Agent and each of the other Creditors in connection with the restructuring,

reorganization (including a bankruptcy reorganization) and enforcement or attempted enforcement of the Loan Documents, and any matter related thereto. The foregoing costs and expenses shall include filing fees, recording fees, title insurance fees, appraisal fees, search fees, and other out-of-pocket expenses and the reasonable fees and out-of-pocket expenses of any legal counsel (including allocated costs of legal counsel employed by any Creditor), independent public accountants and other outside experts retained by any of the Creditors, whether or not such costs and expenses are incurred or suffered by the Creditors in connection with or during the course of any bankruptcy or insolvency proceedings of the Parent or any Subsidiary thereof. Such costs and expenses shall also include, in the case of any amendment or waiver of any Loan Document requested by the Parent or the Borrowers, the administrative costs of the Administrative Agent reasonably attributable thereto. Each Borrower shall pay any and all documentary and other taxes, excluding, in the case of each Creditor and its Eurodollar Lending Office thereof, (i) taxes imposed on or measured in whole or in part by its net income or capital and franchise taxes imposed on it, (ii) any withholding taxes or other taxes based on net income (other than withholding taxes and taxes based on net income resulting from or attributable to any change following the Closing Date in any law, rule or regulation or any change following the Closing Date in the interpretation or administration of any law, rule or regulation by any governmental authority) or (iii) any withholding taxes or other taxes based on net income for any period with respect to which it has failed to provide the Parent with the appropriate form or forms required by Section 11.21, to the extent such forms are then required by applicable Laws, and all costs, expenses, fees and charges payable or determined to be payable in connection with the filing or recording of this Agreement, any other Loan Document or any other instrument or writing to be delivered hereunder or thereunder, or in connection with any transaction pursuant hereto or thereto, and shall reimburse, hold harmless and indemnify the Creditors from and against any and all loss, liability or legal or other expense with respect to or resulting from any delay in paying or failure to pay any such tax, cost, expense, fee or charge or that any of them may suffer or incur by reason of the failure of any Party to perform any of its Obligations. Any amount payable to the Creditors under this Section 11.3 shall bear interest from the second Business Day following the date of demand for payment at the Default Rate.

11.4 NATURE OF LENDERS' OBLIGATIONS. The obligations of the Lenders hereunder are several and not joint or joint and several. Nothing contained in this Agreement or any other Loan Document and no action taken by the Creditors or any of them pursuant hereto or thereto may, or may be deemed to, make the Creditors a partnership, an association, a joint venture or other entity, either among themselves or with Parent, any Borrower or any Affiliate thereof. Each Lender's obligation to make any Advance pursuant hereto is several and not joint or joint and several, and in the case of the initial Advance only is conditioned upon the performance by all other Lenders of their obligations to make initial Advances. A default by any Lender will not increase the Pro Rata Share attributable to any other Lender. Any Lender not in default may, if it desires, assume in such proportion as a majority in interest of the nondefaulting Lenders agree the obligations of any Lender in default, but is not obligated to do so.

11.5 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All representations and warranties contained herein or in any other Loan Document, or in any certificate or other writing delivered by or on behalf of any one or more of the Parties to any Loan Document, will survive the making of the Loans hereunder and the execution and delivery of the Notes, and have been or will be relied upon by the Creditors, notwithstanding any investigation made by the Creditors or on their behalf.

11.6 NOTICES. EXCEPT as otherwise expressly provided in the Loan Documents, all notices, requests, demands, directions and other communications provided for hereunder or under any other Loan Document must be in writing and must be mailed, telecopied or delivered by overnight courier or otherwise to the appropriate party at the address set forth on the signature pages of this Agreement or other applicable Loan Document or, as to any party to any Loan Document, at any other address as may be designated by it in a written notice sent to all other parties to such Loan Document in accordance with this Section. Except as otherwise expressly provided in any Loan Document, if any notice, request, demand, direction or other communication required or permitted by any Loan Document is given by mail it will be effective on the earlier of receipt or the third calendar day after deposit in the United States mail with first class or airmail postage prepaid; if given by telecopier, when sent; or if given by personal delivery, when delivered.

11.7 EXECUTION OF LOAN DOCUMENTS. Unless the Administrative Agent otherwise specifies with respect to any Loan Document, (a) this Agreement and any other Loan Document may be executed in any number of counterparts and any party hereto or thereto may execute any counterpart, each of which when executed and delivered will be deemed to be an original and all of which counterparts of this Agreement or any other Loan Document, as the case may be, when taken together will be deemed to be but one and the same instrument and (b) execution of any such counterpart may be evidenced by a telecopier transmission of the signature of such party. The execution of this Agreement or any other Loan Document by any party hereto or thereto will not become effective until counterparts hereof or thereof, as the case may be, have been executed by all the parties hereto or thereto.

11.8 BINDING EFFECT; ASSIGNMENT.

(a) This Agreement and the other Loan Documents will be binding upon and inure to the benefit of Parent, Borrowers, the Creditors, and their respective successors and assigns, except that Parent and Borrowers may not assign their rights hereunder or thereunder or any interest herein or therein without the prior written consent of all the Lenders (any purported assignment by Parent or any Borrower in violation of this Section being void ab initio). Each Lender represents that it is not acquiring its Notes with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (subject to any requirement that disposition of such Notes must be within the control of such Lender). Any Lender may at any time pledge its Notes or any other instrument evidencing its rights as a Lender under this Agreement to a Federal Reserve Bank, but no such pledge shall release that Lender from its obligations hereunder or grant to such Federal Reserve Bank the rights of a Lender hereunder absent foreclosure of such pledge.

(b) From time to time following the Closing Date, each Lender may assign to one or more Eligible Assignees all or any portion of its Pro Rata Share and its Notes; provided that (i) such Eligible Assignee, if not then a Lender or an Affiliate of the assigning Lender having a combined capital and surplus in excess of \$100,000,000, shall be approved by each of the Administrative Agent (which approval shall not be unreasonably withheld) and the Parent and the Borrowers (which approval shall not be unreasonably withheld and will not be required if an Event

of Default has occurred and remains continuing), (ii) such assignment shall be evidenced by an Assignment Agreement, a copy of which shall be furnished to the Administrative Agent, (iii) except in the case of an assignment to an Affiliate of the assigning Lender, to another Lender or of the entire remaining Commitment of the assigning Lender, the assignment shall not assign a Pro Rata Share which is less than \$5,000,000, and (iv) the effective date of any such assignment shall be as specified in the Assignment Agreement, but not earlier than the date which is five Business Days after the date the Administrative Agent has received the Assignment Agreement. Upon the effective date of such Assignment Agreement, the Eligible Assignee named therein shall be a Lender for all purposes of this Agreement, with the Pro Rata Share therein set forth and, to the extent of such Pro Rata Share, the assigning Lender shall be released from its further obligations under this Agreement and the other Loan Documents. Each Borrower agrees that it shall execute and deliver (against delivery by the assigning Lender to the Borrowers of its Notes) to such assignee Lender, Notes evidencing that assignee Lender's Pro Rata Share, and to the assigning Lender, Notes evidencing the remaining balance Pro Rata Share retained by the assigning Lender.

(c) By executing and delivering an Assignment Agreement, the Eligible Assignee thereunder acknowledges and agrees that: (i) other than the representation and warranty that it is the legal and beneficial owner of the Pro Rata Share being assigned thereby free and clear of any adverse claim, the assigning Lender has made no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness or sufficiency of this Agreement or any other Loan Document; (ii) the assigning Lender has made no representation or warranty and assumes no responsibility with respect to the financial condition of the Parent or its Subsidiaries or the performance by the Parent or its Subsidiaries of the Obligations; (iii) it has received a copy of this Agreement and the other Loan Documents, together with copies of the most recent financial statements delivered pursuant to Section 7.1 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment Agreement; (iv) it will, independently and without reliance upon any other Creditor and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action

under this Agreement; (v) it appoints and authorizes the Administrative Agent to take such action and to exercise such powers under this Agreement and the Loan Documents as are delegated to the Administrative Agent by this Agreement; and (vi) it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Administrative Agent shall maintain a copy of each Assignment Agreement delivered to it. After receipt of a completed Assignment Agreement executed by any Lender and an Eligible Assignee, and receipt (except in the case of the assignment to an Affiliate of the Assignor) of an assignment fee of \$3,500 from such Eligible Assignee, the Administrative Agent shall, promptly following the effective date thereof, provide to Parent and the Borrowers and the Lenders a revised Schedule 1.1 giving effect thereto.

(e) Each Lender may from time to time grant participations in a portion of its Pro Rata Share or in any Competitive Advance, in each case to one or more banks or other financial institutions (including another Lender); provided, however, that (i) such Lender's obligations under the Loan Documents shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks or other financial institutions shall not be a Lender hereunder for any purpose except, if the participation agreement so provides, for the purposes of Sections 3.7, 3.8 and 11.11, but only to the extent that the cost of such benefits to Parent and Borrowers does not exceed the cost which Parent and the Borrowers would have incurred in respect of such Lender absent the participation, (iv) Parent, the Borrowers and the other Creditors shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, (v) the participation interest shall not restrict an increase in the Commitment, or in the granting Lender's Pro Rata Share, so long as the amount of the participation interest is not affected thereby, and (vi) the consent of the holder of such participation interest shall not be required for amendments or waivers of provisions of the Loan Documents other than those which (A) extend the Maturity Date or any other date upon which any payment of money is due to the Lender granting the participation, (B) reduce the rate of interest on the Notes of such Lender, any fee or any other monetary amount payable to that Lender, or (C) reduce the amount of any installment of principal due under the Notes of that Lender.

(f) Notwithstanding anything in this Section to the contrary, the rights of the Lenders to make assignment of, and grant participations in, their Pro Rata Share of the Commitment shall be subject to the approval of any Gaming Board, to the extent required by applicable Gaming Laws.

(g) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle (an "SPC") of such Granting Lender, identified as such in writing from time to time by the Granting Lender to the Administrative Agent, Parent and the Borrowers, the option to provide to the Borrowers all or any part of any Loan that such Granting Lender would otherwise be obligated to make to the Borrowers pursuant to Sections 2.1, 2.2, 2.3 or 2.5, provided that (i) nothing herein shall constitute a commitment to make any Loan by any SPC and (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender (and, if such Loan is a Competitive Advance, shall be deemed to utilize the Commitments of all the Lenders) to the same extent, and as if, such Loan were made by the Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the related Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or similar proceedings under the laws of the United States or any State thereof, provided that the Granting Lender for each SPC hereby agrees to indemnify, save, and hold harmless each other party hereto for any loss, cost, damage and expense arising out of their inability to institute any such proceeding against its SPC. In addition, notwithstanding anything to the contrary contained in this Section 11.8, any SPC may (i) with notice to, but without the prior written consent of, Parent, the Borrowers or the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to its Granting Lender or to any financial institutions providing liquidity and/or credit facilities to or for the account of such SPC to fund the Loans made by such SPC or

to support the securities (if any) issued by such SPC to fund such Loans (but nothing contained herein shall be construed in derogation of the obligation of the Granting Lender to make Loans hereunder), provided that neither the consent of the SPC or of any such assignee shall be required for amendments or waivers of provisions of the Loan Documents except for those amendments or waivers for which the consent of participants is required under Section 11.8(e)(vi), and (ii) disclose on a confidential basis (in the same manner described in Section 11.13) any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of a surety, guarantee or credit or liquidity enhancement to such SPC.

11.9 SHARING OF SETOFFS. Each Lender severally agrees that if it, through the exercise of any right of setoff, banker's lien or counterclaim against Parent, any Borrower, or otherwise, receives payment of the Obligations held by it that is ratably more than any other Lender, through any means, receives in payment of the Obligations held by that Lender, then, subject to applicable Laws: (a) The Lender exercising the right of setoff, banker's lien or counterclaim or otherwise receiving such payment shall purchase, and shall be deemed to have simultaneously purchased, from the other Lender a participation in the Obligations held by the other Lender and shall pay to the other Lender a purchase price in an amount so that the share of the Obligations held by each Lender after the exercise of the right of setoff, banker's lien or counterclaim or receipt of payment shall be in the same proportion that existed prior to the exercise of the right of setoff, banker's lien or counterclaim or receipt of payment; and (b) Such other adjustments and purchases of participations shall be made from time to time as shall be equitable to ensure that all of the Lenders share any payment obtained in respect of the Obligations ratably in accordance with each Lender's share of the Obligations immediately prior to, and without taking into account, the payment; provided that, if all or any portion of a disproportionate payment obtained as a result of the exercise of the right of setoff, banker's lien, counterclaim or otherwise is thereafter recovered from the purchasing Lender by Parent, Borrowers or any Person claiming through or succeeding to the rights of Parent or Borrowers, the purchase of a participation shall be rescinded and the purchase price thereof shall be restored to the extent of the recovery, but without interest. Each Lender that purchases a participation in the Obligations pursuant to this Section shall from and after the purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Lender were the original owner of the Obligations purchased. Parent and each Borrower

expressly consents to the foregoing arrangements and agrees that any Lender holding a participation in an Obligation so purchased may exercise any and all rights of setoff, banker's lien or counterclaim with respect to the participation as fully as if the Lender were the original owner of the Obligation purchased.

11.10 INDEMNITY BY PARENT AND BORROWERS. Parent and each Borrower jointly and severally (but as between Parent and Borrowers, ratably) agrees to indemnify, save and hold harmless each of the Creditors and the Arranger and their Affiliates, directors, officers, agents, attorneys and employees (collectively the "Indemnitees") from and against: (a) Any and all claims, demands, actions or causes of action (except a claim, demand, action, or cause of action for any amount excluded from the definition of "Taxes" in Section 3.12(d)) if the claim, demand, action or cause of action arises out of or relates to any act or omission (or alleged act or omission) of Parent, any Borrower, its Affiliates or any of its officers, directors or shareholders relating to the Commitment, the use or contemplated use of proceeds of any Loan or Letter of Credit, or the relationship of Parent, Borrowers and the Creditors under this Agreement; (b) Any administrative or investigative proceeding by any Governmental Agency arising out of or related to a claim, demand, action or cause of action described in clause (a) above; and (c) Any and all liabilities, losses, costs or expenses (including attorneys' fees and the allocated costs of attorneys employed by any Indemnatee and disbursements of such attorneys and other professional services) that any Indemnatee suffers or incurs as a result of the assertion of any foregoing claim, demand, action or cause of action; PROVIDED that no Indemnatee shall be entitled to indemnification for any loss caused by its own gross negligence or willful misconduct or for any loss asserted against it by another Indemnatee. If any claim, demand, action or cause of action is asserted against any Indemnatee, such Indemnatee shall promptly notify Parent and Borrowers, but the failure to so promptly notify Parent or Borrowers shall not affect Parent's and Borrowers' obligations under this Section unless such failure materially prejudices Parent's or Borrowers' right to participate in the contest of such claim, demand, action or cause of action, as hereinafter provided. Such Indemnatee may (and shall, if requested by Parent and the Borrowers in writing) contest the validity, applicability and amount of such claim, demand, action or cause of action and shall permit Parent and the Borrowers to participate in such contest. Any Indemnatee that proposes to settle or compromise any claim or proceeding for which Parent or the Borrowers may be liable for payment of indemnity hereunder shall give Parent and the

Borrowers written notice of the terms of such proposed settlement or compromise reasonably in advance of settling or compromising such claim or proceeding and shall obtain Parent's and the Borrowers' prior consent (which shall not be unreasonably withheld). In connection with any claim, demand, action or cause of action covered by this Section against more than one Indemnitee, all such Indemnitees shall be represented by the same legal counsel (which may be a law firm engaged by the Indemnitees or attorneys employed by an Indemnitee or a combination of the foregoing) selected by the Indemnitees; provided, that if such legal counsel determines in good faith that representing all such Indemnitees would or could result in a conflict of interest under Laws or ethical principles applicable to such legal counsel or that a defense or counterclaim is available to an Indemnitee that is not available to all such Indemnitees, then to the extent reasonably necessary to avoid such a conflict of interest or to permit unqualified assertion of such a defense or counterclaim, each Indemnitee shall be entitled to separate representation, with all such legal counsel using reasonable efforts to avoid unnecessary duplication of effort by counsel for all Indemnitees; and further provided that the Administrative Agent (as an Indemnitee) shall at all times be entitled to representation by separate legal counsel (which may be a law firm or attorneys employed by the Administrative Agent or a combination of the foregoing). Any obligation or liability of the Parent and the Borrowers to any Indemnitee under this Section shall survive the expiration or termination of this Agreement and the repayment of all Loans and the payment and performance of all other Obligations owed to the Lenders.

11.11 NONLIABILITY OF THE LENDERS. Parent and each Borrower acknowledges and agrees that:

(a) Any inspections of any Property of Parent or its Subsidiaries made by or through the Creditors are solely for purposes of administration of this Agreement and Parent and the Borrowers are not entitled to rely upon the same (whether or not such inspections are at the expense of Parent and the Borrowers);

(b) By accepting, furnishing or approving anything required to be observed, performed, fulfilled or given to the Creditors pursuant to the Loan Documents, none of the Creditors shall be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance, furnishing or approval thereof shall not constitute a warranty or representation to anyone with respect thereto by the Creditors;

(c) The relationship among Parent, the Borrowers and the Creditors is, and shall at all times remain, solely that of borrowers, guarantors and lenders; none of the Creditors shall under any circumstance be construed to be partners or joint venturers of Parent, Borrowers or their Affiliates; none of the Creditors shall under any circumstance be deemed to be in a relationship of confidence or trust or a fiduciary relationship with Parent or its Affiliates, or to owe any fiduciary duty to Parent or its Affiliates; none of the Creditors undertakes or assumes any responsibility or duty to Parent or its Affiliates to select, review, inspect, supervise, pass judgment upon or inform Parent or its Affiliates of any matter in connection with their Property or the operations of Parent or its Affiliates; Parent and its Affiliates shall rely entirely upon their own judgment with respect to such matters; and any review, inspection, supervision, exercise of judgment or supply of information undertaken or assumed by the Creditors in connection with such matters is solely for the protection of the Creditors and neither Parent, the Borrowers nor any other Person is entitled to rely thereon; and

(d) The Creditors shall not be responsible or liable to any Person for any loss, damage, liability or claim of any kind relating to injury or death to Persons or damage to Property caused by the actions, inaction or negligence of Parent and/or its Affiliates and Parent and each Borrower hereby indemnifies and holds the Creditors harmless from any such loss, damage, liability or claim.

11.12 NO THIRD PARTIES BENEFITTED. This Agreement is made for the purpose of defining and setting forth certain obligations, rights and duties of Parent, the Borrowers and the Creditors in connection with the Loans, Letters of Credit and Swing Line Advances, and is made for the sole benefit of Parent, the Borrowers, the Creditors, and the Creditors' successors and

assigns, and, subject to Section 6.1 successors to Borrowers by permitted merger. EXCEPT as provided in Sections 11.8 and 11.11, no other Person shall have any rights of any nature hereunder or by reason hereof.

11.13 CONFIDENTIALITY. Each Creditor agrees to hold any confidential information that it may receive from Parent and its Subsidiaries pursuant to this Agreement in confidence, except for disclosure: (a) To Affiliates of that Creditor and to other Creditors; (b) To legal counsel and accountants for Parent and its Subsidiaries or any Creditor; (c) To other professional advisors to Parent and its Subsidiaries or any Creditor, provided that the recipient has accepted such information subject to a confidentiality agreement substantially similar to this Section 11.13 or has notified such professional advisors of the confidentiality of such information; (d) To regulatory officials having jurisdiction over that Creditor; (e) To any Gaming Board having regulatory jurisdiction over Parent or its Subsidiaries, provided that each Lender agrees to use its best efforts to notify Parent and the Borrowers of any such disclosure unless prohibited by applicable Laws; (f) As required by Law or legal process (provided that the relevant Creditor shall endeavor, to the extent it may do so under applicable Law, to give Parent and the Borrowers reasonable prior notice thereof to allow Parent and the Borrowers to seek a protective order) or in connection with any legal proceeding to which that Creditor, Parent and any Borrower are adverse parties; and (g) To another financial institution in connection with a disposition or proposed disposition to that financial institution of all or part of that Creditor's interests hereunder or a participation interest in its Notes, provided that the recipient has accepted such information subject to a confidentiality agreement substantially similar to this Section. For purposes of the foregoing, "confidential information" shall mean any information respecting Parent or its Subsidiaries reasonably considered by Parent and the Borrowers to be confidential, other than (i) information previously filed with any Governmental Agency and available to the public, (ii) information previously published in any public medium from a source other than, directly or indirectly, that Lender, and (iii) information previously disclosed to any Person not associated with Parent or its Affiliates without a confidentiality agreement substantially similar to this Section. Nothing in this Section shall be construed to create or give rise to any fiduciary duty on the part of any Creditor to Parent or the Borrowers.

11.14 REMOVAL OF A LENDER. Parent and the Borrowers shall have the right to remove a Lender as a party to this Agreement pursuant to this Section in the event that such Lender (a) refuses to consent to an extension of the Maturity Date requested by Parent and the Borrowers in accordance with Section 2.12 which has been consented to by Lenders holding Pro Rata Share equal to or greater than 66 2/3% of the Commitment, or (b) requests compensation under Section 3.7 or Section 3.8 which has not been requested by all other Lenders, in each case by written notice to the Administrative Agent and such Lender within 60 days following any such refusal or request, or (c) refuses to consent to certain proposed changes, waivers, modifications, supplements, terminations, waivers or consents with respect to this Agreement which have been approved by the Required Lenders as provided in Section 11.2, provided that no Default or Event of Default then exists, or (d) is the subject of a Disqualification. If Parent and the Borrowers are entitled to remove a Lender pursuant to this Section either:

(a) The Lender being removed shall within five Business Days after such notice execute and deliver an Assignment Agreement covering that Lender's Pro Rata Share in favor of one or more Eligible Assignees designated by Parent and the Borrowers and reasonably acceptable to the Administrative Agent, subject to payment of a purchase price by such Eligible Assignee equal to all principal and accrued interest, fees and other amounts payable to such Lender under this Agreement through the date of the Assignment Agreement; or

(b) Parent and the Borrowers may reduce the Commitment pursuant to Section 2.8 (and, for this purpose, the numerical requirements of such Section shall not apply) by an amount equal to that Lender's Pro Rata Share, pay and provide to such Lender the amount required by clause (a) above and release such Lender from its Pro Rata Share (subject, however, to the requirement that all conditions set forth in Section 8.2 are met as of the date of such reduction and the payment to the other Lenders of appropriate fees for the assumption of that Lender's participation in all Letters of Credit and Swing Line Advances then outstanding), in which case the percentage Pro Rata Shares of the remaining Lenders shall be ratably increased (but without any increase in the Dollar amount of the Pro Rata Shares of such Lenders).

11.15 FURTHER ASSURANCES. Parent and its Subsidiaries shall, at their expense and without expense to the Creditors, do, execute and deliver such further acts and documents as any Creditor from time to time reasonably requires for the assuring and confirming unto the Creditors of the rights hereby created or intended now or hereafter so to be, or for carrying out the intention or facilitating the performance of the terms of any Loan Document.

11.16 INTEGRATION. This Agreement, together with the other Loan Documents, comprises the complete and integrated agreement of the parties on the subject matter hereof and supersedes all prior agreements, written or oral, on the subject matter hereof. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control and govern; provided that the inclusion of supplemental rights or remedies in favor of the Creditors in any other Loan Document shall not be deemed a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

11.17 GOVERNING LAW. Except to the extent otherwise provided therein, each Loan Document shall be governed by, and construed and enforced in accordance with, the local Laws of California, without regard to the choice of laws or conflicts of laws principles thereof.

11.18 SEVERABILITY OF PROVISIONS. Any provision in any Loan Document that is held to be inoperative, unenforceable or invalid as to any party or in any jurisdiction shall, as to that party or jurisdiction, be inoperative, unenforceable or invalid without affecting the remaining provisions or the operation, enforceability or validity of that provision as to any other party or in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

11.19 HEADINGS. Article and Section headings in this Agreement and the other Loan Documents are included for convenience of reference only and are not part of this Agreement or the other Loan Documents for any other purpose.

11.20 TIME OF THE ESSENCE. Time is of the essence of the Loan Documents.

11.21 FOREIGN LENDERS AND PARTICIPANTS. Each Lender, and each holder of a participation interest herein, that is incorporated under the Laws of a jurisdiction other than the United States of America or any state thereof shall deliver to Parent (with a copy to the Administrative Agent), within twenty days after the Closing Date (or after accepting an Assignment Agreement or receiving a participation interest herein pursuant to Section 11.8, if applicable) two duly completed copies, signed by a Responsible Official, of either Form 1001 (relating to such Person and entitling it to a complete exemption from withholding on all payments to be made to such Person by Parent and the Borrowers pursuant to this Agreement) or Form 4224 (relating to all payments to be made to such Person by Parent and the Borrowers pursuant to this Agreement) of the United States Internal Revenue Service or such other evidence (including, if reasonably necessary, Form W-9) satisfactory to Parent and the Borrowers and the Administrative Agent that no withholding under the federal income tax laws is required with respect to such Person. Thereafter and from time to time, each such Person shall (a) promptly submit to Parent (with a copy to the Administrative Agent), such additional duly completed and signed copies of one of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may then be available under then current United States laws and regulations to avoid, or such evidence as is satisfactory to Parent and the Borrowers and the Administrative Agent of any available exemption from, United States withholding taxes in respect of all payments to be made to such Person by Parent and the Borrowers pursuant to this Agreement and (b) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Eurodollar Lending Office, if any) to avoid any requirement of applicable laws that Parent or the Borrowers make any deduction or withholding for taxes from amounts payable to such Person.

11.22 GAMING BOARDS. The Creditors agree to cooperate with all Gaming Boards in connection with the administration of their regulatory jurisdiction over Parent and its Subsidiaries, including the provision of such documents or other information as may be requested by any such Gaming Board relating to Parent or any of its Subsidiaries or to the Loan Documents.

11.23 NATURE OF THE BORROWERS' OBLIGATIONS. The Company hereby agrees that it shall be liable for all of the Obligations on a joint and several basis, notwithstanding which of the Borrowers may have directly received the proceeds of any particular Loan or Advance or the benefit of a particular Letter of Credit. Notwithstanding anything to the contrary set forth herein, the principal liability of Marina and each Borrower hereafter designated under Section 2.10 for Loans, Swing Line Advances and Letters of Credit shall be limited to Loans and Letters of Credit made to that Borrower and Letters of Credit issued for the account of that Borrower under the Aggregate Sublimit of that Borrower. Each of the Borrowers acknowledges and agrees that, for purposes of the Loan Documents, Parent and its Subsidiaries constitute a single integrated financial enterprise and that each receives a benefit from the availability of credit under this Agreement. Borrowers each waive all defenses arising under the Laws of suretyship, to the extent such Laws are applicable, in connection with their obligations under this Agreement. Without limiting the foregoing, each Borrower agrees to the Joint Borrower Provisions set forth in Exhibit L, incorporated by this reference.

11.24 DESIGNATED SENIOR DEBT. Parent and each Borrower hereby irrevocably designate the Obligations and this Agreement as "Designated Senior Indebtedness" and "Senior Indebtedness" within the meanings given to those terms in Section 1.1 of the Supplemental Indenture dated December 9, 1998 entered into with respect to the Existing Subordinated Debt among the Company, Parent and IBJ Schroeder Bank & Trust Company.

11.25 GAMING REGULATIONS. Each party to this Agreement hereby acknowledges that the consummation of the transactions contemplated by the Loan Documents is subject to applicable Gaming Laws (and Parent and Borrower represent and warrant that all requisite approvals necessary thereunder to enter into the transactions contemplated hereby have been duly obtained).

11.26 WAIVER OF RIGHT TO TRIAL BY JURY. EACH SIGNATORY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE SIGNATORIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH SIGNATORY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY SIGNATORY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

11.27 PURPORTED ORAL AMENDMENTS. PARENT AND EACH BORROWER EXPRESSLY ACKNOWLEDGE THAT THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS MAY ONLY BE AMENDED OR MODIFIED, OR THE PROVISIONS HEREOF OR THEREOF WAIVED OR SUPPLEMENTED, BY AN INSTRUMENT IN WRITING THAT COMPLIES WITH SECTION 11.2. PARENT AND EACH BORROWER AGREES THAT IT WILL NOT RELY ON ANY COURSE OF DEALING, COURSE OF PERFORMANCE, OR ORAL OR WRITTEN STATEMENTS BY ANY REPRESENTATIVE OF ANY OF THE CREDITORS THAT DOES NOT COMPLY WITH SECTION 11.2 TO EFFECT AN AMENDMENT, MODIFICATION, WAIVER OR SUPPLEMENT TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS.

Agreement to be duly executed as of the date first above written.

HARRAH'S ENTERTAINMENT, INC.

By: /s/ Charles L. Atwood

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Charles L. Atwood, Vice President  
and Treasurer

HARRAH'S OPERATING COMPANY, INC.

By: /s/ Charles L. Atwood

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Charles L. Atwood, Vice President  
and Treasurer

MARINA ASSOCIATES

By: Harrah's New Jersey, Inc.,  
general partner

By: /s/ Charles L. Atwood

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Charles L. Atwood, authorized  
signatory

By: Harrah's Atlantic City, Inc.,  
general partner

By: /s/ Charles L. Atwood

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Charles L. Atwood, authorized  
signatory

Address for notices for Parent and each  
Borrower:  
Harrah's Entertainment, Inc.  
1023 Cherry Road  
Memphis, Tennessee 38117  
Attn: Charles L. Atwood, Vice President  
and Treasurer  
Telecopier: 901/ 762-8698  
Telephone: 901/762-8852

BANK OF AMERICA NATIONAL TRUST  
AND SAVINGS ASSOCIATION, as  
Administrative Agent

By: /s/ Janice Hammond

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Janice Hammond, Vice President

Address:

Bank of America National Trust  
and Savings Association  
555 South Flower Street, 11th Floor  
Los Angeles, California 90071  
Attn: Janice Hammond  
Telecopier: (213) 228-2299  
Telephone: (213) 228-9861

BANK OF AMERICA NATIONAL TRUST  
AND SAVINGS ASSOCIATION, as a Lender

By: /s/ Scott Faber

-----  
Scott Faber, Vice President

Address:

Bank of America National Trust  
and Savings Association  
555 South Flower Street, #3283  
Los Angeles, California 90071  
Attn: Scott Faber, Vice President  
Telecopier: (213) 228-3145  
Telephone: (213) 228-2768

With a copy to:

Bank of America National Trust and  
Savings Association  
555 South Flower Street (LA-5777)  
Los Angeles, California 90071  
Attn: William Newby, Managing Director  
Telecopier: (213) 228-3145  
Telephone: (213) 228-2438

BANKERS TRUST COMPANY

By: /s/ Mary Kay Coyle

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Mary Kay Coyle

Title: Managing Director  
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Address for notices:

Bankers Trust Company  
130 Liberty Street  
New York, New York 10006  
Attn.: Mary Kay Coyle  
Facsimile: (212) 250-7218  
Telephone: (212) 250-9094

CANADIAN IMPERIAL BANK OF COMMERCE

By: /s/ Paul J. Chakmak

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Paul J Chakmak

Title: Managing Director, CIBC  
Oppenheimer Corp., AS AGENT  
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Address for notices:

CIBC Oppenheimer Corp.  
Two Paces West  
2727 Paces Ferry Road, Suite 1200  
Atlanta, Georgia 30339  
Attn.: Sherry Hanamean  
Facsimile: (770) 319-4955  
Telephone: (770) 319-4856

With a copy to:

CIBC Oppenheimer Corp.  
350 South Grand Avenue, Suite 2600  
Los Angeles, California 90071  
Attention: Carter Harned  
Facsimile: (213) 346-0157  
Telephone: (213) 617-6216

SOCIETE GENERALE

By: /s/ Donald L. Schubert

-----  
Donald L. Schubert

Title: Managing Director

Address for notices:

Societe Generale  
2029 Century Park East, Suite 2900  
Los Angeles, California 90067  
Attn.: Donald Schubert, Managing Director  
Facsimile: (310) 551-1537  
Telephone: (310) 788-7104

COMMERZBANK AKTIENGESELLSCHAFT, LOS  
ANGELES BRANCH

By: /s/ Christian Jagenberg  
-----  
Christian Jagenberg

Title: SVP and Manager  
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By: /s/ Werner Schmidbauer  
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Title: Vice President  
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Address for notices:

Commerzbank AG - Los Angeles Branch  
633 West Fifth Street, Suite 6600  
Los Angeles, California 90071  
Attn.: Werner Schmidbauer  
Facsimile: (213) 623-0039  
Telephone: (213) 623-8223

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Gary W. Wessels

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Gary W. Wessels

Title: Vice President

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Address for notices:

PNC Bank, National Association  
Two Tower Center Boulevard  
East Brunswick, New Jersey 08816  
Attn.: Denise D. Killen, Vice President  
Facsimile: (732) 220-3270  
Telephone: (732) 220-3262

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Sue Fuller

-----  
Sue Fuller

Title: Vice President

Address for notices:

Wells Fargo Bank, National Association  
One East First Street, Suite 300  
Reno, Nevada 89501  
Attn.: Sue Fuller, Vice President  
Facsimile: (775) 334-5637  
Telephone: (775) 334-5633

FLEET BANK N.A.

By: /s/ John F. Cullinan

-----  
John F. Cullinan

Title: SVP

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Address for notices:

Fleet Bank N.A.  
3670 Route 9 South  
Freehold, New Jersey 07728  
Attn.: John F. Cullinan,  
Senior Vice President  
Facsimile: (732) 780-0754  
Telephone: (732) 294-4306

THE FIRST NATIONAL BANK OF CHICAGO

By: /s/ Mark A. Isley

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Mark A. Isley

Title: First Vice President

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Address for notices:

The First National Bank of Chicago  
One First National Plaza, 11th Floor  
Chicago, Illinois 60670  
Attn.: Robert Simon  
Facsimile: (312) 732-4840  
Telephone: (312) 732-8543

THE BANK OF NEW YORK

By: /s/ Lisa Y. Brown

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Lisa Y. Brown

Title: Vice President

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Address for notices:

The Bank of New York  
One Wall Street, 22nd Floor  
New York, New York 10005  
Attn.: Dawn Hertling  
Facsimile: (212) 6399 or 6877  
Telephone: (212) 635-6742

THE BANK OF NOVA SCOTIA

By: /s/ F.C.H. Ashby

-----  
F. C. H. Ashby

Title: Senior Manager Loan Operations

-----  
Address for notices:

The Bank of Nova Scotia  
Atlanta Agency  
Suite 2700  
600 Peachtree Street, N.E.  
Atlanta, Georgia 30308  
Attn.: Donna Gardner  
Facsimile: (404) 888-8998  
Telephone: (404) 877-1559

CREDIT LYONNAIS LOS ANGELES BRANCH

By: /s/ Diane M. Scott

-----  
Diane M. Scott

Title: First Vice President and  
Manager  
-----

Address for notices:

Credit Lyonnais Los Angeles Branch  
515 South Flower Street, 22nd Floor  
Los Angeles, California 90071  
Attn.: Penney Chu  
Facsimile: (213) 623-3437  
Telephone: (213) 362-5905

U.S. BANK NATIONAL ASSOCIATION

By: /s/ David Walquist  
-----  
David Walquist

Title: Vice President  
-----

Address for domestic notices:

U.S. Bank National Association  
2300 West Sahara, Suite 120  
Las Vegas, Nevada 89102  
Attn.: David Walquist, Vice President  
Facsimile: (702) 386-3916  
Telephone: (702) 386-3938

Address for eurodollar notices:

U.S. Bank National Association  
CLS West - PL-7  
555 S.W. Oak Street  
Portland, Oregon 97204  
Attn.: J. Ramirez  
Facsimile: (503) 275-8181  
Telephone: (503) 275-3259

WACHOVIA BANK, N.A.

By: /s/ Karin E. Reel

-----  
Karin E. Reel

Title: Vice President

-----  
Address for notices:

Wachovia Bank, N.A.  
191 Peachtree Street, N.E.  
Atlanta, Georgia 30303  
Attn.: Karin E. Reel  
Facsimile: (404) 332-5016  
Telephone: (404) 332-5187

WESTDEUTSCHE LANDESBANK GIROZENTRALE

By: /s/ Alan S. Bookspan  
-----  
Alan S. Bookspan

Title: Director  
-----

By: /s/ Walter T. Duffy, III  
-----  
Walter T. Duffy, III

Title: Vice President

Address for notices:

Westdeutsche Landesbank Girozentrale  
1211 Avenue of the Americas  
New York, New York 10036  
Attn.: Walter T. Duffy III, Vice  
President  
Facsimile: (212) 852-6148  
Telephone: (212) 852-6095

FIRST SECURITY BANK, N.A.

By: /s/ Stephen L. Goalen

-----  
Stephen L. Goalen

Title: Sr. Vice President

-----  
Address for domestic notices:

First Security Bank, N.A.  
15 East 100 South - 2nd Floor  
Salt Lake City, Utah 84111  
Attn.: David P. Williams  
Facsimile: (801) 246-5532  
Telephone: (801) 246-5540

Address for eurodollar notices:

First Security Bank, N.A.  
15 East 100 South - 2nd Floor  
Salt Lake City, Utah 84111  
Attn.: David P. Williams  
Facsimile: (801) 246-5532  
Telephone: (801) 246-5540

THE INDUSTRIAL BANK OF JAPAN, LIMITED  
ATLANTA AGENCY

By: /s/ Koichi Hasegawa

-----  
Koichi Hasegawa

Title: Senior Vice President and  
Deputy General Manager  
-----

Address for notices:

The Industrial Bank of Japan, Limited,  
Atlanta Agency  
1251 Avenue of Americas  
New York, New York 10020  
Attn.: Michele Fuimo  
Facsimile: (212) 282-4480  
Telephone: (212) 282-4063

BANKBOSTON, N.A.

By: /s/ Patrick D. Bonebrake

-----  
Patrick D. Bonebrake

Title: Vice President

-----  
Address for notices:

BankBoston, N.A.  
100 Federal Street  
MA 01-08-08  
Boston, Massachusetts 02110  
Attn.: Brian Nathan  
Facsimile: (617) 434-4301  
Telephone: (617) 434-8479

BANK OF HAWAII

By: /s/ Robert M. Wheeler, III  
-----  
Robert M. Wheeler, III

Title: Vice President  
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Address for notices:

Bank of Hawaii  
130 Merchant Street, 20th Floor  
Honolulu, Hawaii 96813  
Attn.: Robert Wheeler, Vice President  
Facsimile: (808) 537-8301  
Telephone: (808) 537-8237

BANK OF SCOTLAND

By: /s/ Annie Chin Tat

-----  
Annie Chin Tat

Title: Senior Vice President

-----  
Address for notices:

Bank of Scotland  
565 Fifth Avenue  
New York, New York 10017  
Attn.: Karen Workman, Banking Associate  
Facsimile: (212) 687-4412  
Telephone: (212) 450-0877

BANQUE NATIONALE DE PARIS, HOUSTON AGENCY

By: /s/ Warren G. Parham  
-----  
Warren G. Parham

Title: Vice President  
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Address for notices:

Banque Nationale De Paris, Houston Agency  
333 Clay Street, Suite 3400  
Houston, Texas 77002  
Attn.: Donna Jo Rose  
Facsimile: (713) 659-1414  
Telephone: (713) 951-1240

COMERICA WEST INCORPORATED

By: /s/ Eoin P. Collins

-----  
Eoin P. Collin  
Account Officer

Address for notices:

Comerica West Incorporated  
3980 Howard Hughes Parkway, Suite 350  
Las Vegas, Nevada 89109  
Attn.: Regina C. McGuire  
Facsimile: (702) 791-2371  
Telephone: (702) 791-4804

MICHIGAN NATIONAL BANK

By: /s/ Jeffrey W. Billig  
-----  
Jeffrey W. Billig

Title: Relationship Manager  
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Address for notices:

Michigan National Bank  
27777 Inkster Road, 10-36  
Farmington Hills, Michigan 48334  
Attn.: Jeffrey W. Billig, Relationship  
Manager  
Facsimile: (248) 473-4345  
Telephone: (248) 473-4329

THE SUMITOMO BANK, LIMITED

By: /s/ Gary P. Franke

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Gary P. Franke

Title: Vice President and Manager

-----  
Address for notices:

The Sumitomo Bank, Limited, New York  
Branch  
277 Park Avenue  
New York, New York 10172  
Attn.: Matthew Sullivan  
Facsimile: (212) 224-5197  
Telephone: (212) 224-4120

FIRST AMERICAN NATIONAL BANK, operating  
as DEPOSIT GUARANTY NATIONAL BANK

By: /s/ Larry C. Ratzlaff  
-----  
Larry C. Ratzlaff

Title: Senior Vice President  
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Address for notices:

First American National Bank, Operating  
as Deposit Guaranty National Bank  
210 East Capitol Street  
Jackson, Mississippi 39201  
Attn.: Larry C. Ratzlaff, Senior  
Vice President  
Facsimile: (601) 354-8315  
Telephone: (601) 968-4749

ERSTE BANK

By: /s/ David Manheim  
-----  
David Manheim  
Title: Assistant Vice President  
Erste Bank New York Branch  
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By: /s/ John S. Runnion  
-----  
John S. Runnion  
Title: First Vice President  
-----

Address for notices:

Erste Bank  
West Building, 32nd Floor  
280 Park Avenue  
New York, New York 10017  
Attn.: David Manheim, Assistant  
Vice President  
Facsimile: (212) 984-5627  
Telephone: (212) 984-5633

FIRST HAWAIIAN BANK

By: /s/ Donald C. Young

-----  
Donald C. Young

Title: Vice President

-----  
Address for notices:

First Hawaiian Bank  
999 Bishop Street, 11th Floor  
Honolulu, Hawaii 96813  
Attn.: Brenda Deakins  
Facsimile: (808) 525-5085  
Telephone: (808) 525-8100

FIRST TENNESSEE BANK NATIONAL ASSOCIATION

By: /s/ James H. Moore, Jr.

-----  
James H. Moore, Jr.

Title: Vice President

-----  
Address for notices:

First Tennessee Bank National Association  
165 Madison Avenue, 9th Floor  
Memphis, Tennessee 38103-2723  
Attn.: James H. Moore, Jr.,  
Vice President  
Facsimile: (901) 523-4267  
Telephone: (901) 523-4108

HIBERNIA NATIONAL BANK

By: /s/ Ross S. Wales

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Ross S. Wales

Title: Vice President

-----  
Address for domestic notices:

Hibernia National Bank  
313 Carondelet Street  
New Orleans, Louisiana 70130  
Attn.: Lorie Ferguson, Commercial  
Banking Dept.  
Facsimile: (504) 533-2060  
Telephone: (504) 533-5718

Address for eurodollar notices:

Hibernia National Bank  
313 Carondelet Street  
New Orleans, Louisiana 70130  
Attn.: Lorie Ferguson, Commercial  
Banking Dept.  
Facsimile: (504) 533-2060  
Telephone: (504) 533-5718

THE DAI-ICHI KANGYO BANK, LTD.

By: /s/ Bertram H. Tang

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Bertram H. Tang

Title: VP & Group Leader

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Address for notices:

The Dai-Ichi Kangyo Bank, Ltd.  
One World Trade Center, 48th Floor  
New York, New York 10048  
Attn.: Thomas Ho and  
Bertram H. Tang, Vice  
President & Group Leader  
Facsimile: (212) 912-1879  
Telephone: (212) 432-8845

EXHIBIT A

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT ("Agreement") dated as of \_\_\_\_\_, \_\_\_\_\_ is made with reference to that certain Five Year Loan Agreement dated as of April 30, 1999 (as amended from time to time, the "Loan Agreement") by and among Harrah's Entertainment, Inc., a Delaware corporation, as Guarantor, Harrah's Operating Company, Inc., a Delaware corporation, Marina Associates, a New Jersey general partnership (each a "Borrower" and collectively, the "Borrowers"), the Lenders therein named, (collectively, the "Lenders" and individually, a "Lender") and Bank of America National Trust and Savings Association, as Administrative Agent and is entered into between the "Assignor" described below, in its capacity as a Lender under the Loan Agreement, and the "Assignee" described below.

Assignor and Assignee hereby represent, warrant and agree as follows:

1. DEFINITIONS. Capitalized terms defined in the Loan Agreement are used herein with the meanings set forth for such terms in the Loan Agreement. As used in this Agreement, the following capitalized terms shall have the meanings set forth below:

"ASSIGNEE" means \_\_\_\_\_.

"ASSIGNED PRO RATA SHARE" means \_\_\_\_\_ % of the Commitment of the Lenders under the Loan Agreement which equals \$ \_\_\_\_\_.

"ASSIGNOR" means \_\_\_\_\_.

"EFFECTIVE DATE" means \_\_\_\_\_, \_\_\_\_\_, the effective date of this Agreement determined in accordance with Section 11.8 of the Loan Agreement.

2. REPRESENTATIONS AND WARRANTIES OF THE ASSIGNOR. The Assignor represents and warrants to the Assignee as follows:

a. As of the date hereof, the Pro Rata Share of the Assignor is \_\_\_\_\_ % of the Commitment (without giving effect to assignments thereof which have not yet become effective). The Assignor is the legal and beneficial owner of the Assigned Pro Rata Share and the Assigned Pro Rata Share is free and clear of any adverse claim.

b. As of the date hereof, the outstanding principal balance of Advances made by the Assignor under the Assignor's Note is \$ \_\_\_\_\_, and Assignor's ratable participation in outstanding Letters of Credit is \$ \_\_\_\_\_.

c. The Assignor has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and any and all other documents required or permitted to be executed or delivered by it in connection with this Agreement and to fulfill its obligations under, and to consummate the transactions contemplated by, this Agreement, and no governmental authorizations or other authorizations are required in connection therewith; and

d. This Agreement constitutes the legal, valid and binding obligation of the Assignor.

The Assignor makes no representation or warranty and assumes no responsibility with respect to the financial condition of each Borrower or the performance by each Borrower of the Obligations, and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Agreement or the execution, legality, validity, enforceability, genuineness, or sufficiency of the Loan Agreement or any Loan Document other than as expressly set forth above.

3. REPRESENTATIONS AND WARRANTIES OF THE ASSIGNEE. The Assignee hereby represents and warrants to the Assignor as follows:

(a) The Assignee has full power and authority, and has taken all action necessary, to execute and deliver this Agreement, and any and all other documents required or permitted to be executed or delivered by it in connection with this Agreement and to fulfill its obligations under, and to consummate the transactions contemplated by, this Agreement, and no governmental authorizations or other authorizations are required in connection therewith;

(b) This Agreement constitutes the legal, valid and binding obligation of the Assignee;

(c) The Assignee has independently and without reliance upon the Administrative Agent or Assignor and based on such documents and information as the Assignee has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. The Assignee will, independently and

without reliance upon the Administrative Agent or any Lender, and based upon such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Agreement;

(d) The Assignee has received copies of such of the Loan Documents delivered pursuant to Section 8.1 of the Loan Agreement as it has requested, together with copies of the most recent financial statements delivered pursuant to Section 7.1 of the Loan Agreement;

(e) The Assignee will perform in accordance with their respective terms all of the obligations which by the terms of the Loan Agreement are required to be performed by it as a Lender; and

(f) The Assignee is an Eligible Assignee.

4. ASSIGNMENT. On the terms set forth herein, the Assignor, as of the Effective Date, hereby irrevocably sells, assigns and transfers to the Assignee all of the rights and obligations of the Assignor under the Loan Agreement, the other Loan Documents and the Assignor's Note to the extent of the Assigned Pro Rata Share, and the Assignee irrevocably accepts such assignment of rights and assumes such obligations from the Assignor on such terms and effective as of the Effective Date. As of the Effective Date, the Assignee shall have the rights and obligations of a "Lender" under the Loan Documents, except to the extent of any arrangements with respect to payments referred to in Section 5 hereof. Assignee hereby appoints and authorizes the Administrative Agent to take such action and to exercise such powers under the Loan Agreement as are delegated to the Administrative Agent by the Loan Agreement.

5. PAYMENT. On the Effective Date, the Assignee shall pay to the Assignor, in immediately available funds, an amount equal to the purchase price of the Assigned Pro Rata Share, as agreed between the Assignor and the Assignee pursuant to a letter agreement of even date herewith. Such letter agreement also sets forth the agreement between the Assignor and the Assignee with respect to the amount of interest, fees, and other payments with respect to the Assigned Pro Rata Share which are to be retained by the Assignor. Assignee shall also pay to the Administrative Agent an assignment fee of \$3,500 in accordance with Section 11.8 of the Loan Agreement.

The Assignor and the Assignee hereby agree that if either receives any payment of interest, principal, fees or any other amount under the Loan Agreement, their respective Notes or any other Loan Documents which is for the account of the other, it shall hold the same in trust for such party to the extent of such party's interest therein and shall promptly pay the same to such party.

6. PRINCIPAL, INTEREST, FEES, ETC. Any principal that would be payable and any interest, fees and other amounts that would accrue from and after the Effective Date to or for the account of the Assignor pursuant to the Loan Agreement and the Note shall be payable to or for the account of the Assignor and the Assignee, in accordance with their respective interests as adjusted pursuant to this Agreement.

7. NOTES. The Assignor and the Assignee shall make appropriate arrangements with each Borrower concurrently with the execution and delivery hereof so that replacement Notes are issued to the Assignor and new Notes are issued to the Assignee, in each case in principal amounts reflecting their Pro Rata Shares of the Commitment or their outstanding Advances (as adjusted pursuant to this Agreement).

8. FURTHER ASSURANCES. Concurrently with the execution of this Agreement, the Assignor shall execute two counterpart original Requests for Registration, in the form of Exhibit A to this Agreement, to be forwarded to the Administrative Agent. The Assignor and the Assignee further agree to execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Agreement, and the Assignor specifically agrees to cause the delivery of (i) two original counterparts of this Agreement and (ii) the Request for Registration, to the Administrative Agent for the purpose of registration of the Assignee as a "Lender" pursuant to Section 11.8 of the Loan Agreement.

9. GOVERNING LAW. THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACTUAL OBLIGATION UNDER, AND SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LOCAL LAWS OF THE STATE OF CALIFORNIA. FOR ANY DISPUTE ARISING IN CONNECTION WITH THIS AGREEMENT, THE ASSIGNEE HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF CALIFORNIA.

10. NOTICES. All communications among the parties or notices in connection herewith shall be in writing, hand delivered or sent by registered airmail, postage prepaid, or by telex, telegram or cable, addressed to the appropriate party at its address set forth on the signature pages hereof. All such communications and notices shall be effective upon receipt.

11. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns; provided, however, that the Assignee shall not assign its rights or obligations under this Agreement without the prior written consent of the Assignor and any purported assignment, absent such consent, shall be void. Nothing contained in this Section shall restrict the assignment by Assignee of its rights under the Loan Documents following the Effective Date.

12. INTERPRETATION. The headings of the various sections hereof are for convenience of reference only and shall not affect the meaning or construction of any provision hereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective officials, officers or agents thereunto duly authorized as of the date first above written.

"Assignor"

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Telecopier: \_\_\_\_\_

"Assignee"

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Telecopier: \_\_\_\_\_

Exhibit A to Assignment Agreement

REQUEST FOR REGISTRATION

To: Bank of America National Trust and Savings Association, as Administrative Agent, and Harrah's Entertainment, Inc., Harrah's Operating Company, Inc. and Marina Associates

THIS REQUEST FOR REGISTRATION OF ASSIGNEE ("Request") is made as of the date of the enclosed Assignment Agreement with reference to that certain Five Year Loan Agreement, dated as of April 30, 1999 by and among Harrah's Entertainment, Inc., a Delaware corporation, as Guarantor, Harrah's Operating Company, Inc., a Delaware corporation, Marina Associates, a New Jersey general partnership (each a "Borrower" and collectively, the "Borrowers"), the Lenders therein named, (collectively, the "Lenders" and individually, a "Lender") and Bank of America National Trust and Savings Association, as Administrative Agent (as amended as of the date hereof, the "Loan Agreement").

The Assignor and Assignee described below hereby request that Administrative Agent register the Assignee as a Lender pursuant to Section 11.8 of the Loan Agreement effective as of the Effective Date described in the Assignment Agreement.

Enclosed with this Request are two counterpart originals of the Assignment Agreement as well as the original Notes of each Borrower in favor of the Assignor in the principal amount of \$\_\_\_\_\_. The Assignor and Assignee hereby jointly request that Administrative Agent cause each Borrower to issue replacement Notes, dated as of the Effective Date, pursuant to Section 11.8 of the Loan Agreement in favor of Assignor in the principal amount of the remainder of its Pro Rata Share of the Commitment and new Notes in favor of the Assignee in the amount of the Assigned Pro Rata Share.

IN WITNESS WHEREOF, the Assignor and Assignee have executed this Request for Registration by their duly authorized officers as of \_\_\_\_\_,

"Assignor"  
\_\_\_\_\_

"Assignee"  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

CONSENT OF ADMINISTRATIVE AGENT AND BORROWERS

[When Required Pursuant to Loan Agreement]

TO: The Assignor and Assignee referred to in the above Request for Registration

When countersigned by each Borrower and Administrative Agent below, this document shall certify that:

[ ] [WHEN REQUIRED PURSUANT TO SECTION 11.8(b)(i) OF THE Loan Agreement:]

[1.] Borrowers have consented, pursuant to the terms of the Loan Documents, to the assignment by the Assignor to the Assignee of the Assigned Pro Rata Share.

[2.] Administrative Agent has registered the Assignee as a Lender under the Loan Agreement, effective as of the Effective Date described above, with a Pro Rata Share of the Commitment corresponding to the Assigned Pro Rata Share and has adjusted the registered Pro Rata Share of the Commitment of the Assignor to reflect the assignment of the Assigned Pro Rata Share.

Approved:

Harrah's Entertainment, Inc. Bank of America National Trust and Savings Association, as Administrative Agent

By: \_\_\_\_\_

Its: \_\_\_\_\_ By: \_\_\_\_\_

Harrah's Operating Company, Inc. Its: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Marina Associates

By: Harrah's New Jersey, Inc., general partner

By: \_\_\_\_\_

Its: \_\_\_\_\_

By: Harrah's Atlantic City, Inc., general partner

By: \_\_\_\_\_

Its: \_\_\_\_\_

EXHIBIT B

COMMITTED ADVANCE NOTE

\$ \_\_\_\_\_

April 30, 1999  
Los Angeles, California

FOR VALUE RECEIVED, the undersigned promises to pay to the order of \_\_\_\_\_ (the "Lender"), the principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) or such lesser aggregate amount of Committed Advances as may be made by the Lender as part of the Loans pursuant to the Loan Agreement referred to below, together with interest on the principal amount of each Committed Advance made hereunder as part of the Loans and remaining unpaid from time to time from the date of each such Committed Advance until the date of payment in full, payable as hereinafter set forth.

Reference is made to the Five Year Loan Agreement dated as of April 30, 1999, by and among the undersigned, as a Borrower, the other Borrowers that are parties thereto, the Lenders therein named and Bank of America National Trust and Savings Association, as Administrative Agent (as amended from time to time, the "Loan Agreement"). Terms defined in the Loan Agreement and not otherwise defined herein are used herein with the meanings defined for those terms in the Loan Agreement. This is one of the Committed Advance Notes referred to in the Loan Agreement, and any holder hereof is entitled to all of the rights, remedies, benefits and privileges provided for in the Loan Agreement as originally executed or as it may from time to time be supplemented, modified or amended. The Loan Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events upon the terms and conditions therein specified.

The principal indebtedness evidenced by this Committed Advance Note shall be payable as provided in the Loan Agreement and in any event on the Maturity Date.

Interest shall be payable on the outstanding daily unpaid principal amount of Committed Advances from the date of each such Committed Advance until payment in full and shall accrue and be payable at the rates and on the dates set forth in the Loan Agreement both before and after default and before and after maturity and judgment, with interest on overdue principal and interest to bear interest at the rate set forth in Section 3.9 of the Loan Agreement, to the fullest extent permitted by applicable Law.

Each payment hereunder shall be made to the Administrative Agent at the Administrative Agent's Office for the account of the Lender in immediately available funds not later than 11:00 a.m., California local time, on the day of payment (which must be a Business Day). All payments received after 11:00 a.m., California local time, on any particular Business Day shall be deemed received on the next succeeding Business Day. All payments shall be made in lawful money of the United States of America.

The Lender shall use its best efforts to keep a record of Committed Advances made by it as part of Loans and payments received by it with respect to this Committed Advance Note, and such record shall, subject to Section 10.6(g) of the Loan Agreement, be presumptive evidence, absent manifest error, of the amounts owing under this Committed Advance Note.

The undersigned hereby promises to pay all costs and expenses of any rightful holder hereof incurred in collecting the undersigned's obligations hereunder or in enforcing or attempting to enforce any of such holder's rights hereunder, including reasonable attorneys' fees and disbursements, whether or not an action is filed in connection therewith.

The undersigned hereby waives presentment, demand for payment, dishonor, notice of dishonor, protest, notice of protest and any other notice or formality, to the fullest extent permitted by applicable Laws.

This Committed Advance Note shall be delivered to and accepted by the Lender in the State of California, and shall be governed by, and construed and enforced in accordance with, the local Laws thereof.

\_\_\_\_\_'

a \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_



EXHIBIT C

COMPETITIVE ADVANCE NOTE  
(FIVE YEAR LOAN AGREEMENT)

\$ \_\_\_\_\_

April 30, 1999  
Los Angeles, California

FOR VALUE RECEIVED, the undersigned promises to pay to the order of \_\_\_\_\_ (the "Lender"), the principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) or such lesser aggregate amounts as may be made as Competitive Advances pursuant to the Loan Agreement hereinafter described, payable as hereinafter set forth. The undersigned promises to pay interest on the principal amount hereof remaining unpaid from time to time from the date hereof until the date of payment in full, payable as hereinafter set forth.

Reference is made to the Five Year Loan Agreement dated as of April 30, 1999, among the undersigned, as a Borrower, the other Borrowers which are parties thereto, the Lenders therein named and Bank of America National Trust and Savings Association, as Administrative Agent (as amended from time to time the "Loan Agreement"). Terms defined in the Loan Agreement and not otherwise defined herein are used herein with the meanings defined for those terms in the Loan Agreement. This is one of the Competitive Advance Notes referred to in the Loan Agreement, and any holder hereof is entitled to all of the rights, benefits and privileges provided for in the Loan Agreement as originally executed or as it may from time to time be supplemented, modified or amended. The Loan Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events upon the terms and conditions therein specified.

The principal indebtedness of each Competitive Advance evidenced by this Competitive Advance Note shall be payable on the maturity date specified in the Competitive Bid relating to such Competitive Advance.

Interest shall be payable on the outstanding daily unpaid principal amount of each Competitive Advance hereunder from the date thereof until payment in full and shall accrue and be payable at the rates and on the dates set forth in the Competitive Bid relating to such Competitive Advance, both before and after default and before and after maturity and judgment, with overdue principal and interest to bear interest at the rate set forth in Section 3.9 of the Loan Agreement, to the fullest extent permitted by applicable Laws.

The amount of each payment hereunder shall be made to the Administrative Agent at the Administrative Agent's Office, for the account of the Lender, in lawful money of the United States of America and in immediately available funds not later than 11:00 A.M., California local time, on the day of payment (which must be a Business Day). All payments received after 11:00 A.M., California local time, on any Business Day, shall be deemed received on the next succeeding Business Day. The Lender shall use its best efforts to keep a record of Competitive Advances made by it and payments of principal with respect to this Competitive Advance Note, and such record shall, subject to Section 10.6(g) of the Loan Agreement, be presumptive evidence, absent manifest error, of the principal amount owing under this Competitive Advance Note.

The undersigned hereby promises to pay all costs and expenses of any holder hereof incurred in collecting the undersigned's obligations hereunder or in enforcing any of holder's rights hereunder, including attorneys' fees and disbursements (including allocated costs of legal counsel employed by the Administrative Agent or the holder), whether or not an action is filed in connection therewith.

The undersigned hereby waives presentment, demand for payment, dishonor, notice of dishonor, protest, notice of protest and any other notice or formality to the fullest extent permitted by applicable Laws.

This Competitive Advance Note shall be delivered to and accepted by the Lender, or by the Administrative Agent on its behalf, in the State of California, and shall be governed by, and construed and enforced in accordance with, the local Laws thereof.

HARRAH'S OPERATING COMPANY, INC.

By: \_\_\_\_\_  
Charles L. Atwood, Vice President  
and Treasurer



EXHIBIT D  
COMPETITIVE BID  
(FIVE YEAR LOAN AGREEMENT)

Bank of America National Trust and  
Savings Association, as Administrative Agent  
555 South Flower Street, 11th Floor  
Los Angeles, California 90071

Attention: Janice Hammond

Re: Competitive Bid Rate Loan Quote for  
\_\_\_\_\_ [Name of Borrower]

Dear Ladies and Gentlemen:

Reference is made to the Five Year Loan Agreement dated as of April 30, 1999 (as the same has been amended, modified or extended, the "Agreement"; capitalized terms used herein without definition shall have the meanings assigned to such terms in the Agreement) by and among Harrah's Entertainment, Inc., a Delaware corporation, as Guarantor, Harrah's Operating Company, Inc., a Delaware corporation, Marina Associates, a New Jersey general partnership (each a "Borrower" and collectively, the "Borrowers"), the Lenders therein named, (collectively, the "Lenders" and individually, a "Lender") and Bank of America National Trust and Savings Association, as Administrative Agent

In response to the Competitive Bid Request from \_\_\_\_\_ dated \_\_\_\_\_, \_\_\_\_\_, we hereby make the following Competitive Bid on the following terms:

1. Quoting Lender:  
-----
2. Person to contact at Quoting Lender and telephone number:  
Name: \_\_\_\_\_ Telephone Number: \_\_\_\_\_
3. Borrowing date of proposed Competitive Advance:  
\_\_\_\_\_ 1

- -----  
1 As specified in the related Competitive Bid Request

4. We hereby offer to make Competitive Advances in the following principal amounts, for the following durations and at the following rates [insert only one applicable rate on each line below]:

Principal Amount <sup>2</sup>	Duration of Competitive Advance <sup>3</sup>	Absolute Rate Bid <sup>4</sup>	Eurodollar Margin Bid <sup>5</sup>
\$-----	-----	-----%	-----%
\$-----	-----	-----%	-----%
\$-----	-----	-----%	-----%

PROVIDED that the aggregate Maximum Competitive Advance for which this offer may be accepted shall not exceed \$\_\_\_\_\_.<sup>6</sup>

We understand and agree that the offer(s) set forth above, subject to the satisfaction of the applicable conditions set forth in the Loan Agreement, irrevocably obligate(s) us to make the Competitive Advance(s) for which any offer(s) is (are) accepted, in whole or in part.

Very truly yours,

-----  
[Name of Lender]

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

- 
- 2 Offers must be integral multiples of \$1,000,000
  - 3 As specified in the related Competitive Bid Request
  - 4 As defined in the Loan Agreement
  - 5 As defined in the Loan Agreement
  - 6 Specify aggregate limitation if the sum of the individual offers exceeds the aggregate amount the Quoting Lender is willing to lend

EXHIBIT E

COMPETITIVE BID REQUEST  
(FIVE YEAR LOAN AGREEMENT)

This Competitive Bid Request is executed and delivered by \_\_\_\_\_, a \_\_\_\_\_ ("Requesting Borrower") to the Administrative Agent pursuant to the Five Year Loan Agreement (as the same has been amended, modified or extended, the "Loan Agreement") dated as of April 30, 1999, among Requesting Borrower, as a Borrower, the other Borrowers that are parties thereto (each a Borrower" and collectively, the "Borrowers"), Harrah's Entertainment, Inc., a Delaware corporation, as Guarantor, the Lenders therein named and Bank of America National Trust and Savings Association, as the Administrative Agent. Any terms used herein and not defined herein shall have the meanings defined in the Loan Agreement.

Requesting Borrower hereby gives notice pursuant to Section 2.5(b) of the Loan Agreement that it requests Competitive Bids pursuant to Section 2.5 of the Loan Agreement for the following proposed Competitive Advances:

Proposed Date of Competitive Advance:

Principal Amount <sup>1</sup>	Duration of Competitive Advance <sup>2</sup>	Basis for Interest Rate Calculation <sup>3</sup>
-----	-----	-----
-----	-----	-----
-----	-----	-----
-----	-----	-----
-----	-----	-----

1 Each amount must be \$10,000,000 or a larger integral multiple of \$1,000,000.

2 Duration must be a period of not less than 14 nor more than 180 days. No requested Competitive Advance shall have a maturity date subsequent to the Maturity Date or is on a date other than a Business Day.

3 Specify whether interest rate bids are to be quoted as "Absolute Rate Bids" or "Eurodollar Margin Bids".

In connection with the request, Requesting Borrower certifies that:

(a) Now, and as of the date of the requested Competitive Advance, EXCEPT (i) for representations and warranties which expressly speak as of a particular date or are no longer true and correct as a result of a change which is not a violation of the Loan Agreement and (ii) as disclosed by Borrowers and approved in writing by the Requisite Lenders, each representation and warranty made by each Borrower in Article 4 of the Loan Agreement (other than Sections 4.4(a), 4.6 (first sentence), 4.8, and 4.15) will be true and correct, both immediately before and after giving effect to such Competitive Advance, as though such representations and warranties were made on and as of that date;

(b) No Default or Event of Default presently exists or will have occurred and be continuing as a result of the making of any Competitive Advance which is the subject of this Competitive Bid Request; and

(c) There is not any action, suit, proceeding or investigation pending as to which Parent or any of its Subsidiaries have been served or received notice or, to the best knowledge of Borrowers, threatened against or affecting Parent or any of its Subsidiaries or any Property of any of them before any Governmental Agency that constitutes a Material Adverse Effect.

This Competitive Bid Request is executed on \_\_\_\_\_, \_\_\_\_\_ on behalf of Requesting Borrower.

\_\_\_\_\_

a \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
Printed Name and Title

EXHIBIT F

COMPLIANCE CERTIFICATE

This Compliance Certificate (this "Certificate") is executed and delivered by the undersigned to Bank of America National Trust and Savings Association, as Agent (the "Agent"), pursuant to the Loan Agreements referred to below to induce the Lenders described in the Loan Agreements to make certain credit facilities available to Harrah's Operating Company, Inc., a Delaware corporation (the "Company") and Marina Associates, a New Jersey general partnership ("Marina"; Marina and the Company, each a "Borrower" and collectively with the other parties from time to time a Borrower under the Loan Agreements, the "Borrowers").

This Certificate is delivered with reference to the Five Year Loan Agreement and the 364-Day Loan Agreement (as amended, supplemented or otherwise modified from time to time, collectively, the "Loan Agreements"), each dated as of April 30, 1999, among the Borrowers, Harrah's Entertainment, Inc., a Delaware corporation (the "Parent") as Guarantor, the Agent and each of the several financial institutions party to the Loan Agreements. The terms defined in the Loan Agreements and not otherwise defined in this Certificate shall have the meanings defined for them in the Loan Agreements. Section references herein relate to the Loan Agreements unless stated otherwise.

This Certificate is delivered in accordance with Section 7.2 of the Loan Agreements by a Senior Officer of the Borrowers and Parent. This Certificate is delivered with respect to the Fiscal Quarter ended \_\_\_\_\_ (the "Determination Date"). Computations indicating compliance with Sections 6.5 and 6.6 of the Loan Agreements are set forth below:

1 SECTION 6.5 - TOTAL DEBT RATIO. As of the Determination Date, the Total Debt Ratio was \_\_\_\_\_:1.00.

MAXIMUM PERMITTED RATIO: 4.50:1.00

Total Debt Ratio was calculated as follows (in each case determined in accordance with GAAP):

(a) Total Debt as of the Determination Date  
(as calculated on Appendix A hereto) \$ \_\_\_\_\_

DIVIDED BY (b) EBITDA for the four Fiscal Quarter period ending on the  
Determination Date (as calculated on Appendix A hereto) \$ \_\_\_\_\_

EQUALS TOTAL DEBT RATIO [(a)/(b)] \_\_\_\_\_:1.00

2 SECTION 6.6 - INTEREST COVERAGE RATIO. As of the Determination Date, the Interest Coverage Ratio was \_\_\_\_\_:1.00.

MINIMUM PERMITTED RATIO: 3.00:1.00

INTEREST COVERAGE RATIO was computed as follows (in each case determined in accordance with GAAP):

(a) EBITDA for the four Fiscal Quarter period ending on the Determination Date (as calculated on Appendix A hereto) \$ \_\_\_\_\_

DIVIDED BY (b) Interest Expense for the same period (as calculated on Appendix A hereto) \$ \_\_\_\_\_

EQUALS INTEREST COVERAGE RATIO [(a)/(b)] \$ \_\_\_\_\_

3 A review of the activities of the Borrowers and each of the other Parties during the fiscal periods covered by this Certificate has been made under the supervision of the undersigned, with a view to determining whether during such fiscal periods the Borrowers and each of the other Parties performed and observed all of their respective Obligations. To the best knowledge of the undersigned, during the fiscal periods covered by this Certificate, all covenants and conditions set forth in the Loan Documents, including, without limitation, those set forth in Articles 4, 5 and 6 of the Loan Agreements, have been so performed and observed and no Default or Event of Default has occurred and is continuing, with only the exceptions set forth below (if none, so state), and in response to which the Borrowers and the other Parties have taken or propose to take the following actions (if none, so state):

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

4 The undersigned Senior Officer of the Borrowers and Parent certifies that the calculations made and the information contained herein and in each Appendix delivered herewith are derived from the books and records of the Borrowers and the other Parties, as applicable, and that each and every matter contained herein and therein correctly reflects those books and records.

5 To the best knowledge of the undersigned no event or circumstance has occurred that constitutes a Material Adverse Effect since the date the most recent Compliance Certificate was executed and delivered, with the exceptions set forth below (if none, so state):

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

Dated: \_\_\_\_\_, \_\_\_\_\_

By \_\_\_\_\_  
Senior Officer of each  
Borrower and Parent

APPENDIX A  
TO  
COMPLIANCE CERTIFICATE

PART 1

EBITDA - Component Calculations  
-----

The calculations below relate to the period from \_\_\_\_\_ to \_\_\_\_\_  
(the "Test Period" for purposes of this Part 1 of Appendix A).

EBITDA for the Test Period is calculated as follows for the Parent and its Subsidiaries on a combined basis, in each case as determined in accordance with GAAP:1

(a) Consolidated net income of Parent and its Subsidiaries for the Test Period ("Net Income") \$ \_\_\_\_\_

PLUS (b) all accrued taxes on or measured by income to the extent included in the determination of Net Income set forth in (a) above \$ \_\_\_\_\_

PLUS (c) amounts treated as expenses for interest to the extent included in the determination of Net Income set forth in (a) above \$ \_\_\_\_\_

PLUS (d) amounts treated as expenses for depreciation and amortization to the extent included in the determination of Net Income set forth in (a) above \$ \_\_\_\_\_

PLUS (e) minority interest \$ \_\_\_\_\_

PLUS (f) any extraordinary loss reflected in such Net Income \$-----

MINUS (g) any extraordinary gain reflected in such Net Income \$ \_\_\_\_\_

PLUS (h) Pre-Opening Expenses during the Test Period \$ \_\_\_\_\_

PLUS (i) non-recurring cash charges during the Test Period \$ \_\_\_\_\_

EQUALS EBITDA [ (a)+(b)+(c)+(d)+(e)+(f)-(g)+(h)+(i) ]  
\$ \_\_\_\_\_

- -----

I provided that in computing EBITDA:

(a) for all periods ending on or prior to December 31, 1998, "EBITDA" shall be computed on the basis of the combined operating results of Parent and its Subsidiaries, Showboat and Rio as described on Schedule 1.3 of the Loan Agreements.

(b) the operating results of each New Project which commences operations and records not less than one full fiscal quarter's operations during the relevant period shall be annualized; and

(c) EBITDA shall be adjusted, on a pro forma basis, to include the operating results of each resort or casino property acquired by Parent and its Consolidated Subsidiaries during the relevant period and to exclude the operating results of each resort or casino property sold or otherwise disposed of by Parent and its Subsidiaries, or whose operations are discontinued during the relevant period.

PART 2

TOTAL DEBT - Component Calculation

- -----

Total Debt as of the Determination Date is the SUM of the following (without duplication):

(a) the outstanding principal Indebtedness of Parent and its Subsidiaries for borrowed money (including debt securities issued by Parent or any of its Subsidiaries) on the Determination Date \$ \_\_\_\_\_

PLUS (b) the aggregate amount of all Capital Lease Obligations of Parent and its Subsidiaries on the Determination Date \$ \_\_\_\_\_

PLUS (c) all obligations in respect of letters of credit or other similar instruments for which Parent or any of its Subsidiaries are account parties or are otherwise obligated	\$ _____
PLUS (d) the aggregate amount of all Contingent Obligations and other similar contingent obligations of Parent and its Subsidiaries with respect to any of the foregoing	\$ _____
PLUS (e) any obligations of Parent of any of its Subsidiaries to the extent that the same are secured by a Lien on any of the assets of Parent or its Subsidiaries	\$ _____
EQUALS TOTAL DEBT [(a)+(b)+(c)+(d)+(e)]	\$ _____

-----  
2 provided that in computing "Total Debt," the amount of any Contingent Obligation or letter of credit shall be deemed to be zero unless and until (1) in the case of obligations in respect of letters of credit, a drawing is made with respect thereto, (2) in the case of any other Contingent Obligations, demand for payment is made with respect thereto, or (3) Parent's independent auditors have quantified the amount of Parent's and its Subsidiaries with respect to letters of credit and Contingent Obligations as liabilities on Parent's consolidated balance sheet in accordance with Generally Accepted Accounting Principles (as opposed to merely noted in the footnotes to any such balance sheet) and the amount of any such individual liability is in excess of \$50,000,000, in which case the amount thereof shall be deemed to be the amount so quantified from time to time.

PART 3

INTEREST EXPENSE - Component Calculations  
-----

The calculations below relate to the period from \_\_\_\_\_ to \_\_\_\_\_ (the "Test Period" for purposes of this Part 3 of Appendix A).

Interest Expense for the Test Period is calculated as follows:

(a) all interest, fees, charges and related expenses paid or payable (without duplication) to a lender in connection with borrowed money or the deferred purchase price of assets that are considered "interest expense" under Generally Accepted Accounting Principles \$ \_\_\_\_\_

plus (b) the portion of rent paid or payable (without duplication) for the Test Period under Capital Lease Obligations that should be treated as interest in accordance with Financial Accounting Standards Board Statement No. 13 \$ \_\_\_\_\_

EQUALS INTEREST EXPENSE [(a)+(b)] \$ \_\_\_\_\_

EXHIBIT G

Latham & Watkins Letterhead

April 30, 1999

To the Administrative Agents and  
each of the Lenders party to each  
of the Loan Documents referred  
to below

Ladies and Gentlemen:

We have acted as special counsel to Harrah's Entertainment, Inc., a Delaware corporation ("Parent"), Harrah's Operating Company, Inc., a Delaware corporation (the "Company"), and Marina Associates, a New Jersey general partnership ("Marina"), in connection with the execution and delivery by Parent, the Company and Marina of (i) the Five-Year Loan Agreement dated as of April 30, 1999 (the "5-Year Agreement") among Parent, as Guarantor, the Company, Marina, such other Subsidiaries that may become a Borrower pursuant to the terms thereof, each lender whose name is set forth on the signature pages thereto and each other lender from time to time party thereto (the "5-Year Lenders"), Bankers Trust Company, as Syndication Agent, CIBC Oppenheimer Corp. and Societe Generale, as Documentation Agents, Commerzbank AG, PNC Bank, National Association and Wells Fargo Bank, N.A., as Co-Documentation Agents, and Bank of America National Trust and Savings Association, as Administrative Agent (the "5-Year Administrative Agent") and (ii) the 364-Day Loan Agreement dated as of April 30, 1999 (the "364-Day Agreement" and, together with the 5-Year Agreement, the "Agreements"), among Parent, as Guarantor, the Company, Marina, such other Subsidiaries that may become a Borrower pursuant to the terms thereof, each lender whose name is set forth on the signature pages thereto and each other lender from time to time party thereto (the "364-Day Lenders" and, together with the 5-Year Lenders, the "Lenders"), Bankers Trust Company, as Syndication Agent, CIBC Oppenheimer Corp. and Societe Generale, as Documentation Agents, Commerzbank AG, PNC Bank, National Association and Wells Fargo Bank, N.A., as Co-Documentation Agents, and Bank of America National Trust and Savings Association, as Administrative Agent (the "364-Day Administrative Agent" and, together with the 5-Year Administrative Agent, the "Administrative Agents").

Capitalized terms used by not defined herein have the meanings assigned to them in each of the Agreements.

In our capacity as such counsel, we have made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to our satisfaction as being true reproductions of originals of such documents, corporate records and other instruments, and have obtained from public officials and from officers of the Company, Parent, Marina and their respective Subsidiaries such certificates and other representations and assurances, as we have deemed necessary or appropriate for the purpose of the opinions stated below. We have examined, among other things, the following:

- (a) the Agreements.
- (b) the Guaranty dated as of April 30, 1999, by Parent in favor of the 5-Year Administrative Agent for the benefit of the 5-Year Lenders;
- (c) The Guaranty dated as of April 30, 1999, by Parent in favor of the 364-Day Administrative Agent for the benefit of the 364-Day Lenders;
- (d) the Committed Advance Notes;
- (e) the Competitive Advance Notes; and
- (f) the Swing Line Notes.

The documents described in subsections (a)-(f) above are referred to herein collectively as the "Loan Documents."

We have investigated such questions of law as we have deemed necessary or appropriate for the purposes of the opinions stated herein. We are members of the bar of the State of California, and we are opining herein as to the effect on the subject transactions of the internal laws of the State of California, the General Corporation Law of the State of Delaware and the federal laws of the United States, and we express no opinion with respect to the applicability thereto or the effect thereon, of the laws of any other jurisdiction (or, in the case of Delaware, any laws other than the General Corporation Law of the State of Delaware) or as to any matters of municipal law or the laws of any other local agencies within any state.

On the basis of the foregoing, and in reliance thereon, and subject to the limitations, qualifications and exceptions set forth below, we are of the opinion that, as of the date hereof:

1. The execution, delivery and performance by each Borrower, Parent, Harrah's Atlantic City, Inc., a New Jersey corporation ("Harrah's AC"), as general partner of Marina, and Harrah's New Jersey, Inc., a New Jersey corporation (together with Harrah's AC, the "Marina Partners"), as general partner of Marina, of each of the Loan Documents to which such Borrower, Parent, and the Marina Partners, as applicable, is a party (i) do not, in the case of the Company, Parent and the Marina Partners, contravene any provisions of their respective certificates of incorporation or by-laws, and, in the case of Marina, contravene any provision of its partnership agreement and (ii) do not, to the best of our knowledge, violate or constitute a default under, any applicable provision of the laws of the State of California, the General Corporation Law of the State of Delaware or the federal laws of the United States or any applicable regulation under such laws or any other agreement of Parent, the Company, Marina, the Marina Partners or any of their Subsidiaries which has been identified to us by a responsible officer of Parent as an agreement which is individually material to the business, properties or operations of Parent and its Subsidiaries taken as a whole (each such agreement, a "Material Agreement"), other than any such violations or defaults which would not, separately or in the aggregate, have a material adverse effect on the validity or enforceability of the Loan Documents or on the ability of any Borrower to perform its obligations under the Loan Documents or have a material adverse effect on the business, properties or operations of Parent and its Subsidiaries taken as a whole.

2. Assuming the due authorization, execution and delivery of each of the Loan Documents by each of Parent, the Company and Marina, each of the Loan Documents constitutes a legally valid and binding obligation of each of Parent, the Company and Marina that is a party thereto, enforceable against them in accordance with its terms.

3. At the time of consummation thereof, all consents and approvals of, and filings and registrations with, and all other actions in respect of, all United States federal, California and Delaware governmental agencies, authorities or instrumentalities required in order to make or consummate the loan transactions

contemplated by the Loan Documents and enter into the Loan Documents have been obtained, given, filed or taken and are or will be in full force and effect (or effective judicial relief with respect thereto has been obtained).

Our opinions in paragraphs 1 and 3 above as to compliance with certain laws, statutes, rules or regulations and with respect to the consents, approvals, filings and other actions is based upon a review of those laws, statutes, rules and regulations which, in our experience, are normally applicable to loan transactions of the type contemplated by the Loan Documents (other than Federal securities laws and California state securities or "blue sky" laws, as to which we express no opinion in those paragraphs). We are not opining as to any federal or state gaming laws, statutes, rules or regulations.

In rendering the opinions expressed in Paragraph 1 insofar as they require interpretation of the Material Agreements, (i) we have assumed with your permission that all courts of competent jurisdiction would enforce such agreements as written but would apply the internal laws of the State of California, without giving effect to any choice of law provisions contained therein or any choice of law principles which would result in application of the internal laws of any other state, (ii) to the extent that any questions of legality or legal construction have arisen in connection with our review, we have applied the laws of the State of California, in resolving such questions and (iii) we express no opinion with respect to the effect of any action or inaction, by any Party or Creditor under the Loan Documents or the Material Agreements which may result in a breach or default under any Material Agreement. We advise you that certain of the Material Agreements may be governed by other laws, that such laws may vary substantially from the law assumed to govern for purposes of this opinion, and that this opinion may not be relied upon as to whether or not a breach or default would occur under the law actually governing such Material Agreements.

The opinion expressed in paragraph 2 is further subject to the following limitations, qualifications and exceptions:

(a) such opinion is subject to the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors generally, including, without limitation, the effect of Section 548 of the federal Bankruptcy Code and comparable provisions of state law;

(b) enforceability of the Loan Documents is subject to the effect of general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief regardless of whether considered in a proceeding in equity or at law;

(c) certain rights, remedies and waivers contained in the Loan Documents may be limited or rendered ineffective by applicable California laws or judicial decisions governing such provisions, but such laws or judicial decisions do not render the Loan Documents invalid or unenforceable as a whole;

(d) we express no opinion as to the validity or enforceability of any provision of the Loan Documents that permit the Lenders to increase the rate of interest or collect a late charge or prepayment premium in the event of a delinquency or death.

(e) the unenforceability under certain circumstances of provisions to the effect that rights or remedies are not exclusive, that every right or remedy is cumulative and may be exercised in addition to or with any other right or remedy, that election of a particular remedy or remedies does not preclude recourse to one or more other remedies, that any right or remedy may be exercised without notice, or that failure to exercise or delay in exercising rights or remedies will not operate as a waiver of any such right or remedy.

(f) the unenforceability under certain circumstances of provisions indemnifying a party against liability for its own wrongful or negligent acts or where such indemnification is contrary to public policy or prohibited by law;

(g) the effect of Section 1717 of the California Civil Code, which provides that, where a contract permits one party to the contract to recover attorneys' fees, the prevailing party in any action to enforce any provision of the contract shall be entitled to recover its reasonable attorneys' fees;

(h) the effect of California law, which provides that a court may refuse to enforce, or may limit the application of, a contract or any clause thereof which the court finds as a matter of law to have been unconscionable at the time it was made or contrary to public policy;

(i) the effect of Section 631(d) of the California Code of Civil Procedure, which provides that a court may, in its discretion upon just terms, allow a trial by jury although there may have been a waiver of trial by jury;

(j) the enforceability of liquidated damages provisions of the Loan Documents may be governed and restricted by Section 1671 of the California Civil Code;

(k) we express no opinion as to the enforceability of the choice of law provisions in the Loan Documents;

(l) we express no opinion with respect to the enforceability by a federal court of any forum selection clause contained in any of the Loan Documents; and

(m) we also advise you of California statutory provisions and case law to the effect that, in certain circumstances, a surety may be exonerated if the creditor materially alters the original obligation of the principal without the consent of the guarantor, elects remedies for default that impair the subrogation rights of the guarantor against the principal, or otherwise takes any action without notifying the guarantor that materially prejudices the guarantor. However, there is also authority to the effect that a guarantor may validly waive such rights if the waivers are expressly set forth in the guaranty. While we believe that a California court should hold that the explicit language contained in the Loan Documents waiving all rights is enforceable, we express no opinion with respect to the effect of (i) any modification to or amendment of the obligations of any Party, Creditor or any other Person that materially increases such obligations; (ii) any election of remedies by the Administrative Agents or the Lenders following the occurrence of an event of default under the Loan Documents, or (iii) any other action by the Agents or the Lenders that materially prejudices the guarantor.

In connection with our opinions expressed herein, we assume, with your permission, that each Lender and SPC is a member of a class of lenders which is exempt or is otherwise exempt from California usury laws, including Section 1 of Article XV of the California Constitution.

To the extent that the foregoing opinions may be dependent upon such matters, we assume for the purposes of this opinion that each Person who is a party to any of the Loan Documents is duly organized, validly existing and in good standing, as applicable, under the laws of its jurisdiction of organization; that each of the Loan Documents has been duly authorized, executed and delivered by each such person party thereto and constitutes the legally valid and binding obligation of each such Person (other than Parent and the Borrowers), enforceable in accordance with its terms; and that each such Person has the requisite corporate or other organizational power and authority to perform its obligations under such agreements; and that all Parties to the Loan Documents other than Parent and the Borrowers have complied with any applicable requirement to file returns and pay taxes under the Franchise Tax Law of the State of California. We are not expressing any opinion as to the effect of any such Person's (other than Parent's and Borrower's) compliance with any state or federal laws or regulations applicable to the transactions because of the nature of such Person's business.

This opinion is rendered only to you and is solely for your benefit in connection with the transactions covered hereby. This opinion may not be relied upon by you for any other purpose, or furnished to, quoted to or relied upon by any other person, firm or corporation for any purpose, without our prior written consent. At your request, we hereby consent to reliance hereon by any future assigns of or participants in your interest in the Agreements as expressly permitted by Section 11.8 of the Agreements, provided that this opinion speaks only as of the date hereof and to its addressees and that we have no responsibility or obligation to update this opinion, to consider its applicability or correctness other than to its addressees, or to take into account changes in law, facts or any other development of which we may later become aware. We hereby consent to your furnishing this opinion to your auditors and to regulatory officials having jurisdiction over you.

Very truly yours,

/s/ Latham & Watkins

EXHIBIT G

E. O. ROBINSON, JR.'S LETTERHEAD  
HARRAH'S ENTERTAINMENT, INC.

April 30, 1999

To the Administrative Agents and  
each of the Lenders party to each  
of the Loan Documents referred  
to below

Ladies and Gentlemen:

I am Senior Vice President and General Counsel of Harrah's Entertainment, Inc., a Delaware corporation ("Parent"), and Harrah's Operating Company, Inc., a Delaware corporation (the "Company"), and in that capacity, I have acted as counsel to Parent, the Company and Marina Associates, a New Jersey general partnership ("Marina"), in connection with the execution and delivery by Parent, the Company and Marina of (i) the Five-Year Loan Agreement dated as of April 30, 1999 (the "5-Year Agreement") among Parent, as Guarantor, the Company, Marina, such other Subsidiaries that may become a Borrower pursuant to the terms thereof, each lender whose name is set forth on the signature pages thereto and each other lender from time to time party thereto (the "5-Year Lenders"), Bankers Trust Company, as Syndication Agent, CIBC Oppenheimer Corp. and Societe Generale, as Documentation Agents, Commerzbank AG, PNC Bank, National Association and Wells Fargo Bank, N.A., as Co-Documentation Agents, and Bank of America National Trust and Savings Association, as Administrative Agent (the "5-Year Administrative Agent) and (ii) the 364-Day Loan Agreement dated as of April 30, 1999 (the "364-Day Agreement" and, together with the 5-Year Agreement, the "Agreements"), among Parent, as Guarantor, the Company, Marina, such other Subsidiaries that may become a Borrower pursuant to the terms thereof, each lender whose name is set forth on the signature pages thereto and each other lender from time to time party thereto (the "364-Day Lenders" and, together with the 5-Year Lenders, the "Lenders"), Bankers Trust Company, as Syndication Agent, CIBC Oppenheimer Corp. and Societe Generale, as Documentation Agents, Commerzbank AG, PNC Bank, National Association and Wells Fargo Bank, N.A., as Co-Documentation Agents, and Bank of America National Trust and Savings Association, as Administrative Agent (the "364-Day

Administrative Agent" and, together with the 5-Year Administrative Agent, the "Administrative Agents").

Capitalized terms used but not defined herein have the meanings assigned to them in each of the Agreements.

In that connection, I, or members of my staff, have made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to my satisfaction as being true reproductions of originals of such documents, corporate records and other instruments, and have obtained from public officials and from other officers of the Company, Parent, Marina and their Subsidiaries such certificates and other representations and assurances as I have deemed necessary or appropriate for the purposes of the opinions stated below.

I have investigated such questions of law as I have deemed necessary or appropriate for the purpose of the opinions stated herein. I am a member of the bar of the States of Tennessee and New York, and my opinions below are limited to the effect on the subject transactions of the laws of the States of Tennessee and New York, the General Corporation Law of the State of Delaware and the federal laws of the United States.

Upon the basis of the foregoing and in reliance thereon, I am of the opinion that, as of the date hereof:

1. Each of Parent, the Company, Harrah's Atlantic City, Inc., a New Jersey corporation ("Harrah's AC"), and Harrah's New Jersey, Inc., a New Jersey corporation (together with Harrah's AC, the "Marina Partners"), is a duly organized and validly existing corporation, in good standing under the laws of the jurisdiction of its organization, and has all corporate power to execute, deliver and perform its obligations under the Loan Documents.

2. Marina is a general partnership validly existing under the laws of the State of New Jersey, and has all partnership power to execute, deliver and perform its obligations under the Loan Documents.

3. The execution, delivery, and performance by Parent, each Borrower and the Marina Partners of each of the Loan Documents to which it is a party (i) have been duly authorized by all necessary corporate or partnership, as applicable, action by

Parent, each Borrower and the Marina Partners, as applicable, and (ii) do not violate any judgment, order or decree binding upon any of them, other than any such violations which would not, separately or in the aggregate, have an adverse effect on the validity or enforceability of any of the Loan Documents or on the ability of Parent, either Borrower or the Marina Partners to perform its obligations under the Loan Documents or have a material adverse effect on the value of the business, properties or operations of Parent and its Subsidiaries taken as a whole. Each of Parent, the Company, the Marina Partners and Marina has duly executed and delivered each Loan Document to which it is a party.

4. There does not exist any judgment, order or injunction prohibiting or imposing material adverse conditions upon the consummation of the transactions contemplated by the Loan Documents or the performance by Parent, either Borrower or the Marina Partners of its obligations under the respective Loan Documents.

5. There are no actions, suits or proceedings pending, or, to the best of my knowledge, threatened, against Parent or any of its Subsidiaries with respect to the Loan Documents or the transactions contemplated thereby or that restrains, permits or imposes adverse conditions upon, or seeks to restrain, prevent or impose adverse conditions upon, the Loan Documents or any such transaction.

This opinion is furnished by me, as General Counsel of the Company and Parent, to you for your benefit (and the benefit of your assigns) in connection with the above transactions. This opinion may not be relied upon by you for any other purpose or furnished to (unless otherwise required to be so furnished by applicable law or judicial process), quoted to or relied upon by any other Person for any purpose without my prior written consent.

Very truly yours,

/s/ E. O. Robinson, Jr.

EXHIBIT H

GUARANTY

This GUARANTY ("Guaranty"), dated as of April 30, 1999, is made by Harrah's Entertainment, Inc., a Delaware corporation ("Guarantor") in favor of Bank of America National Trust and Savings Association, as Administrative Agent for the benefit of the Lenders that are party to the Loan Agreement referred to below, with reference to the following facts:

RECITALS

A. Pursuant to the Five Year Loan Agreement dated as of April 30, 1999 by and among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc., a Delaware corporation, Marina Associates, a New Jersey general partnership, and such other Subsidiaries that become Borrowers pursuant thereto (collectively with Harrah's Operating Company, Inc. and Marina Associates, the "Borrowers" and each, a "Borrower"), the Lenders therein named (collectively, the "Lenders" and individually, a "Lender") and Bank of America National Trust and Savings Association, as Administrative Agent (as such agreement may from time to time be extended, modified, renewed, restated, supplemented or amended, the "Loan Agreement"), the Lenders are making certain credit facilities available to Borrowers.

B. As a condition to the availability of such credit facilities, Guarantor is required to enter into this Guaranty and to guaranty the Guaranteed Obligations as hereinafter provided.

C. Guarantor expects to realize direct and indirect benefits as the result of the availability of the aforementioned credit facilities to Borrowers.

AGREEMENT

NOW, THEREFORE, in order to induce Lender to extend the aforementioned credit facilities, and for other good and valuable consideration, the receipt and adequacy of which hereby are acknowledged, Guarantor hereby represents, warrants, covenants, agrees and guaranties as follows:

1. DEFINITIONS. This Guaranty is the Parent Guaranty referred to in the Loan Agreement and is one of the Loan Documents. Terms defined in the Loan Agreement and not otherwise defined in this Guaranty shall have the meanings given those terms in the Loan Agreement when used herein and such definitions are incorporated herein as though set forth in full. In addition, as used herein, the following terms shall have the meanings respectively set forth after each:

"GUARANTIED OBLIGATIONS" means all Obligations of Borrowers or any Party at any time and from time to time owed to Lender under one or more of the Loan Documents (but not including Obligations owed to Lender under this Guaranty), whether due or to become due, matured or unmatured, liquidated or unliquidated, or contingent or noncontingent, including obligations of performance as well as obligations of payment, and including interest that accrues after the commencement of any bankruptcy or insolvency proceeding by or against Borrowers or any of them, Guarantor or any other Person.

"GUARANTOR" means Harrah's Entertainment, Inc., a Delaware corporation.

"LENDER" means the Administrative Agent (acting as the Administrative Agent and/or on behalf of the Lenders) and the Lenders, and each of them, and any one or more of them. Subject to the terms of the Loan Agreement, any right, remedy, privilege or power of Lender shall be exercised by the Administrative Agent on behalf of the Lenders.

"GUARANTY" means this Guaranty, and any extensions, modifications, renewals, restatements, reaffirmations, supplements or amendments hereof.

2. GUARANTY OF GUARANTIED OBLIGATIONS. Guarantor hereby irrevocably, unconditionally guaranties and promises to pay and perform on demand upon the occurrence of any Event of Default the Guaranteed Obligations and each and every one of them, including all amendments, modifications, supplements, renewals or extensions of any of them, whether such amendments, modifications, supplements, renewals or extensions are evidenced by new or additional instruments, documents or agreements or change the rate of interest on any Guaranteed Obligation or the security therefor, or otherwise.

3. NATURE OF GUARANTY. This Guaranty is irrevocable and continuing in nature and relates to any Guaranteed Obligations now existing or hereafter arising. This Guaranty is a guaranty of prompt and punctual payment and performance and is not merely a guaranty of collection.

4. RELATIONSHIP TO OTHER AGREEMENTS. Nothing herein shall in any way modify or limit the effect of terms or conditions set forth in any other document, instrument or agreement executed by Guarantor or in connection with the Guaranteed Obligations, but each and every term and condition hereof shall be in addition thereto. All provisions contained in the Loan Agreement or any other Loan Document that apply to Loan Documents generally are fully applicable to this Guaranty and are incorporated herein by this reference.

5. SUBORDINATION OF INDEBTEDNESS OF BORROWERS TO GUARANTOR TO THE GUARANTIED Obligations. Guarantor agrees that:

(a) Any indebtedness of Borrowers now or hereafter owed to Guarantor hereby is subordinated to the Guaranteed Obligations.

(b) If Lender so requests, upon the occurrence and during the continuance of any Event of Default, any such indebtedness of Borrowers now or hereafter owed to Guarantor shall be collected, enforced and received by Guarantor as trustee for Lender and shall be paid over to Lender in kind on account of the Guaranteed Obligations, but without reducing or affecting in any manner the obligations of Guarantor under the other provisions of this Guaranty.

(c) Should Guarantor fail to collect or enforce any such indebtedness of Borrowers now or hereafter owed to Guarantor and pay the proceeds thereof to Lender in accordance with Section 5(b) hereof, Lender as Guarantor's attorney-in-fact may do such acts and sign such documents in Guarantor's name as Lender considers necessary or desirable to effect such collection, enforcement and/or payment.

6. STATUTES OF LIMITATIONS AND OTHER LAWS. Until the Guaranteed Obligations shall have been paid and performed in full, all the rights, privileges, powers and remedies granted to Lender hereunder shall continue to exist and may be exercised by Lender at any time and from time to time irrespective of the fact that any of the Guaranteed Obligations may have become barred by any statute of limitations. Guarantor expressly waives the benefit of any and all statutes of limitation, and any and all Laws providing for exemption of property from execution or for evaluation and appraisal upon foreclosure, to the maximum extent permitted by applicable Laws.

7. WAIVERS AND CONSENTS. Guarantor acknowledges that the obligations undertaken herein involve the guaranty of obligations of Persons other than Guarantor and, in full recognition of that fact, consents and agrees that Lender may, at any time and from time to time, without notice or demand, and without affecting the enforceability or continuing effectiveness hereof: (a) supplement, modify, amend, extend, renew, accelerate or otherwise change the time for payment or the terms of the Guaranteed Obligations or any part thereof, INCLUDING any increase or decrease of the rate(s) of interest thereon; (b) supplement, modify, amend or waive, or enter into or give any agreement, approval or consent with respect to, the Guaranteed Obligations or any part thereof, or any of the Loan Documents to which Guarantor is not a party or any additional security or guaranties, or any condition, covenant, default, remedy, right, representation or term thereof or thereunder; (c) accept new or additional instruments, documents or agreements in exchange for or relative to any of the Loan Documents or the Guaranteed Obligations or any part thereof; (d) accept partial payments on the Guaranteed Obligations; (e) receive and hold additional security or guaranties for the Guaranteed Obligations or any part thereof; (f) release, reconvey, terminate, waive, abandon, fail to perfect, subordinate, exchange, substitute, transfer and/or enforce any security or guaranties, and apply any security and direct the order or manner of sale thereof as Lender in its sole and absolute discretion may determine; (g) release any Person from any personal liability with respect to the Guaranteed Obligations or any part thereof; (h) settle, release on terms satisfactory to Lender or by operation of applicable Laws or otherwise liquidate or enforce any Guaranteed Obligations and any security or guaranty therefor in any manner, consent to the transfer of any security and bid and purchase at any sale; and/or (i) consent to the merger, change or any other restructuring or termination of the corporate existence of Borrowers, or any of them, Guarantor or any other Person, and correspondingly restructure the Guaranteed Obligations, and any such merger, change, restructuring or termination shall not affect the liability of Guarantor or the continuing effectiveness hereof, or the enforceability hereof with respect to all or any part of the Guaranteed Obligations; provided that nothing herein shall waive, alter, diminish or modify any rights of the Borrowers under the Loan Documents, including, without limitation, the rights of the Borrowers to agree to any amendments or modifications of the Loan Documents.

Upon the occurrence and during the continuance of any Event of Default, Lender may enforce this Guaranty independently as to Guarantor and independently of any other remedy or security

Lender at any time may have or hold in connection with the Guaranteed Obligations. Guarantor expressly waives any right to require Lender to marshal assets in favor of Guarantor, and agrees that Lender may proceed against Borrowers or any of them, or upon or against any security or remedy, before proceeding to enforce this Guaranty, in such order as it shall determine in its sole and absolute discretion. Lender may file a separate action or actions against Borrowers, or any of them, and/or Guarantor without respect to whether action is brought or prosecuted with respect to any security or against any other Person, or whether any other Person is joined in any such action or actions. Guarantor agrees that Lender, Borrowers, or any of them, and any Affiliates of any Borrower may deal with each other in connection with the Guaranteed Obligations or otherwise, or alter any contracts or agreements now or hereafter existing between any of them, in any manner whatsoever, all without in any way altering or affecting the security of this Guaranty. Lender's rights hereunder shall be reinstated and revived, and the enforceability of this Guaranty shall continue, with respect to any amount at any time paid on account of the Guaranteed Obligations which thereafter shall be required to be restored or returned by Lender upon the bankruptcy, insolvency or reorganization of Borrowers, or any of them, or any other Person, or otherwise, all as though such amount had not been paid. The rights of Lender created or granted herein and the enforceability of this Guaranty with respect to Guarantor at all times shall remain effective to guaranty the full amount of all the Guaranteed Obligations even though the Guaranteed Obligations, or any part thereof, or any security or guaranty therefor, may be or hereafter may become invalid or otherwise unenforceable as against Borrowers or any other guarantor or surety and whether or not Borrowers shall have any personal liability with respect thereto. Guarantor expressly waives any and all defenses now or hereafter arising or asserted by reason of (a) any disability or other defense of Borrowers, or any of them, with respect to the Guaranteed Obligations, (b) the unenforceability or invalidity of any security or guaranty for the Guaranteed Obligations or the lack of perfection or continuing perfection or failure of priority of any security for the Guaranteed Obligations, (c) the cessation for any cause whatsoever of the liability of Borrowers, or any of them (other than by reason of the full payment and performance of all Guaranteed Obligations), (d) any failure of Lender to marshal assets in favor of Borrowers or any other Person, (e) except as otherwise provided in this Guaranty, any failure of Lender to give notice of sale or other disposition of collateral to Guarantor or any other Person or any defect in any notice that may be given in connection with any sale or disposition of collateral, (f) any failure of Lender to comply with

applicable Laws in connection with the sale or other disposition of any collateral or other security for any Guaranteed Obligation, including without limitation, any failure of Lender to conduct a commercially reasonable sale or other disposition of any collateral or other security for any Guaranteed Obligation, (g) any act or omission of Lender or others that directly or indirectly results in or aids the discharge or release of Borrowers, or any of them, or the Guaranteed Obligations or any security or guaranty therefor by operation of law or otherwise, (h) any Law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation, (i) any failure of Lender to file or enforce a claim in any bankruptcy or other proceeding with respect to any Person, (j) the election by Lender, in any bankruptcy proceeding of any Person, of the application or non-application of Section 1111(b)(2) of the United States Bankruptcy Code, (k) any extension of credit or the grant of any Lien under Section 364 of the United States Bankruptcy Code, (l) any use of cash collateral under Section 363 of the United States Bankruptcy Code, (m) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any Person, (n) the avoidance of any Lien in favor of Lender for any reason, (o) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Person, including any discharge of, or bar or stay against collecting, all or any of the Guaranteed Obligations (or any interest thereon) in or as a result of any such proceeding, (p) to the extent permitted, the benefits of any form of one-action rule, or (q) any action taken by Lender that is authorized by this Section or any other provision of any Loan Document. Guarantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Guaranteed Obligations, and all notices of acceptance of this Guaranty or of the existence, creation or incurrence of new or additional Guaranteed Obligations.

8. CONDITION OF BORROWERS AND BORROWERS' SUBSIDIARIES. Guarantor represents and warrants to Lender that Guarantor has established adequate means of obtaining from Borrowers' Subsidiaries, on a continuing basis, financial and other information pertaining to the businesses, operations and condition (financial and otherwise) of Borrowers and Borrowers' Subsidiaries and their Properties, and Guarantor now is and hereafter will be completely familiar with the businesses, operations and condition (financial and otherwise) of Borrowers

and Borrowers' Subsidiaries and their Properties. Guarantor hereby expressly waives and relinquishes any duty on the part of Lender (should any such duty exist) to disclose to Guarantor any matter, fact or thing related to the businesses, operations or condition (financial or otherwise) of Borrowers or Borrowers' Subsidiaries or their Properties, whether now known or hereafter known by Lender during the life of this Guaranty. With respect to any of the Guaranteed Obligations, Lender need not inquire into the powers of Borrowers or any their Subsidiaries or the officers or employees acting or purporting to act on their behalf, and all Guaranteed Obligations made or created in good faith reliance upon the professed exercise of such powers shall be secured hereby.

9. LIENS ON REAL PROPERTY. In the event that all or any part of the Guaranteed Obligations at any time are secured by any one or more deeds of trust or mortgages or other instruments creating or granting Liens on any interests in real Property, Guarantor authorizes Lender, upon the occurrence of and during the continuance of any Event of Default, at its sole option, without notice or demand and without affecting any Guaranteed Obligations of Guarantor, the enforceability of this Guaranty, or the validity or enforceability of any Liens of Lender on any collateral, to foreclose any or all of such deeds of trust or mortgages or other instruments by judicial or nonjudicial sale. Guarantor expressly waives all rights and defenses to the enforcement of this Guaranty or any rights of Lender created or granted hereby or to the recovery by Lender against Borrowers, or any of them, Guarantor or any other Person liable therefor of any deficiency after a judicial or nonjudicial foreclosure or sale because all or any part of the Guaranteed Obligations is secured by real Property. This means, among other things: (1) Lender may collect from any Guarantor without first foreclosing on any real or personal Property collateral pledged by Borrowers and (2) if the Lender forecloses on any real Property collateral pledged by Borrowers: (A) The amount of the Guaranteed Obligations may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price and (B) the Lender may collect from any Guarantor even if the Lender, by foreclosing on the real Property collateral, has destroyed any right any Guarantor may have to collect from Borrowers. This is an unconditional and irrevocable waiver of any rights and defenses any Guarantor may have because all or any part of the Guaranteed Obligations is secured by real Property. Guarantor expressly waives any defenses or benefits that may be derived from California Code of Civil Procedure ss.ss. 580a, 580b, 580d or 726, or comparable provisions of the Laws of any other jurisdiction, including, without limitation, NRS

Section 40.430 and judicial decisions relating thereto, and NRS Sections 40.451, 40.455, 40.457 and 40.459, and all other suretyship defenses it otherwise might or would have under California Law or other applicable Law. Guarantor expressly waives any right to receive notice of any judicial or nonjudicial foreclosure or sale of any real Property or interest therein subject to any such deeds of trust or mortgages or other instruments and any Guarantor's or any other Person's failure to receive any such notice shall not impair or affect Guarantor's Obligations or the enforceability of this Guaranty or any rights of Lender created or granted.

10. WAIVER OF RIGHTS OF SUBROGATION. Notwithstanding anything to the contrary elsewhere contained herein or in any other Loan Document to which Guarantor is a Party, Guarantor hereby expressly waives with respect to any Borrower and its successors and assigns (including any surety) and any other Person which is directly or indirectly a creditor of any Borrower or any surety for any Borrower, any and all rights at Law or in equity to subrogation, to reimbursement, to exoneration, to contribution, to setoff or to any other rights that could accrue to a surety against a principal, to a guarantor against a maker or obligor, to an accommodation party against the party accommodated, or to a holder or transferee against a maker, and which Guarantor may have or hereafter acquire against any Borrower or any other such Person in connection with or as a result of Guarantor's execution, delivery and/or performance of this Guaranty or any other Loan Document to which Guarantor is a party. Guarantor agrees that it shall not have or assert any such rights against any Borrower or its successors and assigns or any other Person (including any surety) which is directly or indirectly a creditor of any surety for any Borrower, either directly or as an attempted setoff to any action commenced against Guarantor by any Borrower (as borrower or in any other capacity), Lender or any other such Person. Guarantor hereby acknowledges and agrees that this waiver is intended to benefit Borrowers and Lender and shall not limit or otherwise affect Guarantor's liability hereunder, under any other Loan Document to which Guarantor is a party, or the enforceability hereof or thereof.

11. UNDERSTANDINGS WITH RESPECT TO WAIVERS AND CONSENTS. Guarantor warrants and agrees that each of the waivers and consents set forth herein are made with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which Guarantor otherwise may have against Borrowers, Lender or others, or

against any collateral, and that, under the circumstances, the waivers and consents herein given are reasonable and not contrary to public policy or Law. Guarantor acknowledges that it has either consulted with legal counsel regarding the effect of this Guaranty and the waivers and consents set forth herein, or has made an informed decision not to do so. If this Guaranty or any of the waivers or consents herein are determined to be unenforceable under or in violation of applicable Law, this Guaranty and such waivers and consents shall be effective to the maximum extent permitted by Law.

12. REPRESENTATIONS AND WARRANTIES. Guarantor hereby makes each and every representation and warranty applicable to Guarantor set forth in Article 4 of the Loan Agreement as if set forth in full herein.

13. COSTS AND EXPENSES. After an Event of Default, Guarantor agrees to pay to Lender all costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by Lender in the enforcement or attempted enforcement of this Guaranty, whether or not an action is filed in connection therewith, and in connection with any waiver or amendment of any term or provision hereof. All advances, charges, costs and expenses, including reasonable attorneys' fees and disbursements (including the reasonably allocated cost of legal counsel employed by Lender), incurred or paid by Lender in exercising any right, privilege, power or remedy conferred by this Guaranty, or in the enforcement or attempted enforcement thereof, shall be subject hereto and shall become a part of the Guaranteed Obligations and shall be paid to Lender by Guarantor, after an Event of Default and immediately upon demand, together with interest thereon at the rate(s) provided for under the Loan Agreement.

14. CONSTRUCTION OF THIS GUARANTY. This Guaranty is intended to give rise to absolute and unconditional obligations on the part of Guarantor; hence, in any construction hereof, notwithstanding any provision of any loan document to the contrary, this Guaranty shall be construed strictly in favor of Lender in order to accomplish its stated purpose.

15. LIABILITY. Notwithstanding anything to the contrary elsewhere contained herein or in any Loan Document to which Guarantor is a Party, the aggregate liability of Guarantor hereunder for payment and performance of the Guaranteed Obligations shall not exceed an amount which, in the aggregate, is \$1.00 less than that amount which if so paid or performed would constitute or result in a "fraudulent transfer", "fraudulent conveyance", or terms of similar import, under

applicable state or federal Law, including without limitation, Section 548 of the United States Bankruptcy Code. The liability of Guarantor hereunder is independent of any other guaranties at any time in effect with respect to all or any part of the Guaranteed Obligations, and Guarantor's liability hereunder may be enforced regardless of the existence of any such guaranties. Any termination by or release of any guarantor in whole or in part shall not affect the continuing liability of Guarantor hereunder, and no notice of any such termination or release shall be required. The execution hereof by Guarantor is not founded upon an expectation or understanding that there will be any other guarantor of the Guaranteed Obligations.

16. WAIVER OF JURY TRIAL. GUARANTOR AND LENDER EXPRESSLY WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS GUARANTY, THE LOAN AGREEMENT, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. GUARANTOR AND LENDER AGREE THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS GUARANTY, THE LOAN AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS GUARANTY, THE LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

17. THIS GUARANTY SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LOCAL LAWS OF THE STATE OF CALIFORNIA WITHOUT REFERENCE TO THE CONFLICT OF LOCAL LAWS OR CHOICE OF LAW PRINCIPLES THEREOF.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty by its duly authorized officer as of the date first written above.

"Guarantor"

HARRAH'S ENTERTAINMENT, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Charles L. Atwood, Vice President and  
Treasurer

Address:  
Harrah's Entertainment, Inc.  
1023 Cherry Road  
Memphis, Tennessee 38117  
Attn: Charles L. Atwood, Vice  
President and Treasurer  
Telecopier: 901/ 762-8698  
Telephone: 901/762-8852

EXHIBIT I

REQUEST FOR LETTER OF CREDIT  
(FIVE YEAR LOAN AGREEMENT)

1. This Request for Letter of Credit is executed and delivered by \_\_\_\_\_ ("Requesting Borrower"), to \_\_\_\_\_ ("Issuing Lender") and to Bank of America National Trust and Savings Association, as the Administrative Agent ("Administrative Agent") pursuant to the Five Year Loan Agreement (as amended, modified or extended, the "Loan Agreement") dated as of April 30, 1999, among Requesting Borrower, as a Borrower, the other Borrowers that are parties thereto (each a "Borrower" and collectively, the "Borrowers"), Harrah's Entertainment, Inc., a Delaware corporation, as Guarantor, the Lenders therein named, and Administrative Agent. Any terms used herein and not defined herein shall have the meanings defined in the Loan Agreement.

2. Requesting Borrower hereby requests that the Issuing Lender issue a Letter of Credit as follows:

(a) Amount of Letter of Credit: \$ \_\_\_\_\_.

(b) Date of Issuance: \_\_\_\_\_, \_\_\_\_.

(c) Type of Letter of Credit (Check one box only):

Commercial Letter of Credit

Standby Letter of Credit

(d) Beneficiary under Letter of Credit:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(e) Expiry Date: \_\_\_\_\_, \_\_\_\_.

(f) Purpose of Letter of Credit:

\_\_\_\_\_

\_\_\_\_\_.

(g) Additional Information/Terms: \_\_\_\_\_

3. The requested Letter of Credit is (check one box only):

a new Letter of Credit in addition to Letters of Credit already outstanding.

a supplement, modification, amendment, renewal, or extension to or of the following outstanding Letter(s) of Credit: [IDENTIFY]

4. In connection with the issuance of the Letter of Credit requested herein, Requesting Borrower represents, warrants and certifies to the Lenders that:

(a) Now and as of the date of the issuance of the requested Letter of Credit, except (i) for representations and warranties which expressly speak as of a particular date or which are no longer true and correct as a result of a change permitted by the Loan Agreement or (ii) as disclosed by Borrowers and approved in writing by the Requisite Lenders, each representation and warranty made by each Borrower in Article 4 of the Loan Agreement (other than Sections 4.4(a), 4.6 (first sentence), 4.8 and 4.15) will be true and correct, both immediately before such Letter of Credit is issued and after giving effect to such Letter of Credit, as though such representations and warranties were made on and as of the date of such Letter of Credit;

(b) There is not any action, suit, proceeding or investigation pending as to which Parent or any of its Subsidiaries have been served or received notice or, to the best knowledge of Borrowers, threatened against or affecting Parent or any of its Subsidiaries or any Property of any of them before any Governmental Agency that constitutes a Material Adverse Effect; and

(c) Now and as of the date of the requested Letter of Credit, no Default or Event of Default presently exists or will have occurred and be continuing as a result of the issuance of the Letter of Credit.

5. Attached hereto is an Application for Letter of Credit on the form provided to Requesting Borrower by the Issuing Lender.

6. This Request for Letter of Credit is executed on \_\_\_\_\_,  
\_\_\_\_\_, by a Responsible Official of Requesting Borrower. The undersigned, in  
such capacity, hereby certifies each and every matter contained herein to be  
true and correct.

\_\_\_\_\_'

a \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT J

REQUEST FOR LOAN

FIVE YEAR LOAN AGREEMENT

1. This Request for Loan is executed and delivered by \_\_\_\_\_ ("Requesting Borrower"), to Bank of America National Trust and Savings Association, as the Administrative Agent ("Administrative Agent") pursuant to the Five Year Loan Agreement (as amended, modified or extended, the "Loan Agreement") dated as of April 30, 1999, among Requesting Borrower, as a Borrower, the other Borrowers that are parties thereto (each a "Borrower" and collectively, the "Borrowers"), Harrah's Entertainment, Inc., a Delaware corporation, as Guarantor, the Lenders therein named, and Administrative Agent. Any terms used herein and not defined herein shall have the meanings defined in the Loan Agreement.

2. Borrower hereby requests that the Lenders make a Committed Loan pursuant to the Loan Agreement as follows:

(a) AMOUNT OF REQUESTED COMMITTED LOAN:  
\$ \_\_\_\_\_

(b) FUNDING DATE OF COMMITTED LOAN:  
\_\_\_\_\_

(c) TYPE OF COMMITTED LOAN (Check one box only):

/\_\_\_/ BASE RATE

/\_\_\_/ EURODOLLAR RATE FOR A EURODOLLAR PERIOD OF  
\_\_\_\_\_ MONTHS

3. In connection with the request, Borrower certifies that:

(a) If this Request for Loan is for a Committed Loan which will increase the principal amount outstanding under the Notes, now and as of the date of the requested Committed Loan, except (i) for representations and warranties which speak as of a particular date or are no longer true and correct as a result of a change which is permitted by the Loan Agreement and (ii) as disclosed by Borrowers and

approved in writing by the Requisite Lenders, each representation and warranty made by each Borrower in Article 4 of the Loan Agreement (other than Sections 4.4(a), 4.6 (first sentence), 4.8, 4.15) will be true and correct, both immediately before and after giving effect to such Committed Loan, as though such representations and warranties were made on and as of that date; and

(b) There is not any action, suit, proceeding or investigation pending as to which Parent or any of its Subsidiaries have been served or received notice or, to the best knowledge of Borrowers, threatened against or affecting Parent or any of its Subsidiaries or any Property of any of them before any Governmental Agency that constitutes a Material Adverse Effect.

4. This Request is executed on \_\_\_\_\_ on behalf of Requesting Borrower.

\_\_\_\_\_'

a \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT K

ELECTION TO BECOME A BORROWER

Bank of American National Trust and Savings Association,  
as Administrative Agent under each of the Loan Agreements described below  
555 South Flower Street  
Los Angeles, California 90071

Ladies and Gentlemen:

The undersigned, \_\_\_\_\_, a \_\_\_\_\_  
("Subsidiary") refers to the Five Year Loan Agreement and the  
364-Day Loan Agreement (as amended, modified or extended, the "Loan Agreements")  
each dated as of April 30, 1999, among Harrah's Entertainment, Inc., a Delaware  
corporation ("Parent"), as Guarantor, Harrah's Operating Company, Inc., a  
Delaware corporation ("Company"), Marina Associates, a New Jersey general  
partnership ("Marina") (each a "Borrower" and collectively, the "Borrowers"),  
the Lenders therein named, and Administrative Agent. Any terms used herein and  
not defined herein shall have the meanings defined in the Loan Agreements.

Subsidiary, desiring to incur Loans under the Loan Agreements, hereby  
elects, pursuant to the provisions of Section 2.10 of each of the Loan  
Agreements, to become a Borrower for the purposes of the Loan Agreements,  
effective from the date hereof. Subsidiary confirms that it is a Wholly-Owned  
Subsidiary under the Loan Agreements and confirms that the representations and  
warranties set forth in Article 4 of the Loan Agreements are true and correct as  
to Subsidiary, and Subsidiary hereby agrees to comply with all the obligations  
of a Borrower under, and to be bound in all respects by the terms of, the Loan  
Agreements as if Subsidiary an original signatory thereto. Subsidiary proposes  
the following Aggregate Sublimit:

PROPOSED AGGREGATE SUBLIMIT FOR SUBSIDIARY:

\$ \_\_\_\_\_

Subsidiary, concurrently with its execution hereof, is delivering the  
appropriate executed documents, certificates, resolutions, opinions, Competitive  
Advance Note, Committed Advanced Notes and Swing Line Documents required by  
Sections 2.10(a) and (b) of the Loan Agreements.

Subsidiary shall, at its own expense, execute and deliver such further documents, certificates, resolution, opinions and other assurances as the Administrative Agent may reasonably request in connection herewith. All notices and other communications provided for under the Loan Agreement may be sent to the address set forth below.

Very truly yours,

Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged and Agreed:

[additional Borrowers:]

Harrah's Entertainment, Inc.

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Harrah's Operating Company, Inc.

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Marina Associates

By: Harrah's New Jersey, Inc.,  
general partner

By: \_\_\_\_\_

Its: \_\_\_\_\_

By: Harrah's Atlantic City, Inc.,  
general partner

By: \_\_\_\_\_

Its: \_\_\_\_\_

EXHIBIT L

JOINT BORROWER PROVISIONS

Reference is made to the Five Year Loan Agreement ( the "Loan Agreement") among Harrah's Operating Company, Inc., a Delaware corporation ("Company"), Marina Associates, a New Jersey general partnership ("Marina" and together with the Company and such other Subsidiaries that become Borrowers pursuant thereto, "Borrowers"), Harrah's Entertainment, Inc., a Delaware corporation ("Parent"), as Guarantor, the Lenders therein named, and Bank of America National Trust and Savings Association, as Administrative Agent. These Joint Borrower Provisions are attached to and made a part of the Loan Agreement as Exhibit L thereto. Capitalized terms used herein are used with the meanings set forth for those terms in the Loan Agreement. Borrowers each agree that:

1. REQUESTS FOR LOANS AND LETTERS OF CREDIT. Requests for Loans and Letters of Credit may be made by any Borrower, and the Administrative Agent and the Lenders are authorized to honor and rely upon any such request or any instructions received from any responsible official of any Borrower. It is expressly agreed and understood by each Borrower that the Administrative Agent and the Lenders shall have no responsibility to inquire into the apportionment, allocation or disposition of any Loans or Letters of Credit made to any Borrower.

2. ACKNOWLEDGMENT AND INDEMNITY RE JOINT HANDLING. It is understood and agreed that the handling of this credit facility on a joint borrowing basis as set forth in this Agreement is as an accommodation to Borrowers and at the request of Borrowers, and that the Administrative Agent and the Lenders shall incur no liability to any Borrower or any other Person as a result thereof. To induce the Administrative Agent and the Lenders to do so, and in consideration thereof, each of the Borrowers hereby agrees to indemnify the Administrative Agent and each Lender and hold them harmless from and against any and all liabilities, expenses, losses, damages and/or claims of damage or injury asserted against them by any Borrower or by any other Person arising from or incurred by reason of the joint handling of the financing arrangements provided in the Loan Agreement, reliance by the Administrative Agent and the Lenders on any requests or instructions from any Borrower, or any other similar action taken by the Administrative Agent or any Lender under the Loan Documents.

3. REPRESENTATION AND WARRANTY. Each Borrower represents and warrants to the Administrative Agent and each Lender that (i) it has established adequate means of obtaining, on a continuing basis, financial and other information pertaining to the business, operations and condition (financial and otherwise) of Parent and its Subsidiaries and their Property, and (ii) it now is and hereafter will be completely familiar with the business, operations and condition (financial and otherwise) of such Persons and their Property. Each Borrower hereby waives and relinquishes any duty on the part of the Administrative Agent or any Lender to disclose to it any matter, fact or thing relating to the business, operations or condition (financial or otherwise) of Borrowers, Parent, its Subsidiaries or their Property, whether now or hereafter known by the Administrative Agent or any Lender during the term of the Loan Agreement.

4. WAIVERS AND CONSENTS. Each of the Borrowers consents and agrees that the Administrative Agent and the Lenders may, at any time and from time to time, without notice or demand to any of them, and without affecting the enforceability or continuing effectiveness hereof:

a. supplement, modify, amend, extend, renew, accelerate, or otherwise change the time for payment or the terms of the Obligations or any part thereof, including any increase or decrease of the rate(s) of interest thereon;

b. supplement, modify, amend or waive, or enter into or give any agreement, approval or consent with respect to, the Obligations or any part thereof or any of the Loan Documents or any additional security or guaranties, or any condition, covenant, default, remedy, right, representation or term thereof or thereunder;

c. accept new or additional instruments, documents or agreements in exchange for or relative to any of the Loan Documents or the Obligations or any part thereof;

d. accept partial payments on the Obligations;

e. receive and hold additional security or guaranties for the Obligations or any part thereof;

f. release, reconvey, terminate, waive, abandon, fail to perfect, subordinate, exchange, substitute, transfer and/or enforce any security or guaranties, and apply any security and direct the order or manner of sale thereof as the Administrative Agent and the Lenders in their sole and absolute discretion may determine;

g. release any Person from any personal liability with respect to the Obligations or any part thereof;

h. settle, release on terms satisfactory to the Administrative Agent and the Lenders or by operation of applicable Laws or otherwise liquidate or enforce any Obligations and any security or guaranty therefor in any manner, consent to the transfer of any security and bid and purchase at any sale; and/or

i. consent to the merger, change or any other restructuring or termination of the corporate existence of Borrowers, or any of them, any guarantor or any other Person, and correspondingly restructure the Obligations, and any such merger, change, restructuring or termination shall not affect the liability of any Person or the continuing effectiveness hereof or the enforceability hereof with respect to all or any part of the Obligations;

provided that nothing herein shall waive, alter, diminish or modify any rights of the Borrowers under the Loan Documents, including without limitation, the rights of the Borrowers to agree to any amendments or modifications of the Loan Documents.

Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent and the Lenders may enforce the Loan Agreement and the other Loan Documents independently as to each Borrower and independently of any other remedy or security the Administrative Agent or any Lender at any time may have or hold in connection with the Obligations. Each Borrower expressly waives any right to require the Administrative Agent or any Lender to marshal assets in favor of Borrowers, and agrees that the Administrative Agent and Lenders may proceed against Borrowers, or any of them, or upon any security or remedy before proceeding to enforce this Loan Agreement, in such order as they shall determine in their sole and absolute discretion. The Administrative Agent (with the consent of the Requisite Lenders) may file a separate action or actions against Borrowers, or any of them, and/or any guarantor without respect to any Borrower,

whether action is brought or prosecuted with respect to any other security or against any other Person, or whether any other Person is joined in any such action or actions. Each Borrower agrees that the Administrative Agent and the Lenders may deal with each Borrower or themselves other in connection with the Obligations or otherwise, or alter any contracts or agreements now or hereafter existing between any of them, in any manner whatsoever, all without in any way altering or affecting the security of the Loan Documents. Borrowers expressly waive the benefit of any statute(s) of limitations affecting their liability under the Loan Documents or the enforcement of the Obligations or any Liens created or granted therein. The Administrative Agent and the Lenders' rights hereunder shall be reinstated and revived, and the enforceability of this Loan Agreement shall continue, with respect to any amount at any time paid on account of the Obligations which thereafter shall be required to be restored or returned by them upon the bankruptcy, insolvency or reorganization of Borrowers, or any of them, or any other Person, or otherwise, all as though such amount had not been paid. The rights of Lender created or granted under the Loan Documents and their enforceability at all times shall remain effective to secure the full amount of all the Obligations, even though the Obligations, including any part thereof or any other security or guaranty therefor, may be or hereafter may become invalid or otherwise unenforceable as against Borrowers or any guarantor or surety and whether or not such other Persons shall have any personal liability with respect thereto. Each Borrower expressly waives any and all defenses now or hereafter arising or asserted by reason of (a) any disability or other defense of any of the other such Persons with respect to the Obligations, (b) the unenforceability or invalidity of any security or guaranty for the Obligations or the lack of perfection or continuing perfection or failure of priority of any security for the Obligations, (c) the cessation for any cause whatsoever of the liability of Borrowers, or any of them (other than by reason of the full payment and performance of all Obligations), (d) any failure of the Administrative Agent or any Lender to marshal assets in favor of Borrowers or any other Person, (e) except as otherwise provided in the Loan Documents, any failure of the Administrative Agent or any Lender to give notice of sale or other disposition of collateral to any Borrower or any other Person or any defect in any notice that may be given in connection with any sale or disposition of collateral, (f) any failure of the Administrative Agent or any Lender to comply with applicable Laws in connection with the sale or other disposition of any collateral or other security for any Obligation, including without limitation any failure of the Administrative Agent or any

Lender to conduct a commercially reasonable sale or other disposition of any collateral or other security for any Obligation, (g) any act or omission of the Administrative Agent or any Lender or others that directly or indirectly results in or aids the discharge or release of Borrowers or any of them, or any other Person or the obligations or any other security or guaranty therefor by operation of Law or otherwise, (h) any Law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation, (i) any failure of the Administrative Agent or any Lender to file or enforce a claim in any bankruptcy or other proceeding with respect to any Person, (j) the election by the Administrative Agent or any Lender, in any bankruptcy proceeding of any Person, of the application or non-application of Section 1111(b)(2) of the United States Bankruptcy Code, (k) any extension of credit or the grant of any Lien under Section 364 of the United States Bankruptcy Code, (l) any use of cash collateral under Section 363 of the United States Bankruptcy Code, (m) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any Person, (n) the avoidance of any Lien in favor of the Administrative Agent or any Lender for any reason, (o) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Person, including any discharge of, or bar or stay against collecting, all or any of the Obligations (or any interest thereon) in or as a result of any such proceeding, (p) to the extent permitted, the benefits of any form of one-action rule, or (q) any action taken by Lender that is authorized by these Joint Borrower Provisions or any other provision of any Loan Documents. Each Borrower expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Obligations, and all notices of acceptance of the Loan Agreement or of the existence, creation or incurrence of new or additional Obligations.

5. LIENS ON REAL PROPERTY. In the event that all or any part of the Obligations at any time are secured by any one or more deeds of trust or mortgages or other instruments creating or granting Liens or any interests in real Property, each of the Borrowers authorizes the Administrative Agent and each Lender, upon the occurrence of and during the continuance of any Event of Default, at their sole option, without notice or demand and

without affecting any Obligations of any such Person, the enforceability of the Loan Documents, or the validity or enforceability of any Liens of the Administrative Agent or any Lender on any collateral, to foreclose any or all of such deeds of trust or mortgages or other instruments by judicial or nonjudicial sale. Each Borrower expressly waives all rights and any defenses to the enforcement of the Loan Documents or any rights of the Administrative Agent or any Lender created or granted thereby or to the recovery by the Administrative Agent and the Lenders against Borrowers, or any of them, any guarantor or any other Person liable therefor of any deficiency after a judicial or nonjudicial foreclosure or sale, even though such a foreclosure or sale because all or any part of the Obligations is secured by real Property. This means, among other things: (1) Administrative Agent and each Lender may collect from any Borrower, any guarantor or any other Person without first foreclosing on any real or personal Property collateral pledged by any Borrower, any other Party, any guarantor or any other Person. (2) If Administrative Agent or any Lender forecloses on any real Property collateral pledged by Borrowers, any guarantor or any other Person: (A) The amount of the Obligations may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price. (B) Administrative Agent and each Lenders may collect from Borrowers, any guarantor or any other Person even if the Administrative Agent or any Lender, by foreclosing on the real Property collateral, has destroyed any right any guarantor, any other Party or any other Person may have to collect from any Borrower. This is an unconditional and irrevocable waiver of any rights and defenses any Borrower may have because all or any part of the Obligations is secured by real Property. Each of the Borrowers expressly waives any defenses or benefits that may be derived from California Code of Civil Procedure ss.ss. 580a, 580b, 580d or 726, or comparable provisions of the Laws of any other jurisdiction, including, without limitation, NRS Section 40.430 and judicial decisions relating thereto, and NRS Sections 40.451, 40.455, 40.457 and 40.459, and all other suretyship defenses it otherwise might or would have under California Law or other applicable Law. Each Borrower expressly waives any right to receive notice of any judicial or nonjudicial foreclosure or sale of any real Property or interest therein subject to any such deeds of trust or mortgages or other instruments and any guarantor's or any other Person's failure to receive any such notice shall not impair or affect each Borrower's Obligations or the enforceability of the Joint Borrower Provisions or any rights of Administrative Agent or Lenders created or granted.

6. WAIVER OF RIGHTS OF SUBROGATION. Notwithstanding anything to the contrary elsewhere contained herein or in any other Loan Document to which any Borrower is a party, Borrowers hereby waive with respect each other and their respective successors and assigns (including any surety) and any other Person which is directly or indirectly a creditor of any Borrower or any surety for any Borrower, any and all rights at Law or in equity, to subrogation, to reimbursement, to exoneration, to contribution, to setoff or to any other rights that could accrue to a surety against a principal, to a guarantor against a maker or obligor, to an accommodation party against the party accommodated, or to a holder or transferee against a maker and which any Borrower may have or hereafter acquire against each other or any other party in connection with or as a result of their execution, delivery and/or performance of this Loan Agreement or any other Loan Document to which any of them is a party. Borrowers agree that they shall not have or assert any such rights against one another or their respective successors and assigns or any other Person (including any surety) which is directly or indirectly a creditor of any surety for any Borrower, either directly or as an attempted setoff to any action commenced against any other Person comprising any Borrower (as a Borrower or in any other capacity) or any other party. Each Borrower hereby acknowledges and agrees that this waiver is intended to benefit of Borrowers and Lenders and shall not limit or otherwise affect any of their liabilities hereunder, under any other Loan Document to which any of them is a party, or the enforceability hereof or thereof.

7. UNDERSTANDINGS WITH RESPECT TO WAIVERS AND CONSENTS. Borrowers, and each of them, warrant and agree that each of the waivers and consents set forth herein are made with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which they otherwise may have against each other, the Administrative Agent, the Lenders or others, or against any collateral, and that, under the circumstances, the waivers and consents herein given are reasonable and not contrary to public policy or Law. Each Borrower acknowledges that it has either consulted with legal counsel regarding the effect of the Loan Documents and the waivers and consents set forth therein, or has made an informed decision not to do so. If the Loan Documents or any of the waivers or consents herein are determined to be unenforceable under or in violation of applicable Law, such waivers and consents shall be effective to the maximum extent permitted by Law.

SCHEDULE 1.1  
HARRAH'S ENTERTAINMENT, INC.  
FIVE YEAR LOAN AGREEMENT  
\$1,300,000,000 SENIOR CREDIT FACILITY

BANKS	AMOUNT	PRO RATA SHARE
ADMINISTRATIVE AGENT		
Bank of America National Trust and Savings Association	121,875,000.00	9.37500%
SYNDICATION AGENT		
Bankers Trust Company	93,437,500.00	7.18750%
DOCUMENTATION AGENTS		
Canadian Imperial Bank of Commerce	93,437,500.00	7.18750%
Societe Generale	93,437,500.00	7.18750%
CO-DOCUMENTATION AGENTS		
Commerzbank AG - Los Angeles Branch	81,250,000.00	6.25000%
PNC Bank, National Association	81,250,000.00	6.25000%
Wells Fargo Bank, National Association	81,250,000.00	6.25000%
SENIOR MANAGING AGENT		
Fleet Bank N.A	81,250,000.00	6.25000%
MANAGING AGENT		
The First National Bank of Chicago	60,937,500.00	4.68750%
CO-AGENTS		
The Bank of New York	40,625,000.00	3.12500%
The Bank of Nova Scotia	40,625,000.00	3.12500%
Credit Lyonnais Los Angeles Branch	40,625,000.00	3.12500%
U.S. Bank National Association	40,625,000.00	3.12500%
Wachovia Bank, N.A	40,625,000.00	3.12500%
Westdeutsche Landesbank Girozentrale	40,625,000.00	3.12500%
LENDERS		
First Security Bank, N.A	28,437,500.00	2.18750%
The Industrial Bank of Japan, Limited, Atlanta Agency	24,375,000.00	1.87500%
BankBoston, N.A	20,312,500.00	1.56250%
Bank of Hawaii	20,312,500.00	1.56250%
Bank of Scotland	20,312,500.00	1.56250%

BANKS	AMOUNT	PRO RATA SHARE
Banque Nationale de Paris, Houston Agency	20,312,500.00	1.56250%
Comerica West Incorporated	20,312,500.00	1.56250%
Michigan National Bank	20,312,500.00	1.56250%
The Sumitomo Bank, Limited	20,312,500.00	1.56250%
First American National Bank, operating as Deposit Guaranty National Bank	16,250,000.00	1.25000%
Erste Bank	12,187,500.00	0.93750%
First Hawaiian Bank	12,187,500.00	0.93750%
First Tennessee Bank National Association	12,187,500.00	0.93750%
Hibernia National Bank	12,187,500.00	0.93750%
The Dai-Ichi Kangyo Bank, Ltd.	8,125,000.00	0.62500%
TOTAL	\$1,300,000,000.00	100.00000%

SCHEDULE 1.2

Harrah's Entertainment, Inc.  
Continuing Letters of Credit

	Date Issued	Bank	Purpose	Amount	Expiration Date
R	23-Jul-93	Credit Lyonnais	Sec Pac TTEE for Syphus	490,000	28-Apr-00
R	23-Jul-93	Credit Lyonnais	Sec Pac TTEE for Dougal	570,000	28-Apr-00
R	5-Oct-93	First Tennessee	Risk Mgt - TN self ins	350,000	7-Oct-99
R	8-Nov-93	Bankers Trust	Risk Mgt - Nevada ins	2,297,000	8-Nov-99
R	25-Feb-94	First Tennessee	Risk Mgt - Miss	250,000	25-Feb-00
R	27-Jun-94	Bankers Trust	LC Replacement-Risk Mgt-Gen'l & auto Liab	5,572,941	27-Jun-99
R	6-Jul-94	Bankers Trust	LC Replacement-Risk Mgt-Aster	720,619	6-Jul-99
R	1-Nov-94	Bankers Trust	Embassy-MO self ins (HOC obligation)	200,000	1-Nov-99
R	1-Nov-94	Bankers Trust	Maryland Hts-MO self ins	425,000	1-Nov-99
R	1-Nov-94	Bankers Trust	Harrah's NKC-MO self ins	425,000	1-Nov-99
R	18-May-96	Bankers Trust	Aster losses	750,000	18-May-99
R	23-Jan-96	Bankers Trust	Aster Ins-property Ins program	382,049	23-Jan-00
R	9-Feb-96	FNBC	U.S. Army Corp of Engineers- Shreveport	5,000,000	2-Feb-00
R	12-Nov-97	Bankers Trust	TCGE (Cherokee)	10,000,000	12-Nov-99
R	20-Jan-96	Bankers Trust	Construction in Las Vegas (w/Sands)	152,717	20-Jan-00
	1-Dec-98	Bankers Trust	Shamrock Holdings Group	50,000	30-May-99
	27-Jan-99	Bankers Trust	Airlines Reporting Corporation	70,000	27-Jan-00
				-----	
			Total Under Credit Facility	27,705,326	=====

Schedule 1.3  
COMBINED HARRAH'S SHOWBOAT AND RIO EBITDA

First Quarter, 1998	\$149,401,000
Second Quarter 1998	\$172,983,000
Third Quarter, 1998	\$184,543,000
Fourth Quarter, 1998	\$135,071,000

Schedule 4.3  
GOVERNMENT APPROVALS

Approval by the Nevada Gaming Commission upon the recommendation of the Nevada State Gaming Control Board of all restrictions on the transfer of and agreements not to encumber the stock or other equity securities of Harrah's Las Vegas, Inc. and Harrah's Laughlin, Inc.

SCHEDULE 4.4  
SIGNIFICANT SUBSIDIARIES

Red River Entertainment of Shreveport  
Partnership in Commendam

-----  
Type of Entity: Partnership  
Jurisdiction: Louisiana  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Shreveport Investment Company, Inc. - 99%;  
Harrah's Shreveport Management Company, Inc. - 1%

Harrah's Shreveport Investment Company, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Harrah's Shreveport Management Company, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Showboat Marina Casino Partnership

-----  
Type of Entity: Partnership  
Jurisdiction: Indiana  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Showboat Marina Partnership - 99%

Showboat Marina Partnership

-----  
Type of Entity: Partnership  
Jurisdiction: Indiana  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Showboat Indiana Investment Limited Partnership - 45%

Showboat Indiana Investment Limited Partnership

-----  
Type of Entity: Limited Partnership  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Showboat Operating Company - 99%

Showboat Operating Company

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Showboat, Inc. - 100%

Showboat, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Showboat Australia Pty. Limited

-----  
Type of Entity: Corporation  
Jurisdiction: Australia  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Showboat, Inc. - 50%; Showboat Development  
Company - 50%

Showboat Development Company

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Showboat, Inc. - 100%

Harrah's Tunica Corporation

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Harrah's New Jersey, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: New Jersey  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Harrah's Atlantic City, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: New Jersey  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Harrah's Laughlin, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Harrah's Las Vegas, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Harrah's Noth Kansas City Corporation

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Harrah's Maryland Heights Corporation

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Des Plaines Development Limited Partnership

-----  
Type of Entity: Limited Partnership  
Jurisdiction: Illinois  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Illinois Corporation  
- - 80%

Harrah's Illinois Corporation

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Harrah's Vicksburg Corporation

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Tunica Partners II L.P.

-----  
Type of Entity: Limited Partnership  
Jurisdiction: Mississippi  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Tunica Corporation - 83%; Harrah's Vicksburg  
Corporation - 17%

Harrah's Crescent City Investment Company

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Rio Properties, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Rio Hotel & Casino, Inc. - 100%

Rio Hotel & Casino, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): [Harrah's Operating Company,  
Inc. - 100%]

Marina Associates

-----  
Type of Entity: General Partnership  
Jurisdiction: New Jersey  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Atlantic City, Inc. - 48.65%; Harrah's New  
Jersey, Inc. - 51.34%

Harrah's Operating Company, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: Delaware  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Entertainment, Inc.  
- - 100%

SCHEDULE 4.7  
EXISTING LIENS, NEGATIVE PLEDGES AND RIGHTS OF OTHERS

Lien on River Secco Golf Course pursuant to Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of July 2, 1996, among Seven Hills Golf Limited Partnership, as Trustor, Nevada Title Insurance Company, as Trustee, and Orex USA Corporation, as beneficiary, and that certain Assumption Agreement and Modification of Loan Agreement dated as of September 11, 1997, among Orex USA Corporation, as Lender, Seven Hills Golf Limited Partnership, as Borrower, and Rio Development Company, Inc., as Buyer.

Mortgage and Security Agreement dated January 29, 1998 securing \$100,000,000 loan to Showboat Land LLC in favor of Column Financial, Inc.

Lien on Cash Deposited to Defeasance (a) \$58,300,000 aggregate face amount principal amount of Showboat's First Mortgage Bonds due 2008, and (b) the \$2,400,000 aggregate outstanding principal amount of Showboat's Senior Subordinated Notes due 2009.

Rights of countersigning partners to acquire partnership interests granted in Limited Partnership Agreement of Des Plaines Development Limited Partnership dated February 28, 1992, between Harrah's Illinois Corporation and John Q. Hammons; First Amendment to Limited Partnership Agreement of Des Plaines Limited Partnership dated as of October 5, 1992, and as further amended.

Rights of countersigning partners to acquire partnership interests granted in Partnership Agreement dated November 2, 1995, by and between Harrah's Maryland Heights Corporation and Players MH, L.P. regarding the Riverside Joint Venture; First Amendment to Partnership Agreement dated June 28, 1996; Second Amendment to Partnership Agreement dated October 16, 1996.

Settlement Agreement dated October 29, 1998 by and among Harrah's Entertainment, Inc., Harrah's Operating Company, Inc., Harrah's New Orleans Management Company and the NOLDC Shareholders, including Stock Option for each NOLDC Shareholder to acquire from Harrah's Entertainment, Inc. shares of Class B stock of JCC Holding Company equal to 3% (in the aggregate) of the equity of JCC Holding Company outstanding as of the specified plan consummation date.

Right granted to George Novogroder to purchase 8.140% of Waterfront Entertainment and Development, Inc. (and 1.5% of any Borrower's or its Affiliates interest in a gaming venture in Cook County, Illinois) as set forth in the Repurchase Agreement dated as of February 26, 1999, between Harrah's Operating Company Inc. and George Novogroder.

Right granted to Barry Porter to purchase 5.43% of Waterfront Entertainment and Development, (and 1.0005% of any of Borrower's or its Affiliate's interest in a gaming venture in Cook County, Illinois) as set forth in the Repurchase Agreement dated as of February 26, 1999, between Harrah's Operating Company, Inc., and Barry Porter.

Right granted to the Estate of Nikos Kefalidis to purchase 5.430% of Waterfront Entertainment and Development, Inc. (and 1.0005% of any of Borrower's or its Affiliate's interest in a gaming venture in Cook County, Illinois) as set forth in the Repurchase Agreement dated as of February 26, 1999, between Harrah's Operating Company, Inc., and the Estate of Nikos Kefalidis, deceased.

Rights of counterparty to acquire partnership interests granted in Partnership Agreement dated April 22, 1994 by and between Showboat Australia Pty. Limited and Leighton Properties Limited.

EXECUTION

364-DAY LOAN AGREEMENT

Dated as of April 30, 1999

among

HARRAH'S ENTERTAINMENT, INC.

as Guarantor

HARRAH'S OPERATING COMPANY, INC.  
MARINA ASSOCIATES

as Borrowers

The Lenders, Syndication Agent, Documentation Agents  
And Co-Documentation Agents Herein Named

and

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION,

as Administrative Agent

NATIONSBANC MONTGOMERY SECURITIES, LLC.,  
Lead Arranger and Sole Book Manager

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364-DAY LOAN AGREEMENT

Dated as of April 30, 1999

This 364-DAY LOAN AGREEMENT ("Agreement") is entered into among Harrah's Operating Company, Inc., a Delaware corporation ("Company"), Marina Associates, a New Jersey general partnership ("Marina" and together with the Company and such other Subsidiaries that become Borrowers pursuant to Section 2.10 hereof, as Borrowers), Harrah's Entertainment, Inc., a Delaware corporation (the "Parent"), as Guarantor, Bank of America National Trust and Savings Association and each lender whose name is set forth on the signature pages of this Agreement and each other lender which may hereafter become a party to this Agreement pursuant to Section 11.8 (collectively, the "Lenders" and individually, a "Lender"), Bankers Trust Company, as Syndication Agent, Canadian Imperial Bank of Commerce and Societe Generale, as Documentation Agents, Commerzbank AG, PNC Bank, National Association and Wells Fargo Bank, N.A., as Co-Documentation Agents, and Bank of America National Trust and Savings Association, as Administrative Agent. While not party to this Agreement, NationsBanc Montgomery Securities, LLC has served as Lead Arranger and Sole Book Manager and BT Alex. Brown Incorporated has served as Co-Lead Arranger for the credit facilities described herein.

RECITALS

A. Parent and Borrowers have requested that the Lenders provide the credit facilities described herein and in the Five Year Loan Agreement to provide for their common working capital needs and for the refinancing of certain existing Indebtedness of Borrowers and their Subsidiaries, including without limitation the Existing Harrah's Credit Agreements, the Existing Rio Credit Agreements and the Existing Rio Indentures described herein, all as further set forth in Section 5.7.

B. It is intended that the Company shall be jointly and severally liable for all of the Obligations hereunder, as more particularly set forth in Section 11.23, notwithstanding any allocation of the Obligations to the nominal account of any other Borrower.

C. The principal Obligations of Marina for Loans hereunder shall be limited to the amount of Loans borrowed by Marina under its Aggregate Sublimit.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

Article 1  
DEFINITIONS AND ACCOUNTING TERMS

1.1 DEFINED TERMS. As used in this Agreement, the following terms shall have the meanings set forth below:

"ADMINISTRATIVE AGENT" means Bank of America, when acting in its capacity as the Administrative Agent under any of the Loan Documents, or any successor Administrative Agent.

"ADMINISTRATIVE AGENT'S OFFICE" means the Administrative Agent's address as set forth on the signature pages of this Agreement, or such other address as the Administrative Agent hereafter may designate by written notice to Borrowers and the Lenders.

"ADVANCE" means any advance made or to be made by any Lender to a Borrower as provided in Article 2, and includes each Base Rate Advance, Eurodollar Rate Advance and Committed Advance.

"AFFILIATE" means, as to any Person, any other Person which directly or indirectly controls, or is under common control with, or is controlled by, such Person. As used in this definition, "control" (and the correlative terms, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise); provided that, in any event, any Person that owns, directly or indirectly, 5% or more of the securities having ordinary voting power for the election of directors or other governing body of a corporation that has more than 100 record holders of such securities, or 5% or more of the partnership or other ownership interests of any other Person that has more than 100 record holders of such interests, will be deemed to control such corporation or other Person.

"AGGREGATE SUBLIMIT" means (a) with respect to Marina \$500,000,000, and (b) with respect to each other Subsidiary of Parent which hereafter becomes a Borrower, such aggregate amount as shall be established in accordance with Section 2.10.

"AGREEMENT" means this 364-Day Loan Agreement, either as originally executed or as it may from time to time be supplemented, modified, amended, restated or extended.

"ASSIGNMENT AGREEMENT" means an Assignment Agreement substantially in the form of Exhibit A.

"ATLANTIC CITY SHOWBOAT LAND DEBT" means, the \$100,000,000 aggregate face amount of Showboat Land, LLC's 7.09% Promissory Note due February 1, 2028.

"BANK OF AMERICA" means Bank of America National Trust and Savings Association, its successors and assigns.

"BASE RATE" means, as of any date of determination, the rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the higher of (a) the Reference Rate in effect on such date (calculated on the basis of a year of 365 or 366 days and the actual number of days elapsed) and (b) the Federal Funds Rate in effect on such date (calculated on the basis of a year of 360 days and the actual number of days elapsed) plus 1/2 of 1% (50 basis points).

"BASE RATE ADVANCE" and "BASE RATE LOAN" mean, respectively, a Committed Advance or a Committed Loan made hereunder and specified to be a Base Rate Advance or Loan in accordance with Article 2.

"BASE RATE MARGIN" means, for each Pricing Period, the Eurodollar Margin (after any Pricing Adjustment) for that Pricing Period minus 125 basis points, provided that in no event shall the Base Rate Margin be less than 0.00 basis points.

"BORROWERS" means, collectively, Company, Marina and each other Wholly-Owned Subsidiary which is hereafter designated as a Borrower in accordance with Section 2.10, and their respective successors and permitted assigns.

"BUSINESS DAY" means any Monday, Tuesday, Wednesday, Thursday or Friday, other than a day on which commercial banks are authorized or required to be closed in California or New York.

"CAPITAL LEASE OBLIGATIONS" means all monetary obligations of a Person under any leasing or similar arrangement which, in accordance with Generally Accepted Accounting Principles, is classified as a capital lease.

"CASH" means, when used in connection with any Person, all monetary and non-monetary items owned by that Person that are treated as cash in accordance with Generally Accepted Accounting Principles, consistently applied.

"CERTIFICATE OF A RESPONSIBLE OFFICIAL" means a certificate signed by a Responsible Official of the Person providing the certificate.

"CHANGE IN CONTROL" means the occurrence of a Rating Decline in connection with any of the following events [(or, if the Debt Ratings are not then Investment Grade, any further decline in the Debt Ratings\ the occurrence of any of the following events without the requirement of a Rating Decline)]: (i) upon any merger or consolidation of Parent with or into any person or any sale, transfer or other conveyance, whether direct or indirect, of all or substantially all of the assets of Parent, on a consolidated basis, in one transaction or a series of related transactions, if, immediately after giving effect to such transaction, any person or group of persons (within the meaning of Section 13 or 14 of the Securities Exchange Act of 1934, as amended) is or becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated by the

Securities and Exchange Commission under said Act) of securities representing a majority of the total voting power of the aggregate outstanding securities of the transferee or surviving entity normally entitled to vote in the election of directors, managers, or trustees, as applicable, of the transferee or surviving entity, (ii) when any person or group of persons (within the meaning of Section 13 or 14 of the Securities Exchange Act of 1934, as amended) is or becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated by The Securities and Exchange Commission under said Act) of securities representing a majority of total voting power of the aggregate outstanding securities of Parent normally entitled to vote in the election of directors of Parent, (iii) when, during any period of 12 consecutive calendar months, individuals who were directors of Parent on the first day of such period (together with any new directors whose election by the board of directors of Parent or whose nomination for election by the stockholders of Parent was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the board of directors of Parent, or (iv) the sale or disposition, whether directly or indirectly, by Parent of all or substantially all of its assets.

"CLOSING DATE" means the time and Business Day on which the conditions set forth in Section 8.1 are satisfied or waived. The Administrative Agent shall notify Borrowers and the Lenders of the date that is the Closing Date.

"CO-DOCUMENTATION AGENTS" means those Lenders listed in the preamble of this Agreement as such. No Co-Documentation Agent shall have any additional rights, duties or obligations under this Agreement or the other Loan Documents by reason of its being a Co-Documentation Agent.

"CO-LEAD ARRANGER" means BT Alex. Brown Incorporated. The Co-Lead Arranger shall have no rights, duties or obligations under this Agreement or the other Loan Documents.

"CODE" means the Internal Revenue Code of 1986, as amended or replaced and as in effect from time to time.

"COMMITMENT" means, subject to Sections 2.7, 2.8, 2.9 and 11.14, \$300,000,000. As of the Closing Date, the respective Pro Rata Shares of the Lenders with respect to the Commitment are set forth in Schedule 1.1.

"COMMITTED ADVANCE" means an Advance made to a Borrower by any Lender in accordance with its Pro Rata Share pursuant to Section 2.1.

"COMMITTED ADVANCE NOTE" means the promissory note made by each Borrower to a Lender evidencing the Committed Advances under that Lender's Pro Rata Share to that Borrower, substantially in the form of Exhibit B, either as originally executed or as the same may from time to time be supplemented, modified, amended, renewed, extended or supplanted.

"COMMITTED LOANS" means Loans that are comprised of Committed Advances.

"COMPANY" means Harrah's Operating Company, Inc., its successors and permitted assigns.

"COMPLIANCE CERTIFICATE" means a certificate substantially in the form of Exhibit F, properly completed and signed on behalf of Borrowers by a Senior Officer of each Borrower.

"CONFIDENTIAL INFORMATION MEMORANDUM" means the Confidential Information Memorandum dated March, 1999, distributed to the Lenders in connection with the credit facilities provided herein.

"CONTINGENT OBLIGATION" means, as to any Person, any (a) guarantee by that Person of Indebtedness of, or other obligation performable by, any other Person or (b) assurance given by that Person to an obligee of any other Person with respect to the performance of an obligation by, or the financial condition of, such other Person, whether direct, indirect or contingent, including any purchase or repurchase agreement covering such obligation or any collateral

security therefor, any agreement to provide funds (by means of loans, capital contributions or otherwise) to such other Person, any agreement to support the solvency or level of any balance sheet item of such other Person or any "keep-well", "make-well" or other arrangement of whatever nature given for the purpose of assuring or holding harmless such obligee against loss with respect to any obligation of such other Person; provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business.

"CONTRACTUAL OBLIGATION" means, as to any Person, any provision of any outstanding security issued by that Person or of any material agreement, instrument or undertaking to which that Person is a party or by which it or any of its Property is bound.

"CREDITORS" means, collectively, the Administrative Agent, each Lender, Syndication Agent, Documentation Agents, Co-Documentation Agents, the Lead Arranger, the Co-Lead Arranger and, where the context requires, any one or more of them.

"DEBT RATING" means, as of each date of determination, the most creditworthy credit rating, actual or implicit, assigned to senior unsecured Indebtedness of Company by S&P or Moody's, whichever is higher.

"DEBTOR RELIEF LAWS" means the Bankruptcy Code of the United States of America, as amended from time to time, and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws from time to time in effect affecting the rights of creditors generally.

"DEFAULT" means any event that, with the giving of any applicable notice or passage of time specified in Section 9.1, or both, would be an Event of Default.

"DEFAULT RATE" means the interest rate prescribed in Section 3.9.

"DEFEASED DEBT" means (a) the \$58,300,000 aggregate principal amount of Showboat's First Mortgage Bonds due 2008, (b) the \$2,400,000 aggregate outstanding principal amount of Showboat's Senior Subordinated Notes due 2009, and (c) any other Indebtedness of Parent and its Subsidiaries which, at any relevant time, is subject to legal or covenant defeasance in a manner which is reasonably acceptable to the Administrative Agent.

"DESIGNATED DEPOSIT ACCOUNT" means a deposit account to be maintained by Borrowers with Bank of America, as from time to time designated by Borrowers by written notification to the Administrative Agent.

"DESIGNATED EURODOLLAR MARKET" means, with respect to any Eurodollar Rate Loan, (a) the London Eurodollar Market, or (b) if prime banks in the London Eurodollar Market are at the relevant time not accepting deposits of Dollars or if the Administrative Agent determines that the London Eurodollar Market does not represent at the relevant time the effective pricing to the Lenders for deposits of Dollars in the London Eurodollar Market, the Cayman Islands Eurodollar Market or (c) if prime banks in the Cayman Islands Eurodollar Market are at the relevant time not accepting deposits of Dollars or if the Administrative Agent determines that the Cayman Islands Eurodollar Market does not represent at the relevant time the effective pricing to the Lenders for deposits of Dollars in the Cayman Islands Eurodollar Market, such other Eurodollar Market as may from time to time be selected by the Administrative Agent with the approval of Borrowers and the Requisite Lenders.

"DISQUALIFICATION" means, with respect to any Lender:

(a) the failure of that Person timely to file pursuant to applicable Gaming Laws (i) any application requested of that Person by any Gaming Board in connection with any licensing required of that Person as a lender to Borrowers or (ii) any required application or other papers in connection with determination of the suitability of that Person as a lender to Borrowers;

(b) the withdrawal by that Person (except where requested or permitted by the Gaming Board) of any such application or other required papers; or

(c) any final determination by a Gaming Board pursuant to applicable Gaming Laws (i) that such Person is "unsuitable" as a lender to Borrowers, (ii) that such Person shall be "disqualified" as a lender to Borrowers or (iii) denying the issuance to that Person of any license required under applicable Gaming Laws to be held by all lenders to Borrowers.

"DOCUMENTATION AGENTS" means those Lenders listed in the preamble of this Agreement as such. No Documentation Agent shall have any additional rights, duties or obligations under this Agreement or the other Loan Documents by reason of its being a Documentation Agent.

"DOLLARS" or "\$" means United States dollars.

"EBITDA" means, for any period, Net Income for such period before (i) income taxes, (ii) interest expense, (iii) depreciation and amortization, (iv) minority interest, (v) extraordinary losses or gains, (vi) Pre-Opening Expenses, and (vii) nonrecurring non-cash charges, provided that, in calculating "EBITDA":

(a) for all periods ending on or prior to December 31, 1998, "EBITDA" shall be computed on the basis of the combined operating results of Parent and its Subsidiaries, Showboat and Rio described on Schedule 1.3.

(b) the operating results of each New Project which commences operations and records not less than one full fiscal quarter's operations during the relevant period shall be annualized; and

(c) EBITDA shall be adjusted, on a pro forma basis, to include the operating results of each resort or casino property acquired by Parent and its Consolidated Subsidiaries during the relevant period and to exclude the operating results of each resort or casino property sold or otherwise disposed of by Parent and its Subsidiaries, or whose operations are discontinued during the relevant period.

"ELECTION TO BECOME A BORROWER" means an Election to Become a Borrower, substantially in the form of Exhibit K to this Agreement, properly completed and duly executed by each required party thereto.

"ELIGIBLE ASSIGNEE" means (a) another Lender, (b) with respect to any Lender, any Affiliate of that Lender, (c) any commercial bank having a combined capital and surplus of \$100,000,000 or more which is (i) organized under the laws of the United States or any state thereof, or (ii) the domestic branch or agency of any such commercial bank organized under the laws of a country which is a member of the Organization for Economic Cooperation and Development, (d) any (i) savings bank, savings and loan association or similar financial institution or (ii) insurance company engaged in the business of writing insurance which, in either case (A) has a net worth of \$200,000,000 or more, (B) is engaged in the business of lending money and extending credit under credit facilities substantially similar to those extended under this Agreement and (C) is operationally and procedurally able to meet the obligations of a Lender hereunder to the same degree as a commercial bank and (e) any other financial institution (including a mutual fund or other fund) having total assets of \$250,000,000 or more which meets the requirements set forth in subclauses (B) and (C) of clause (d) above; provided that each Eligible Assignee must either (a) be organized under the Laws of the United States of America, any State thereof or the District of Columbia or (b) be organized under the Laws of the Cayman Islands or any country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of such a country, and (i) act hereunder through a branch, agency or funding office located in the United States of America and (ii) otherwise be exempt from withholding of tax on interest and delivers Form 1001 or Form 4224 pursuant to Section 11.21 at the time of any assignment pursuant to Section 11.8.

"ERISA" means the Employee Retirement Income Security Act of 1974, and any regulations issued pursuant thereto, as amended or replaced and as in effect from time to time.

"EURODOLLAR BUSINESS DAY" means any Business Day on which dealings in Dollar deposits are conducted by and among banks in the Designated Eurodollar Market.

"EURODOLLAR LENDING OFFICE" means, as to each Lender, its office or branch so designated by written notice to Borrowers and the Administrative Agent as its Eurodollar Lending Office. If no Eurodollar Lending Office is designated by a Lender, its Eurodollar Lending Office shall be its office at its address for purposes of notices hereunder.

"EURODOLLAR MARGIN" means, for each Pricing Period, the interest rate margin set forth below (expressed in basis points) opposite the Pricing Level for that Pricing Period plus or minus any then Pricing Adjustment applicable during that Pricing Period:

PRICING LEVEL	EURODOLLAR MARGIN
I	52.00
II	65.00
III	75.00
IV	85.00
V	105.00
VI	137.50

"EURODOLLAR MARKET" means a regular established market located outside the United States of America by and among banks for the solicitation, offer and acceptance of Dollar deposits in such banks.

"EURODOLLAR OBLIGATIONS" means eurocurrency liabilities, as defined in Regulation D.

"EURODOLLAR PERIOD" means, as to each Eurodollar Rate Loan, the period commencing on the date specified by any Borrower pursuant to Section 2.1(b) and ending 1, 2, 3 or 6 months thereafter (or, with the written consent of all of the Lenders, any other period), as specified by that Borrower in the applicable Request for Loan; provided that:

(a) The first day of any Eurodollar Period shall be a Eurodollar Business Day;

(b) Any Eurodollar Period that would otherwise end on a day that is not a Eurodollar Business Day shall be extended to the next succeeding Eurodollar Business Day unless such Eurodollar Business Day falls in another calendar month, in which case such Eurodollar Period shall end on the next preceding Eurodollar Business Day; and

(c) No Eurodollar Period shall extend beyond the Maturity Date.

"EURODOLLAR QUOTED RATE" means, with respect to any Eurodollar Rate Loan, the average of the interest rates per annum (rounded upward, if necessary, to the next 1/16 of 1%) at which deposits in Dollars are offered by Bank of America to prime banks in the Designated Eurodollar Market at or about 11:00 a.m. local time in the Designated Eurodollar Market, two Eurodollar Business Days before the first day of the applicable Eurodollar Period in an aggregate amount approximately equal to the amount of the Advances made by Bank of America with respect to such Eurodollar Rate Loan and for a period of time comparable to the number of days in the applicable Eurodollar Period. The determination of the Eurodollar Quoted Rate by the Administrative Agent shall be conclusive in the absence of manifest error.

"EURODOLLAR RATE" means, with respect to any Eurodollar Rate Loan based on a margin over the Eurodollar Rate, an interest rate per annum (rounded upward, if necessary, to the nearest 1/16 of one percent) determined pursuant to the following formula:

$$\begin{array}{rcl} \text{Eurodollar} & & \text{Eurodollar Quoted Rate} \\ \text{Rate} & = & \text{-----} \\ & & 1.00 - \text{Eurodollar Reserve} \\ & & \text{Percentage} \end{array}$$

"EURODOLLAR RATE ADVANCE" and "EURODOLLAR RATE LOAN" mean, respectively, a Committed Advance made hereunder and specified to be a Eurodollar Rate Advance or Loan in accordance with Article 2.

"EURODOLLAR RESERVE PERCENTAGE" means, with respect to any Eurodollar Rate Loan, the maximum reserve percentage (expressed as a decimal, rounded upward to the nearest 1/100th of 1%) in effect on the date the Eurodollar Quoted Rate for that Eurodollar Rate Loan is determined (whether or not applicable to any Lender) under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as "eurocurrency liabilities") having a term comparable to the Eurodollar Period for such Eurodollar Rate Loan. The determination by the Administrative Agent of any applicable Eurodollar Reserve Percentage shall be conclusive in the absence of manifest error.

"EVENT OF DEFAULT" shall have the meaning provided in Section 9.1.

"EXISTING HARRAH'S CREDIT AGREEMENTS" means the Amended and Restated Credit Agreement and the Amended and Restated 364-Day Credit Agreement, in each case dated as of June 9, 1995, as amended and restated April 1, 1998, and among Parent, the initial Borrowers, the lenders therein named, and Bankers Trust Company, as Administrative Agent, in each case as amended.

"EXISTING RIO CREDIT AGREEMENTS" means (a) the Amended and Restated Credit Agreement dated as of February 24, 1998 among Rio Properties, Inc., a Nevada corporation, Rio Leasing, Inc., a Nevada corporation, the lenders referred to therein, and Bank of America, as agent, and (b) the Loan Agreement dated as of December 18, 1998 among Rio Properties, Inc., Rio Leasing, Inc., the lenders referred to therein, and Bank of America, as agent, in each case as amended.

"EXISTING RIO INDENTURES" means, (a) the \$100,000,000 10-5/8% Senior Subordinated Notes Due 2005 issued by Rio Hotel & Casino, Inc., a Nevada corporation, and (b) the \$125,000,000 9-1/2% Senior Subordinated Notes Due 2007 issued by Rio Hotel & Casino, Inc., in each case as amended.

"EXISTING SENIOR NOTES" means the Company's \$500,000,000 in 7.5% Senior Unsecured Notes due 2009 issued pursuant to the Indenture dated December 18, 1998 between the Company and IBJ Schroeder Bank and Trust Company, as Trustee and the First Supplemental Indenture with respect thereto dated as of January 20, 1999 among the Company, the Parent and IBJ Whitehall Bank & Trust Company, as Trustee.

"EXISTING SUBORDINATED DEBT" means the Company's \$750,000,000 7.875% Senior Subordinated Notes due 2005 issued pursuant to the Indenture dated December 9, 1998 among the Company and IBJ Schroeder Bank and Trust Company, as Trustee and the First Supplemental Indenture with respect thereto dated as of December 9, 1998 among the Company, the Parent and the Trustee.

"FACILITY FEE RATE" means, for each Pricing Period, the rate set forth below (expressed in basis points) opposite the Pricing Level for that Pricing Period:

## PRICING LEVEL

## FACILITY FEE RATE

I	8.00
II	10.00
III	12.50
IV	15.00
V	20.00
VI	25.00

"FEDERAL FUNDS RATE" means, as of any date of determination, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Board (including any such successor, "H.15(519)") for such date opposite the caption "Federal Funds (Effective)". If for any relevant date such rate is not yet published in H.15(519), the rate for such date will be the rate set forth in the daily statistical release designated as the Composite 3:30 p.m. Quotations for U.S. government securities, or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, the "Composite 3:30 p.m. Quotation") for such date under the caption "Federal Funds Effective Rate". If on any relevant date the appropriate rate for such date is not yet published in either H.15(519) or the Composite 3:30 p.m. Quotations, the rate for such date will be the arithmetic mean of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that date by each of three leading brokers of Federal funds transactions in New York City selected by the Administrative Agent. For purposes of this Agreement, any change in the Base Rate due to a change in the Federal Funds Rate shall be effective as of the opening of business on the effective date of such change.

"FISCAL QUARTER" means the fiscal quarter of Parent consisting of a three month fiscal period ending on each March 31, June 30, September 30, December 31.

"FISCAL YEAR" means the fiscal year of Parent consisting of a twelve month fiscal period ending on each December 31.

"FIVE YEAR COMMITMENTS" means the lending commitment of the lenders under the Five Year Loan Agreement.

"FIVE YEAR LOAN AGREEMENT" means the Five Year Loan Agreement of even date herewith among the Lenders party to this Agreement on the Effective Date and Bank of America National Trust and Savings Association, as Administrative Agent, as at any time amended.

"GAMING BOARD" means any Governmental Agency that holds regulatory, licensing or permit authority over gambling, gaming or casino activities conducted by Parent and its Subsidiaries within its jurisdiction, or before which an application for licensing to conduct such activities is pending.

"GAMING LAWS" means all Laws pursuant to which any Gaming Board possesses regulatory, licensing or permit authority over gambling, gaming or casino activities conducted by Parent and its Subsidiaries within its jurisdiction.

"GENERALLY ACCEPTED ACCOUNTING PRINCIPLES" means, as of any date of determination, accounting principles (a) set forth as generally accepted in then currently effective Opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants, (b) set forth as generally accepted in then currently effective Statements of the Financial Accounting Standards Board or (c) that are then approved by such other entity as may be approved by a significant segment of the accounting profession in the United States of America. The term "consistently applied," as used in connection therewith, means that the accounting principles applied are consistent in all material respects to those applied at prior dates or for prior periods.

"GOVERNMENTAL AGENCY" means (a) any international, foreign, federal, state, county or municipal government, or political subdivision thereof, (b) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, or (c) any court or administrative tribunal.

"HAZARDOUS MATERIALS" means substances defined as hazardous substances pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. ss. 9601 et seq., or as hazardous, toxic or pollutant pursuant to the Hazardous Materials Transportation Act, 49 U.S.C. ss. 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. ss. 6901, et seq., the Hazardous Waste Control Law, California Health & Safety Code ss. 25100, et seq., or in any other applicable Hazardous Materials Law, in each case as such Laws are amended from time to time.

"HAZARDOUS MATERIALS LAWS" means all federal, state or local laws, ordinances, rules or regulations governing the disposal of Hazardous Materials applicable to any of the Real Property.

"INDEBTEDNESS" means, as to any Person and as of each date of determination, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all obligations of such Person as lessee which are capitalized in accordance with Generally Accepted Accounting Principles, (v) all indebtedness or other obligations secured by a contractual Lien on any asset of such Person, whether or not such indebtedness or other obligations are otherwise an obligation of such Person, and (vi) all Contingent Obligations made by such Person (including by way of provision of letters of credit or other contingent obligations) with respect to indebtedness or other obligations of any other Person which constitute "Indebtedness" of a type or class described in clauses (i) through (v) of this definition.

"INTANGIBLE ASSETS" means assets that are considered intangible assets under Generally Accepted Accounting Principles, including customer lists, goodwill, computer software, copyrights, trade names, trademarks and patents.

"INTEREST COVERAGE RATIO" means, as of the last day of any Fiscal Quarter, the RATIO OF (a) EBITDA for the four Fiscal Quarter period ending on that date to (b) Interest Expense for the same period.

"INTEREST DIFFERENTIAL" means, with respect to any prepayment of a Eurodollar Rate Loan on a day prior to the last day of the applicable Eurodollar Period and with respect to any failure to borrow a Eurodollar Rate Loan on the date or in the amount specified in any Request for Loan, (a) the per annum interest rate payable pursuant to Section 3.1(c) with respect to the Eurodollar Rate Loan minus (b) the Eurodollar Rate on, or as near as practicable to the date of the prepayment or failure to borrow for, a Eurodollar Rate Loan commencing on such date and ending on the last day of the Eurodollar Period of the Eurodollar Rate Loan so prepaid or which would have been borrowed on such date.

"INTEREST EXPENSE" means, as of the last day of any fiscal period, the SUM OF (a) all interest, fees, charges and related expenses paid or payable (without duplication) for that fiscal period to a lender in connection with borrowed money or the deferred purchase price of assets that are considered "interest expense" under Generally Accepted Accounting Principles, plus (b) the portion of rent paid or payable (without duplication) for that fiscal period under Capital Lease Obligations that should be treated as interest in accordance with Financial Accounting Standards Board Statement No. 13.

"INVESTMENT" means, when used in connection with any Person, any investment by or of that Person, whether by means of purchase or other acquisition of stock or other securities of any other Person or by means of a loan, advance creating a debt, capital contribution, guaranty or other debt or equity participation or interest in any other Person, including any partnership and joint venture interests of such Person. The amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

"INVESTMENT GRADE" means (i) with respect to S&P, a rating of BBB- or higher, and (ii) with respect to Moody's, a rating of Baa3 or higher.

"LAWS" means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, regulations, ordinances, codes and administrative or judicial precedents.

"LEAD ARRANGER" means NationsBanc Montgomery Securities, LLC. The Lead Arranger shall have no duties or obligations under this Agreement or the other Loan Documents.

"LICENSE REVOCATION" means the revocation, failure to renew or suspension of, or the appointment of a receiver, supervisor or similar official with respect to, any casino, gambling or gaming license issued by any Gaming Board covering any casino or gaming facility of Parent or any of its Subsidiaries.

"LIEN" means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, lien or charge of any kind, whether voluntarily incurred or arising by operation of Law or otherwise, affecting any Property, including any agreement to grant any of the foregoing, any conditional sale or other title retention agreement, any lease in the nature of a security interest, and/or the filing of or agreement to give any financing statement (other than a precautionary financing statement with respect to a lease or other agreement that is not in the nature of a security interest) under the Uniform Commercial Code or comparable Law of any jurisdiction with respect to any Property.

"LOAN" means the aggregate of the Advances made at any one time by the Lenders pursuant to Article 2.

"LOAN DOCUMENTS" means, collectively, this Agreement, the Notes, the Parent Guaranty, any Request for Loan, any Compliance Certificate and any other instruments, documents or agreements of any type or nature hereafter executed and delivered by Parent or any of its Subsidiaries or Affiliates to the Administrative Agent or any other Creditor in any way relating to or in furtherance of this Agreement, in each case either as originally executed or as the same may from time to time be supplemented, modified, amended, restated, extended or supplanted.

"MARGIN STOCK" means "margin stock" as such term is defined in Regulation U.

"MATERIAL ADVERSE EFFECT" means any set of circumstances or events which (a) has or could reasonably be expected to have any material adverse effect whatsoever upon the validity or enforceability of any Loan Document, (b) is or could reasonably be expected to be material and adverse to the condition (financial or otherwise), assets, business or operations of Parent and its Subsidiaries, taken as a whole, or (c) materially impairs or could reasonably be expected to materially impair the ability of Parent and its Subsidiaries, taken as a whole, to perform the Obligations.

"MATURITY DATE" means April 28, 2000, or such later anniversary thereof as may be established pursuant to Section 2.12.

"MOODY'S" means Moody's Investor Service, Inc., its successors and assigns.

"MULTIEMPLOYER PLAN" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA.

"NEGATIVE PLEDGE" means a Contractual Obligation that contains a covenant binding on Parent or any of its Subsidiaries that prohibits Liens on any of its or their Property, other than (a) any such covenant contained in a Contractual Obligation granting a Lien permitted under Section 6.4 which affects only the Property that is the subject of such permitted Lien and (b) any such covenant that does not apply to Liens securing the Obligations.

"NET INCOME" means, with respect to any fiscal period, the consolidated net income of Parent and its Subsidiaries for that period, determined in accordance with Generally Accepted Accounting Principles, consistently applied.

"NET TANGIBLE ASSETS" means, as of each date of determination, the total amount of assets of Parent its Subsidiaries as of the last day of the most recent Fiscal Quarter for which financial statements have been delivered in accordance with Section 7.1, after deducting therefrom (a) all current liabilities of Parent and its Subsidiaries (excluding (i) the current portion of long term Indebtedness, (ii) inter-company liabilities, and (iii) any liabilities which are by their terms renewable or extendable at the option of the obligor thereon to a time more than

twelve months from the time as of which the amount thereof is being computed), and (b) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles, all as set forth on the latest consolidated balance sheet of Parent prepared in accordance with Generally Accepted Accounting Principles.

"NEW PROJECT" means each new hotel - casino, casino or resort project (as opposed to any project which consists of an extension or redevelopment of an operating hotel, casino or resort) owned by Parent or its Subsidiaries having a development and construction budget in excess of \$25,000,000 which hereafter receives a certificate of completion or occupancy and all relevant gaming and other licenses, and in fact commences operations.

"NOTES" means, collectively, the Committed Advance Notes.

"OBLIGATIONS" means all present and future obligations of every kind or nature of Parent, Borrowers or any Party at any time and from time to time owed to the Creditors or any one or more of them, under any one or more of the Loan Documents, whether due or to become due, matured or unmatured, liquidated or unliquidated, or contingent or noncontingent, including obligations of performance as well as obligations of payment, and including interest that accrues after the commencement of any proceeding under any Debtor Relief Law by or against Parent, any Borrower or any Subsidiary of Parent.

"OPINIONS OF COUNSEL" means (a) the favorable written legal opinion of Parent's general counsel, and (b) the favorable written legal opinion of Latham & Watkins, special counsel to Parent and the Borrowers, substantially in the form of Exhibit G, together with copies of all factual certificates and legal opinions upon which such counsel have relied.

"PARENT" means Harrah's Entertainment, Inc., a Delaware corporation, and its permitted successors and assigns.

"PARENT GUARANTY" means the Guaranty executed by Parent on the Closing Date with respect to the Obligations, substantially in the form of Exhibit H, either as originally executed or as it may from time to time be supplemented, modified, amended, restated or extended.

"PARTY" means any Person other than Creditors which now or hereafter is a party to any of the Loan Documents.

"PBG" means the Pension Benefit Guaranty Corporation or any successor thereof established under ERISA.

"PENSION PLAN" means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, which is subject to Title IV of ERISA and is maintained by Parent or any of its Subsidiaries or to which Parent or any of its Subsidiaries contributes or has an obligation to contribute.

"PERMITTED ENCUMBRANCES" means:

(a) inchoate Liens incident to construction or maintenance of Real Property; or Liens incident to construction or maintenance of Real Property now or hereafter filed of record for which adequate reserves have been set aside (or deposits made pursuant to applicable Law) and which are being contested in good faith by appropriate proceedings and have not proceeded to judgment, provided that, by reason of nonpayment of the obligations secured by such Liens, no such Real Property is subject to a material risk of loss or forfeiture;

(b) Liens for taxes and assessments on and similar charges with respect to Real Property which are not yet past due; or Liens for taxes and assessments on Real Property for which adequate reserves have been set aside and are being contested in good faith by appropriate proceedings and have not proceeded to judgment, provided that, by reason of nonpayment of the obligations secured by such Liens, no material Real Property is subject to a material risk of loss or forfeiture;

(c) defects and irregularities in title to any Real Property which in the aggregate do not materially impair the fair market value or use of the Real Property for the purposes for which it is or may reasonably be expected to be held;

(d) easements, exceptions, reservations, or other agreements for the purpose of pipelines, conduits, cables, wire communication lines, power lines and substations, streets, trails, walkways, driveways, drainage, irrigation, water, and sewerage purposes, dikes, canals, ditches, the removal of oil, gas, coal, or other minerals, and other like purposes affecting Real Property, facilities, or equipment which in the aggregate do not materially burden or impair the fair market value or use of such Real Property for the purposes for which it is or may reasonably be expected to be held;

(e) easements, exceptions, reservations, or other agreements for the purpose of facilitating the joint or common use of property which in the aggregate do not materially burden or impair the fair market value or use of such property for the purposes for which it is or may reasonably be expected to be held;

(f) rights reserved to or vested in any Governmental Agency to control or regulate, or obligations or duties to any Governmental Agency with respect to, the use of any Real Property;

(g) rights reserved to or vested in any Governmental Agency to control or regulate, or obligations or duties to any Governmental Agency with respect to, any right, power, franchise, grant, license, or permit;

(h) present or future zoning laws, building codes and ordinances, zoning restrictions, or other laws and ordinances restricting the occupancy, use, or enjoyment of Real Property;

(i) statutory Liens, other than those described in clauses (a) or (b) above, arising in the ordinary course of business with respect to obligations which are not delinquent or are being contested in good faith, provided that, if delinquent, adequate reserves have been set aside with respect thereto and, by reason of nonpayment, no property is subject to a material risk of loss or forfeiture;

(j) covenants, conditions, and restrictions affecting the use of Real Property which in the aggregate do not materially impair the fair market value or use of the Real Property for the purposes for which it is or may reasonably be expected to be held;

(k) rights of tenants under leases and rental agreements covering Real Property entered into in the ordinary course of business of the Person owning such Real Property;

(l) Liens consisting of pledges or deposits to secure obligations under workers' compensation laws or similar legislation, including Liens of judgments thereunder which are not currently dischargeable;

(m) Liens consisting of pledges or deposits of property to secure performance in connection with operating leases made in the ordinary course of business to which Parent or any of its Subsidiaries is a party as lessee, provided the aggregate value of all such pledges and deposits in connection with any such lease does not at any time exceed 20% of the annual fixed rentals payable under such lease;

(n) Liens consisting of deposits of property to secure bids made with respect to, or performance of, contracts (other than contracts creating or evidencing an extension of credit to the depositor) in the ordinary course of business;

(o) Liens consisting of any right of offset, or statutory bankers' lien, on bank deposit accounts maintained in the ordinary course of business so long as such bank deposit accounts are not established or maintained for the purpose of providing such right of offset or bankers' lien;

(p) Liens consisting of deposits of property to secure statutory obligations of Parent or any of its Subsidiaries in the ordinary course of its business;

(q) Liens consisting of deposits of property to secure (or in lieu of) surety, appeal or customs bonds in proceedings to which Parent or any of its Subsidiaries is a party in the ordinary course of business;

(r) Liens created by or resulting from any litigation or legal proceeding involving Parent or any of its Subsidiaries in the ordinary course of its business which is currently being contested in good faith by appropriate proceedings, provided that adequate reserves have been set aside and no material property is subject to a material risk of loss or forfeiture;

(s) precautionary UCC financing statement filings made in connection with operating leases and not constituting Liens; and

(t) other non-consensual Liens incurred in the ordinary course of business but not in connection with an extension of credit, which do not in the aggregate, when taken together with all other Liens, materially impair the value or use of the Property of Parent and its Subsidiaries, taken as a whole.

"PERMITTED RIGHT OF OTHERS" means a Right of Others consisting of (i) an interest (other than a legal or equitable co-ownership interest, an option or right to acquire a legal or equitable co-ownership interest and any interest of a ground lessor under a ground lease), that does not materially impair the value or use of Property for the purposes for which it is or may reasonably be expected to be held, (ii) an option or right to acquire a Lien that would be a Permitted Encumbrance, (iii) the subordination of a lease or sublease in favor of a financing entity and (iv) a license, or similar right, of or to Intangible Assets granted in the ordinary course of business.

"PERSON" means any entity, whether an individual, trustee, corporation, general partnership, limited partnership, joint stock company, trust, estate, unincorporated organization, business association, firm, joint venture, Governmental Agency, or otherwise.

"PRE-OPENING EXPENSES" means, with respect to any fiscal period, the amount of expenses (other than Interest Expense) incurred with respect to capital projects which are classified as "pre-opening expenses" on the applicable financial statements of Parent and its Subsidiaries for such period (or, with respect to periods prior to December 31, 1998, the financial statements of Rio and Showboat), prepared in accordance with Generally Accepted Accounting Principles.

"PRICING ADJUSTMENT" means, during any Pricing Period, (a) if the Total Debt Ratio as of the last day of the Fiscal Quarter ending immediately prior to the commencement of such Pricing Period was greater than 3.75 to 1.00 but less than or equal to 4.25:1.00, an increase to the Eurodollar Margin of 7.5 basis points, (b) if the Total Debt Ratio as of the last day of the Fiscal Quarter ending immediately prior to the commencement of such Pricing Period was greater than 4.25:1.00, an increase to the Eurodollar Margin of 15.0 basis points, and (c) if the Total Debt Ratio as of the last day of the Fiscal Quarter ending immediately prior to the commencement of such Pricing Period was less than 2.00:1.00, a decrease to the Eurodollar Margin of 7.5 basis points.

"PRICING LEVEL" means, for each Pricing Period, the pricing level set forth below opposite the Debt Ratings as of the first day of that Pricing Period:

MOODY'S/S&P RATING	APPLICABLE PRICING LEVEL
A-/A3 or higher	Pricing Level I
BBB+/Baa1	Pricing Level II
BBB/Baa2	Pricing Level III
BBB-/Baa3	Pricing Level IV
BB+/Ba1	Pricing Level V
BB/Ba2 or lower	Pricing Level VI

PROVIDED that if Moody's and S&P each assign Debt Ratings which are associated with different Pricing Levels in the matrix set forth above, then the applicable Pricing Level shall be the Pricing Level which is one Pricing Level higher than that associated with the lower of the two Debt Ratings.

"PRICING PERIOD" means (a) the period commencing on the Closing Date and ending on May 31, 1999, (b) each subsequent three month period commencing on each June 1, September 1, December 1 and March 1, and (c) any shorter period ending on the date upon which the Commitment is terminated.

"PROJECTIONS" means the financial projections contained in the Confidential Information Memorandum.

"PROPERTY" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"PRO RATA SHARE" means, with respect to each Lender, the percentage of the Commitment held by that Lender. The Pro Rata Share of each Lender as of the Closing Date is set forth opposite the name of that Lender on Schedule 1.1.

"QUARTERLY PAYMENT DATE" means each March 31, June 30, September 30 and December 31.

"RATING DECLINE" means the occurrence of a decrease in the Debt Rating by either Moody's or S&P to below Investment Grade on any date on or within 90 days after the date of the first public notice of (a) the occurrence of an event described in clauses (i)-(iv) of the definition of "Change in Control" or (b) the intention by any of the Parent or Borrowers to effect such an event (which 90-day period shall be extended so long as the Debt Rating is under publicly announced consideration for possible downgrade by Moody's or S&P).

"REAL PROPERTY" means, as of any date of determination, all real property then or theretofore owned, leased or occupied by Parent or any of its Subsidiaries.

"REFERENCE RATE" means the rate of interest publicly announced from time to time by Bank of America as its "reference rate" or the similar prime rate or reference rate announced by any successor Administrative Agent. Bank of America's reference rate is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the Reference Rate announced by Bank of America or any successor Administrative Agent shall take effect at the opening of business on the day specified in the public announcement of such change.

"REGULATIONS D, T, U AND X" means Regulations D, T, U and X, as at any time amended, of the Board of Governors of the Federal Reserve System, or any other regulations in substance substituted therefor.

"REQUEST FOR LOAN" means a written request for a Loan substantially in the form of Exhibit J, signed by a Responsible Official of a Borrower, on behalf of that Borrower, and properly completed to provide all information required to be included therein.

"REQUIREMENT OF LAW" means, as to any Person, the articles or certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any Law, or judgment, award, decree, writ or determination of a Governmental Agency, in each case applicable to or binding upon such Person or any of its Property or to which such Person or any of its Property is subject.

"REQUISITE LENDERS" means (a) as of any date of determination if the Commitment is then in effect, Lenders having in the aggregate 51% or more of the Commitment then in effect and (b) as of any date of determination if the Commitment has then been terminated, Lenders holding 51% of the aggregate principal amount of the outstanding Committed Loans.

"RESPONSIBLE OFFICIAL" means when used with reference to a Person other than an individual, any corporate officer of such Person, general partner of such Person, corporate officer of a corporate general partner of such Person, or corporate officer of a corporate general partner of a partnership that is a general partner of such Person, or any other responsible official thereof duly acting on behalf thereof. Any document or certificate hereunder that is signed or executed by a Responsible Official of another Person shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such other Person.

"RIGHT OF OTHERS" means, as to any Property in which a Person has an interest, any legal or equitable ownership right, title or other interest (other than a Lien) held by any other Person in that Property, and any option or right held by any other Person to acquire any such right, title or other interest in that Property, including any option or right to acquire a Lien; provided, however, that (a) any covenant restricting the use or disposition of Property of such Person contained in any Contractual Obligation of such Person, (b) any provision contained in a contract creating a right of payment or performance in favor of a Person that conditions, limits, restricts, diminishes, transfers or terminates such right, and (c) any residual rights held by a lessor or vendor of Property, shall not be deemed to constitute a Right of Others.

"RIO" means Rio Hotel & Casino, Inc., a Nevada Corporation, and its Subsidiaries.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw Hill, Inc., its successors and assigns.

"SALE AND LEASEBACK" means, with respect to any Person, the sale of Property owned by that Person (the "Seller") to another Person (the "Buyer"), together with the substantially concurrent leasing of such Property (or any portion thereof) by the Buyer to the Seller.

"SALE AND LEASEBACK OBLIGATION" means, with respect to any Sale and Leaseback and as of any date of determination, the present value of the aggregate monetary obligations of the lessee under the lease of the Property which is the subject of such Sale and Leaseback (discounted at the interest rate implicit in such lease, compounded annually) for the then remaining term of such lease (treating all extension options exercisable by the lessor as having been exercised, but deeming the lease terminated as of the earliest date upon which the lessee has the option to do so); provided that such monetary obligations shall exclude amounts payable in respect of maintenance, repairs, insurance, taxes, assessments, utilities and similar charges.

"SENIOR OFFICER" means Parent's and each Borrower's (a) chief executive officer, (b) president, (c) chief financial officer, (d) treasurer, (e) vice presidents or (f) secretaries.

"SHOWBOAT" means Showboat, Inc., a Nevada corporation, and its Subsidiaries.

"SIGNIFICANT SUBSIDIARY" means, as of any date of determination, each Subsidiary of Parent that had on the last day of the Fiscal Quarter then most recently ended total assets (determined in accordance with Generally Accepted Accounting Principles) of \$50,000,000 or more.

"SPECIAL EURODOLLAR CIRCUMSTANCE" means the application or adoption after the date hereof of any Law or interpretation, or any change therein or thereof, or any change in the interpretation or administration thereof by any Governmental Agency, central bank or comparable

authority charged with the interpretation or administration thereof, or compliance by any Lender or its Eurodollar Lending Office with any request or directive (whether or not having the force of Law) of any such Governmental Agency, central bank or comparable authority, or the existence or occurrence of circumstances affecting the Designated Eurodollar Market generally that are beyond the reasonable control of the Lenders.

"SOLVENT" as to any Person shall mean that (a) the sum of the assets of such Person, both at a fair valuation and at present fair saleable value, exceeds its liabilities, including its probable liability in respect of contingent liabilities, (b) such Person will have sufficient capital with which to conduct its business as presently conducted and as proposed to be conducted and (c) such Person has not incurred debts, and does not intend to incur debts, beyond its ability to pay such debts as they mature. For purposes of this definition, "debt" means any liability on a claim, and "claim" means (x) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or (y) a right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured. With respect to any such contingent liabilities, such liabilities shall be computed at the amount which, in light of all the facts and circumstances existing at the time, represents the amount which can reasonably be expected to become an actual or matured liability.

"SUBORDINATED DEBT" means (a) the Existing Subordinated Debt and (b) any other Indebtedness of Parent or the Company which is subordinated in right of payment to the Obligations pursuant to subordination provisions which are either (i) substantively no less favorable to the Lenders than the subordination provisions of the Existing Subordinated Debt, or (ii) otherwise are acceptable to the Requisite Lenders in the exercise of their sole discretion.

"SUBSIDIARY" means, as of any date of determination and with respect to any Person, any corporation or partnership (whether or not, in either case, characterized as such or as a "joint venture"), whether now existing or hereafter organized or acquired: (a) in the case of a corporation, of which a majority of the securities having ordinary voting power for the election of directors or other governing body (other than securities having such power only by reason of the happening of a contingency) are at the time beneficially owned by such Person and/or one or more Subsidiaries of such Person, or (b) in the case of a partnership, of which a majority of the partnership or other ownership interests having ordinary management power are at the time beneficially owned by such Person and/or one or more of its Subsidiaries.

"SYNDICATION AGENT" means Bankers Trust Company. Bankers Trust Company shall not have any additional rights, duties or obligations under this Agreement or the other Loan Documents by reason of its being a Syndication Agent.

"TOTAL DEBT" means, as of any date of determination, the sum (without duplication) of (a) the outstanding principal Indebtedness of Parent and its Subsidiaries for borrowed money (including debt securities issued by Parent or any of its Subsidiaries) on that date, plus (b) the aggregate amount of all Capital Lease Obligations of Parent and its Subsidiaries on that date, plus (c) all obligations in respect of letters of credit or other similar instruments for which Parent or any of its Subsidiaries are account parties or are otherwise obligated, plus (d) the aggregate amount of all Contingent Obligations and other similar contingent obligations of Parent and its Subsidiaries with respect to any of the foregoing, and plus (e) any obligations of Parent or any of its Subsidiaries to the extent that the same are secured by a Lien on any of the assets of Parent or its Subsidiaries. In computing "Total Debt," the amount of any Contingent Obligation or letter of credit shall be deemed to be zero unless and until (1) in the case of obligations in respect of letters of credit, a drawing is made with respect thereto, (2) in the case of any other Contingent Obligations, demand for payment is made with respect thereto, or (3) Parent's independent auditors have quantified the amount of Parent's and its Subsidiaries with respect to letters of credit and Contingent Obligations

as liabilities on Parent's consolidated balance sheet in accordance with Generally Accepted Accounting Principles (as opposed to merely noted in the footnotes to any such balance sheet) and the amount of any such individual liability is in excess of \$50,000,000, in which case the amount thereof shall be deemed to be the amount so quantified from time to time.

"TOTAL DEBT RATIO" means, as of the last day of any Fiscal Quarter, the RATIO OF (a) Total Debt on that date, to (b) EBITDA for the four Fiscal Quarter period ending on that date.

"TYPE", when used with respect to any Loan or Advance, means the designation of whether such Loan or Advance is a Base Rate Loan or Advance, or a Eurodollar Rate Loan or Advance.

"WHOLLY-OWNED SUBSIDIARY" means, as to any Person any other Person, 100% of whose capital stock, partnership interests, membership interests or other forms of equity ownership interest (other than directors qualifying shares and similar interests) is at the time owned, directly or indirectly, by such Person.

"YEAR 2000 ISSUE" means failure of computer software, hardware and firmware systems, and equipment containing embedded computer chips, to properly receive, transmit, process, manipulate, store, retrieve, re-transmit or in any other way utilize data and information due to the occurrence of the year 2000 or the inclusion of dates on or after January 1, 2000.

1.2 USE OF DEFINED TERMS. Any defined term used in the plural shall refer to all members of the relevant class, and any defined term used in the singular shall refer to any one or more of the members of the relevant class.

1.3 ACCOUNTING TERMS. All accounting terms not specifically defined in this Agreement shall be construed in conformity with, and all financial data required to be submitted by this Agreement shall be prepared in conformity with, Generally Accepted Accounting Principles applied on a consistent basis, except as otherwise specifically prescribed herein. In the event that Generally Accepted Accounting Principles change during the term of this Agreement such that the covenants contained in Sections 6.5 and 6.6 would then be calculated in a different manner or with different components, (a) Parent, Borrowers and the Lenders agree to amend this Agreement in such respects as are necessary to conform those covenants as criteria for evaluating Parent's consolidated financial condition to substantially the same criteria as were effective prior to such change in Generally Accepted Accounting Principles and (b) Parent and Borrowers shall be deemed to be in compliance with the covenants contained in the aforesaid Sections during the 90 day period following any such change in Generally Accepted Accounting Principles if and to the extent that Parent and Borrowers would have been in compliance therewith under Generally Accepted Accounting Principles as in effect immediately prior to such change.

1.4 ROUNDING. Any financial ratios required to be maintained by Parent and Borrowers pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed in this Agreement and rounding the result up or down to the nearest number (with a round-up if there is no nearest number) to the number of places by which such ratio is expressed in this Agreement.

1.5 EXHIBITS AND SCHEDULES. All Exhibits and Schedules to this Agreement, either as originally existing or as the same may from time to time be supplemented, modified or amended, are incorporated herein by this reference. A matter disclosed on any Schedule shall be deemed disclosed on all Schedules.

1.6 MISCELLANEOUS TERMS. The term "or" is disjunctive; the term "and" is conjunctive. The term "shall" is mandatory; the term "may" is permissive. Masculine terms also apply to females; feminine terms also apply to males. The term "including" is by way of example and not limitation.

Article 2  
LOANS AND LETTERS OF CREDIT

2.1 COMMITTED LOANS-GENERAL.

(a) Subject to the terms and conditions set forth in this Agreement, at any time and from time to time from the Closing Date through and including the Maturity Date, each Lender shall, pro rata according to that Lender's Pro Rata Share of the then applicable Commitment, make Committed Advances in Dollars to Borrowers in such amounts as any Borrower may request provided that (a) giving effect to such Advances, the aggregate principal amount of the outstanding Committed Loans shall not exceed the Commitment at any time, (b) without the consent of all of the Lenders, the aggregate principal amount of the outstanding Committed Loans to Marina plus the outstanding principal amount of the loans outstanding to Marina under the Five Year Commitment shall not exceed Marina's Aggregate Sublimit at any time, and (c) without the consent of all of the Lenders, the aggregate principal amount of the outstanding Committed Loans to each Borrower hereafter designated as such pursuant to Section 2.10 plus the outstanding principal amount of the loans outstanding to such Borrower under the Five Year Commitment shall not exceed that Borrower's Aggregate Sublimit at any time. Subject to the limitations set forth herein, each of the Borrowers may borrow, repay and reborrow under the Commitment without premium or penalty.

(b) Subject to the next sentence, each Committed Loan shall be made pursuant to a Request for Loan executed by the relevant Borrower which shall specify the requested (i) date of such Loan, (ii) type of Loan, (iii) amount of such Loan, and (iv) in the case of a Eurodollar Rate Loan, the Eurodollar Period for such Loan. Unless the Administrative Agent has notified, in its sole and absolute discretion, Borrowers to the contrary, a Loan may be requested by telephone by a Responsible Official of any Borrower, in which case that Borrower shall confirm such request by promptly delivering a Request for Loan in person or by telecopier conforming to the preceding sentence to the Administrative Agent. The Administrative Agent shall incur no liability whatsoever hereunder in acting upon any telephonic request for loan purportedly made by a Responsible Official of a Borrower, and each Borrower hereby jointly and severally (but as

between Borrowers, ratably) agrees to indemnify the Administrative Agent from any loss, cost, expense or liability as a result of so acting.

(c) Promptly following receipt of a Request for Loan, the Administrative Agent shall notify each Lender by telephone or telecopier (and if by telephone, promptly confirmed by telecopier) of the identity of the relevant Borrower, the date and type of the Loan, the applicable Eurodollar Period, and that Lender's Pro Rata Share of the Loan. Not later than 11:00 a.m., California local time, on the date specified for any Loan (which must be a Business Day), each Lender shall make its Pro Rata Share of the Committed Loan in immediately available funds available to the Administrative Agent at the Administrative Agent's Office. Upon satisfaction or waiver of the applicable conditions set forth in Article 8, all Committed Advances shall be credited on that date in immediately available funds to the Designated Deposit Account.

(d) Unless the Requisite Lenders otherwise consent, each Committed Loan shall be an integral multiple of \$1,000,000 and shall be not less than \$10,000,000.

(e) The Committed Advances made by each Lender to each Borrower shall be evidenced by a Committed Advance Note issued by that Borrower and made payable to that Lender.

(f) A Request for Loan shall be irrevocable upon the Administrative Agent's first notification thereof.

(g) If no Request for Loan (or telephonic request for loan referred to in the second sentence of Section 2.1(b), if applicable) has been made within the requisite notice periods set forth in Sections 2.2 or 2.3 in connection with a Loan which, if made and giving effect to the application of the proceeds thereof, would not increase the outstanding principal Indebtedness evidenced by the Committed Advance Notes of the relevant Borrower, then that Borrower shall be deemed to have requested, as of the date upon which the related then outstanding Loan is due pursuant to Section 3.1(e)(i), a Base Rate Loan in an amount equal to the amount necessary to cause the outstanding principal Indebtedness evidenced by its Committed Advance Notes to remain the same and the Lenders shall make the Advances necessary to make such Loan notwithstanding Sections 2.1(b), 2.2 and 2.3.

2.2 BASE RATE LOANS. Each request by a Borrower for a Base Rate Loan shall be made pursuant to a Request for Loan (or telephonic or other request for loan referred to in the second sentence of Section 2.1(b), if applicable) received by the Administrative Agent, at the Administrative Agent's Office, not later than 9:00 a.m. California local time, on the date (which must be a Business Day) of the requested Base Rate Loan. All Committed Loans shall constitute Base Rate Loans unless properly designated as a Eurodollar Rate Loan pursuant to Section 2.3.

2.3 EURODOLLAR RATE LOANS.

(a) Each request by a Borrower for a Eurodollar Rate Loan shall be made pursuant to a Request for Loan (or telephonic or other request for loan referred to in the second sentence of Section 2.1(b), if applicable) received by the Administrative Agent, at the Administrative Agent's Office, not later than 9:00 a.m., California local time, at least three Eurodollar Business Days before the first day of the applicable Eurodollar Period.

(b) On the date which is two Eurodollar Business Days before the first day of the applicable Eurodollar Period, the Administrative Agent shall confirm its determination of the applicable Eurodollar Rate (which determination shall be conclusive in the absence of manifest error) and promptly shall give notice of the same to Borrowers and the Lenders by telephone or telecopier (and if by telephone, promptly confirmed by telecopier).

(c) Unless the Administrative Agent and the Requisite Lenders otherwise consent, no more than twenty Eurodollar Rate Loans shall be outstanding at any one time.

(d) No Eurodollar Rate Loan may be requested during the existence of a Default or Event of Default.

(e) No Lender shall be required to obtain the funds necessary to fund its Eurodollar Rate Advances in the Designated Eurodollar Market or from any other particular source of funds, rather each Lender shall be free to obtain such funds from any legal source.

2.4 RESERVED.

2.5 RESERVED.

2.6 RESERVED.

2.7 VOLUNTARY INCREASE TO THE COMMITMENT.

(a) Provided that no Default or Event of Default then exists, during the one year period following the Closing Date, Parent and the Borrowers may, upon at least 30 days notice to the Administrative Agent (which shall promptly provide a copy of such notice to the Lenders), propose to ratably increase the aggregate amount of the Commitment and the Five Year Commitment by an aggregate amount not to exceed \$300,000,000 (the amount of any such ratable increase of the Commitment being referred to as the "Increased Commitment"). Each Lender party to this Agreement at such time shall have the right (but no obligation), for a period of 15 days following receipt of such notice, to elect by notice to Parent and the Borrowers and the Administrative Agent to increase its Commitment by a principal amount which bears the same ratio to the Increased Commitments as its then Commitment bears to the aggregate Commitments then existing. Each Lender which fails to respond to any such request shall be conclusively deemed to have refused to consent to an increase in its Commitment.

(b) If any Lender party to this Agreement shall not elect to increase its Commitment pursuant to clause (a) of this Section, Parent and the Borrowers may designate another Person which qualifies as an Eligible Assignee (which may be, but need not be, one or more of the existing Lenders) which at the time agrees to (i) in the case of any such Person that is an existing Lender, increase its Commitment and (ii) in the case of any other such Person (an "Additional Lender"), become a party to this Agreement. The sum of the increases in the Commitments of the existing Lenders pursuant to this clause (b) plus the Commitments of the Additional Lenders shall not in the aggregate exceed the unsubscribed amount of the Increased Commitments.

(c) An increase in the aggregate amount of the Commitments pursuant to this Section shall become effective upon the receipt by the Administrative Agent of an agreement in form and substance satisfactory to the Administrative Agent signed by the Parent and the Borrowers, by each

Additional Lender and by each other Lender whose Commitment is to be increased, setting forth the new Commitments of such Lenders and setting forth the agreement of each Additional Lender to become a party to this Agreement and to be bound by all the terms and provisions hereof, together with such evidence of appropriate corporate authorization on the part of Parent and the Borrowers and the Additional Lenders with respect to the Increased Commitments as the Administrative Agent may reasonably request.

2.8 VOLUNTARY REDUCTION OF COMMITMENT. Borrowers shall have the right, at any time and from time to time, without penalty or charge, upon at least three Business Days prior written notice to the Administrative Agent, voluntarily to reduce or to terminate, permanently and irrevocably, in aggregate principal amounts in an integral multiple of \$1,000,000 but not less than \$10,000,000, all or a portion of the then undisbursed portion of the Commitment, provided that any such reduction or termination shall be accompanied by payment of all accrued and unpaid commitment fees with respect to the portion of the Commitment being reduced or terminated. The Administrative Agent shall promptly notify the Lenders of any reduction of the Commitment under this Section.

2.9 OPTIONAL TERMINATION OF COMMITMENT. Following the occurrence of a Change in Control, the Requisite Lenders may in their sole and absolute discretion elect, during the sixty day period immediately subsequent to the later of (a) such occurrence and (b) the earlier of (i) receipt of Borrowers' written notice to the Administrative Agent of such occurrence and (ii) if no such notice has been received by the Administrative Agent, the date upon which the Administrative Agent and the Lenders have actual knowledge thereof, to terminate the Commitment. In any such case the Commitment shall be terminated effective on the date which is sixty days subsequent to the date of written notice from the Administrative Agent to Borrowers thereof, and to the extent that there are then any Obligations outstanding, the same shall be immediately due and payable.

2.10 ADDITIONAL BORROWERS. From time to time following the Closing Date and when no Default or Event of Default exists, Parent, Company and Marina (and each other Borrower then a party to this Agreement) may jointly designate one or more additional Wholly-Owned Subsidiaries as additional co-borrowers under this Agreement in accordance with the provisions of this Section. Prior to the effectiveness of any such designation each such additional Borrower shall have duly authorized, executed and delivered to the Administrative Agent each of the

(a) an Election to Become a Borrower, setting forth the proposed Aggregate Sublimit for that Borrower, together with such other documents, certificates, resolutions, opinions and other assurances as the Administrative Agent may reasonably require in connection therewith; and

(b) Committed Advance Notes;

Promptly following the submission of the foregoing documents, the Administrative Agent shall inform the Lenders of the proposed designation and the proposed Aggregate Sublimit. Unless the Requisite Lenders have objected in writing to the proposed designee or Aggregate Sublimit within ten Business Days following such notice from the Administrative Agent (which objection may be in the sole discretion of each Lender), the Administrative Agent shall notify the Borrowers that the appointment is accepted, whereupon the proposed new Borrower shall be a Borrower for all purposes of this Agreement, with the Aggregate Sublimit set forth in its Election to Become a Borrower.

2.11 ADMINISTRATIVE AGENT'S RIGHT TO ASSUME FUNDS AVAILABLE FOR ADVANCES. Unless the Administrative Agent shall have been notified by any Lender no later than the Business Day prior to the funding by the Administrative Agent of any Loan that such Lender does not intend to make available to the Administrative Agent such Lender's portion of the total amount of such Loan, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on the date of the Loan and the Administrative Agent may, in reliance upon such assumption, make available to the relevant Borrower a corresponding amount. If the Administrative Agent has made funds available to a Borrower based on such assumption and such corresponding amount is not in fact made available to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent promptly shall notify Borrowers and the relevant Borrower shall pay such corresponding amount to the

Administrative Agent. The Administrative Agent also shall be entitled to recover from such Lender interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to that Borrower to the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to the daily Federal Funds Rate. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its share of the Commitment or to prejudice any rights which the Administrative Agent or Borrowers may have against any Lender as a result of any default by such Lender hereunder.

2.12 EXTENSION OF THE MATURITY DATE. The Maturity Date may be extended for 364 day periods at the request of the Parent and with the written consent of all of the Lenders (which may be withheld in the sole and absolute discretion of each Lender) pursuant to this Section. Not earlier than January 15 of each year, nor later than March 15 of each year, the Parent and the Borrowers may deliver to the Administrative Agent and the Lenders a written request for a 364 day extension of the Maturity Date together with a Certificate of a Responsible Official signed by a Senior Officer on behalf of Parent and each Borrower stating that the representations and warranties contained in Article 4 (other than (i) representations and warranties which expressly speak as of a particular date or are no longer true and correct as a result of a change which is not a violation of this Agreement, (ii) as otherwise disclosed by the Parent and the Borrowers and approved in writing by the Requisite Lenders and (iii) Sections 4.4(a), 4.6 (first sentence), and 4.15) shall be true and correct on and as of the date of such Certificate. Each Lender shall notify the Administrative Agent within 30 days following its receipt of such a Certificate whether (in its sole and absolute discretion) it consents to such request and the Administrative Agent shall, after receiving the notifications from all of the Lenders or the expiration of such period, whichever is earlier, notify Parent and the Borrowers and the Lenders of the results thereof. If all of the Lenders have consented, then the Maturity Date shall, effective on the then-current Maturity Date be extended for 364 days from the then current Maturity Date.

If Lenders holding at least 66 2/3% of the Commitment consent to the request for extension, but one or more Lenders (each a "Non-Consenting Lender") notify the Administrative Agent that it will not consent to the request for extension (or fail to notify the Managing Agent in writing of its consent within the

required period), Parent and the Borrowers may (i) cause such Non-Consenting Lender to be removed as a Lender under this Agreement pursuant to Section 11.14(a), (ii) voluntarily terminate the Pro Rata Share of Non-Consenting Lender in accordance with Section 11.14(b), or (iii) utilize a combination of the procedures described in clauses (i) and (ii) of this Section. If such removal is accomplished by assignment to an Eligible Assignee which has consented to the requested extension, then the request for extension shall be granted with the effect as set forth above. If such removal is accomplished by a voluntary reduction of the Commitment, then the Administrative Agent shall notify all of the Lenders in writing thereof.

Article 3  
PAYMENTS AND FEES

3.1 PRINCIPAL AND INTEREST.

(a) Interest shall be payable on the outstanding daily unpaid principal amount of each Advance from the date thereof until payment in full is made and shall accrue and be payable at the rates set forth or provided for herein before and after default, before and after maturity, before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law, with interest on overdue interest to bear interest at the Default Rate to the fullest extent permitted by applicable Laws.

(b) Interest accrued on each Base Rate Loan on each Quarterly Payment Date, and on the date of any prepayment of the Committed Advance Notes pursuant to Section 3.1(f), shall be due and payable on that day. Except as otherwise provided in Section 3.9, the unpaid principal amount of any Base Rate Loan shall bear interest at a fluctuating rate per annum equal to the Base Rate. Each change in the interest rate under this Section 3.1(b) due to a change in the Base Rate shall take effect simultaneously with the corresponding change in the Base Rate.

(c) Interest accrued on each Eurodollar Rate Loan having a Eurodollar Period of three months or less shall be due and payable on the last day of the related Eurodollar Period. Interest accrued on each other Eurodollar Rate Loan shall be due and payable on the date which is three months after the date such

Eurodollar Rate Loan was made (and, in the event that all of the Lenders have approved a Eurodollar Period of longer than 6 months, every three months thereafter through the last day of the Eurodollar Period) and on the last day of the related Eurodollar Period. Except as otherwise provided in Sections 3.1(d) and 3.9, the unpaid principal amount of any Eurodollar Rate Loan shall bear interest at a rate per annum equal to the Eurodollar Rate for that Eurodollar Rate Loan plus the Eurodollar Margin.

(d) During the existence of a Default or Event of Default, the Requisite Lenders may determine that any or all then outstanding Eurodollar Rate Loans shall be converted to Base Rate Loans. Such conversion shall be effective upon notice to Borrowers from the Requisite Lenders (or from the Administrative Agent on behalf of the Requisite Lenders) and shall continue so long as such Default or Event of Default continues to exist.

(e) If not sooner paid, the principal Indebtedness evidenced by the Notes shall be payable as follows:

(i) the principal amount of each Eurodollar Rate Loan shall be payable on the last day of the Eurodollar Period for such Loan;

(ii) the amount, if any, by which the aggregate principal amount of the outstanding Committed Loans at any time exceed the Commitment shall be payable immediately, and shall be applied to the Committed Advance Notes; and

(iii) the principal Indebtedness evidenced by the Committed Advance Notes shall in any event be payable on the Maturity Date.

(f) The Committed Advance Notes may, at any time and from time to time, voluntarily be paid or prepaid in whole or in part without premium or penalty, except that with respect to any voluntary prepayment under this Section 3.1(f), (i) any partial prepayment shall be in an integral multiple of \$1,000,000 but not less than \$10,000,000, (ii) the Administrative Agent shall have received written notice of any prepayment by 9:00 a.m., California local time on a Business Day on the date of prepayment in the case of a Base Rate Loan, and three Business Days, in the case of a Eurodollar Rate Loan, before the date of prepayment, which notice shall identify the date and amount of the prepayment and the Loan(s) being prepaid, (iii) each prepayment of principal

shall be accompanied by payment of interest accrued to the date of payment on the amount of principal paid and (iv) any payment or prepayment of all or any part of any Eurodollar Rate Loan on a day other than the last day of the applicable Eurodollar Period shall be subject to Section 3.8(d).

3.2 ARRANGEMENT FEE. On the Closing Date, Parent and the Borrowers shall pay to the Administrative Agent, for the sole account of the Arranger, an arrangement fee in the amount heretofore agreed upon by letter agreement among Parent, the Borrowers and the Arranger. Such arrangement fee is for the services of the Arranger in arranging the credit facilities under this Agreement and is fully earned when paid. The arrangement fee is earned as of the date hereof and is nonrefundable.

3.3 UPFRONT FEES. On the Closing Date, Parent and the Borrowers shall pay to the Administrative Agent, for the respective accounts of the Lenders, upfront fees in the respective amounts set forth in a writing addressed to that Lender by the Lead Arranger. Such fees are for the credit facility committed by each Lender under this Agreement and are fully earned when paid. The upfront fees paid to each Lender are solely for its own account and are nonrefundable.

3.4 FACILITY FEES. On the last day of each Pricing Period, Borrowers shall pay to the Administrative Agent, for the respective accounts of the Lenders, pro rata according to their Pro Rata Share, a facility fee equal to (a) the Facility Fee Rate per annum for that Pricing Period times (b) the average daily amount by of the Commitment (whether drawn or undrawn) during that Pricing Period.

3.5 RESERVED.

3.6 AGENCY FEES. Borrowers shall pay to the Administrative Agent an agency fee in such amounts and at such times as heretofore agreed upon by letter agreement among Parent, the Borrowers and the Administrative Agent. The agency fee is for the services to be performed by the Administrative Agent in acting as Administrative Agent and is fully earned on the date paid. The agency fee paid to the Administrative Agent is solely for its own account and is nonrefundable.

3.7 INCREASED COMMITMENT COSTS. If any Lender shall determine that the introduction after the Closing Date of any applicable law, rule, regulation or guideline regarding capital adequacy, or any change therein or any change in the interpretation or administration thereof by any central bank or other Governmental Agency charged with the interpretation or administration thereof, or compliance by such Lender (or its Eurodollar Lending Office) or any corporation controlling the Lender, with any request, guidelines or directive regarding capital adequacy (whether or not having the force of law) of any such central bank or other authority, affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy and such Lender's desired return on capital) determines that the amount of such capital is increased, or the rate of return on capital is reduced, as a consequence of its obligations under this Agreement, then such Lender shall promptly give notice to the Borrowers and the Agent of such determination. Thereafter, the Borrowers shall pay to such Lender, within five Business Days following written demand therefor (setting forth the additional amounts owed to such Lender and the basis of the calculation thereof in reasonable detail), additional amounts sufficient to compensate such Lender in light of such circumstances, to the extent reasonably allocable to such obligations under this Agreement. Each Lender shall afford treatment to Borrowers under this Section which is substantially similar to that which such Lender affords to its other similarly situated customers.

3.8 EURODOLLAR COSTS AND RELATED MATTERS.

(a) If, after the date hereof, the existence or occurrence of any Special Eurodollar Circumstance shall:

(1) subject any Lender or its Eurodollar Lending Office to any tax, duty or other charge or cost with respect to any Eurodollar Rate Advance, any of its Notes evidencing Eurodollar Rate Loans or its obligation to make Eurodollar Rate Advances, or shall change the basis of taxation of payments to any Lender of the principal of or interest on any Eurodollar Rate Advance or any other amounts due under this Agreement in respect of any Eurodollar Rate Advance, any of its

Notes evidencing Eurodollar Rate Loans or its obligation to make Eurodollar Rate Advances, excluding, with respect to each Creditor, and any Affiliate or Eurodollar Lending Office thereof, (i) taxes imposed on or measured in whole or in part by its net income or capital and franchise taxes imposed on it, (ii) any withholding taxes or other taxes based on net income (other than withholding taxes and taxes based on net income resulting from or attributable to any change in any law, rule or regulation or any change in the interpretation or administration of any law, rule or regulation by any Governmental Agency) or (iii) any withholding taxes or other taxes based on net income for any period with respect to which it has failed to provide Borrowers with the appropriate form or forms required by Section 11.21, to the extent such forms are then required by applicable Laws;

(2) impose, modify or deem applicable any reserve not applicable or deemed applicable on the date hereof (including, without limitation, any reserve imposed by the Board of Governors of the Federal Reserve System, but excluding the Eurodollar Reserve Percentage taken into account in calculating the Eurodollar Rate), special deposit, capital or similar requirements against assets of, deposits with or for the account of, or credit extended by, any Lender or its Eurodollar Lending Office; or

(3) impose on any Lender or its Eurodollar Lending Office or the Designated Eurodollar Market any other condition materially affecting any Eurodollar Rate Advance, any of its Notes evidencing Eurodollar Rate Loans, its obligation to make Eurodollar Rate Advances or this Agreement, or shall otherwise materially affect any of the same;

and the result of any of the foregoing, as determined by such Lender, increases the cost to such Lender or its Eurodollar Lending Office of making or maintaining any Eurodollar Rate Advance or in respect of any Eurodollar Rate Advance, any of its Notes evidencing Eurodollar Rate Loans or its obligation to make Eurodollar Rate Advances or reduces the amount of any sum received or receivable by such Lender or its Eurodollar Lending Office with respect to any Eurodollar Rate Advance, any of its Notes evidencing Eurodollar Rate Loans or its obligation to make

Eurodollar Rate Advances (assuming such Lender's Eurodollar Lending Office had funded 100% of its Eurodollar Rate Advance in the Designated Eurodollar Market), then, provided that such Lender makes demand upon Borrowers (with a copy to the Administrative Agent) within 90 days following the date upon which it becomes aware of any such event or circumstance, Borrowers shall within five Business Days pay to such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduction (determined as though such Lender's Eurodollar Lending Office had funded 100% of its Eurodollar Rate Advance in the Designated Eurodollar Market). Each of the Borrowers hereby jointly and severally (but as between Borrowers, ratably) indemnifies each Lender against, and agrees to hold each Lender harmless from and reimburse such Lender within five Business Days after demand for (without duplication) all costs, expenses, claims, penalties, liabilities, losses, legal fees and damages incurred or sustained by each Lender in connection with this Agreement, or any of the rights, obligations or transactions provided for or contemplated herein, as a result of the existence or occurrence of any Special Eurodollar Circumstance. A statement of any Lender claiming compensation under this clause and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. Each Lender agrees to endeavor promptly to notify Borrowers of any event of which it has actual knowledge, occurring after the Closing Date, which will entitle such Lender to compensation pursuant to this Section and agrees to designate a different Eurodollar Lending Office if such designation will avoid the need for or reduce the amount of such compensation and will not, in the judgment of such Lender, otherwise be materially disadvantageous to such Lender. If any Lender claims compensation under this Section, Borrowers may at any time, upon at least four Eurodollar Business Days' prior notice to the Administrative Agent and such Lender and upon payment in full of the amounts provided for in this Section through the date of such payment PLUS any prepayment fee required by Section 3.8(d), pay in full the affected Eurodollar Rate Advances of such Lender or request that such Eurodollar Rate Advances be converted to Base Rate Advances. To the extent that any Lender which receives any payment from Borrowers under this Section later receives any funds which are identifiable as a reimbursement or rebate of such amount from any other Person, such Lender shall promptly refund such amount to Borrowers.

(b) If the existence or occurrence of any Special Eurodollar Circumstance shall, in the opinion of any Lender, make it unlawful, impossible or impracticable for such Lender or its

Eurodollar Lending Office to make, maintain or fund its portion of any Eurodollar Rate Loan, or materially restrict the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the Designated Eurodollar Market, or to determine or charge interest rates based upon the Eurodollar Rate, and such Lender shall so notify the Administrative Agent, then such Lender's obligation to make Eurodollar Rate Advances shall be suspended for the duration of such illegality, impossibility or impracticability and the Administrative Agent forthwith shall give notice thereof to the other Lenders and Borrowers. Upon receipt of such notice, the outstanding principal amount of such Lender's Eurodollar Rate Advances, together with accrued interest thereon, automatically shall be converted to Base Rate Advances on either (1) the last day of the Eurodollar Period(s) applicable to such Eurodollar Rate Advances if such Lender may lawfully continue to maintain and fund such Eurodollar Rate Advances to such day(s) or (2) immediately if such Lender may not lawfully continue to fund and maintain such Eurodollar Rate Advances to such day(s), provided that in such event the conversion shall not be subject to payment of a prepayment fee under Section 3.8(d). Each Lender agrees to endeavor promptly to notify Borrowers of any event of which it has actual knowledge, occurring after the Closing Date, which will cause that Lender to notify the Administrative Agent under this Section 3.8(b), and agrees to designate a different Eurodollar Lending Office if such designation will avoid the need for such notice and will not, in the judgment of such Lender, otherwise be disadvantageous to such Lender. In the event that any Lender is unable, for the reasons set forth above, to make, maintain or fund its portion of any Eurodollar Rate Loan, such Lender shall fund such amount as a Base Rate Advance for the same period of time, and such amount shall be treated in all respects as a Base Rate Advance. Any Lender whose obligation to make Eurodollar Rate Advances has been suspended under this Section 3.8(b) shall promptly notify the Administrative Agent and Borrowers of the cessation of the Special Eurodollar Circumstance which gave rise to such suspension.

(c) If, with respect to any proposed Eurodollar Rate Loan:

(1) the Administrative Agent reasonably determines that, by reason of circumstances affecting the Designated Eurodollar Market generally that are beyond the reasonable control of the Lenders, deposits in Dollars (in the applicable amounts) are not being offered to any Lender in the Designated Eurodollar Market for the applicable Eurodollar Period; or

(2) the Requisite Lenders advise the Administrative Agent that the Eurodollar Rate as determined by the Administrative Agent (i) does not represent the effective pricing to such Lenders for deposits in Dollars in the Designated Eurodollar Market in the relevant amount for the applicable Eurodollar Period, or (ii) will not adequately and fairly reflect the cost to such Lenders of making the applicable Eurodollar Rate Advances;

then the Administrative Agent forthwith shall give notice thereof to Borrowers and the Lenders, whereupon until the Administrative Agent notifies Borrowers that the circumstances giving rise to such suspension no longer exist, the obligation of the Lenders to make any future Eurodollar Rate Advances shall be suspended. If at the time of such notice there is then pending a Request for Loan that specifies a Eurodollar Rate Loan, such Request for Loan shall be deemed to specify a Base Rate Loan.

(d) Upon payment or prepayment of any Eurodollar Rate Advance, (OTHER THAN as the result of a conversion required under Section 3.1(d) or 3.8(b)), on a day other than the last day in the applicable Eurodollar Period (whether voluntarily, involuntarily, by reason of acceleration, or otherwise), or upon the failure of any Borrower (for a reason other than the failure of a Lender to make an Advance) to borrow on the date or in the amount specified for a Eurodollar Rate Loan in any Request for Loan, Borrowers shall pay to the appropriate Lender within five Business Days after demand a prepayment fee or failure to borrow fee, as the case may be, (determined as though 100% of the Eurodollar Rate Advance had been funded in the Designated Eurodollar Market) equal to the SUM of:

(1) principal amount of the Eurodollar Rate Advance prepaid or not borrowed, as the case may be, times the quotient of (A) the number of days between the date of prepayment or failure to borrow, as applicable, and the last day in the applicable Eurodollar Period, divided by (B) 360, times the applicable Interest Differential (provided that the product of the foregoing formula must be a positive number); plus

(2) all out-of-pocket expenses incurred by the Lender reasonably attributable to such payment, prepayment or failure to borrow.

Each Lender's determination of the amount of any prepayment fee payable under this Section 3.8(d) shall be conclusive in the absence of manifest error.

3.9 DEFAULT RATE. If (a) any installment of principal or interest or any fee or cost or other amount payable under any Loan Document to any Creditor is not paid when due, then such overdue Obligations shall, or (b) if any Event of Default has occurred and remains continuing, then at the option of the Requisite Lenders, all of the Obligations shall, thereafter bear interest at a fluctuating interest rate per annum at all times equal to the sum of the Base Rate plus 2%, to the fullest extent permitted by applicable Laws. Accrued and unpaid interest on past due amounts (including, without limitation, interest on past due interest) shall be compounded monthly, on the last day of each calendar month, to the fullest extent permitted by applicable Laws.

3.10 COMPUTATION OF INTEREST AND FEES. Computation of interest on Base Rate Loans calculated with reference to the Reference Rate shall be calculated on the basis of a year of 365 or 366 days, as the case may be, and the actual number of days elapsed; computation of interest on Base Rate Loans calculated by reference to the Federal Funds Rate, and on Eurodollar Rate Loans and all fees under this Agreement shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. Each Borrower acknowledges that such latter calculation method will result in a higher yield to the Lenders than a method based on a year of 365 or 366 days. Interest shall accrue on each Loan for the day on which the Loan is made; interest shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid. Any Loan that is repaid on the same day on which it is made shall bear interest for one day.

3.11 NON-BUSINESS DAYS. Subject to clause (b) of the definition of "Eurodollar Period," if any payment to be made by Borrowers or any other Party under any Loan Document shall come due on a day other than a Business Day, payment shall instead be considered due on the next succeeding Business Day and the extension of time shall be reflected in computing interest and fees.

3.12 MANNER AND TREATMENT OF PAYMENTS.

(a) Each payment hereunder (EXCEPT payments pursuant to Sections 3.7, 3.8, 11.3, and 11.11) or on the Notes or under any other Loan Document shall be made without setoff, counterclaim, recoupment or other deduction of any kind to the Administrative Agent, at the Administrative Agent's Office, for the account of each of the Lenders or the Administrative Agent, as the case may be, in immediately available funds not later than 11:00 a.m., California local time, on the day of payment (which must be a Business Day). All payments received after these deadlines shall be deemed received on the next succeeding Business Day. The amount of all payments received by the Administrative Agent for the account of each Lender shall be immediately paid by the Administrative Agent to the applicable Lender in immediately available funds and, if such payment was received by the Administrative Agent by 11:00 a.m., California local time, on a Business Day and not so made available to the account of a Lender on that Business Day, the Administrative Agent shall reimburse that Lender for the cost to such Lender of funding the amount of such payment at the Federal Funds Rate. All payments shall be made in lawful money of the United States of America.

(b) Each payment or prepayment on account of any Committed Loan shall be applied pro rata according to the outstanding Committed Advances made by each Lender comprising such Committed Loan.

(c) Each Lender shall use its best efforts to keep a record of Advances made by it and payments received by it with respect to each of its Notes and, subject to Section 10.6(g), such record shall, as against Borrowers, be presumptive evidence absent manifest error of the amounts owing. Notwithstanding the foregoing sentence, no Lender shall be liable to any Party for any failure to keep such a record.

(d) Each payment of any amount payable by Borrowers or any other Party under this Agreement or any other Loan Document shall be made free and clear of, and without reduction by reason of, any taxes, assessments or other charges imposed by any Governmental Agency, central bank or comparable authority, EXCLUDING, in the case of each Creditor, and any Affiliate or Eurodollar Lending Office thereof, (i) taxes imposed on or

measured in whole or in part by its net income and franchise taxes imposed on it, (ii) any withholding taxes or other taxes based on net income (other than withholding taxes and taxes based on net income resulting from or attributable to any change in any law, rule or regulation or any change in the interpretation or administration of any law, rule or regulation by any Governmental Agency) or (iii) any withholding taxes or other taxes based on net income for any period with respect to which it has failed to provide Borrowers with the appropriate form or forms required by Section 11.21, to the extent such forms are then required by applicable Laws, (all such non-excluded taxes, assessments or other charges being hereinafter referred to as "Taxes"). To the extent that Parent or any Borrower is obligated by applicable Laws to make any deduction or withholding on account of Taxes from any amount payable to any Lender under this Agreement, Parent or that Borrower shall (i) make such deduction or withholding and pay the same to the relevant Governmental Agency and (ii) pay such additional amount to that Lender as is necessary to result in that Lender's receiving a net after-Tax amount equal to the amount to which that Lender would have been entitled under this Agreement absent such deduction or withholding. If and when receipt of such payment results in an excess payment or credit to that Lender on account of such Taxes, that Lender shall promptly refund such excess to Parent or the appropriate Borrower.

3.13 FUNDING SOURCES. Nothing in this Agreement shall be deemed to obligate any Lender to obtain the funds for any Loan or Advance in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan or Advance in any particular place or manner.

3.14 FAILURE TO CHARGE NOT SUBSEQUENT WAIVER. Any decision by the Creditors not to require payment of any interest (including interest arising under Section 3.9), fee, cost or other amount payable under any Loan Document, or to calculate any amount payable by a particular method, on any occasion shall in no way limit or be deemed a waiver of the Creditor's right to require full payment of any interest (including interest arising under Section 3.9), fee, cost or other amount payable under any Loan Document on any other or subsequent occasion.

3.15 ADMINISTRATIVE AGENT'S RIGHT TO ASSUME PAYMENTS WILL BE MADE BY BORROWERS. Unless the Administrative Agent shall have been notified by Borrowers prior to the date on which any payment to be made by Borrowers hereunder is due that Borrowers do not intend to remit such payment, the Administrative Agent may, in its discretion, assume that the appropriate Borrower has remitted such payment when so due and the Administrative Agent may, in its discretion and in reliance upon such assumption, make available to each Lender on such payment date an amount equal to such Lender's share of such assumed payment. If that Borrower has not in fact remitted such payment to the Administrative Agent, each Lender shall forthwith on demand repay to the Administrative Agent the amount of such assumed payment made available to such Lender, together with interest thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent at the Federal Funds Rate.

3.16 FEE DETERMINATION DETAIL. Each Creditor shall provide reasonable detail to Parent and the Borrowers regarding the manner in which the amount of any payment to that Creditor under Article 3 has been determined, concurrently with demand for such payment.

3.17 SURVIVABILITY. All of the Parent's and the Borrowers' obligations under Sections 3.7 and 3.8 shall survive for ninety days following the date on which the Commitment is terminated and all Loans hereunder are fully paid.

Article 4  
REPRESENTATIONS AND WARRANTIES

Parent and each Borrower represents and warrants to the Creditors, as of the date hereof, as of the Closing Date, and as of the date of the making of each Advance that:

4.1 EXISTENCE AND QUALIFICATION; POWER; COMPLIANCE WITH LAWS. Parent and each of the Borrowers are duly formed, validly existing and in good standing under the Laws of its jurisdiction of formation. Parent and each of the Borrowers are duly qualified or registered to transact business and is in good

standing in each other jurisdiction in which the conduct of its business or the ownership or leasing of its Properties makes such qualification or registration necessary, except where the failure so to qualify or register and to be in good standing would not constitute a Material Adverse Effect. Parent and each of the Borrowers have all requisite corporate or partnership power (as applicable) and authority to conduct their respective business, to own and lease their respective Properties and to execute and deliver each Loan Document to which it is a Party and to perform its Obligations. All outstanding shares of capital stock of Parent and each of the Borrowers are duly authorized, validly issued, fully paid, and non-assessable and no holder thereof has any enforceable right of rescission under any applicable state or federal securities Laws. Parent and each of the Borrowers are in compliance with all Laws and other legal requirements applicable to their respective business, have obtained all authorizations, consents, approvals, orders, licenses and permits from, and have accomplished all filings, registrations and qualifications with, or obtained exemptions from any of the foregoing from, any Governmental Agency that are necessary for the transaction of their business, except where the failure so to comply, file, register, qualify or obtain exemptions does not constitute a Material Adverse Effect.

4.2 AUTHORITY; COMPLIANCE WITH OTHER AGREEMENTS AND INSTRUMENTS AND GOVERNMENT REGULATIONS. The execution, delivery and performance by Parent and each Borrower of the Loan Documents to which it is a Party have been duly authorized by all necessary corporate or partnership action, as applicable, and do not and will not:

(a) Require any consent or approval not heretofore obtained of any partner, director, stockholder, security holder or creditor of such Party;

(b) Violate or conflict with any provision of such Party's charter, articles of incorporation or bylaws, as applicable;

(c) Result in or require the creation or imposition of any Lien or Right of Others upon or with respect to any Property now owned or leased or hereafter acquired by such Party;

(d) Violate any Requirement of Law applicable to such Party, subject to obtaining the authorizations from, or filings with, the Governmental Agencies described in Schedule 4.3;

(e) Result in a breach by such Party of or constitute a default by such Party under, or cause or permit the acceleration of any obligation owed under, any indenture or loan or credit agreement or any other Contractual Obligation to which such Party is a party or by which such Party or any of its Property is bound or affected; and neither Parent, Borrowers nor any of their Significant Subsidiaries is in violation of, or default under, any Requirement of Law or Contractual Obligation, or any indenture, loan or credit agreement described in Section 4.2(e), in any respect that constitutes a Material Adverse Effect.

4.3 NO GOVERNMENTAL APPROVALS REQUIRED. EXCEPT as set forth in Schedule 4.3 or previously obtained or made, no authorization, consent, approval, order, license or permit from, or filing, registration or qualification with, any Governmental Agency is or will be required to authorize or permit under applicable Laws the execution, delivery and performance by Parent, Borrowers of the Loan Documents to which any of them is a Party. All authorizations from, or filings with, any Governmental Agency described in Schedule 4.3 will be accomplished as of the Closing Date or such other date as is specified in Schedule 4.3.

#### 4.4 SIGNIFICANT SUBSIDIARIES.

(a) Schedule 4.4 hereto correctly sets forth the names, form of legal entity, percentage of shares of each class of capital stock issued and outstanding, percentage of shares owned by Parent or a Significant Subsidiary (specifying such owner) and jurisdictions of organization of each of the Significant Subsidiaries of Parent. Unless otherwise indicated in Schedule 4.4, as of the Closing Date all of the outstanding shares of capital stock, or all of the units of equity interest, as the case may be, of each such Significant Subsidiary are owned of record and beneficially by the Persons described therein, there are no outstanding options, warrants or other rights to purchase capital stock of any such Significant Subsidiary, and all such shares or equity interests so owned are duly authorized, validly issued, fully paid, non-assessable, and were issued in compliance with all applicable state and federal securities and other Laws, and are free and clear of all Liens and Rights of Others, except for Permitted Encumbrances and Permitted Rights of Others.

(b) Each Significant Subsidiary of Parent is duly formed, validly existing and in good standing under the Laws of its jurisdiction of organization, is duly qualified to do business as a foreign organization and is in good standing as such in each jurisdiction in which the conduct of its business or the ownership or leasing of its properties makes such qualification necessary (except where the failure to be so duly qualified and in good standing does not constitute a Material Adverse Effect), and has all requisite power and authority to conduct its business and to own and lease its Properties.

(c) Each Subsidiary of Parent is in compliance with all Laws and other requirements applicable to its business and has obtained all authorizations, consents, approvals, orders, licenses, and permits from, and each such Subsidiary has accomplished all filings, registrations, and qualifications with, or obtained exemptions from any of the foregoing from, any Governmental Agency that are necessary for the transaction of its business, except where the failure to be in such compliance, obtain such authorizations, consents, approvals, orders, licenses, and permits, accomplish such filings, registrations, and qualifications, or obtain such exemptions, does not constitute a Material Adverse Effect.

4.5 FINANCIAL STATEMENTS. Parent and Borrowers have furnished to the Lenders the audited consolidated financial statements of Parent and its Subsidiaries for the Fiscal Year ended December 31, 1998. The financial statements described above fairly present in all material respects the financial condition, results of operations and changes in financial position of Parent and its Subsidiaries as of such dates and for such periods, in conformity with Generally Accepted Accounting Principles, consistently applied.

4.6 NO OTHER LIABILITIES; NO MATERIAL ADVERSE EFFECT. As of the Closing Date, Parent and its Subsidiaries do not have any material liability or material contingent liability not reflected or disclosed in the financial statements described in Section 4.5, other than liabilities and contingent liabilities arising in the ordinary course of business since the date of such financial statements. As of the Closing Date, no circumstance or event has occurred that constitutes a Material Adverse Effect since December 31, 1998.

4.7 TITLE TO PROPERTY. Parent and its Subsidiaries have valid title to the Property reflected in the financial statements described in Section 4.5, other than immaterial items of Property and Property subsequently sold or disposed of in the ordinary course of business, free and clear of all Liens and Rights of Others, other than Liens or Rights of Others described in Schedule 4.7, as permitted by Section 6.4, and any other matters which do not have a Material Adverse Effect.

4.8 LITIGATION. There are no actions, suits, proceedings or investigations pending as to which Parent or any of its Subsidiaries have been served or have received notice or, to the knowledge of Parent and the Borrowers, threatened against or affecting Parent or any of its Subsidiaries or any Property of any of them before any Governmental Agency in which there is any reasonable possibility of an adverse decision which could materially adversely affect the business, consolidated financial position or results of operations of Parent and its Subsidiaries, taken as a whole, or which in any manner draws into question the validity or enforceability of the Loan Documents.

4.9 BINDING OBLIGATIONS. Each of the Loan Documents will, when executed and delivered by Parent and the Borrowers party thereto, constitute the legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as enforcement may be limited by Debtor Relief Laws or equitable principles relating to the granting of specific performance and other equitable remedies as a matter of judicial discretion.

4.10 NO DEFAULT. No event has occurred and is continuing that is a Default or Event of Default.

4.11 ERISA.

(a) With respect to each Pension Plan:

(i) such Pension Plan complies in all material respects with ERISA and any other applicable Laws to the extent that noncompliance could reasonably be expected to have a Material Adverse Effect;

(ii) such Pension Plan has not incurred any "accumulated funding deficiency" (as defined in Section 302 of ERISA) that could reasonably be expected to have a Material Adverse Effect;

(iii) no "reportable event" (as defined in Section 4043 of ERISA) has occurred that could reasonably be expected to have a Material Adverse Effect; and

(iv) neither Parent nor any of its Subsidiaries has engaged in any non-exempt "prohibited transaction" (as defined in Section 4975 of the Code) that could reasonably be expected to have a Material Adverse Effect.

(b) Neither Parent nor any of its Subsidiaries has incurred or expects to incur any withdrawal liability to any Multiemployer Plan that could reasonably be expected to have a Material Adverse Effect.

4.12 REGULATIONS T, U AND X; INVESTMENT COMPANY ACT. No part of the proceeds of any Loan hereunder will be used to purchase or carry, or to extend credit to others for the purpose of purchasing or carrying, any Margin Stock in violation of Regulations T, U or X. Neither Parent nor any of its Subsidiaries is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

4.13 DISCLOSURE. No written statement made by a Senior Officer of Parent or any Borrower to any Creditor in connection with this Agreement, including without limitation the statements made in the Confidential Offering Memorandum, or in connection with any Loan, Advance as of the date thereof contained any untrue statement of a material fact or omitted a material fact necessary to make the statement made not misleading in light of all the circumstances existing at the date the statement was made.

4.14 TAX LIABILITY. Parent and its Subsidiaries have filed all tax returns which are required to be filed, and have paid, or made provision for the payment of, all taxes with respect to the periods, Property or transactions covered by said returns, or pursuant to any assessment received by Parent or any of its Subsidiaries, except (a) such taxes, if any, as are being contested in good faith by appropriate proceedings and as to which adequate reserves have been established and maintained and (b) immaterial taxes and tax returns so long as no material item or portion of Property of Parent or any of its Subsidiaries is in jeopardy of being seized, levied upon or forfeited.

4.15 PROJECTIONS. As of the Closing Date, to the best knowledge of Parent and the Borrowers, the assumptions set forth in the Projections are reasonable and consistent with each other and with all facts known to Parent and the Borrowers, and the Projections are (a) reasonably based on such assumptions and (b) although a range of possible different assumptions and estimates might also be reasonable, neither Parent nor the Borrowers are aware of any facts which would lead them to believe that the assumptions and estimates on which the Projections were based are not reasonable; provided that no representation or warranty can be given that the projected results will be realized or with respect to the ability of Parent and its Subsidiaries to achieve the projected results and, while the Projections are necessarily presented with numerical specificity, the actual results achieved during the periods presented may differ from the projected results, and such differences may be material.

4.16 HAZARDOUS MATERIALS. Parent and the Borrowers have reasonably concluded that Environmental Laws are unlikely to have a material adverse effect on the business, financial position, results of operations or prospects of the Parent and its Subsidiaries, considered as a whole.

4.17 GAMING LAWS. Parent and each of its Subsidiaries are in compliance in all material respects with all Gaming Laws that are applicable to them and their businesses.

4.18 YEAR 2000 COMPLIANCE. Parent and its Subsidiaries have reviewed the effect of the Year 2000 Issue on the computer software, hardware and firmware systems and equipment containing embedded microchips owned or operated by or for Parent and its Subsidiaries. The costs to Parent and its Subsidiaries of any reprogramming required as a result of the Year 2000 Issue to permit the proper functioning of such systems and equipment and the proper processing of data, and the testing of such reprogramming, and of required systems changes are not reasonably expected to result in a Default or Event of Default or to have a material adverse effect on the business, financial position, results of operations or prospects of Parent and its Subsidiaries, considered as a whole.

4.19 SOLVENCY. As of the Closing Date, and giving effect to the transactions contemplated to occur on the Closing Date, Parent and each of its Subsidiaries are Solvent.

Article 5  
AFFIRMATIVE COVENANTS

So long as any Advance remains unpaid, or any other Obligation remains unpaid or unperformed, or any portion of the Commitment remains in force, Parent and each Borrower shall, and shall cause their respective Subsidiaries to, unless the Administrative Agent (with the written approval of the Requisite Lenders) otherwise consents:

5.1 PRESERVATION OF EXISTENCE. Preserve and maintain their respective existences in the jurisdiction of their formation and all material authorizations, rights, franchises, privileges, consents, approvals, orders, licenses, permits, or registrations from any Governmental Agency that are necessary for the transaction of their respective business, except where the failure to so preserve and maintain the existence of any Subsidiary and such authorizations would not constitute a Material Adverse Effect and except that a merger permitted by Section 6.1 shall not constitute a violation of this covenant; and qualify and remain qualified to transact business in each jurisdiction in which such qualification is necessary in view of their respective business or the ownership or leasing of their respective Properties except where the failure to so qualify or remain qualified would not constitute a Material Adverse Effect.

5.2 MAINTENANCE OF PROPERTIES. Maintain, preserve and protect all of their respective depreciable Properties in good order and condition, subject to wear and tear in the ordinary course of business, and not permit any waste of their respective Properties, EXCEPT where the failure to maintain, preserve and protect a particular item of depreciable Property would not have a Material Adverse Effect.

5.3 MAINTENANCE OF INSURANCE. Maintain liability, casualty and other insurance (subject to customary deductibles and retentions) with financially sound and responsible insurance companies in such amounts and against such risks as is carried by responsible companies engaged in similar businesses and owning similar assets in the general areas in which Parent and its Subsidiaries operate, and will furnish to the Administrative Agent upon request information in reasonable detail as to the insurance so carried. Notwithstanding the foregoing, Parent and its Subsidiaries may self-insure with respect to such risks with respect to which companies of established reputation engaged in the same general line of business in the same general area usually self-insure.

5.4 COMPLIANCE WITH LAWS. Comply in all material respects and within the time period, if any, given for such compliance by the relevant Governmental Agency or Agencies with enforcement authority, with all Laws and Requirements of Law, including without limitation Hazardous Materials Laws, ERISA and all Gaming Laws, except that Parent and its Subsidiaries need not comply with a Requirement of Law then being contested by any of them in good faith by appropriate proceedings.

5.5 INSPECTION RIGHTS. Upon reasonable notice, at any time during regular business hours and as often as requested (but not so as to materially interfere with the business of the Parent or any of its Subsidiaries), permit the Administrative Agent or any Lender, or any authorized employee, agent or representative thereof, to examine, audit and make copies and abstracts from the records and books of account of, and to visit and inspect the Properties of, the Parent and its Subsidiaries and to discuss the affairs, finances and accounts of the Parent and its Subsidiaries with any of their officers, key employees or accountants and, upon request, furnish promptly to the Administrative Agent or any Lender true copies of all financial information made available to the senior management of the Parent.

5.6 KEEPING OF RECORDS AND BOOKS OF ACCOUNT. Keep adequate records and books of account reflecting all financial transactions in conformity with Generally Accepted Accounting Principles, consistently applied, and in material conformity with all applicable requirements of any Governmental Agency having regulatory jurisdiction over Parent or any of its Subsidiaries.

5.7 USE OF PROCEEDS. Use the proceeds of Loans (a) on the Closing Date, for retirement of all outstanding obligations under the Existing Harrah's Credit Agreements, the Rio Credit Agreements, and related transactional expenses, and (b) thereafter to refinance or defease the Existing Rio Indentures in accordance with Section 5.8, for working capital and general corporate purposes of Parent and its Subsidiaries including without limitation capital expenditures, share repurchases, commercial paper backup and acquisitions of equity securities or assets of other Persons, in each case to the extent not prohibited by the Loan Documents.

5.8 EXISTING RIO INDENTURES. Not later than June 1, 1999, either (a) repay the Indebtedness under the Rio Indentures in its entirety, or (b) provide for the legal or covenant defeasance of the Indebtedness under the Rio Indentures, or (c) deliver to the Administrative Agent a writing acceptable to the Administrative Agent reserving from the available Commitment and the Five Year Commitment an aggregate amount equal to the then remaining principal balance of the Indebtedness under the Rio Indentures (with such reserve to remain in place until the satisfaction or defeasance of such Indebtedness).

5.9 YEAR 2000 PREPARATIONS. Make all required systems changes by December 31, 1999, in computer software, hardware and firmware systems and equipment containing embedded microchips owned or operated by or for Parent and its Subsidiaries required as a result of the Year 2000 Issue to permit the proper functioning of such computer systems and other equipment, except to the extent that the failure to take any such action could not reasonably be expected to result in a Default or Event of Default or to have a material adverse effect on the business, financial position, results of operations or prospects of Parent and its Subsidiaries, considered as a whole. At the request of any Lender, Parent and Borrowers shall provide, and shall cause each of their respective Subsidiaries to provide, to such Lender reasonable information with respect to its compliance with this Section.

Article 6  
NEGATIVE COVENANTS

So long as any Advance remains unpaid, or any other Obligation remains unpaid or unperformed, or any portion of the Commitment remains in force, Parent and each Borrower shall not, and shall not permit any of their respective Subsidiaries to, unless the Administrative Agent (with the written approval of the Requisite Lenders) otherwise consents:

6.1 CONSOLIDATIONS, MERGERS AND SALES OF ASSETS. Merge or consolidate with or into any Person, or sell lease or otherwise transfer all or any substantial part of the assets of Parent and its Subsidiaries, taken as a whole, to any Person, except:

(a) mergers and consolidations of a Subsidiary of a Borrower into that Borrower or a Subsidiary thereof (with that Borrower or the Subsidiary as the surviving entity) or of Subsidiaries of the Borrowers with each other;

(b) a merger or consolidation of a Borrower or any Subsidiary thereof with any other Person, provided that (i) either (A) the Borrower or the Subsidiary is the surviving entity, or (B) the surviving entity is a corporation organized under the Laws of a State of the United States of America and, as of the date of such merger or consolidation, expressly assumes, by an instrument satisfactory in form and substance to the Requisite Lenders, the Obligations of the relevant Borrower or the Subsidiary, as the case may be, (ii) giving effect thereto, no Default or Event of Default exists or would result therefrom, and (iii) giving pro forma effect thereto, Borrowers are in compliance with the covenants set forth in Sections 6.5 and 6.6.

6.2 HOSTILE TENDER OFFERS. Make any offer to purchase or acquire, or consummate a purchase or acquisition of, 5% or more of the capital stock of any corporation or other equity securities of any business entity if the board of directors or management of such corporation or business entity has notified Parent or any of its Subsidiaries in writing that it opposes such offer or purchase and such notice has not been withdrawn or superseded.

6.3 CHANGE IN NATURE OF BUSINESS. Make any material change in the nature of the business of Parent and its Subsidiaries, taken as a whole, or acquire more than 49% of the capital stock or other equity securities of any Person which is engaged in a line of business other than the lines of business reasonably related to or incidental to the business engaged in by Parent and its Subsidiaries.

6.4 LIENS, NEGATIVE PLEDGES, SALE LEASEBACKS AND RIGHTS OF OTHERS. Create, incur, assume or suffer to exist any Lien, Negative Pledge or Right of Others of any nature upon or with respect to any of their respective Properties, whether now owned or hereafter acquired, or enter into any Sale and Leaseback with respect to any such Properties except:

(a) Permitted Encumbrances and Permitted Rights of Others;

(b) Liens and Negative Pledges under the Loan Documents and under the Five Year Loan Agreement;

(c) other existing Liens, Negative Pledges and Rights of Others existing on the Closing Date and disclosed in Schedule 4.7 (or not required to be disclosed therein under Section 4.7) and any renewals or extensions thereof; provided that the obligations secured or benefited thereby are not increased;

(d) Until the date which is ninety days following the Closing Date, any Lien, Negative Pledge or Right of Others on shares of any equity security or any warrant or option to purchase an equity security or any security which is convertible into an equity security issued by any Subsidiary of Parent that holds, directly or indirectly through a holding company or otherwise, a license to conduct gaming under any Gaming Law, and in the proceeds thereof; provided that this clause shall apply only so long as the Gaming Laws of the relevant jurisdiction provide that the creation of any restriction on the disposition of any of such securities shall not be effective and, if such Gaming Laws at any time cease to so provide, then this clause shall be of no further effect; and provided further that if at any time Parent or any of its Subsidiaries creates or suffers to exist a Lien or Negative Pledge covering such

securities in favor of the holder of any other Indebtedness, it will (subject to any approval required under such Gaming Laws) concurrently grant a pari-passu Lien or Negative Pledge likewise covering such securities in favor of the Administrative Agent for the benefit of the Lenders;

(e) Liens on Property acquired or constructed by Parent or any of its Subsidiaries, and in the proceeds thereof, that (i) were in existence at the time of the acquisition or construction of such Property or were created at or within 90 days after such acquisition or construction, and (ii) secure (in the case of Liens not in existence at the time of acquisition of the Property) only the unpaid portion of the acquisition or construction price for such Property, or monies borrowed that were used to pay such acquisition or construction price;

(f) Liens securing Indebtedness (including Capital Lease Obligations) that replaces or refinances Indebtedness secured by Liens permitted under clause (e); PROVIDED that such Liens cover only the same Property as the Liens securing the Indebtedness replaced or refinanced;

(g) Liens, Negative Pledges and Rights of Others held by joint venture partners and any assignees thereof, and lenders thereto and any assignees thereof, with respect to the interests of Parent and its Subsidiaries in that joint venture and the proceeds thereof, provided that such Liens, Negative Pledges and Rights of Others shall secure and relate only the obligations of such joint venture;

(h) Liens, Negative Pledges and Rights of Others in favor of counterparties to agreements, and assignees thereof, entered into by Parent and its Subsidiaries in the ordinary course of business on the interests of Parent and its Subsidiaries under such agreements and the proceeds thereof, provided that such Liens, Negative Pledges and Rights of Others shall secure and relate only to restrictions on transfer of the rights of Parent and its Subsidiaries to the holders thereof under the relevant agreement;

(i) Liens on Cash securing only Defeased Debt;

(j) Liens not otherwise permitted by the foregoing clauses of this Section encumbering assets of the Parent and its Subsidiaries having an aggregate fair market value which is not in excess of 10% of Net Tangible Assets at any time; and

(k) Subject to Section 5.8, the Negative Pledges set forth with respect to Rio and its Subsidiaries contained in the Existing Rio Indentures.

6.5 TOTAL DEBT RATIO. Permit the Total Debt Ratio to exceed 4.50:1.00 as of the last day of any Fiscal Quarter.

6.6 INTEREST COVERAGE RATIO. Permit the Interest Coverage Ratio to be less than 3.00:1.00 as of the last day of any Fiscal Quarter.

6.7 SUBSIDIARY INDEBTEDNESS. Permit any Subsidiary of Parent which is not a Borrower hereunder to create, assume, incur or suffer to exist any Indebtedness or Contingent Obligations with respect to Indebtedness OTHER THAN:

(a) Defeased Debt;

(b) secured Indebtedness (including Capital Lease Obligations) and Contingent Obligations which are permitted by Sections 6.4(e) or 6.4(f);

(c) unsecured Indebtedness and Contingent Obligations which were created, assumed or incurred by such Subsidiary prior to its acquisition by Parent and its Subsidiaries (and not in anticipation of such acquisition) but not any refinancings, renewals or extensions thereof;

(d) letters of credit, surety bonds and other similar forms of credit enhancement for such Subsidiaries incurred in the ordinary course of their business; and

(e) Subject to Section 5.8, the Indebtedness evidenced by the Existing Rio Indentures.

Article 7  
INFORMATION AND REPORTING REQUIREMENTS

7.1 FINANCIAL AND BUSINESS INFORMATION. So long as any Advance remains unpaid, or any other Obligation remains unpaid or unperformed, or any portion of the Commitment remains in force, Parent and the Borrowers shall, unless the Administrative Agent (with the written approval of the Requisite Lenders) otherwise consents, deliver to the Administrative Agent and the Lenders, at Parent's and Borrowers' sole expense:

(a) As soon as practicable, and in any event within 45 days after the end of each Fiscal Quarter (other than the fourth Fiscal Quarter in any Fiscal Year), the consolidated balance sheet of Parent and its Subsidiaries as at the end of such Fiscal Quarter and the consolidated statement of operations for each Fiscal Quarter, and its statement of cash flows for the portion of the Fiscal Year ended with such Fiscal Quarter and as at and for the portion of the Fiscal Year ended with such Fiscal Quarter, all in reasonable detail. Such financial statements shall be certified by a Senior Officer of Parent as fairly presenting the financial condition, results of operations and cash flows of Parent and its Subsidiaries in accordance with Generally Accepted Accounting Principles (other than footnote disclosures), consistently applied, as at such date and for such periods, subject only to normal year-end accruals and audit adjustments;

(b) As soon as practicable, and in any event prior to the penultimate Business Day of February in each Fiscal Year, a Certificate of a Responsible Official setting forth the Total Debt Ratio as of the last day of the fourth Fiscal Quarter of the preceding year, and providing reasonable detail as to the calculation thereof, which calculations shall be based on the preliminary unaudited financial statements of Parent and its Subsidiaries for such Fiscal Quarter;

(c) As soon as practicable, and in any event within 120 days after the end of each Fiscal Year, the consolidated balance sheet of Parent and its Subsidiaries as at the end of such Fiscal Year and the consolidated statements of operations, shareholders' equity and cash flows, in each case of Parent and its Subsidiaries for such Fiscal Year as at and for the Fiscal Year, all in reasonable detail. Such financial statements shall be prepared in accordance with Generally Accepted Accounting Principles, consistently applied, and such consolidated balance sheet and consolidated statements shall be accompanied by a report and opinion of independent public accountants of recognized standing selected by Parent and reasonably satisfactory to the Requisite Lenders, which report and opinion shall be prepared in accordance with generally accepted auditing standards as at such date, and shall not be subject to any qualifications or exceptions. Such accountants' report and opinion shall be accompanied by a certificate stating that, in making the examination pursuant to generally accepted auditing

standards necessary for the certification of such financial statements and such report, such accountants have obtained no knowledge of any Default or, if, in the opinion of such accountants, any such Default shall exist, stating the nature and status of such Default, and stating that such accountants have reviewed Parent's and Borrowers' financial calculations as at the end of such Fiscal Year (which shall accompany such certificate) under Section 6.5 and 6.6, have read such Sections (including the definitions of all defined terms used therein) and that nothing has come to the attention of such accountants in the course of such examination that would cause them to believe that the same were not calculated by Parent and the Borrowers in the manner prescribed by this Agreement;

(d) As soon as practicable, and in any event within 90 days after the commencement of each Fiscal Year, a budget and projection by Fiscal Quarter for that Fiscal Year and by Fiscal Year for the next four succeeding Fiscal Years, INCLUDING for the first such Fiscal Year, projected quarterly consolidated balance sheets, statement of operations and statements of cash flow and, for the remaining four Fiscal Years, projected annual consolidated condensed balance sheets and statements of operations and cash flow, of Parent and its Subsidiaries, all in reasonable detail;

(e) Promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the shareholders of Parent, and copies of all annual, regular, periodic and special reports and registration statements which Parent may file or be required to file with the Securities and Exchange Commission under Sections 13 or 15(d) of the Securities Exchange Act of 1934 and not otherwise required to be delivered to the Lenders pursuant to other provisions of this Section;

(f) Promptly after the same are available, copies of the Nevada "Regulation 6.090 Report" and "6-A Report" and copies of any written communication to Parent or any of its Subsidiaries from any Gaming Board advising it of a violation of or non-compliance with, any Gaming Law by Parent or any of its Subsidiaries;

(g) Promptly after request by any Creditor, copies of any other report or other document that was filed by Parent or any of its Subsidiaries with any Governmental Agency;

(h) As soon as practicable, and in any event within three Business Days after a Senior Officer becomes aware of the existence of any condition or event which constitutes a Default, telephonic notice specifying the nature and period of existence thereof, and, no more than three Business Days after such telephonic notice, written notice again specifying the nature and period of existence thereof and specifying what action Parent or any of its Subsidiaries are taking or propose to take with respect thereto;

(i) Promptly upon a Senior Officer becoming aware of any litigation, governmental investigation or any proceeding, including any litigation or proceeding by or subject to decision by any Gaming Board) pending (i) against Parent or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect, (ii) with respect to any material Indebtedness of Parent or any of its Subsidiaries, or (iii) with respect to the Loan Documents, notice of the existence of the same; and

(j) Such other data and information as from time to time may be reasonably requested by any Creditor through the Administrative Agent.

7.2 COMPLIANCE CERTIFICATES. So long as any Advance remains unpaid, or any other Obligation remains unpaid or unperformed, or any portion of the Commitment remains outstanding, Parent and Borrowers shall deliver to the Administrative Agent and the Lenders, at Parent's and Borrowers' sole expense, concurrently with the financial statements required pursuant to Sections 7.1(a) and 7.1(c), a Compliance Certificate signed on Parent's and Borrowers' behalf by a Senior Officer.

Article 8  
CONDITIONS

8.1 INITIAL ADVANCES, ETC. The obligation of each Lender to make the initial Advance to be made by it is subject to the following conditions precedent, each of which shall be satisfied prior to the making of the initial Advances (unless all of the Lenders, in their sole and absolute discretion, shall agree otherwise):

(a) The Administrative Agent shall have received all of the following, each of which shall be originals unless otherwise specified, each properly executed by a Responsible Official of each party thereto, each dated as of the Closing Date and each in form and substance satisfactory to the Administrative Agent and its legal counsel (unless otherwise specified or, in the case of the date of any of the following, unless the Administrative Agent otherwise agrees or directs):

(1) at least one executed counterpart of this Agreement, together with arrangements satisfactory to the Administrative Agent for additional executed counterparts, sufficient in number for distribution to the Lenders, Parent and each Borrower;

(2) Committed Advance Notes executed by each Borrower in favor of each Lender, each in a principal amount equal to that Lender's Pro Rata Share;

(3) the Parent Guaranty executed by Parent;

(4) with respect to the Parent and each other Borrower, such documentation as the Administrative Agent may require to establish the due organization, valid existence and good standing of Parent and each Borrower, its authority to execute, deliver and perform any Loan Documents to which it is a Party, the identity, authority and capacity of each Responsible Official thereof authorized to act on its behalf, including certified copies of articles of incorporation and amendments thereto, bylaws and amendments thereto, certificates of good standing, certificates of corporate resolutions, incumbency certificates and Certificates of Responsible Officials;

(5) the Opinions of Counsel;

(6) a Certificate of a Responsible Official certifying that the attached copies of the governing indentures and agreements for the Existing Subordinated Debt, the Existing Senior Notes and the Atlantic City Showboat Land Debt are true copies;

(7) such assurances as the Administrative Agent deems appropriate that the relevant Gaming Boards have approved the transactions contemplated by the Loan Documents to the extent that such approval is required by applicable Gaming Laws;

(8) a Certificate of a Responsible Official signed on Parent's and the Borrowers' behalf by a Senior Officer setting forth the Total Debt Ratio as of March 31, 1999 and the Debt Rating as of the Closing Date;

(9) a Certificate of a Responsible Official signed on Parent's and the Borrowers' behalf by a Senior Officer certifying that the conditions specified in Sections 8.1(e) and 8.1(f) have been satisfied;

(10) a copy of the Parent's audited consolidated annual financial statements for the Fiscal Year ended December 31, 1998; and

(11) such other assurances, certificates, documents, consents or opinions as the Administrative Agent reasonably may require.

(b) The Borrowers shall have on the Closing Date terminated the Existing Harrah's Credit Agreements and the Existing Rio Credit Agreements and repaid each of the loans and terminated each of the outstanding letters of credit and other credit accommodations made thereunder (other than the Continuing Letters of Credit (as defined in the Five Year Loan Agreement)) pursuant to arrangements acceptable to the Administrative Agent (including in the case of the Existing Rio Credit Agreements the substantially concurrent termination and reconveyance of all Liens in favor of the lenders thereunder), and the proceeds of the initial Loans shall have been used or shall concurrently be used to refinance the obligations of the Borrowers thereunder.

(c) The arrangement fee, upfront fees and agency fees payable pursuant to Sections 3.2, 3.3 and 3.6 shall have been paid.

(d) The reasonable costs and expenses of the Administrative Agent in connection with the preparation of the Loan Documents payable pursuant to Section 11.3, and invoiced to the Parent prior to the Closing Date, shall have been paid.

(e) The representations and warranties of Parent and the Borrowers contained in Article 4 shall be true and correct.

(f) Parent, Borrowers and any other Parties shall be in compliance with all the terms and provisions of the Loan Documents, and after giving effect to the initial Advance no Default or Event of Default shall have occurred and be continuing.

8.2 ANY INCREASING ADVANCE, ETC. The obligation of each Lender to make any Committed Advance which would increase the aggregate principal amount of the outstanding Committed Advances is subject to the following conditions precedent:

(a) Except (i) for representations and warranties which expressly speak as of a particular date or are no longer true and correct as a result of a change which is not a violation of the Loan Documents and (ii) as disclosed by Parent and Borrowers and approved in writing by the Requisite Lenders, the representations and warranties contained in Article 4 (other than Sections 4.4(a), 4.6 (first sentence) and 4.15) shall be true and correct on and as of the date of the Advance as though made on that date;

(b) there shall not be then pending or threatened any action, suit, proceeding or investigation against or affecting Parent or any of its Subsidiaries or any Property of any of them before any Governmental Agency that constitutes a Material Adverse Effect;

(c) the Administrative Agent shall, in the case of a Committed Advance, have timely received a Request for Loan in compliance with Article 2 (or telephonic or other request for loan referred to in the second sentence of Section 2.1(c), if applicable) in compliance with Article 2; and

(d) the Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent, such other assurances, certificates, documents or consents related to the foregoing as the Administrative Agent or Requisite Lenders reasonably may require.

#### Article 9

#### EVENTS OF DEFAULT AND REMEDIES UPON EVENT OF DEFAULT

9.1 EVENTS OF DEFAULT. The existence or occurrence of any one or more of the following events, whatever the reason therefor and under any circumstances whatsoever, shall constitute an Event of Default:

(a) Any Borrower fails to pay any principal on any Committed Advance Note, or any portion thereof, on the date when due; or

(b) Parent or any Borrower fails to pay any interest on any of the Notes, or any fees under Sections 3.4 or 3.6, or any portion thereof, within five Business Days after the date when due; or fails to pay any other fee or amount payable to the Lenders under any Loan Document, or any portion thereof, within five Business Days after demand therefor; or

(c) Parent or any Borrower fails, immediately upon notice from the Administrative Agent, to comply with any of the covenants contained in Article 6 (OTHER THAN the covenant contained in Section 6.3); or

(d) Parent or any Borrower fails to comply with Section 7.1(h) in any respect that is materially adverse to the interests of the Lenders; or

(e) Parent, any Borrower or any other Party fails to perform or observe any other covenant or agreement (not specified in clauses (a), (b), (c) or (d) above) contained in any Loan Document on its part to be performed or observed within thirty Business Days after the giving of notice by the Administrative Agent on behalf of the Requisite Lenders of such Default; or

(f) Any representation or warranty of Parent or any Borrower made in any Loan Document, or in any certificate or other writing delivered by Parent or any Borrower pursuant to any Loan Document, proves to have been incorrect when made or reaffirmed; or

(g) Parent or any of its Significant Subsidiaries (i) fails to pay the principal, or any principal installment, of any present or future indebtedness for borrowed money of \$100,000,000 or more including without limitation the Five Year Loan Agreement, or any guaranty of present or future indebtedness for borrowed money of \$100,000,000 or more, on its part to be paid, when due (or within any stated grace period), whether at the stated maturity, upon acceleration, by reason of required prepayment or otherwise or (ii) fails to perform or observe any other term, covenant or agreement on its part to be performed or observed, or suffers any event to occur, in connection with any present or future indebtedness for borrowed money of \$100,000,000

or more, or of any guaranty of present or future indebtedness for borrowed money of \$100,000,000 or more, if as a result of such failure or sufferance any holder or holders thereof (or an agent or trustee on its or their behalf) has the right to declare such indebtedness due before the date on which it otherwise would become due; or

(h) Any event occurs which gives the holder or holders of any Subordinated Debt (or an agent or trustee on its or their behalf) the right to declare such indebtedness due before the date on which it otherwise would become due, or the right to require the issuer thereof to redeem or purchase, or offer to redeem or purchase, all or any portion of any Subordinated Debt; or

(i) Any Loan Document, at any time after its execution and delivery and for any reason other than the agreement of the Lenders or satisfaction in full of all the Obligations ceases to be in full force and effect or is declared by a court of competent jurisdiction to be null and void, invalid or unenforceable in any respect which, in any such event in the reasonable opinion of the Requisite Lenders, is materially adverse to the interests of the Lenders; or any Party thereto denies in writing that it has any or further liability or obligation under any Loan Document, or purports in writing to revoke, terminate or rescind same; or

(j) A final judgment against the Parent or any of its Significant Subsidiaries is entered for the payment of money in excess of \$25,000,000 and, absent procurement of a stay of execution, such judgment remains unsatisfied for thirty calendar days after the date of entry of judgment, or in any event later than five days prior to the date of any proposed sale thereunder; or any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the Property of any such Person and is not released, vacated or fully bonded within thirty calendar days after its issue or levy; or

(k) The Parent or any of its Significant Subsidiaries institutes or consents to the institution of any proceeding under a Debtor Relief Law relating to it or to all or any part of its Property, or is unable or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any part of

its Property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of that Person and the appointment continues undischarged or unstayed for 60 calendar days; or any proceeding under a Debtor Relief Law relating to any such Person or to all or any part of its Property is instituted without the consent of that Person and continues undismissed or unstayed for 60 calendar days; or

(l) The occurrence of an Event of Default (as such term is or may hereafter be specifically defined in any other Loan Document) under any other Loan Document; or

(m) Any determination is made by a court of competent jurisdiction that any Subordinated Debt is not subordinated in accordance with its terms to the Obligations, provided that for so long as such determination is effectively stayed during any pending appeal the same shall not constitute an Event of Default; or

(n) Any Pension Plan maintained by the Parent or any of its Subsidiaries is determined to have a material "accumulated funding deficiency" as that term is defined in Section 302 of ERISA and the result is a Material Adverse Effect; or

(o) The occurrence of a License Revocation with respect to a license issued to Parent or any of its Subsidiaries by any Gaming Board of the States of New Jersey or Nevada with respect to gaming operations at any gaming facility accounting for 5% or more of the consolidated gross revenues of Parent and its Subsidiaries that continues for thirty calendar days.

9.2 REMEDIES UPON EVENT OF DEFAULT. Without limiting any other rights or remedies of the Creditors provided for elsewhere in this Agreement, or the Loan Documents, or by applicable Law, or in equity, or otherwise:

(a) Upon the occurrence, and during the continuance, of any Event of Default other than an Event of Default described in Section 9.1(k):

(1) the commitment to make Advances and all other obligations of the Creditors and all rights of Parent, Borrowers and any other Parties under the Loan Documents shall be suspended without notice to or demand upon Parent or the Borrowers, which are expressly waived by Parent and the Borrowers, except that all of the Lenders or the Requisite Lenders (as the case may be, in accordance with Section 11.2) may waive an Event of Default or, without waiving, determine, upon terms and conditions satisfactory to the Lenders or Requisite Lenders, as the case may be, to reinstate the Commitment and make further Advances, which waiver or determination shall apply equally to, and shall be binding upon, all the Lenders; and

(2) the Requisite Lenders may request the Administrative Agent to, and the Administrative Agent thereupon shall, terminate the Commitment and/or declare all or any part of the unpaid principal of all Notes, all interest accrued and unpaid thereon and all other amounts payable under the Loan Documents to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable, without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which are expressly waived by Parent and the Borrowers.

(b) Upon the occurrence of any Event of Default described in Section 9.1(k):

(1) the commitment to make Advances and all other obligations of the Creditors and all rights of Parent, Borrowers and any other Parties under the Loan Documents shall terminate without notice to or demand upon Parent or Borrowers, which are expressly waived by Parent and Borrowers, except that all the Lenders may waive the Event of Default or, without waiving, determine, upon terms and conditions satisfactory to all the Lenders, to reinstate the Commitment and make further Advances, which determination shall apply equally to, and shall be binding upon, all the Lenders; and

(2) the unpaid principal of all Notes, all interest accrued and unpaid thereon and all other amounts payable under the Loan Documents shall be forthwith due and payable, without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which are expressly waived by Parent and Borrowers.

(c) Upon the occurrence of any Event of Default, the Creditors, or any of them, without notice to (except as expressly provided for in any Loan Document) or demand upon Parent or Borrowers, which are expressly waived by Borrowers (except as to notices expressly provided for in any Loan Document), may proceed (but only with the consent of the Requisite Lenders) to protect, exercise and enforce their rights and remedies under the Loan Documents against Parent and the Borrowers and any other Parties and such other rights and remedies as are provided by Law or equity.

(d) The order and manner in which the Lenders' rights and remedies are to be exercised shall be determined by the Requisite Lenders in their sole discretion, and all payments received by the Creditors, shall be applied first to the costs and expenses (including attorneys' fees and disbursements and the allocated costs of attorneys employed by the Administrative Agent) of the Creditors, and thereafter paid pro rata to the Lenders in the same proportions that the aggregate Obligations owed to each Lender under the Loan Documents bear to the aggregate Obligations owed under the Loan Documents to all the Lenders, without priority or preference among the Lenders. Regardless of how each Lender may treat payments for the purpose of its own accounting, for the purpose of computing the Obligations hereunder and under the Notes, payments shall be applied first, to the costs and expenses of the Creditors, as set forth above, second, to the payment of accrued and unpaid interest due under any Loan Documents to and including the date of such application (ratably, and without duplication, according to the accrued and unpaid interest due under each of the Loan Documents), and third, to the payment of all other amounts (including principal and fees) then owing to the Creditors under the Loan Documents. No application of payments will cure any Event of Default, or prevent acceleration, or continued acceleration, of amounts payable under the Loan Documents, or prevent the exercise, or continued exercise, of rights or remedies of the Lenders hereunder or thereunder or at Law or in equity.

Article 10  
THE ADMINISTRATIVE AGENT

10.1 APPOINTMENT AND AUTHORIZATION. Each Creditor hereby irrevocably appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to the Administrative Agent by the terms thereof or are reasonably incidental, as determined by the Administrative Agent, thereto. This appointment and authorization is intended solely for the purpose of facilitating the servicing of the Obligations and does not constitute appointment of the Administrative Agent as trustee for any Lender or as representative of any Lender for any other purpose and, EXCEPT as specifically set forth in the Loan Documents to the contrary, the Administrative Agent shall take such action and exercise such powers only in an administrative and ministerial capacity.

10.2 ADMINISTRATIVE AGENT AND AFFILIATES. Bank of America (and each successor Administrative Agent) has the same rights and powers under the Loan Documents as any other Lender and may exercise the same as though it was not the Administrative Agent, and the term "Lender" or "Lenders" includes Bank of America in its individual capacity. Bank of America (and each successor Administrative Agent) and its Affiliates may accept deposits from, lend money to and generally engage in any kind of banking, trust or other business with Parent, any Subsidiary thereof, or any Affiliate of Parent, as if it was not the Administrative Agent and without any duty to account therefor to the Lenders. Bank of America (and each successor Administrative Agent) need not account to any other Bank for any monies received by it for reimbursement of its costs and expenses as Administrative Agent hereunder, or for any monies received by it in its capacity as a Lender hereunder. The Administrative Agent shall not be deemed to hold a fiduciary relationship with any Lender and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent.

10.3 PROPORTIONATE INTEREST IN ANY COLLATERAL. The Administrative Agent, on behalf of all the Lenders, shall hold in accordance with the Loan Documents all items of any collateral or interests therein hereafter received or held by the Administrative Agent. Subject to the Administrative Agent's and the Lenders' rights to reimbursement for their costs and expenses hereunder (including attorneys' fees and disbursements and other professional services and the allocated costs of attorneys employed by the Administrative Agent or a Lender), each Lender shall have an interest in the Lenders' interest in any collateral or interests therein in the same proportions that the aggregate Obligations owed such Lender under the Loan Documents bear to the aggregate Obligations owed under the Loan Documents to all the Lenders, without priority or preference among the Lenders.

10.4 LENDERS' CREDIT DECISIONS. Each Creditor agrees that it has, independently and without reliance upon the Administrative Agent, any other Creditor or the directors, officers, agents, employees or attorneys of any other Creditor, and instead in reliance upon information supplied to it by or on behalf of Parent and Borrowers and upon such other information as it has deemed appropriate, made its own independent credit analysis and decision to enter into this Agreement. Each Creditor also agrees that it shall, independently and without reliance upon any other Creditor or the directors, officers, agents, employees or attorneys of any other Creditor, continue to make its own independent credit analyses and decisions in acting or not acting under the Loan Documents.

10.5 ACTION BY ADMINISTRATIVE AGENT.

(a) The Administrative Agent may assume that no Default or Event of Default has occurred and is continuing, unless they have received notice from a Parent or any Borrower stating the nature of the Default or Event of Default or have received notice from a Lender stating the nature of the Default or Event of Default and that such Lender considers the Default or Event of Default to have occurred and to be continuing.

(b) The Administrative Agent has only those obligations under the Loan Documents as are expressly set forth therein.

(c) Except for any obligation expressly set forth in the Loan Documents and as long as the Administrative Agent may assume that no Event of Default has occurred and is continuing, the Administrative Agent may, but shall not be required to, exercise its discretion to act or not act, except that the Administrative Agent shall be required to act or not act upon the instructions of the Requisite Lenders (or of all the Lenders, to the extent required by Section 11.2) and those instructions shall be binding upon the Administrative Agent and all the Lenders, provided that the Administrative Agent shall not be required to act or not act if to do so would be contrary to any Loan Document or to applicable Law or would result, in the reasonable judgment of the Administrative Agent, in substantial risk of liability to the Administrative Agent.

(d) If the Administrative Agent has received a notice specified in clause (a), the Administrative Agent shall immediately give notice thereof to the Lenders and shall act or not act upon the instructions of the Requisite Lenders (or of all the Lenders, to the extent required by Section 11.2), provided that the Administrative Agent shall not be required to act or not act if to do so would be contrary to any Loan Document or to applicable Law or would result, in the reasonable judgment of the Administrative Agent, in substantial risk of liability to the Administrative Agent, and except that if the Requisite Lenders (or all the Lenders, if required under Section 11.2) fail, for five Business Days after the receipt of notice from the Administrative Agent, to instruct the Administrative Agent, then the Administrative Agent, in its sole discretion, may act or not act as it deems advisable for the protection of the interests of the Creditors.

(e) The Administrative Agent shall have no liability to any Creditor for acting, or not acting, as instructed by the Requisite Lenders (or all the Lenders, if required under Section 11.2), notwithstanding any other provision hereof.

10.6 LIABILITY OF ADMINISTRATIVE AGENT. Neither the Administrative Agent nor any of its directors, officers, agents, employees or attorneys shall be liable for any action taken or not taken by them under or in connection with the Loan Documents, except for their own gross negligence or willful misconduct. Without limitation on the foregoing, the Administrative Agent and its directors, officers, agents, employees and attorneys:

(a) May treat the payee of any Note as the holder thereof until the Administrative Agent receives notice of the assignment or transfer thereof, in form satisfactory to the Administrative Agent, signed by the payee, and may treat each Lender as the owner of that Lender's interest in the Obligations for all purposes of this Agreement until the Administrative Agent receives notice of the assignment or transfer thereof, in form satisfactory to the Administrative Agent, signed by that Lender.

(b) May consult with legal counsel (including in-house legal counsel), accountants (INCLUDING in-house accountants) and other professionals or experts selected by it, or with legal counsel, accountants or other professionals or experts for Parent and/or its Subsidiaries or the Lenders, and shall not be liable for any action taken or not taken by it in good faith in accordance with any advice of such legal counsel, accountants or other professionals or experts.

(c) Shall not be responsible to any Lender for any statement, warranty or representation made in any of the Loan Documents or in any notice, certificate, report, request or other statement (written or oral) given or made in connection with any of the Loan Documents.

(d) Except to the extent expressly set forth in the Loan Documents, shall have no duty to ask or inquire as to the performance or observance by Parent or its Subsidiaries of any of the terms, conditions or covenants of any of the Loan Documents or to inspect any collateral or the Property, books or records of Parent or its Subsidiaries.

(e) Will not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, effectiveness, sufficiency or value of any Loan Document, any other instrument or writing furnished pursuant thereto or in connection therewith, or any collateral.

(f) Will not incur any liability by acting or not acting in reliance upon any Loan Document, notice, consent, certificate, statement, request or other instrument or writing believed by it to be genuine and signed or sent by the proper party or parties.

(g) Will not incur any liability for any arithmetical error in computing any amount paid or payable by Parent, Borrowers or any Subsidiary thereof or paid or payable to or received or receivable from any Lender under any Loan Document, including, without limitation, principal, interest, commitment fees, Advances and other amounts; provided that, promptly upon discovery of such an error in computation, the Creditors (and, to the extent applicable, Parent and Borrowers) shall make such adjustments as are necessary to correct such error and to restore the parties to the position that they would have occupied had the error not occurred.

10.7 INDEMNIFICATION. Each Lender shall, ratably in accordance with its Pro Rata Share, indemnify and hold the Administrative Agent, the Lead Arranger and their respective directors, officers, agents, employees and attorneys harmless against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including, without limitation, attorneys' fees and disbursements and allocated costs of attorneys employed by the Administrative Agent or the Lead Arranger) that may be imposed on, incurred by or asserted against it or them in any way relating to or arising out of the Loan Documents (other than losses incurred by reason of the failure of Parent or Borrowers to pay and perform the Obligations) or any action taken or not taken by it as Administrative Agent and the Lead Arranger thereunder, except such as result from their own gross negligence or willful misconduct. Without limitation on the foregoing, each Lender shall reimburse the Administrative Agent and the Lead Arranger upon demand for that Lender's Pro Rata Share of any out-of-pocket cost or expense incurred by the Administrative Agent or the Lead Arranger in connection with the negotiation, preparation, execution, delivery, amendment, waiver, restructuring, reorganization (including a bankruptcy reorganization), enforcement or attempted enforcement of the Loan Documents, to the extent that Parent, Borrowers or any other Party fails to do so upon demand.

10.8 SUCCESSOR ADMINISTRATIVE AGENT. The Administrative Agent may, and at the request of the Requisite Lenders shall, resign as Administrative Agent upon thirty days notice to the Lenders, Parent and the Borrowers. If the Administrative Agent resigns as Administrative Agent under this Agreement, the Requisite Lenders shall appoint from among the Lenders a successor administrative agent for the Lenders, which successor administrative agent shall be approved by Parent and Borrowers (and such approval shall not be unreasonably withheld). If no successor administrative agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Lenders, Parent and Borrowers, a successor administrative agent from among the Lenders. Upon the acceptance of its appointment as successor administrative agent hereunder, such successor administrative agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent" shall mean such successor administrative agent and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated (except for any liabilities incurred prior to such termination). After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article 10, and Sections 11.3, 11.11 and 11.23, shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor administrative agent has accepted appointment as Administrative Agent by the date which is thirty days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Lenders appoint a successor administrative agent as provided for above.

10.9 NO OBLIGATIONS OF PARENT OR BORROWERS. Nothing contained in this Article 10 shall be deemed to impose upon Parent or Borrowers any obligation in respect of the due and punctual performance by the Administrative Agent of its obligations to the Lenders under any provision of this Agreement, and Parent and Borrowers shall have no liability to any Creditor in respect of any failure by any Creditor to perform any of its obligations to any other Creditor under this Agreement.

Article 11  
MISCELLANEOUS

11.1 CUMULATIVE REMEDIES; NO WAIVER. The rights, powers, privileges and remedies of the Creditors provided herein or in any Note or other Loan Document are cumulative and not exclusive of any right, power, privilege or remedy provided by Law or equity. No failure or delay on the part of any Creditor in exercising any right, power, privilege or remedy may be, or may be deemed to be, a waiver thereof; nor may any single or partial exercise of any right, power, privilege or remedy preclude any other or further exercise of the same or any other right, power, privilege or remedy. The terms and conditions of Article 8 hereof are inserted for the sole benefit of the Creditors; the same may be waived in whole or in part, with or without terms or conditions, in respect of any Loan without prejudicing the Creditors rights to assert them in whole or in part in respect of any other Loan.

11.2 AMENDMENTS; CONSENTS. No amendment, modification, supplement, extension, termination or waiver of any provision of this Agreement or any other Loan Document, no approval or consent thereunder, and no consent to any departure by Parent, Borrowers or any other Party therefrom, may in any event be effective unless in writing signed by the Requisite Lenders (and, in the case of any amendment, modification or supplement of or to any Loan Document to which Parent or any Borrower is a party, signed by Parent and that Borrower and, in the case of any amendment, modification or supplement to Article 10, signed by the Administrative Agent), and then only in the specific instance and for the specific purpose given; and, without the approval in writing of all the Lenders, no amendment, modification, supplement, termination, waiver or consent may be effective:

(a) To forgive any principal Obligation, defer any required payment of any Obligation, reduce the amount or rate of interest payable on any Loan or Advance without the consent of the affected Lender, increase the amount of the Commitment (except as set forth in Section 2.7) or the Pro Rata Share of any Lender or decrease the amount of any facility fee payable to any Lender, or reduce any other fee or amount payable to the Creditors under the Loan Documents or to waive an Event of Default consisting of the failure of any Borrower to pay when due principal, interest or any facility fee;

(b) To postpone any date fixed for any payment of principal of, prepayment of principal of or any installment of interest on, any Note or any installment of any facility fee, or to extend the term of the Commitment (except as set forth in Section 2.12);

(c) To amend the provisions of the definition of "Requisite Lenders" or this Section 11.2 or to amend or waive Section 6.2;

(d) to release or subordinate the Parent Guaranty; or

(e) To amend any provision of this Agreement that expressly requires the consent or approval of all the Lenders.

Any amendment, modification, supplement, termination, waiver or consent pursuant to this Section 11.2 shall apply equally to, and shall be binding upon, all of the Creditors.

If, in connection with any proposed amendment, modification, supplement, termination, waiver or consent to any of the provisions hereof as contemplated by clauses (a) through (d), inclusive, of this Section 11.2, the consent of the Required Lenders is obtained, but the consent of one or more of the other Lenders is required and is not obtained, then the Borrowers shall have the right to (i) replace such non-consenting Lender with one or more Eligible Assignees in accordance with Section 11.14(a) if such Eligible Assignee consents to the proposed amendment, modification, supplement, termination, waiver or consent, or (ii) reduce the Commitment in accordance with Section 11.14(b) or any combination of the foregoing, provided that each such non-consenting Lender shall be either replaced as set forth in clause (i) or eliminated as set forth in clause (ii).

11.3 COSTS, EXPENSES AND TAXES. Each Borrower shall pay within two Business Days after demand, accompanied by an invoice therefor, the reasonable costs and expenses of the Administrative Agent and the Lead Arranger in connection with the negotiation, preparation, syndication, execution and delivery of the Loan Documents and any amendment thereto or waiver thereof which is requested by Borrowers or is entered into when any Default or Event of Default exists. Following any Event of Default, each Borrower shall pay on demand, accompanied by an invoice therefor, the reasonable costs and expenses of the Administrative Agent and each of the other Creditors in connection with the restructuring, reorganization (including a bankruptcy reorganization) and

enforcement or attempted enforcement of the Loan Documents, and any matter related thereto. The foregoing costs and expenses shall include filing fees, recording fees, title insurance fees, appraisal fees, search fees, and other out-of-pocket expenses and the reasonable fees and out-of-pocket expenses of any legal counsel (including allocated costs of legal counsel employed by any Creditor), independent public accountants and other outside experts retained by any of the Creditors, whether or not such costs and expenses are incurred or suffered by the Creditors in connection with or during the course of any bankruptcy or insolvency proceedings of the Parent or any Subsidiary thereof. Such costs and expenses shall also include, in the case of any amendment or waiver of any Loan Document requested by the Parent or the Borrowers, the administrative costs of the Administrative Agent reasonably attributable thereto. Each Borrower shall pay any and all documentary and other taxes, excluding, in the case of each Creditor and its Eurodollar Lending Office thereof, (i) taxes imposed on or measured in whole or in part by its net income or capital and franchise taxes imposed on it, (ii) any withholding taxes or other taxes based on net income (other than withholding taxes and taxes based on net income resulting from or attributable to any change following the Closing Date in any law, rule or regulation or any change following the Closing Date in the interpretation or administration of any law, rule or regulation by any governmental authority) or (iii) any withholding taxes or other taxes based on net income for any period with respect to which it has failed to provide the Parent with the appropriate form or forms required by Section 11.21, to the extent such forms are then required by applicable Laws, and all costs, expenses, fees and charges payable or determined to be payable in connection with the filing or recording of this Agreement, any other Loan Document or any other instrument or writing to be delivered hereunder or thereunder, or in connection with any transaction pursuant hereto or thereto, and shall reimburse, hold harmless and indemnify the Creditors from and against any and all loss, liability or legal or other expense with respect to or resulting from any delay in paying or failure to pay any such tax, cost, expense, fee or charge or that any of them may suffer or incur by reason of the failure of any Party to perform any of its Obligations. Any amount payable to the Creditors under this Section 11.3 shall bear interest from the second Business Day following the date of demand for payment at the Default Rate.

11.4 NATURE OF LENDERS' OBLIGATIONS. The obligations of the Lenders hereunder are several and not joint or joint and several. Nothing contained in this Agreement or any other Loan Document and no action taken by the Creditors or any of them pursuant hereto or thereto may, or may be deemed to, make the Creditors a partnership, an association, a joint venture or other entity, either among themselves or with Parent, any Borrower or any Affiliate thereof. Each Lender's obligation to make any Advance pursuant hereto is several and not joint or joint and several, and in the case of the initial Advance only is conditioned upon the performance by all other Lenders of their obligations to make initial Advances. A default by any Lender will not increase the Pro Rata Share attributable to any other Lender. Any Lender not in default may, if it desires, assume in such proportion as a majority in interest of the nondefaulting Lenders agree the obligations of any Lender in default, but is not obligated to do so.

11.5 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All representations and warranties contained herein or in any other Loan Document, or in any certificate or other writing delivered by or on behalf of any one or more of the Parties to any Loan Document, will survive the making of the Loans hereunder and the execution and delivery of the Notes, and have been or will be relied upon by the Creditors, notwithstanding any investigation made by the Creditors or on their behalf.

11.6 NOTICES. EXCEPT as otherwise expressly provided in the Loan Documents, all notices, requests, demands, directions and other communications provided for hereunder or under any other Loan Document must be in writing and must be mailed, telecopied or delivered by overnight courier or otherwise to the appropriate party at the address set forth on the signature pages of this Agreement or other applicable Loan Document or, as to any party to any Loan Document, at any other address as may be designated by it in a written notice sent to all other parties to such Loan Document in accordance with this Section. EXCEPT as otherwise expressly provided in any Loan Document, if any notice, request, demand, direction or other communication required or permitted by any Loan Document is given by mail it will be effective on the earlier of receipt or the third calendar day after deposit in the United States mail with first class or airmail postage prepaid; if given by telecopier, when sent; or if given by personal delivery, when delivered.

11.7 EXECUTION OF LOAN DOCUMENTS. Unless the Administrative Agent otherwise specifies with respect to any Loan Document, (a) this Agreement and any other Loan Document may be executed in any number of counterparts and any party hereto or thereto may execute any counterpart, each of which when executed and delivered will be deemed to be an original and all of which counterparts of this Agreement or any other Loan Document, as the case may be, when taken together will be deemed to be but one and the same instrument and (b) execution of any such counterpart may be evidenced by a telecopier transmission of the signature of such party. The execution of this Agreement or any other Loan Document by any party hereto or thereto will not become effective until counterparts hereof or thereof, as the case may be, have been executed by all the parties hereto or thereto.

11.8 BINDING EFFECT; ASSIGNMENT.

(a) This Agreement and the other Loan Documents will be binding upon and inure to the benefit of Parent, Borrowers, the Creditors, and their respective successors and assigns, except that Parent and Borrowers may not assign their rights hereunder or thereunder or any interest herein or therein without the prior written consent of all the Lenders (any purported assignment by Parent or any Borrower in violation of this Section being void ab initio). Each Lender represents that it is not acquiring its Notes with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (subject to any requirement that disposition of such Notes must be within the control of such Lender). Any Lender may at any time pledge its Notes or any other instrument evidencing its rights as a Lender under this Agreement to a Federal Reserve Bank, but no such pledge shall release that Lender from its obligations hereunder or grant to such Federal Reserve Bank the rights of a Lender hereunder absent foreclosure of such pledge.

(b) From time to time following the Closing Date, each Lender may assign to one or more Eligible Assignees all or any portion of its Pro Rata Share and its Notes; provided that (i) such Eligible Assignee, if not then a Lender or an Affiliate of the assigning Lender having a combined capital and surplus in excess of \$100,000,000, shall be approved by each of the Administrative Agent (which approval shall not be unreasonably withheld) and the Parent and the Borrowers (which approval shall not be unreasonably withheld and will not be required if an Event

of Default has occurred and remains continuing), (ii) such assignment shall be evidenced by an Assignment Agreement, a copy of which shall be furnished to the Administrative Agent, (iii) except in the case of an assignment to an Affiliate of the assigning Lender, to another Lender or of the entire remaining Commitment of the assigning Lender, the assignment shall not assign a Pro Rata Share which is less than \$5,000,000, and (iv) the effective date of any such assignment shall be as specified in the Assignment Agreement, but not earlier than the date which is five Business Days after the date the Administrative Agent has received the Assignment Agreement. Upon the effective date of such Assignment Agreement, the Eligible Assignee named therein shall be a Lender for all purposes of this Agreement, with the Pro Rata Share therein set forth and, to the extent of such Pro Rata Share, the assigning Lender shall be released from its further obligations under this Agreement and the other Loan Documents. Each Borrower agrees that it shall execute and deliver (against delivery by the assigning Lender to the Borrowers of its Notes) to such assignee Lender, Notes evidencing that assignee Lender's Pro Rata Share, and to the assigning Lender, Notes evidencing the remaining balance Pro Rata Share retained by the assigning Lender.

(c) By executing and delivering an Assignment Agreement, the Eligible Assignee thereunder acknowledges and agrees that: (i) other than the representation and warranty that it is the legal and beneficial owner of the Pro Rata Share being assigned thereby free and clear of any adverse claim, the assigning Lender has made no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness or sufficiency of this Agreement or any other Loan Document; (ii) the assigning Lender has made no representation or warranty and assumes no responsibility with respect to the financial condition of the Parent or its Subsidiaries or the performance by the Parent or its Subsidiaries of the Obligations; (iii) it has received a copy of this Agreement and the other Loan Documents, together with copies of the most recent financial statements delivered pursuant to Section 7.1 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment Agreement; (iv) it will, independently and without reliance upon any other Creditor and based on such documents and information as it shall deem appropriate at the time, continue to

make its own credit decisions in taking or not taking action under this Agreement; (v) it appoints and authorizes the Administrative Agent to take such action and to exercise such powers under this Agreement and the Loan Documents as are delegated to the Administrative Agent by this Agreement; and (vi) it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Administrative Agent shall maintain a copy of each Assignment Agreement delivered to it. After receipt of a completed Assignment Agreement executed by any Lender and an Eligible Assignee, and receipt (except in the case of the assignment to an Affiliate of the Assignor) of an assignment fee of \$3,500 from such Eligible Assignee, the Administrative Agent shall, promptly following the effective date thereof, provide to Parent and the Borrowers and the Lenders a revised Schedule 1.1 giving effect thereto.

(e) Each Lender may from time to time grant participations in a portion of its Pro Rata Share, in each case to one or more banks or other financial institutions (including another Lender); provided, however, that (i) such Lender's obligations under the Loan Documents shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks or other financial institutions shall not be a Lender hereunder for any purpose EXCEPT, if the participation agreement so provides, for the purposes of Sections 3.7, 3.8 and 11.11, but only to the extent that the cost of such benefits to Parent and Borrowers does not exceed the cost which Parent and the Borrowers would have incurred in respect of such Lender absent the participation, (iv) Parent, the Borrowers and the other Creditors shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, (v) the participation interest shall not restrict an increase in the Commitment, or in the granting Lender's Pro Rata Share, so long as the amount of the participation interest is not affected thereby, and (vi) the consent of the holder of such participation interest shall not be required for amendments or waivers of provisions of the Loan Documents other than those which (A) extend the Maturity Date or any other date upon which any payment of money is due to the Lender granting the participation, (B) reduce the rate of interest on the Notes of such Lender, any fee or any other monetary amount payable to that Lender, or (C) reduce the amount of any installment of principal due under the Notes of that Lender.

(f) Notwithstanding anything in this Section to the contrary, the rights of the Lenders to make assignment of, and grant participations in, their Pro Rata Share of the Commitment shall be subject to the approval of any Gaming Board, to the extent required by applicable Gaming Laws.

(g) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle (an "SPC") of such Granting Lender, identified as such in writing from time to time by the Granting Lender to the Administrative Agent, Parent and the Borrowers, the option to provide to the Borrowers all or any part of any Loan that such Granting Lender would otherwise be obligated to make to the Borrowers pursuant to Sections 2.1, 2.2 or 2.3, provided that (i) nothing herein shall constitute a commitment to make any Loan by any SPC and (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by the Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the related Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or similar proceedings under the laws of the United States or any State thereof, provided that the Granting Lender for each SPC hereby agrees to indemnify, save, and hold harmless each other party hereto for any loss, cost, damage and expense arising out of their inability to institute any such proceeding against its SPC. In addition, notwithstanding anything to the contrary contained in this Section 11.8, any SPC may (i) with notice to, but without the prior written consent of, Parent, the Borrowers or the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to its Granting Lender or to any financial institutions providing liquidity and/or credit facilities to or for the account of such SPC to fund the Loans made by such SPC or to support the securities (if any) issued by such SPC to fund such Loans (but nothing contained herein shall be construed in derogation of the obligation of the Granting Lender to make Loans hereunder), provided that neither the consent of the SPC or of any such

assignee shall be required for amendments or waivers of provisions of the Loan Documents except for those amendments or waivers for which the consent of participants is required under Section 11.8(e) (vi), and (ii) disclose on a confidential basis (in the same manner described in Section 11.13) any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of a surety, guarantee or credit or liquidity enhancement to such SPC.

11.9 SHARING OF SETOFFS. Each Lender severally agrees that if it, through the exercise of any right of setoff, banker's lien or counterclaim against Parent, any Borrower, or otherwise, receives payment of the Obligations held by it that is ratably more than any other Lender, through any means, receives in payment of the Obligations held by that Lender, then, subject to applicable Laws: (a) The Lender exercising the right of setoff, banker's lien or counterclaim or otherwise receiving such payment shall purchase, and shall be deemed to have simultaneously purchased, from the other Lender a participation in the Obligations held by the other Lender and shall pay to the other Lender a purchase price in an amount so that the share of the Obligations held by each Lender after the exercise of the right of setoff, banker's lien or counterclaim or receipt of payment shall be in the same proportion that existed prior to the exercise of the right of setoff, banker's lien or counterclaim or receipt of payment; and (b) Such other adjustments and purchases of participations shall be made from time to time as shall be equitable to ensure that all of the Lenders share any payment obtained in respect of the Obligations ratably in accordance with each Lender's share of the Obligations immediately prior to, and without taking into account, the payment; provided that, if all or any portion of a disproportionate payment obtained as a result of the exercise of the right of setoff, banker's lien, counterclaim or otherwise is thereafter recovered from the purchasing Lender by Parent, Borrowers or any Person claiming through or succeeding to the rights of Parent or Borrowers, the purchase of a participation shall be rescinded and the purchase price thereof shall be restored to the extent of the recovery, but without interest. Each Lender that purchases a participation in the Obligations pursuant to this Section shall from and after the purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Lender were the original owner of the Obligations purchased. Parent and each Borrower expressly consents to the foregoing arrangements and agrees that any Lender holding a participation in an Obligation so purchased may exercise any and all rights of setoff, banker's lien or counterclaim with respect to the participation as fully as if the Lender were the original owner of the Obligation

11.10 INDEMNITY BY PARENT AND BORROWERS. Parent and each Borrower jointly and severally (but as between Parent and Borrowers, ratably) agrees to indemnify, save and hold harmless each of the Creditors and the Arranger and their Affiliates, directors, officers, agents, attorneys and employees (collectively the "Indemnitees") from and against: (a) Any and all claims, demands, actions or causes of action (except a claim, demand, action, or cause of action for any amount excluded from the definition of "Taxes" in Section 3.12(d)) if the claim, demand, action or cause of action arises out of or relates to any act or omission (or alleged act or omission) of Parent, any Borrower, its Affiliates or any of its officers, directors or shareholders relating to the Commitment, the use or contemplated use of proceeds of any Loan, or the relationship of Parent, Borrowers and the Creditors under this Agreement; (b) Any administrative or investigative proceeding by any Governmental Agency arising out of or related to a claim, demand, action or cause of action described in clause (a) above; and (c) Any and all liabilities, losses, costs or expenses (including attorneys' fees and the allocated costs of attorneys employed by any Indemnitee and disbursements of such attorneys and other professional services) that any Indemnitee suffers or incurs as a result of the assertion of any foregoing claim, demand, action or cause of action; provided that no Indemnitee shall be entitled to indemnification for any loss caused by its own gross negligence or willful misconduct or for any loss asserted against it by another Indemnitee. If any claim, demand, action or cause of action is asserted against any Indemnitee, such Indemnitee shall promptly notify Parent and Borrowers, but the failure to so promptly notify Parent or Borrowers shall not affect Parent's and Borrowers' obligations under this Section unless such failure materially prejudices Parent's or Borrowers' right to participate in the contest of such claim, demand, action or cause of action, as hereinafter provided. Such Indemnitee may (and shall, if requested by Parent and the Borrowers in writing) contest the validity, applicability and amount of such claim, demand, action or cause of action and shall permit Parent and the Borrowers to participate in such contest. Any Indemnitee that proposes to settle or compromise any claim or proceeding for which Parent or the Borrowers may be liable for payment of indemnity hereunder shall give Parent and the Borrowers written notice of the terms of such proposed settlement or compromise reasonably in advance of settling or compromising such claim or proceeding and shall obtain Parent's and the Borrowers' prior consent (which shall not

be unreasonably withheld). In connection with any claim, demand, action or cause of action covered by this Section against more than one Indemnitee, all such Indemnitees shall be represented by the same legal counsel (which may be a law firm engaged by the Indemnitees or attorneys employed by an Indemnitee or a combination of the foregoing) selected by the Indemnitees; provided, that if such legal counsel determines in good faith that representing all such Indemnitees would or could result in a conflict of interest under Laws or ethical principles applicable to such legal counsel or that a defense or counterclaim is available to an Indemnitee that is not available to all such Indemnitees, then to the extent reasonably necessary to avoid such a conflict of interest or to permit unqualified assertion of such a defense or counterclaim, each Indemnitee shall be entitled to separate representation, with all such legal counsel using reasonable efforts to avoid unnecessary duplication of effort by counsel for all Indemnitees; and further provided that the Administrative Agent (as an Indemnitee) shall at all times be entitled to representation by separate legal counsel (which may be a law firm or attorneys employed by the Administrative Agent or a combination of the foregoing). Any obligation or liability of the Parent and the Borrowers to any Indemnitee under this Section shall survive the expiration or termination of this Agreement and the repayment of all Loans and the payment and performance of all other Obligations owed to the Lenders.

11.11 NONLIABILITY OF THE LENDERS. Parent and each Borrower acknowledges and agrees that:

(a) Any inspections of any Property of Parent or its Subsidiaries made by or through the Creditors are solely for purposes of administration of this Agreement and Parent and the Borrowers are not entitled to rely upon the same (whether or not such inspections are at the expense of Parent and the Borrowers);

(b) By accepting, furnishing or approving anything required to be observed, performed, fulfilled or given to the Creditors pursuant to the Loan Documents, none of the Creditors shall be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance, furnishing or approval thereof shall not constitute a warranty or representation to anyone with respect thereto by the Creditors;

(c) The relationship among Parent, the Borrowers and the Creditors is, and shall at all times remain, solely that of borrowers, guarantors and lenders; none of the Creditors shall under any circumstance be construed to be partners or joint venturers of Parent, Borrowers or their Affiliates; none of the Creditors shall under any circumstance be deemed to be in a relationship of confidence or trust or a fiduciary relationship with Parent or its Affiliates, or to owe any fiduciary duty to Parent or its Affiliates; none of the Creditors undertakes or assumes any responsibility or duty to Parent or its Affiliates to select, review, inspect, supervise, pass judgment upon or inform Parent or its Affiliates of any matter in connection with their Property or the operations of Parent or its Affiliates; Parent and its Affiliates shall rely entirely upon their own judgment with respect to such matters; and any review, inspection, supervision, exercise of judgment or supply of information undertaken or assumed by the Creditors in connection with such matters is solely for the protection of the Creditors and neither Parent, the Borrowers nor any other Person is entitled to rely thereon; and

(d) The Creditors shall not be responsible or liable to any Person for any loss, damage, liability or claim of any kind relating to injury or death to Persons or damage to Property caused by the actions, inaction or negligence of Parent and/or its Affiliates and Parent and each Borrower hereby indemnifies and holds the Creditors harmless from any such loss, damage, liability or claim.

11.12 NO THIRD PARTIES BENEFITED. This Agreement is made for the purpose of defining and setting forth certain obligations, rights and duties of Parent, the Borrowers and the Creditors in connection with the Loans, and is made for the sole benefit of Parent, the Borrowers, the Creditors, and the Creditors' successors and assigns, and, subject to Section 6.1 successors to Borrowers by permitted merger. Except as provided in Sections 11.8 and 11.11, no other Person shall have any rights of any nature hereunder or by reason hereof.

11.13 CONFIDENTIALITY. Each Creditor agrees to hold any confidential information that it may receive from Parent and its Subsidiaries pursuant to this Agreement in confidence, except for disclosure: (a) To Affiliates of that Creditor and to other Creditors; (b) To legal counsel and accountants for Parent and its Subsidiaries or any Creditor; (c) To other professional advisors to Parent and its Subsidiaries or any Creditor, provided that the recipient has accepted such information subject to a confidentiality agreement substantially similar to this Section 11.13 or has notified such professional advisors of the confidentiality of such information; (d) To regulatory officials having jurisdiction over that Creditor; (e) To any Gaming Board having regulatory jurisdiction over Parent or its Subsidiaries, provided that each Lender agrees to use its best efforts to notify Parent and the Borrowers of any such disclosure unless prohibited by applicable Laws; (f) As required by Law or legal process (provided that the relevant Creditor shall endeavor, to the extent it may do so under applicable Law, to give Parent and the Borrowers reasonable prior notice thereof to allow Parent and the Borrowers to seek a protective order) or in connection with any legal proceeding to which that Creditor, Parent and any Borrower are adverse parties; and (g) To another financial institution in connection with a disposition or proposed disposition to that financial institution of all or part of that Creditor's interests hereunder or a participation interest in its Notes, provided that the recipient has accepted such information subject to a confidentiality agreement substantially similar to this Section. For purposes of the foregoing, "confidential information" shall mean any information respecting Parent or its Subsidiaries reasonably considered by Parent and the Borrowers to be confidential, other than (i) information previously filed with any Governmental Agency and available to the public, (ii) information previously published in any public medium from a source other than, directly or indirectly, that Lender, and (iii) information previously disclosed to any Person not associated with Parent or its Affiliates without a confidentiality agreement substantially similar to this Section. Nothing in this Section shall be construed to create or give rise to any fiduciary duty on the part of any Creditor to Parent or the Borrowers.

11.14 REMOVAL OF A LENDER. Parent and the Borrowers shall have the right to remove a Lender as a party to this Agreement pursuant to this Section in the event that such Lender (a) refuses to consent to an extension of the Maturity Date requested by Parent and the Borrowers in accordance with Section 2.12 which has been consented to by Lenders holding Pro Rata Share equal to or greater than 66 2/3% of the Commitment, or (b) requests compensation under Section 3.7 or Section 3.8 which has not been requested by all other Lenders, in each case by written notice to the Administrative Agent and such Lender within 60 days following any such refusal or request or (c) refuses to consent to certain proposed changes, waivers, modifications, supplements, terminations, waivers or consents with respect to this Agreement which have been approved by the Required Lenders as provided in Section 11.2, provided that no Default or Event of Default then exists, or (d) is the subject of a Disqualification. If Parent and the Borrowers are entitled to remove a Lender pursuant to this Section either:

(a) The Lender being removed shall within five Business Days after such notice execute and deliver an Assignment Agreement covering that Lender's Pro Rata Share in favor of one or more Eligible Assignees designated by Parent and the Borrowers and reasonably acceptable to the Administrative Agent, subject to payment of a purchase price by such Eligible Assignee equal to all principal and accrued interest, fees and other amounts payable to such Lender under this Agreement through the date of the Assignment Agreement; or

(b) Parent and the Borrowers may reduce the Commitment pursuant to Section 2.8 (and, for this purpose, the numerical requirements of such Section shall not apply) by an amount equal to that Lender's Pro Rata Share, pay and provide to such Lender the amount required by clause (a) above and release such Lender from its Pro Rata Share (subject, however, to the requirement that all conditions set forth in Section 8.2 are met as of the date of such reduction), in which case the percentage Pro Rata Shares of the remaining Lenders shall be ratably increased (but without any increase in the Dollar amount of the Pro Rata Shares of such Lenders).

11.15 FURTHER ASSURANCES. Parent and its Subsidiaries shall, at their expense and without expense to the Creditors, do, execute and deliver such further acts and documents as any Creditor from time to time reasonably requires for the assuring and confirming unto the Creditors of the rights hereby created or intended now or hereafter so to be, or for carrying out the intention or facilitating the performance of the terms of any Loan Document.

11.16 INTEGRATION. This Agreement, together with the other Loan Documents, comprises the complete and integrated agreement of the parties on the subject matter hereof and supersedes all prior agreements, written or oral, on the subject matter hereof. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control and govern; provided that the inclusion of supplemental rights or remedies in favor of the Creditors in any other Loan Document shall not be deemed a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

11.17 GOVERNING LAW. EXCEPT to the extent otherwise provided therein, each Loan Document shall be governed by, and construed and enforced in accordance with, the local Laws of California, without regard to the choice of laws or conflicts of laws principles thereof.

11.18 SEVERABILITY OF PROVISIONS. Any provision in any Loan Document that is held to be inoperative, unenforceable or invalid as to any party or in any jurisdiction shall, as to that party or jurisdiction, be inoperative, unenforceable or invalid without affecting the remaining provisions or the operation, enforceability or validity of that provision as to any other party or in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

11.19 HEADINGS. Article and Section headings in this Agreement and the other Loan Documents are included for convenience of reference only and are not part of this Agreement or the other Loan Documents for any other purpose.

11.20 TIME OF THE ESSENCE. Time is of the essence of the Loan Documents.

11.21 FOREIGN LENDERS AND PARTICIPANTS. Each Lender, and each holder of a participation interest herein, that is incorporated under the Laws of a jurisdiction other than the United States of America or any state thereof shall deliver to Parent (with a copy to the Administrative Agent), within twenty days after the Closing Date (or after accepting an Assignment Agreement or receiving a participation interest herein pursuant to Section 11.8, if applicable) two duly completed copies, signed by a Responsible Official, of either Form 1001 (relating to such Person and entitling it to a complete exemption from withholding on all payments to be made to such Person by Parent and the Borrowers pursuant to this Agreement) or Form 4224 (relating to all payments to be made to such Person by Parent and the Borrowers pursuant to this Agreement) of the United States Internal Revenue Service or such other evidence (including, if reasonably necessary, Form W-9) satisfactory to Parent and the Borrowers and the Administrative Agent that no withholding under the federal income tax laws is required with respect to such Person. Thereafter and from time to time, each such Person shall (a) promptly submit to Parent (with a copy to the Administrative Agent), such additional duly completed and signed copies of one of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may then be available under then current United States laws and regulations to avoid, or such evidence as is satisfactory to Parent and the Borrowers and the Administrative Agent of any available exemption from, United States withholding taxes in respect of all payments to be made to such Person by Parent and the Borrowers pursuant to this Agreement and (b) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Eurodollar Lending Office, if any) to avoid any requirement of applicable laws that Parent or the Borrowers make any deduction or withholding for taxes from amounts payable to such Person.

11.22 GAMING BOARDS. The Creditors agree to cooperate with all Gaming Boards in connection with the administration of their regulatory jurisdiction over Parent and its Subsidiaries, including the provision of such documents or other information as may be requested by any such Gaming Board relating to Parent or any of its Subsidiaries or to the Loan Documents.

11.23 NATURE OF THE BORROWERS' OBLIGATIONS. The Company hereby agrees that it shall be liable for all of the Obligations on a joint and several basis, notwithstanding which of the Borrowers may have directly received the proceeds of any particular Loan or Advance. Notwithstanding anything to the contrary set forth herein, the principal liability of Marina and each Borrower hereafter designated under Section 2.10 for Loans shall be limited to Loans made to that Borrower under the Aggregate Sublimit of that Borrower. Each of the Borrowers acknowledges and agrees that, for purposes of the Loan Documents, Parent and its Subsidiaries constitute a single integrated financial enterprise and that each receives a benefit from the availability of credit under this Agreement. Borrowers each waive all defenses arising under the Laws of suretyship, to the extent such Laws are applicable, in connection with their obligations under this Agreement. Without limiting the foregoing, each Borrower agrees to the Joint Borrower Provisions set forth in Exhibit L, incorporated by this reference.

11.24 DESIGNATED SENIOR DEBT. Parent and each Borrower hereby irrevocably designate the Obligations and this Agreement as "Designated Senior Indebtedness" and "Senior Indebtedness" within the meanings given to those terms in Section 1.1 of the Supplemental Indenture dated December 9, 1998 entered into with respect to the Existing Subordinated Debt among the Company, Parent and IBJ Schroeder Bank & Trust Company.

11.25 GAMING REGULATIONS. Each party to this Agreement hereby acknowledges that the consummation of the transactions contemplated by the Loan Documents is subject to applicable Gaming Laws (and Parent and Borrower represent and warrant that all requisite approvals necessary thereunder to enter into the transactions contemplated hereby have been duly obtained).

11.26 WAIVER OF RIGHT TO TRIAL BY JURY. EACH SIGNATORY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE SIGNATORIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH SIGNATORY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY SIGNATORY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY

11.27 PURPORTED ORAL AMENDMENTS. PARENT AND EACH BORROWER EXPRESSLY ACKNOWLEDGE THAT THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS MAY ONLY BE AMENDED OR MODIFIED, OR THE PROVISIONS HEREOF OR THEREOF WAIVED OR SUPPLEMENTED, BY AN INSTRUMENT IN WRITING THAT COMPLIES WITH SECTION 11.2. PARENT AND EACH BORROWER AGREES THAT IT WILL NOT RELY ON ANY COURSE OF DEALING, COURSE OF PERFORMANCE, OR ORAL OR WRITTEN STATEMENTS BY ANY REPRESENTATIVE OF ANY OF THE CREDITORS THAT DOES NOT COMPLY WITH SECTION 11.2 TO EFFECT AN AMENDMENT, MODIFICATION, WAIVER OR SUPPLEMENT TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HARRAH'S ENTERTAINMENT, INC.

By: /s/ Charles L. Atwood  
-----  
Charles L. Atwood, Vice President  
and Treasurer

HARRAH'S OPERATING COMPANY, INC.

By: /s/ Charles L. Atwood  
-----  
Charles L. Atwood, Vice President  
and Treasurer

MARINA ASSOCIATES

By: Harrah's New Jersey, Inc.,  
general partner

By: /s/ Charles L. Atwood  
-----  
Charles L. Atwood, authorized  
signatory

By: Harrah's Atlantic City, Inc.,  
general partner

By: /s/ Charles L. Atwood  
-----  
Charles L. Atwood, authorized  
signatory

Address for notices for Parent and each  
Borrower:  
Harrah's Entertainment, Inc.  
1023 Cherry Road  
Memphis, Tennessee 38117  
Attn: Charles L. Atwood, Vice President  
and Treasurer  
Telecopier: 901/ 762-8698  
Telephone: 901/762-8852

BANK OF AMERICA NATIONAL TRUST  
AND SAVINGS ASSOCIATION, as  
Administrative Agent

By: /s/ Janice Hammond

-----  
Janice Hammond, Vice President

Address:

Bank of America National Trust  
and Savings Association  
555 South Flower Street, 11th Floor  
Los Angeles, California 90071  
Attn: Janice Hammond  
Telecopier: (213) 228-2299  
Telephone: (213) 228-9861

BANK OF AMERICA NATIONAL TRUST  
AND SAVINGS ASSOCIATION, as a Lender

By: /s/ Scott Faber

-----  
Scott Faber, Vice President

Address:

Bank of America National Trust  
and Savings Association  
555 South Flower Street, #3283  
Los Angeles, California 90071  
Attn: Scott Faber, Vice President  
Telecopier: (213) 228-3145  
Telephone: (213) 228-2768

With a copy to:

Bank of America National Trust and  
Savings Association  
555 South Flower Street (LA-5777)  
Los Angeles, California 90071  
Attn: William Newby, Managing Director  
Telecopier: (213) 228-3145  
Telephone: (213) 228-2438

BANKERS TRUST COMPANY

By: /s/ Mary Kay Coyle

-----  
Mary Kay Coyle

Title: Managing Director  
-----

Address for notices:

Bankers Trust Company  
130 Liberty Street  
New York, New York 10006  
Attn.: Mary Kay Coyle  
Facsimile: (212) 250-7218  
Telephone: (212) 250-9094

CANADIAN IMPERIAL BANK OF COMMERCE

By: /s/ Paul J. Chakmak

-----  
Paul J Chakmak

Title: Managing Director, CIBC  
Oppenheimer Corp., AS AGENT  
-----

Address for notices:

CIBC Oppenheimer Corp.  
Two Paces West  
2727 Paces Ferry Road, Suite 1200  
Atlanta, Georgia 30339  
Attn.: Sherry Hanamean  
Facsimile: (770) 319-4955  
Telephone: (770) 319-4856

With a copy to:

CIBC Oppenheimer Corp.  
350 South Grand Avenue, Suite 2600  
Los Angeles, California 90071  
Attention: Carter Harned  
Facsimile: (213) 346-0157  
Telephone: (213) 617-6216

SOCIETE GENERALE

By: /s/ Donald L. Schubert

-----  
Donald L. Schubert

Title: Managing Director  
-----

Address for notices:

Societe Generale  
2029 Century Park East, Suite 2900  
Los Angeles, California 90067  
Attn.: Donald Schubert, Managing Director  
Facsimile: (310) 551-1537  
Telephone: (310) 788-7104

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COMMERZBANK AKTIENGESELLSCHAFT, LOS  
ANGELES BRANCH

By: /s/ Christian Jagenberg  
-----  
Christian Jagenberg

Title: SVP and Manager  
-----

By: /s/ Werner Schmidbauer  
-----

Title: Vice President  
-----

Address for notices:

Commerzbank AG - Los Angeles Branch  
633 West Fifth Street, Suite 6600  
Los Angeles, California 90071  
Attn.: Werner Schmidbauer  
Facsimile: (213) 623-0039  
Telephone: (213) 623-8223

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Gary W. Wessels

-----  
Gary W. Wessels

Title: Vice President

-----  
Address for notices:

PNC Bank, National Association  
Two Tower Center Boulevard  
East Brunswick, New Jersey 08816  
Attn.: Denise D. Killen, Vice President  
Facsimile: (732) 220-3270  
Telephone: (732) 220-3262

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WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Sue Fuller

-----  
Sue Fuller

Title: Vice President

Address for notices:

Wells Fargo Bank, National Association  
One East First Street, Suite 300  
Reno, Nevada 89501  
Attn.: Sue Fuller, Vice President  
Facsimile: (775) 334-5637  
Telephone: (775) 334-5633

FLEET BANK N.A.

By: /s/ John F. Cullinan

-----  
John F. Cullinan

Title: SVP  
-----

Address for notices:

Fleet Bank N.A.  
3670 Route 9 South  
Freehold, New Jersey 07728  
Attn.: John F. Cullinan,  
Senior Vice President  
Facsimile: (732) 780-0754  
Telephone: (732) 294-4306

THE FIRST NATIONAL BANK OF CHICAGO

By: /s/ Mark A. Isley

-----  
Mark A. Isley

Title: First Vice President  
-----

Address for notices:

The First National Bank of Chicago  
One First National Plaza, 11th Floor  
Chicago, Illinois 60670  
Attn.: Robert Simon  
Facsimile: (312) 732-4840  
Telephone: (312) 732-8543

THE BANK OF NEW YORK

By: /s/ Lisa Y. Brown

-----  
Lisa Y. Brown

Title: Vice President  
-----

Address for notices:

The Bank of New York  
One Wall Street, 22nd Floor  
New York, New York 10005  
Attn.: Dawn Hertling  
Facsimile: (212) 6399 or 6877  
Telephone: (212) 635-6742

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THE BANK OF NOVA SCOTIA

By: /s/ F.C.H. Ashby

-----  
F. C. H. Ashby

Title: Senior Manager Loan Operations

-----  
Address for notices:

The Bank of Nova Scotia  
Atlanta Agency  
Suite 2700  
600 Peachtree Street, N.E.  
Atlanta, Georgia 30308  
Attn.: Donna Gardner  
Facsimile: (404) 888-8998  
Telephone: (404) 877-1559

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CREDIT LYONNAIS LOS ANGELES BRANCH

By: /s/ Diane M. Scott

-----  
Diane M. Scott

Title: First Vice President and  
Manager

-----  
Address for notices:

Credit Lyonnais Los Angeles Branch  
515 South Flower Street, 22nd Floor  
Los Angeles, California 90071  
Attn.: Penney Chu  
Facsimile: (213) 623-3437  
Telephone: (213) 362-5905

U.S. BANK NATIONAL ASSOCIATION

By: /s/ David Walquist  
-----  
David Walquist

Title: Vice President  
-----

Address for domestic notices:

U.S. Bank National Association  
2300 West Sahara, Suite 120  
Las Vegas, Nevada 89102  
Attn.: David Walquist, Vice President  
Facsimile: (702) 386-3916  
Telephone: (702) 386-3938

Address for eurodollar notices:

U.S. Bank National Association  
CLS West - PL-7  
555 S.W. Oak Street  
Portland, Oregon 97204  
Attn.: J. Ramirez  
Facsimile: (503) 275-8181  
Telephone: (503) 275-3259

WACHOVIA BANK, N.A.

By: /s/ Karin E. Reel

-----  
Karin E. Reel

Title: Vice President  
-----

Address for notices:

Wachovia Bank, N.A.  
191 Peachtree Street, N.E.  
Atlanta, Georgia 30303  
Attn.: Karin E. Reel  
Facsimile: (404) 332-5016  
Telephone: (404) 332-5187

WESTDEUTSCHE LANDESBANK GIROZENTRALE

By: /s/ Alan S. Bookspan  
-----  
Alan S. Bookspan

Title: Director  
-----

By: /s/ Walter T. Duffy, III  
-----  
Walter T. Duffy, III

Title: Vice President

Address for notices:

Westdeutsche Landesbank Girozentrale  
1211 Avenue of the Americas  
New York, New York 10036  
Attn.: Walter T. Duffy III, Vice  
President  
Facsimile: (212) 852-6148  
Telephone: (212) 852-6095

FIRST SECURITY BANK, N.A.

By: /s/ Stephen L. Goalen

-----  
Stephen L. Goalen

Title: Sr. Vice President  
-----

Address for domestic notices:

First Security Bank, N.A.  
15 East 100 South - 2nd Floor  
Salt Lake City, Utah 84111  
Attn.: David P. Williams  
Facsimile: (801) 246-5532  
Telephone: (801) 246-5540

Address for eurodollar notices:

First Security Bank, N.A.  
15 East 100 South - 2nd Floor  
Salt Lake City, Utah 84111  
Attn.: David P. Williams  
Facsimile: (801) 246-5532  
Telephone: (801) 246-5540

THE INDUSTRIAL BANK OF JAPAN, LIMITED  
ATLANTA AGENCY

By: /s/ Koichi Hasegawa  
-----  
Koichi Hasegawa

Title: Senior Vice President and  
Deputy General Manager  
-----

Address for notices:

The Industrial Bank of Japan, Limited,  
Atlanta Agency  
1251 Avenue of Americas  
New York, New York 10020  
Attn.: Michele Fuimo  
Facsimile: (212) 282-4480  
Telephone: (212) 282-4063

BANKBOSTON, N.A.

By: /s/ Patrick D. Bonebrake

-----  
Patrick D. Bonebrake

Title: Vice President  
-----

Address for notices:

BankBoston, N.A.  
100 Federal Street  
MA 01-08-08  
Boston, Massachusetts 02110  
Attn.: Brian Nathan  
Facsimile: (617) 434-4301  
Telephone: (617) 434-8479

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BANK OF HAWAII

By: /s/ Robert M. Wheeler, III  
-----  
Robert M. Wheeler, III

Title: Vice President  
-----

Address for notices:

Bank of Hawaii  
130 Merchant Street, 20th Floor  
Honolulu, Hawaii 96813  
Attn.: Robert Wheeler, Vice President  
Facsimile: (808) 537-8301  
Telephone: (808) 537-8237

BANK OF SCOTLAND

By: /s/ Annie Chin Tat

-----  
Annie Chin Tat

Title: Senior Vice President

-----  
Address for notices:

Bank of Scotland  
565 Fifth Avenue  
New York, New York 10017  
Attn.: Karen Workman, Banking Associate  
Facsimile: (212) 687-4412  
Telephone: (212) 450-0877

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BANQUE NATIONALE DE PARIS, HOUSTON AGENCY

By: /s/ Warren G. Parham

-----  
Warren G. Parham

Title: Vice President

-----  
Address for notices:

Banque Nationale De Paris, Houston Agency  
333 Clay Street, Suite 3400  
Houston, Texas 77002  
Attn.: Donna Jo Rose  
Facsimile: (713) 659-1414  
Telephone: (713) 951-1240

COMERICA WEST INCORPORATED

By: /s/ Eoin P. Collins

-----  
Eoin P. Collin  
Account Officer

Address for notices:

Comerica West Incorporated  
3980 Howard Hughes Parkway, Suite 350  
Las Vegas, Nevada 89109  
Attn.: Regina C. McGuire  
Facsimile: (702) 791-2371  
Telephone: (702) 791-4804

MICHIGAN NATIONAL BANK

By: /s/ Jeffrey W. Billig  
-----  
Jeffrey W. Billig

Title: Relationship Manager  
-----

Address for notices:

Michigan National Bank  
27777 Inkster Road, 10-36  
Farmington Hills, Michigan 48334  
Attn.: Jeffrey W. Billig, Relationship  
Manager  
Facsimile: (248) 473-4345  
Telephone: (248) 473-4329

THE SUMITOMO BANK, LIMITED

By: /s/ Gary P. Franke

-----  
Gary P. Franke

Title: Vice President and Manager  
-----

Address for notices:

The Sumitomo Bank, Limited, New York  
Branch  
277 Park Avenue  
New York, New York 10172  
Attn.: Matthew Sullivan  
Facsimile: (212) 224-5197  
Telephone: (212) 224-4120

FIRST AMERICAN NATIONAL BANK, operating  
as DEPOSIT GUARANTY NATIONAL BANK

By: /s/ Larry C. Ratzlaff

-----  
Larry C. Ratzlaff

Title: Senior Vice President

-----  
Address for notices:

First American National Bank, Operating  
as Deposit Guaranty National Bank  
210 East Capitol Street  
Jackson, Mississippi 39201  
Attn.: Larry C. Ratzlaff, Senior Vice  
President  
Facsimile: (601) 354-8315  
Telephone: (601) 968-4749

ERSTE BANK

By: /s/ David Manheim

-----  
David Manheim

Title: Assistant Vice President  
Erste Bank New York Branch  
-----

By: /s/ John S. Runnion

-----  
John S. Runnion

Title: First Vice President  
-----

Address for notices:

Erste Bank  
West Building, 32nd Floor  
280 Park Avenue  
New York, New York 10017  
Attn.: David Manheim, Assistant Vice  
President  
Facsimile: (212) 984-5627  
Telephone: (212) 984-5633

FIRST HAWAIIAN BANK

By: /s/ Donald C. Young

-----  
Donald C. Young

Title: Vice President  
-----

Address for notices:

First Hawaiian Bank  
999 Bishop Street, 11th Floor  
Honolulu, Hawaii 96813  
Attn.: Brenda Deakins  
Facsimile: (808) 525-5085  
Telephone: (808) 525-8100

FIRST TENNESSEE BANK NATIONAL ASSOCIATION

By: /s/ James H. Moore, Jr.

-----  
James H. Moore, Jr.

Title: Vice President  
-----

Address for notices:

First Tennessee Bank National Association  
165 Madison Avenue, 9th Floor  
Memphis, Tennessee 38103-2723  
Attn.: James H. Moore, Jr., Vice  
President  
Facsimile: (901) 523-4267  
Telephone: (901) 523-4108

HIBERNIA NATIONAL BANK

By: /s/ Ross S. Wales

-----  
Ross S. Wales

Title: Vice President  
-----

Address for domestic notices:

Hibernia National Bank  
313 Carondelet Street  
New Orleans, Louisiana 70130  
Attn.: Lorie Ferguson, Commercial  
Banking Dept.  
Facsimile: (504) 533-2060  
Telephone: (504) 533-5718

Address for eurodollar notices:

Hibernia National Bank  
313 Carondelet Street  
New Orleans, Louisiana 70130  
Attn.: Lorie Ferguson, Commercial  
Banking Dept.  
Facsimile: (504) 533-2060  
Telephone: (504) 533-5718

THE DAI-ICHI KANGYO BANK, LTD.

By: /s/ Bertram H. Tang

-----  
Bertram H. Tang

Title: VP & Group Leader  
-----

Address for notices:

The Dai-Ichi Kangyo Bank, Ltd.  
One World Trade Center, 48th Floor  
New York, New York 10048  
Attn.: Thomas Ho and Bertram H. Tang,  
Vice President & Group Leader  
Facsimile: (212) 912-1879  
Telephone: (212) 432-8845

EXHIBIT A

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT ("Agreement") dated as of \_\_\_\_\_, \_\_\_\_\_ is made with reference to that certain 364-Day Loan Agreement dated as of April 30, 1999 (as amended from time to time, the "Loan Agreement") by and among Harrah's Entertainment, Inc., a Delaware corporation, as Guarantor, Harrah's Operating Company, Inc., a Delaware corporation, Marina Associates, a New Jersey general partnership (each a "Borrower" and collectively, the "Borrowers"), the Lenders therein named, (collectively, the "Lenders" and individually, a "Lender") and Bank of America National Trust and Savings Association, as Administrative Agent and is entered into between the "Assignor" described below, in its capacity as a Lender under the Loan Agreement, and the "Assignee" described below.

Assignor and Assignee hereby represent, warrant and agree as follows:

1. DEFINITIONS. Capitalized terms defined in the Loan Agreement are used herein with the meanings set forth for such terms in the Loan Agreement. As used in this Agreement, the following capitalized terms shall have the meanings set forth below:

"ASSIGNEE" means \_\_\_\_\_.

"ASSIGNED PRO RATA SHARE" means \_\_\_\_\_% of the Commitment of the Lenders under the Loan Agreement which equals \$\_\_\_\_\_.

"ASSIGNOR" means \_\_\_\_\_

"EFFECTIVE DATE" means \_\_\_\_\_, \_\_\_\_\_, the effective date of this Agreement determined in accordance with Section 11.8 of the Loan Agreement.

2. REPRESENTATIONS AND WARRANTIES OF THE ASSIGNOR. The Assignor represents and warrants to the Assignee as follows:

a. As of the date hereof, the Pro Rata Share of the Assignor is \_\_\_\_\_% of the Commitment (without giving effect to assignments thereof which have not yet become effective). The Assignor is the legal and beneficial owner of the Assigned Pro Rata Share and the Assigned Pro Rata Share is free and clear of any adverse claim.

b. As of the date hereof, the outstanding principal balance of Advances made by the Assignor under the Assignor's Note is \$ \_\_\_\_\_, and Assignor's ratable participation in outstanding Letters of Credit is \$ \_\_\_\_\_.

c. The Assignor has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and any and all other documents required or permitted to be executed or delivered by it in connection with this Agreement and to fulfill its obligations under, and to consummate the transactions contemplated by, this Agreement, and no governmental authorizations or other authorizations are required in connection therewith; and

d. This Agreement constitutes the legal, valid and binding obligation of the Assignor.

The Assignor makes no representation or warranty and assumes no responsibility with respect to the financial condition of each Borrower or the performance by each Borrower of the Obligations, and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Agreement or the execution, legality, validity, enforceability, genuineness, or sufficiency of the Loan Agreement or any Loan Document other than as expressly set forth above.

3. REPRESENTATIONS AND WARRANTIES OF THE ASSIGNEE. The Assignee hereby represents and warrants to the Assignor as follows:

(a) The Assignee has full power and authority, and has taken all action necessary, to execute and deliver this Agreement, and any and all other documents required or permitted to be executed or delivered by it in connection with this Agreement and to fulfill its obligations under, and to consummate the transactions contemplated by, this Agreement, and no governmental authorizations or other authorizations are required in connection therewith;

(b) This Agreement constitutes the legal, valid and binding obligation of the Assignee;

(c) The Assignee has independently and without reliance upon the Administrative Agent or Assignor and based on such documents and information as the Assignee has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. The Assignee will, independently and without reliance upon the Administrative Agent or any Lender, and based upon such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Agreement;

(d) The Assignee has received copies of such of the Loan Documents delivered pursuant to Section 8.1 of the Loan Agreement as it has requested, together with copies of the most recent financial statements delivered pursuant to Section 7.1 of the Loan Agreement;

(e) The Assignee will perform in accordance with their respective terms all of the obligations which by the terms of the Loan Agreement are required to be performed by it as a Lender; and

(f) The Assignee is an Eligible Assignee.

4. ASSIGNMENT. On the terms set forth herein, the Assignor, as of the Effective Date, hereby irrevocably sells, assigns and transfers to the Assignee all of the rights and obligations of the Assignor under the Loan Agreement, the other Loan Documents and the Assignor's Note to the extent of the Assigned Pro Rata Share, and the Assignee irrevocably accepts such assignment of rights and assumes such obligations from the Assignor on such terms and effective as of the Effective Date. As of the Effective Date, the Assignee shall have the rights and obligations of a "Lender" under the Loan Documents, except to the extent of any arrangements with respect to payments referred to in Section 5 hereof. Assignee hereby appoints and authorizes the Administrative Agent to take such action and to exercise such powers under the Loan Agreement as are delegated to the Administrative Agent by the Loan Agreement.

5. PAYMENT. On the Effective Date, the Assignee shall pay to the Assignor, in immediately available funds, an amount equal to the purchase price of the Assigned Pro Rata Share, as agreed between the Assignor and the Assignee pursuant to a letter agreement of even date herewith. Such letter agreement also sets forth the agreement between the Assignor and

the Assignee with respect to the amount of interest, fees, and other payments with respect to the Assigned Pro Rata Share which are to be retained by the Assignor. Assignee shall also pay to the Administrative Agent an assignment fee of \$3,500 in accordance with Section 11.8 of the Loan Agreement.

The Assignor and the Assignee hereby agree that if either receives any payment of interest, principal, fees or any other amount under the Loan Agreement, their respective Notes or any other Loan Documents which is for the account of the other, it shall hold the same in trust for such party to the extent of such party's interest therein and shall promptly pay the same to such party.

6. PRINCIPAL, INTEREST, FEES, ETC. Any principal that would be payable and any interest, fees and other amounts that would accrue from and after the Effective Date to or for the account of the Assignor pursuant to the Loan Agreement and the Note shall be payable to or for the account of the Assignor and the Assignee, in accordance with their respective interests as adjusted pursuant to this Agreement.

7. NOTES. The Assignor and the Assignee shall make appropriate arrangements with each Borrower concurrently with the execution and delivery hereof so that replacement Notes are issued to the Assignor and new Notes are issued to the Assignee, in each case in principal amounts reflecting their Pro Rata Shares of the Commitment or their outstanding Advances (as adjusted pursuant to this Agreement).

8. FURTHER ASSURANCES. Concurrently with the execution of this Agreement, the Assignor shall execute two counterpart original Requests for Registration, in the form of Exhibit A to this Agreement, to be forwarded to the Administrative Agent. The Assignor and the Assignee further agree to execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Agreement, and the Assignor specifically agrees to cause the delivery of (i) two original counterparts of this Agreement and (ii) the Request for Registration, to the Administrative Agent for the purpose of registration of the Assignee as a "Lender" pursuant to Section 11.8 of the Loan Agreement.

9. GOVERNING LAW. THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACTUAL OBLIGATION UNDER, AND SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LOCAL LAWS OF THE STATE OF CALIFORNIA. FOR ANY DISPUTE ARISING IN CONNECTION WITH THIS AGREEMENT, THE ASSIGNEE HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF CALIFORNIA.

10. NOTICES. All communications among the parties or notices in connection herewith shall be in writing, hand delivered or sent by registered airmail, postage prepaid, or by telex, telegram or cable, addressed to the appropriate party at its address set forth on the signature pages hereof. All such communications and notices shall be effective upon receipt.

11. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns; provided, however, that the Assignee shall not assign its rights or obligations under this Agreement without the prior written consent of the Assignor and any purported assignment, absent such consent, shall be void. Nothing contained in this Section shall restrict the assignment by Assignee of its rights under the Loan Documents following the Effective Date.

12. INTERPRETATION. The headings of the various sections hereof are for convenience of reference only and shall not affect the meaning or construction of any provision hereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective officials, officers or agents thereunto duly authorized as of the date first above written.

"Assignor"

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Telecopier: \_\_\_\_\_  
\_\_\_\_\_

"Assignee"

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Telecopier: \_\_\_\_\_

Exhibit A to Assignment Agreement

REQUEST FOR REGISTRATION

To: Bank of America National Trust and Savings Association, as  
Administrative Agent, and Harrah's Entertainment, Inc., Harrah's  
Operating Company, Inc. and Marina Associates

THIS REQUEST FOR REGISTRATION OF ASSIGNEE ("Request") is made as of the date of the enclosed Assignment Agreement with reference to that certain 364-Day Loan Agreement, dated as of April 30, 1999 by and among Harrah's Entertainment, Inc., a Delaware corporation, as Guarantor, Harrah's Operating Company, Inc., a Delaware corporation, Marina Associates, a New Jersey general partnership (each a "Borrower" and collectively, the "Borrowers"), the Lenders therein named, (collectively, the "Lenders" and individually, a "Lender") and Bank of America National Trust and Savings Association, as Administrative Agent (as amended as of the date hereof, the "Loan Agreement").

The Assignor and Assignee described below hereby request that Administrative Agent register the Assignee as a Lender pursuant to Section 11.8 of the Loan Agreement effective as of the Effective Date described in the Assignment Agreement.

Enclosed with this Request are two counterpart originals of the Assignment Agreement as well as the original Notes of each Borrower in favor of the Assignor in the principal amount of \$\_\_\_\_\_. The Assignor and Assignee hereby jointly request that Administrative Agent cause each Borrower to issue replacement Notes, dated as of the Effective Date, pursuant to Section 11.8 of the Loan Agreement in favor of Assignor in the principal amount of the remainder of its Pro Rata Share of the Commitment and new Notes in favor of the Assignee in the amount of the Assigned Pro Rata Share.

IN WITNESS WHEREOF, the Assignor and Assignee have executed  
this Request for Registration by their duly authorized officers as of  
\_\_\_\_\_, \_\_\_\_\_.

"Assignor"  
-----

"Assignee"  
-----

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

CONSENT OF ADMINISTRATIVE AGENT AND BORROWERS

[When Required Pursuant to Loan Agreement]

TO: The Assignor and Assignee referred to in the above Request for Registration

When countersigned by each Borrower and Administrative Agent below, this document shall certify that:

[ ] [WHEN REQUIRED PURSUANT TO SECTION 11.8(b)(i) OF THE Loan Agreement:]

[1.] Borrowers have consented, pursuant to the terms of the Loan Documents, to the assignment by the Assignor to the Assignee of the Assigned Pro Rata Share.

[2.] Administrative Agent has registered the Assignee as a Lender under the Loan Agreement, effective as of the Effective Date described above, with a Pro Rata Share of the Commitment corresponding to the Assigned Pro Rata Share and has adjusted the registered Pro Rata Share of the Commitment of the Assignor to reflect the assignment of the Assigned Pro Rata Share.

Approved: Harrah's Entertainment, Inc. Bank of America National Trust and Savings Association, as Administrative Agent

By: \_\_\_\_\_ Its: \_\_\_\_\_ By: \_\_\_\_\_ Its: \_\_\_\_\_

Harrah's Operating Company, Inc.

By: \_\_\_\_\_ Its: \_\_\_\_\_

Marina Associates

By: Harrah's New Jersey, Inc., general partner

By: \_\_\_\_\_ Its: \_\_\_\_\_

By: Harrah's Atlantic City, Inc., general partner

By: \_\_\_\_\_ Its: \_\_\_\_\_

EXHIBIT B

COMMITTED ADVANCE NOTE

\$ \_\_\_\_\_

April 30, 1999  
Los Angeles, California

FOR VALUE RECEIVED, the undersigned promises to pay to the order of \_\_\_\_\_ (the "Lender"), the principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) or such lesser aggregate amount of Committed Advances as may be made by the Lender as part of the Loans pursuant to the Loan Agreement referred to below, together with interest on the principal amount of each Committed Advance made hereunder as part of the Loans and remaining unpaid from time to time from the date of each such Committed Advance until the date of payment in full, payable as hereinafter set forth.

Reference is made to the Five Year Loan Agreement dated as of April 30, 1999, by and among the undersigned, as a Borrower, the other Borrowers that are parties thereto, the Lenders therein named and Bank of America National Trust and Savings Association, as Administrative Agent (as amended from time to time, the "Loan Agreement"). Terms defined in the Loan Agreement and not otherwise defined herein are used herein with the meanings defined for those terms in the Loan Agreement. This is one of the Committed Advance Notes referred to in the Loan Agreement, and any holder hereof is entitled to all of the rights, remedies, benefits and privileges provided for in the Loan Agreement as originally executed or as it may from time to time be supplemented, modified or amended. The Loan Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events upon the terms and conditions therein specified.

The principal indebtedness evidenced by this Committed Advance Note shall be payable as provided in the Loan Agreement and in any event on the Maturity Date.

Interest shall be payable on the outstanding daily unpaid principal amount of Committed Advances from the date of each such Committed Advance until payment in full and shall accrue and be payable at the rates and on the dates set forth in the Loan Agreement both before and after default and before and after maturity and judgment, with interest on overdue principal and interest to bear interest at the rate set forth in Section 3.9 of the Loan Agreement, to the fullest extent permitted by applicable Law.

Each payment hereunder shall be made to the Administrative Agent at the Administrative Agent's Office for the account of the Lender in immediately available funds not later than 11:00 a.m., California local time, on the day of payment (which must be a Business Day). All payments received after 11:00 a.m., California local time, on any particular Business Day shall be deemed received on the next succeeding Business Day. All payments shall be made in lawful money of the United States of America.

The Lender shall use its best efforts to keep a record of Committed Advances made by it as part of Loans and payments received by it with respect to this Committed Advance Note, and such record shall, subject to Section 10.6(g) of the Loan Agreement, be presumptive evidence, absent manifest error, of the amounts owing under this Committed Advance Note.

The undersigned hereby promises to pay all costs and expenses of any rightful holder hereof incurred in collecting the undersigned's obligations hereunder or in enforcing or attempting to enforce any of such holder's rights hereunder, including reasonable attorneys' fees and disbursements, whether or not an action is filed in connection therewith.

The undersigned hereby waives presentment, demand for payment, dishonor, notice of dishonor, protest, notice of protest and any other notice or formality, to the fullest extent permitted by applicable Laws.

This Committed Advance Note shall be delivered to and accepted by the Lender in the State of California, and shall be governed by, and construed and enforced in accordance with, the local Laws thereof.

\_\_\_\_\_,  
a \_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

SCHEDULE OF COMMITTED ADVANCES AND  
PAYMENTS OF PRINCIPAL

Date	Amount of Advance	Interest Period	Amount of Principal Paid	Unpaid Principal Balance	Notation Made by
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

EXHIBIT C

RESERVED

EXHIBIT D

RESERVED

EXHIBIT E

RESERVED

EXHIBIT F

COMPLIANCE CERTIFICATE

This Compliance Certificate (this "Certificate") is executed and delivered by the undersigned to Bank of America National Trust and Savings Association, as Agent (the "Agent"), pursuant to the Loan Agreements referred to below to induce the Lenders described in the Loan Agreements to make certain credit facilities available to Harrah's Operating Company, Inc., a Delaware corporation (the "Company") and Marina Associates, a New Jersey general partnership ("Marina"; Marina and the Company, each a "Borrower" and collectively with the other parties from time to time a Borrower under the Loan Agreements, the "Borrowers").

This Certificate is delivered with reference to the Five Year Loan Agreement and the 364-Day Loan Agreement (as amended, supplemented or otherwise modified from time to time, collectively, the "Loan Agreements"), each dated as of April 30, 1999, among the Borrowers, Harrah's Entertainment, Inc., a Delaware corporation (the "Parent") as Guarantor, the Agent and each of the several financial institutions party to the Loan Agreements. The terms defined in the Loan Agreements and not otherwise defined in this Certificate shall have the meanings defined for them in the Loan Agreements. Section references herein relate to the Loan Agreements unless stated otherwise.

This Certificate is delivered in accordance with Section 7.2 of the Loan Agreements by a Senior Officer of the Borrowers and Parent. This Certificate is delivered with respect to the Fiscal Quarter ended \_\_\_\_\_ (the "Determination Date"). Computations indicating compliance with Sections 6.5 and 6.6 of the Loan Agreements are set forth below:

1. SECTION 6.5 - TOTAL DEBT RATIO. As of the Determination Date, the Total Debt Ratio was \_\_\_\_\_:1.00.

MAXIMUM PERMITTED RATIO: 4.50:1.00

Total Debt Ratio was calculated as follows (in each case determined in accordance with GAAP):

(a) Total Debt as of the Determination Date  
(as calculated on Appendix A hereto), \$ \_\_\_\_\_

DIVIDED BY (b) EBITDA for the four Fiscal Quarter period  
ending on the Determination Date (as calculated on Appendix A  
hereto) \$ \_\_\_\_\_

EQUALS TOTAL DEBT RATIO [(a)/(b)] \_\_\_\_\_:1.00

2. SECTION 6.6 - INTEREST COVERAGE RATIO. As of the  
Determination Date, the Interest Coverage Ratio  
was \_\_\_\_\_:1.00.

MINIMUM PERMITTED RATIO: 3.00:1.00

INTEREST COVERAGE RATIO was computed as follows (in each case  
determined in accordance with GAAP):

(a) EBITDA for the four Fiscal Quarter period ending on the  
Determination Date (as calculated on Appendix A hereto)  
\$ \_\_\_\_\_

DIVIDED BY (b) Interest Expense for the  
same period (as calculated on Appendix  
A hereto) \$ \_\_\_\_\_

EQUALS INTEREST COVERAGE RATIO [(a)/(b)] \$ \_\_\_\_\_

3. A review of the activities of the Borrowers and each of the  
other Parties during the fiscal periods covered by this  
Certificate has been made under the supervision of the  
undersigned, with a view to determining whether during such  
fiscal periods the Borrowers and each of the other Parties  
performed and observed all of their respective Obligations. To  
the best knowledge of the undersigned, during the fiscal  
periods covered by this Certificate, all covenants and  
conditions set forth in the Loan Documents, INCLUDING, without  
limitation, those set forth in Articles 4, 5 and 6 of the Loan  
Agreements, have been so performed and observed and no Default  
or Event of

Default has occurred and is continuing, WITH ONLY THE EXCEPTIONS set forth below (if none, so state), and in response to which the Borrowers and the other Parties have taken or propose to take the following actions (if none, so state):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. The undersigned Senior Officer of the Borrowers and Parent certifies that the calculations made and the information contained herein and in each Appendix delivered herewith are derived from the books and records of the Borrowers and the other Parties, as applicable, and that each and every matter contained herein and therein correctly reflects those books and records.

5. To the best knowledge of the undersigned no event or circumstance has occurred that constitutes a Material Adverse Effect since the date the most recent Compliance Certificate was executed and delivered, with the exceptions set forth below (if none, so state):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dated: \_\_\_\_\_, \_\_\_\_\_

By \_\_\_\_\_  
Senior Officer of each  
Borrower and Parent

APPENDIX A  
TO  
COMPLIANCE CERTIFICATE

PART 1

EBITDA - Component Calculations  
-----

The calculations below relate to the period from \_\_\_\_\_ to \_\_\_\_\_ (the "Test Period" for purposes of this Part 1 of Appendix A).

EBITDA for the Test Period is calculated as follows for the Parent and its Subsidiaries on a combined basis, in each case as determined in accordance with GAAP:

(a) Consolidated net income of Parent and its Subsidiaries for the Test Period ("Net Income")	\$ _____
PLUS (b) all accrued taxes on or measured by income to the extent included in the determination of Net Income set forth in (a) above	\$ _____
PLUS (c) amounts treated as expenses for interest to the extent included in the determination of Net Income set forth in (a) above	\$ _____
PLUS (d) amounts treated as expenses for depreciation and amortization to the extent included in the determination of Net Income set forth in (a) above	\$ _____
PLUS (e) minority interest	\$ _____
PLUS (f) any extraordinary loss reflected in such Net Income	\$ _____
MINUS (g) any extraordinary gain reflected in such Net Income	\$ _____
PLUS (h) Pre-Opening Expenses during the Test Period	\$ _____

PLUS (i) non-recurring cash charges  
during the Test Period \$ \_\_\_\_\_

EQUALS EBITDA [ (a)+(b)+(c)+(d)+(e)+(f)-(g)+(h)+(i) ]  
\$ \_\_\_\_\_

-----  
(1) provided that in computing EBITDA:

(a) for all periods ending on or prior to December 31, 1998,  
"EBITDA" shall be computed on the basis of the combined operating results of  
Parent and its Subsidiaries, Showboat and Rio as described on Schedule 1.3 of  
the Loan Agreements.

(b) the operating results of each New Project which commences  
operations and records not less than one full fiscal quarter's operations during  
the relevant period shall be annualized; and

(c) EBITDA shall be adjusted, on a pro forma basis, to include  
the operating results of each resort or casino property acquired by Parent and  
its Consolidated Subsidiaries during the relevant period and to exclude the  
operating results of each resort or casino property sold or otherwise disposed  
of by Parent and its Subsidiaries, or whose operations are discontinued during  
the relevant period.

PART 2

TOTAL DEBT - Component Calculation  
-----

Total Debt as of the Determination Date is the SUM of the following  
(without duplication):

(a) the outstanding principal Indebtedness of Parent and its  
Subsidiaries for borrowed money (INCLUDING debt securities  
issued by Parent or any of its Subsidiaries)  
on the Determination Date \$ \_\_\_\_\_

PLUS (b) the aggregate amount of  
all Capital Lease Obligations of  
Parent and its Subsidiaries  
on the Determination Date \$ \_\_\_\_\_

PLUS (c) all obligations in respect of letters of credit or other similar instruments for which Parent or any of its Subsidiaries are account parties or are otherwise obligated  
\$ \_\_\_\_\_

PLUS (d) the aggregate amount of all Contingent Obligations and other similar contingent obligations of Parent and its Subsidiaries with respect to any of the foregoing  
\$ \_\_\_\_\_

PLUS (e) any obligations of Parent of any of its Subsidiaries to the extent that the same are secured by a Lien on any of the assets of Parent or its Subsidiaries  
\$ \_\_\_\_\_

EQUALS TOTAL DEBT [(a)+(b)+(c)+(d)+(e)]  
\$ \_\_\_\_\_

- -----  
(2) provided that in computing "Total Debt," the amount of any Contingent Obligation or letter of credit shall be deemed to be zero unless and until (1) in the case of obligations in respect of letters of credit, a drawing is made with respect thereto, (2) in the case of any other Contingent Obligations, demand for payment is made with respect thereto, or (3) Parent's independent auditors have quantified the amount of Parent's and its Subsidiaries with respect to letters of credit and Contingent Obligations as liabilities on Parent's consolidated balance sheet in accordance with Generally Accepted Accounting Principles (as opposed to merely noted in the footnotes to any such balance sheet) and the amount of any such individual liability is in excess of \$50,000,000, in which case the amount thereof shall be deemed to be the amount so quantified from time to time.

PART 3

INTEREST EXPENSE - Component Calculations

-----  
The calculations below relate to the period from \_\_\_\_\_ to \_\_\_\_\_  
(the "Test Period" for purposes of this Part 3 of Appendix A).

Interest Expense for the Test Period is calculated as follows:

(a) all interest, fees, charges and related expenses paid or payable (without duplication) to a lender in connection with borrowed money or the deferred purchase price of assets that are considered "interest expense" under Generally Accepted Accounting Principles \$ \_\_\_\_\_

PLUS (b) the portion of rent paid or payable (without duplication) for the Test Period under Capital Lease Obligations that should be treated as interest in accordance with Financial Accounting Standards Board Statement No. 13 \$ \_\_\_\_\_

EQUALS INTEREST EXPENSE [(a)+(b)] \$ \_\_\_\_\_

EXHIBIT G

Latham & Watkins Letterhead

April 30, 1999

To the Administrative Agents and  
each of the Lenders party to each  
of the Loan Documents referred  
to below

Ladies and Gentlemen:

We have acted as special counsel to Harrah's Entertainment, Inc., a Delaware corporation ("Parent"), Harrah's Operating Company, Inc., a Delaware corporation (the "Company"), and Marina Associates, a New Jersey general partnership ("Marina"), in connection with the execution and delivery by Parent, the Company and Marina of (i) the Five-Year Loan Agreement dated as of April 30, 1999 (the "5-Year Agreement") among Parent, as Guarantor, the Company, Marina, such other Subsidiaries that may become a Borrower pursuant to the terms thereof, each lender whose name is set forth on the signature pages thereto and each other lender from time to time party thereto (the "5-Year Lenders"), Bankers Trust Company, as Syndication Agent, CIBC Oppenheimer Corp. and Societe Generale, as Documentation Agents, Commerzbank AG, PNC Bank, National Association and Wells Fargo Bank, N.A., as Co-Documentation Agents, and Bank of America National Trust and Savings Association, as Administrative Agent (the "5-Year Administrative Agent") and (ii) the 364-Day Loan Agreement dated as of April 30, 1999 (the "364-Day Agreement" and, together with the 5-Year Agreement, the "Agreements"), among Parent, as Guarantor, the Company, Marina, such other Subsidiaries that may become a Borrower pursuant to the terms thereof, each lender whose name is set forth on the signature pages thereto and each other lender from time to time party thereto (the "364-Day Lenders" and, together with the 5-Year Lenders, the "Lenders"), Bankers Trust Company, as Syndication Agent, CIBC Oppenheimer Corp. and Societe Generale, as Documentation Agents, Commerzbank AG, PNC Bank, National Association and Wells Fargo Bank, N.A., as Co-Documentation Agents, and Bank of America National Trust and Savings Association, as Administrative Agent (the "364-Day Administrative Agent" and, together with the 5-Year Administrative Agent, the "Administrative Agents").

Capitalized terms used by not defined herein have the meanings assigned to them in each of the Agreements.

In our capacity as such counsel, we have made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to our satisfaction as being true reproductions of originals of such documents, corporate records and other instruments, and have obtained from public officials and from officers of the Company, Parent, Marina and their respective Subsidiaries such certificates and other representations and assurances, as we have deemed necessary or appropriate for the purpose of the opinions stated below. We have examined, among other things, the following:

- (a) the Agreements.
- (b) the Guaranty dated as of April 30, 1999, by Parent in favor of the 5-Year Administrative Agent for the benefit of the 5-Year Lenders;
- (c) The Guaranty dated as of April 30, 1999, by Parent in favor of the 364-Day Administrative Agent for the benefit of the 364-Day Lenders;
- (d) the Committed Advance Notes;
- (e) the Competitive Advance Notes; and
- (f) the Swing Line Notes.

The documents described in subsections (a)-(f) above are referred to herein collectively as the "Loan Documents."

We have investigated such questions of law as we have deemed necessary or appropriate for the purposes of the opinions stated herein. We are members of the bar of the State of California, and we are opining herein as to the effect on the subject transactions of the internal laws of the State of California, the General Corporation Law of the State of Delaware and the federal laws of the United States, and we express no opinion with respect to the applicability thereto or the effect thereon, of the laws of any other jurisdiction (or, in the case of Delaware, any laws other than the General Corporation Law of the State of Delaware) or as to any matters of municipal law or the laws of any other local agencies within any state.

On the basis of the foregoing, and in reliance thereon, and subject to the limitations, qualifications and exceptions set forth below, we are of the opinion that, as of the date hereof:

1. The execution, delivery and performance by each Borrower, Parent, Harrah's Atlantic City, Inc., a New Jersey corporation ("Harrah's AC"), as general partner of Marina, and Harrah's New Jersey, Inc., a New Jersey corporation (together with Harrah's AC, the "Marina Partners"), as general partner of Marina, of each of the Loan Documents to which such Borrower, Parent, and the Marina Partners, as applicable, is a party (i) do not, in the case of the Company, Parent and the Marina Partners, contravene any provisions of their respective certificates of incorporation or by-laws, and, in the case of Marina, contravene any provision of its partnership agreement and (ii) do not, to the best of our knowledge, violate or constitute a default under, any applicable provision of the laws of the State of California, the General Corporation Law of the State of Delaware or the federal laws of the United States or any applicable regulation under such laws or any other agreement of Parent, the Company, Marina, the Marina Partners or any of their Subsidiaries which has been identified to us by a responsible officer of Parent as an agreement which is individually material to the business, properties or operations of Parent and its Subsidiaries taken as a whole (each such agreement, a "Material Agreement"), other than any such violations or defaults which would not, separately or in the aggregate, have a material adverse effect on the validity or enforceability of the Loan Documents or on the ability of any Borrower to perform its obligations under the Loan Documents or have a material adverse effect on the business, properties or operations of Parent and its Subsidiaries taken as a whole.

2. Assuming the due authorization, execution and delivery of each of the Loan Documents by each of Parent, the Company and Marina, each of the Loan Documents constitutes a legally valid and binding obligation of each of Parent, the Company and Marina that is a party thereto, enforceable against them in accordance with its terms.

3. At the time of consummation thereof, all consents and approvals of, and filings and registrations with, and all other actions in respect of, all United States federal, California and Delaware governmental agencies, authorities or instrumentalities required in order to make or consummate the loan transactions

contemplated by the Loan Documents and enter into the Loan Documents have been obtained, given, filed or taken and are or will be in full force and effect (or effective judicial relief with respect thereto has been obtained).

Our opinions in paragraphs 1 and 3 above as to compliance with certain laws, statutes, rules or regulations and with respect to the consents, approvals, filings and other actions is based upon a review of those laws, statutes, rules and regulations which, in our experience, are normally applicable to loan transactions of the type contemplated by the Loan Documents (other than Federal securities laws and California state securities or "blue sky" laws, as to which we express no opinion in those paragraphs). We are not opining as to any federal or state gaming laws, statutes, rules or regulations.

In rendering the opinions expressed in Paragraph 1 insofar as they require interpretation of the Material Agreements, (i) we have assumed with your permission that all courts of competent jurisdiction would enforce such agreements as written but would apply the internal laws of the State of California, without giving effect to any choice of law provisions contained therein or any choice of law principles which would result in application of the internal laws of any other state, (ii) to the extent that any questions of legality or legal construction have arisen in connection with our review, we have applied the laws of the State of California, in resolving such questions and (iii) we express no opinion with respect to the effect of any action or inaction, by any Party or Creditor under the Loan Documents or the Material Agreements which may result in a breach or default under any Material Agreement. We advise you that certain of the Material Agreements may be governed by other laws, that such laws may vary substantially from the law assumed to govern for purposes of this opinion, and that this opinion may not be relied upon as to whether or not a breach or default would occur under the law actually governing such Material Agreements.

The opinion expressed in paragraph 2 is further subject to the following limitations, qualifications and exceptions:

(a) such opinion is subject to the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors generally, including, without limitation, the effect of Section 548 of the federal Bankruptcy Code and comparable provisions of state law;

(b) enforceability of the Loan Documents is subject to the effect of general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief regardless of whether considered in a proceeding in equity or at law;

(c) certain rights, remedies and waivers contained in the Loan Documents may be limited or rendered ineffective by applicable California laws or judicial decisions governing such provisions, but such laws or judicial decisions do not render the Loan Documents invalid or unenforceable as a whole;

(d) we express no opinion as to the validity or enforceability of any provision of the Loan Documents that permit the Lenders to increase the rate of interest or collect a late charge or prepayment premium in the event of a delinquency or death.

(e) the unenforceability under certain circumstances of provisions to the effect that rights or remedies are not exclusive, that every right or remedy is cumulative and may be exercised in addition to or with any other right or remedy, that election of a particular remedy or remedies does not preclude recourse to one or more other remedies, that any right or remedy may be exercised without notice, or that failure to exercise or delay in exercising rights or remedies will not operate as a waiver of any such right or remedy.

(f) the unenforceability under certain circumstances of provisions indemnifying a party against liability for its own wrongful or negligent acts or where such indemnification is contrary to public policy or prohibited by law;

(g) the effect of Section 1717 of the California Civil Code, which provides that, where a contract permits one party to the contract to recover attorneys' fees, the prevailing party in any action to enforce any provision of the contract shall be entitled to recover its reasonable attorneys' fees;

(h) the effect of California law, which provides that a court may refuse to enforce, or may limit the application of, a contract or any clause thereof which the court finds as a matter of law to have been unconscionable at the time it was made or contrary to public policy;

(i) the effect of Section 631(d) of the California Code of Civil Procedure, which provides that a court may, in its discretion upon just terms, allow a trial by jury although there may have been a waiver of trial by jury;

(j) the enforceability of liquidated damages provisions of the Loan Documents may be governed and restricted by Section 1671 of the California Civil Code;

(k) we express no opinion as to the enforceability of the choice of law provisions in the Loan Documents;

(l) we express no opinion with respect to the enforceability by a federal court of any forum selection clause contained in any of the Loan Documents; and

(m) we also advise you of California statutory provisions and case law to the effect that, in certain circumstances, a surety may be exonerated if the creditor materially alters the original obligation of the principal without the consent of the guarantor, elects remedies for default that impair the subrogation rights of the guarantor against the principal, or otherwise takes any action without notifying the guarantor that materially prejudices the guarantor. However, there is also authority to the effect that a guarantor may validly waive such rights if the waivers are expressly set forth in the guaranty. While we believe that a California court should hold that the explicit language contained in the Loan Documents waiving all rights is enforceable, we express no opinion with respect to the effect of (i) any modification to or amendment of the obligations of any Party, Creditor or any other Person that materially increases such obligations; (ii) any election of remedies by the Administrative Agents or the Lenders following the occurrence of an event of default under the Loan Documents, or (iii) any other action by the Agents or the Lenders that materially prejudices the guarantor.

In connection with our opinions expressed herein, we assume, with your permission, that each Lender and SPC is a member of a class of lenders which is exempt or is otherwise exempt from California usury laws, including Section 1 of Article XV of the California Constitution.

To the extent that the foregoing opinions may be dependent upon such matters, we assume for the purposes of this opinion that each Person who is a party to any of the Loan Documents is duly organized, validly existing and in good standing, as applicable, under the laws of its jurisdiction of organization; that each of the Loan Documents has been duly authorized, executed and delivered by each such person party thereto and constitutes the legally valid and binding obligation of each such Person (other than Parent and the Borrowers), enforceable in accordance with its terms; and that each such Person has the requisite corporate or other organizational power and authority to perform its obligations under such agreements; and that all Parties to the Loan Documents other than Parent and the Borrowers have complied with any applicable requirement to file returns and pay taxes under the Franchise Tax Law of the State of California. We are not expressing any opinion as to the effect of any such Person's (other than Parent's and Borrower's) compliance with any state or federal laws or regulations applicable to the transactions because of the nature of such Person's business.

This opinion is rendered only to you and is solely for your benefit in connection with the transactions covered hereby. This opinion may not be relied upon by you for any other purpose, or furnished to, quoted to or relied upon by any other person, firm or corporation for any purpose, without our prior written consent. At your request, we hereby consent to reliance hereon by any future assigns of or participants in your interest in the Agreements as expressly permitted by Section 11.8 of the Agreements, provided that this opinion speaks only as of the date hereof and to its addressees and that we have no responsibility or obligation to update this opinion, to consider its applicability or correctness other than to its addressees, or to take into account changes in law, facts or any other development of which we may later become aware. We hereby consent to your furnishing this opinion to your auditors and to regulatory officials having jurisdiction over you.

Very truly yours,

/s/ Latham & Watkins

EXHIBIT G

E. O. ROBINSON, JR.'S LETTERHEAD  
HARRAH'S ENTERTAINMENT, INC.

April 30, 1999

To the Administrative Agents and  
each of the Lenders party to each  
of the Loan Documents referred  
to below

Ladies and Gentlemen:

I am Senior Vice President and General Counsel of Harrah's Entertainment, Inc., a Delaware corporation ("Parent"), and Harrah's Operating Company, Inc., a Delaware corporation (the "Company"), and in that capacity, I have acted as counsel to Parent, the Company and Marina Associates, a New Jersey general partnership ("Marina"), in connection with the execution and delivery by Parent, the Company and Marina of (i) the Five-Year Loan Agreement dated as of April 30, 1999 (the "5-Year Agreement") among Parent, as Guarantor, the Company, Marina, such other Subsidiaries that may become a Borrower pursuant to the terms thereof, each lender whose name is set forth on the signature pages thereto and each other lender from time to time party thereto (the "5-Year Lenders"), Bankers Trust Company, as Syndication Agent, CIBC Oppenheimer Corp. and Societe Generale, as Documentation Agents, Commerzbank AG, PNC Bank, National Association and Wells Fargo Bank, N.A., as Co-Documentation Agents, and Bank of America National Trust and Savings Association, as Administrative Agent (the "5-Year Administrative Agent) and (ii) the 364-Day Loan Agreement dated as of April 30, 1999 (the "364-Day Agreement" and, together with the 5-Year Agreement, the "Agreements"), among Parent, as Guarantor, the Company, Marina, such other Subsidiaries that may become a Borrower pursuant to the terms thereof, each lender whose name is set forth on the signature pages thereto and each other lender from time to time party thereto (the "364-Day Lenders" and, together with the 5-Year Lenders, the "Lenders"), Bankers Trust Company, as Syndication Agent, CIBC Oppenheimer Corp. and Societe Generale, as Documentation Agents, Commerzbank AG, PNC Bank, National Association and Wells Fargo Bank, N.A., as Co-Documentation Agents, and Bank of America National Trust and Savings Association, as Administrative Agent (the "364-Day

Administrative Agent" and, together with the 5-Year Administrative Agent, the "Administrative Agents").

Capitalized terms used but not defined herein have the meanings assigned to them in each of the Agreements.

In that connection, I, or members of my staff, have made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to my satisfaction as being true reproductions of originals of such documents, corporate records and other instruments, and have obtained from public officials and from other officers of the Company, Parent, Marina and their Subsidiaries such certificates and other representations and assurances as I have deemed necessary or appropriate for the purposes of the opinions stated below.

I have investigated such questions of law as I have deemed necessary or appropriate for the purpose of the opinions stated herein. I am a member of the bar of the States of Tennessee and New York, and my opinions below are limited to the effect on the subject transactions of the laws of the States of Tennessee and New York, the General Corporation Law of the State of Delaware and the federal laws of the United States.

Upon the basis of the foregoing and in reliance thereon, I am of the opinion that, as of the date hereof:

1. Each of Parent, the Company, Harrah's Atlantic City, Inc., a New Jersey corporation ("Harrah's AC"), and Harrah's New Jersey, Inc., a New Jersey corporation (together with Harrah's AC, the "Marina Partners"), is a duly organized and validly existing corporation, in good standing under the laws of the jurisdiction of its organization, and has all corporate power to execute, deliver and perform its obligations under the Loan Documents.

2. Marina is a general partnership validly existing under the laws of the State of New Jersey, and has all partnership power to execute, deliver and perform its obligations under the Loan Documents.

3. The execution, delivery, and performance by Parent, each Borrower and the Marina Partners of each of the Loan Documents to which it is a party (i) have been duly authorized by all necessary corporate or partnership, as applicable, action by

Parent, each Borrower and the Marina Partners, as applicable, and (ii) do not violate any judgment, order or decree binding upon any of them, other than any such violations which would not, separately or in the aggregate, have an adverse effect on the validity or enforceability of any of the Loan Documents or on the ability of Parent, either Borrower or the Marina Partners to perform its obligations under the Loan Documents or have a material adverse effect on the value of the business, properties or operations of Parent and its Subsidiaries taken as a whole. Each of Parent, the Company, the Marina Partners and Marina has duly executed and delivered each Loan Document to which it is a party.

4. There does not exist any judgment, order or injunction prohibiting or imposing material adverse conditions upon the consummation of the transactions contemplated by the Loan Documents or the performance by Parent, either Borrower or the Marina Partners of its obligations under the respective Loan Documents.

5. There are no actions, suits or proceedings pending, or, to the best of my knowledge, threatened, against Parent or any of its Subsidiaries with respect to the Loan Documents or the transactions contemplated thereby or that restrains, permits or imposes adverse conditions upon, or seeks to restrain, prevent or impose adverse conditions upon, the Loan Documents or any such transaction.

This opinion is furnished by me, as General Counsel of the Company and Parent, to you for your benefit (and the benefit of your assigns) in connection with the above transactions. This opinion may not be relied upon by you for any other purpose or furnished to (unless otherwise required to be so furnished by applicable law or judicial process), quoted to or relied upon by any other Person for any purpose without my prior written consent.

Very truly yours,

/s/ E. O. Robinson, Jr.

EXHIBIT H

GUARANTY

This GUARANTY ("Guaranty"), dated as of April 30, 1999, is made by Harrah's Entertainment, Inc., a Delaware corporation ("Guarantor") in favor of Bank of America National Trust and Savings Association, as Administrative Agent for the benefit of the Lenders that are party to the Loan Agreement referred to below, with reference to the following facts:

RECITALS

A. Pursuant to the 364-Day Loan Agreement dated as of April 30, 1999 by and among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc., a Delaware corporation, Marina Associates, a New Jersey general partnership, and such other Subsidiaries that become Borrowers pursuant thereto (collectively with Harrah's Operating Company, Inc. and Marina Associates, the "Borrowers" and each, a "Borrower"), the Lenders therein named (collectively, the "Lenders" and individually, a "Lender") and Bank of America National Trust and Savings Association, as Administrative Agent (as such agreement may from time to time be extended, modified, renewed, restated, supplemented or amended, the "Loan Agreement"), the Lenders are making certain credit facilities available to Borrowers.

B. As a condition to the availability of such credit facilities, Guarantor is required to enter into this Guaranty and to guaranty the Guaranteed Obligations as hereinafter provided.

C. Guarantor expects to realize direct and indirect benefits as the result of the availability of the aforementioned credit facilities to Borrowers.

AGREEMENT

NOW, THEREFORE, in order to induce Lender to extend the aforementioned credit facilities, and for other good and valuable consideration, the receipt and adequacy of which hereby are acknowledged, Guarantor hereby represents, warrants, covenants, agrees and guaranties as follows:

1. DEFINITIONS. This Guaranty is the Parent Guaranty referred to in the Loan Agreement and is one of the Loan Documents. Terms defined in the Loan Agreement and not otherwise defined in this Guaranty shall have the meanings given those terms in the Loan Agreement when used herein and such definitions are incorporated herein as though set forth in full. In addition, as used herein, the following terms shall have the meanings respectively set forth after each:

"GUARANTIED OBLIGATIONS" means all Obligations of Borrowers or any Party at any time and from time to time owed to Lender under one or more of the Loan Documents (but not including Obligations owed to Lender under this Guaranty), whether due or to become due, matured or unmatured, liquidated or unliquidated, or contingent or noncontingent, including obligations of performance as well as obligations of payment, and including interest that accrues after the commencement of any bankruptcy or insolvency proceeding by or against Borrowers or any of them, Guarantor or any other Person.

"GUARANTOR" means Harrah's Entertainment, Inc., a Delaware corporation.

"LENDER" means the Administrative Agent (acting as the Administrative Agent and/or on behalf of the Lenders) and the Lenders, and each of them, and any one or more of them. Subject to the terms of the Loan Agreement, any right, remedy, privilege or power of Lender shall be exercised by the Administrative Agent on behalf of the Lenders.

"GUARANTY" means this Guaranty, and any extensions, modifications, renewals, restatements, reaffirmations, supplements or amendments hereof.

2. GUARANTY OF GUARANTIED OBLIGATIONS. Guarantor hereby irrevocably, unconditionally guaranties and promises to pay and perform on demand upon the occurrence of any Event of Default the Guarantied Obligations and each and every one of them, including all amendments, modifications, supplements,

renewals or extensions of any of them, whether such amendments, modifications, supplements, renewals or extensions are evidenced by new or additional instruments, documents or agreements or change the rate of interest on any Guaranteed Obligation or the security therefor, or otherwise.

3. NATURE OF GUARANTY. This Guaranty is irrevocable and continuing in nature and relates to any Guaranteed Obligations now existing or hereafter arising. This Guaranty is a guaranty of prompt and punctual payment and performance and is not merely a guaranty of collection.

4. RELATIONSHIP TO OTHER AGREEMENTS. Nothing herein shall in any way modify or limit the effect of terms or conditions set forth in any other document, instrument or agreement executed by Guarantor or in connection with the Guaranteed Obligations, but each and every term and condition hereof shall be in addition thereto. All provisions contained in the Loan Agreement or any other Loan Document that apply to Loan Documents generally are fully applicable to this Guaranty and are incorporated herein by this reference.

5. SUBORDINATION OF INDEBTEDNESS OF BORROWERS TO GUARANTOR TO THE GUARANTIED OBLIGATIONS. Guarantor agrees that:

(a) Any indebtedness of Borrowers now or hereafter owed to Guarantor hereby is subordinated to the Guaranteed Obligations.

(b) If Lender so requests, upon the occurrence and during the continuance of any Event of Default, any such indebtedness of Borrowers now or hereafter owed to Guarantor shall be collected, enforced and received by Guarantor as trustee for Lender and shall be paid over to Lender in kind on account of the Guaranteed Obligations, but without reducing or affecting in any manner the obligations of Guarantor under the other provisions of this Guaranty.

(c) Should Guarantor fail to collect or enforce any such indebtedness of Borrowers now or hereafter owed to Guarantor and pay the proceeds thereof to Lender in accordance with Section 5(b) hereof, Lender as Guarantor's attorney-in-fact may do such acts and sign such documents in Guarantor's name as Lender considers necessary or desirable to effect such collection, enforcement and/or payment.

6. STATUTES OF LIMITATIONS AND OTHER LAWS. Until the Guarantied Obligations shall have been paid and performed in full, all the rights, privileges, powers and remedies granted to Lender hereunder shall continue to exist and may be exercised by Lender at any time and from time to time irrespective of the fact that any of the Guarantied Obligations may have become barred by any statute of limitations. Guarantor expressly waives the benefit of any and all statutes of limitation, and any and all Laws providing for exemption of property from execution or for evaluation and appraisal upon foreclosure, to the maximum extent permitted by applicable Laws.

7. WAIVERS AND CONSENTS. Guarantor acknowledges that the obligations undertaken herein involve the guaranty of obligations of Persons other than Guarantor and, in full recognition of that fact, consents and agrees that Lender may, at any time and from time to time, without notice or demand, and without affecting the enforceability or continuing effectiveness hereof: (a) supplement, modify, amend, extend, renew, accelerate or otherwise change the time for payment or the terms of the Guarantied Obligations or any part thereof, including any increase or decrease of the rate(s) of interest thereon; (b) supplement, modify, amend or waive, or enter into or give any agreement, approval or consent with respect to, the Guarantied Obligations or any part thereof, or any of the Loan Documents to which Guarantor is not a party or any additional security or guaranties, or any condition, covenant, default, remedy, right, representation or term thereof or thereunder; (c) accept new or additional instruments, documents or agreements in exchange for or relative to any of the Loan Documents or the Guarantied Obligations or any part thereof; (d) accept partial payments on the Guarantied Obligations; (e) receive and hold additional security or guaranties for the Guarantied Obligations or any part thereof; (f) release, reconvey, terminate, waive, abandon, fail to perfect, subordinate, exchange, substitute, transfer and/or enforce any security or guaranties, and apply any security and direct the order or manner of sale thereof as Lender in its sole and absolute discretion may determine; (g) release any Person from any personal liability with respect to the Guarantied Obligations or any part thereof; (h) settle, release on terms satisfactory to Lender or by operation of applicable Laws or otherwise liquidate or enforce any Guarantied Obligations and any security or guaranty therefor in any manner, consent to the transfer of any security and bid and purchase at any sale; and/or (i) consent to the merger, change or any other restructuring or

termination of the corporate existence of Borrowers, or any of them, Guarantor or any other Person, and correspondingly restructure the Guaranteed Obligations, and any such merger, change, restructuring or termination shall not affect the liability of Guarantor or the continuing effectiveness hereof, or the enforceability hereof with respect to all or any part of the Guaranteed Obligations; provided that nothing herein shall waive, alter, diminish or modify any rights of the Borrowers under the Loan Documents, including, without limitation, the rights of the Borrowers to agree to any amendments or modifications of the Loan Documents.

Upon the occurrence and during the continuance of any Event of Default, Lender may enforce this Guaranty independently as to Guarantor and independently of any other remedy or security Lender at any time may have or hold in connection with the Guaranteed Obligations. Guarantor expressly waives any right to require Lender to marshal assets in favor of Guarantor, and agrees that Lender may proceed against Borrowers or any of them, or upon or against any security or remedy, before proceeding to enforce this Guaranty, in such order as it shall determine in its sole and absolute discretion. Lender may file a separate action or actions against Borrowers, or any of them, and/or Guarantor without respect to whether action is brought or prosecuted with respect to any security or against any other Person, or whether any other Person is joined in any such action or actions. Guarantor agrees that Lender, Borrowers, or any of them, and any Affiliates of any Borrower may deal with each other in connection with the Guaranteed Obligations or otherwise, or alter any contracts or agreements now or hereafter existing between any of them, in any manner whatsoever, all without in any way altering or affecting the security of this Guaranty. Lender's rights hereunder shall be reinstated and revived, and the enforceability of this Guaranty shall continue, with respect to any amount at any time paid on account of the Guaranteed Obligations which thereafter shall be required to be restored or returned by Lender upon the bankruptcy, insolvency or reorganization of Borrowers, or any of them, or any other Person, or otherwise, all as though such amount had not been paid. The rights of Lender created or granted herein and the enforceability of this Guaranty with respect to Guarantor at all times shall remain effective to guaranty the full amount of all the Guaranteed Obligations even though the Guaranteed Obligations, or any part thereof, or any security or guaranty therefor, may be or hereafter may become invalid or otherwise unenforceable as against Borrowers or any

other guarantor or surety and whether or not Borrowers shall have any personal liability with respect thereto. Guarantor expressly waives any and all defenses now or hereafter arising or asserted by reason of (a) any disability or other defense of Borrowers, or any of them, with respect to the Guaranteed Obligations, (b) the unenforceability or invalidity of any security or guaranty for the Guaranteed Obligations or the lack of perfection or continuing perfection or failure of priority of any security for the Guaranteed Obligations, (c) the cessation for any cause whatsoever of the liability of Borrowers, or any of them (other than by reason of the full payment and performance of all Guaranteed Obligations), (d) any failure of Lender to marshal assets in favor of Borrowers or any other Person, (e) except as otherwise provided in this Guaranty, any failure of Lender to give notice of sale or other disposition of collateral to Guarantor or any other Person or any defect in any notice that may be given in connection with any sale or disposition of collateral, (f) any failure of Lender to comply with applicable Laws in connection with the sale or other disposition of any collateral or other security for any Guaranteed Obligation, including without limitation, any failure of Lender to conduct a commercially reasonable sale or other disposition of any collateral or other security for any Guaranteed Obligation, (g) any act or omission of Lender or others that directly or indirectly results in or aids the discharge or release of Borrowers, or any of them, or the Guaranteed Obligations or any security or guaranty therefor by operation of law or otherwise, (h) any Law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation, (i) any failure of Lender to file or enforce a claim in any bankruptcy or other proceeding with respect to any Person, (j) the election by Lender, in any bankruptcy proceeding of any Person, of the application or non-application of Section 1111(b)(2) of the United States Bankruptcy Code, (k) any extension of credit or the grant of any Lien under Section 364 of the United States Bankruptcy Code, (l) any use of cash collateral under Section 363 of the United States Bankruptcy Code, (m) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any Person, (n) the avoidance of any Lien in favor of Lender for any reason, (o) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Person, including any discharge of, or bar or stay against collecting, all or any of the Guaranteed

Obligations (or any interest thereon) in or as a result of any such proceeding, (p) to the extent permitted, the benefits of any form of one-action rule, or (q) any action taken by Lender that is authorized by this Section or any other provision of any Loan Document. Guarantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Guaranteed Obligations, and all notices of acceptance of this Guaranty or of the existence, creation or incurrence of new or additional Guaranteed Obligations.

8. CONDITION OF BORROWERS AND BORROWERS' SUBSIDIARIES.

Guarantor represents and warrants to Lender that Guarantor has established adequate means of obtaining from Borrowers' Subsidiaries, on a continuing basis, financial and other information pertaining to the businesses, operations and condition (financial and otherwise) of Borrowers and Borrowers' Subsidiaries and their Properties, and Guarantor now is and hereafter will be completely familiar with the businesses, operations and condition (financial and otherwise) of Borrowers and Borrowers' Subsidiaries and their Properties. Guarantor hereby expressly waives and relinquishes any duty on the part of Lender (should any such duty exist) to disclose to Guarantor any matter, fact or thing related to the businesses, operations or condition (financial or otherwise) of Borrowers or Borrowers' Subsidiaries or their Properties, whether now known or hereafter known by Lender during the life of this Guaranty. With respect to any of the Guaranteed Obligations, Lender need not inquire into the powers of Borrowers or any their Subsidiaries or the officers or employees acting or purporting to act on their behalf, and all Guaranteed Obligations made or created in good faith reliance upon the professed exercise of such powers shall be secured hereby.

9. LIENS ON REAL PROPERTY. In the event that all or any part of the Guaranteed Obligations at any time are secured by any one or more deeds of trust or mortgages or other instruments creating or granting Liens on any interests in real Property, Guarantor authorizes Lender, upon the occurrence of and during the continuance of any Event of Default, at its sole option, without notice or demand and without affecting any Guaranteed Obligations of Guarantor, the enforceability of this Guaranty, or the validity or enforceability of any Liens of Lender on any collateral, to foreclose any or all of such deeds of trust or

mortgages or other instruments by judicial or nonjudicial sale. Guarantor expressly waives all rights and defenses to the enforcement of this Guaranty or any rights of Lender created or granted hereby or to the recovery by Lender against Borrowers, or any of them, Guarantor or any other Person liable therefor of any deficiency after a judicial or nonjudicial foreclosure or sale because all or any part of the Guaranteed Obligations is secured by real Property. This means, among other things: (1) Lender may collect from any Guarantor without first foreclosing on any real or personal Property collateral pledged by Borrowers and (2) if the Lender forecloses on any real Property collateral pledged by Borrowers: (A) The amount of the Guaranteed Obligations may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price and (B) the Lender may collect from any Guarantor even if the Lender, by foreclosing on the real Property collateral, has destroyed any right any Guarantor may have to collect from Borrowers. This is an unconditional and irrevocable waiver of any rights and defenses any Guarantor may have because all or any part of the Guaranteed Obligations is secured by real Property. Guarantor expressly waives any defenses or benefits that may be derived from California Code of Civil Procedure ss.ss. 580a, 580b, 580d or 726, or comparable provisions of the Laws of any other jurisdiction, including, without limitation, NRS Section 40.430 and judicial decisions relating thereto, and NRS Sections 40.451, 40.455, 40.457 and 40.459, and all other suretyship defenses it otherwise might or would have under California Law or other applicable Law. Guarantor expressly waives any right to receive notice of any judicial or nonjudicial foreclosure or sale of any real Property or interest therein subject to any such deeds of trust or mortgages or other instruments and any Guarantor's or any other Person's failure to receive any such notice shall not impair or affect Guarantor's Obligations or the enforceability of this Guaranty or any rights of Lender created or granted.

10. WAIVER OF RIGHTS OF SUBROGATION. Notwithstanding anything to the contrary elsewhere contained herein or in any other Loan Document to which Guarantor is a Party, Guarantor hereby expressly waives with respect to any Borrower and its successors and assigns (including any surety) and any other Person which is directly or indirectly a creditor of any Borrower or any surety for any Borrower, any and all rights at Law or in equity to subrogation, to reimbursement, to exoneration, to contribution, to setoff or to any other rights that could accrue to a surety against a principal, to a guarantor against a maker

or obligor, to an accommodation party against the party accommodated, or to a holder or transferee against a maker, and which Guarantor may have or hereafter acquire against any Borrower or any other such Person in connection with or as a result of Guarantor's execution, delivery and/or performance of this Guaranty or any other Loan Document to which Guarantor is a party. Guarantor agrees that it shall not have or assert any such rights against any Borrower or its successors and assigns or any other Person (including any surety) which is directly or indirectly a creditor of any surety for any Borrower, either directly or as an attempted setoff to any action commenced against Guarantor by any Borrower (as borrower or in any other capacity), Lender or any other such Person. Guarantor hereby acknowledges and agrees that this waiver is intended to benefit Borrowers and Lender and shall not limit or otherwise affect Guarantor's liability hereunder, under any other Loan Document to which Guarantor is a party, or the enforceability hereof or thereof.

11. UNDERSTANDINGS WITH RESPECT TO WAIVERS AND CONSENTS.

Guarantor warrants and agrees that each of the waivers and consents set forth herein are made with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which Guarantor otherwise may have against Borrowers, Lender or others, or against any collateral, and that, under the circumstances, the waivers and consents herein given are reasonable and not contrary to public policy or Law. Guarantor acknowledges that it has either consulted with legal counsel regarding the effect of this Guaranty and the waivers and consents set forth herein, or has made an informed decision not to do so. If this Guaranty or any of the waivers or consents herein are determined to be unenforceable under or in violation of applicable Law, this Guaranty and such waivers and consents shall be effective to the maximum extent permitted by Law.

12. REPRESENTATIONS AND WARRANTIES. Guarantor hereby makes

each and every representation and warranty applicable to Guarantor set forth in Article 4 of the Loan Agreement as if set forth in full herein.

13. COSTS AND EXPENSES. After an Event of Default, Guarantor

agrees to pay to Lender all costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by Lender in the enforcement or attempted

enforcement of this Guaranty, whether or not an action is filed in connection therewith, and in connection with any waiver or amendment of any term or provision hereof. All advances, charges, costs and expenses, including reasonable attorneys' fees and disbursements (including the reasonably allocated cost of legal counsel employed by Lender), incurred or paid by Lender in exercising any right, privilege, power or remedy conferred by this Guaranty, or in the enforcement or attempted enforcement thereof, shall be subject hereto and shall become a part of the Guaranteed Obligations and shall be paid to Lender by Guarantor, after an Event of Default and immediately upon demand, together with interest thereon at the rate(s) provided for under the Loan Agreement.

14. CONSTRUCTION OF THIS GUARANTY. This Guaranty is intended to give rise to absolute and unconditional obligations on the part of Guarantor; hence, in any construction hereof, notwithstanding any provision of any loan document to the contrary, this Guaranty shall be construed strictly in favor of Lender in order to accomplish its stated purpose.

15. LIABILITY. Notwithstanding anything to the contrary elsewhere contained herein or in any Loan Document to which Guarantor is a Party, the aggregate liability of Guarantor hereunder for payment and performance of the Guaranteed Obligations shall not exceed an amount which, in the aggregate, is \$1.00 less than that amount which if so paid or performed would constitute or result in a "fraudulent transfer", "fraudulent conveyance", or terms of similar import, under applicable state or federal Law, including without limitation, Section 548 of the United States Bankruptcy Code. The liability of Guarantor hereunder is independent of any other guaranties at any time in effect with respect to all or any part of the Guaranteed Obligations, and Guarantor's liability hereunder may be enforced regardless of the existence of any such guaranties. Any termination by or release of any guarantor in whole or in part shall not affect the continuing liability of Guarantor hereunder, and no notice of any such termination or release shall be required. The execution hereof by Guarantor is not founded upon an expectation or understanding that there will be any other guarantor of the Guaranteed Obligations.

16. WAIVER OF JURY TRIAL. GUARANTOR AND LENDER EXPRESSLY WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS GUARANTY, THE LOAN AGREEMENT, THE OTHER

LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. GUARANTOR AND LENDER AGREE THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS GUARANTY, THE LOAN AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS GUARANTY, THE LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

17. THIS GUARANTY SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LOCAL LAWS OF THE STATE OF CALIFORNIA WITHOUT REFERENCE TO THE CONFLICT OF LOCAL LAWS OR CHOICE OF LAW PRINCIPLES THEREOF.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty by its duly authorized officer as of the date first written above.

"Guarantor"

HARRAH'S ENTERTAINMENT, INC.,  
a Delaware corporation

By:

-----  
Charles L. Atwood, Vice President  
and Treasurer

Address:

Harrah's Entertainment, Inc.  
1023 Cherry Road  
Memphis, Tennessee 38117  
Attn: Charles L. Atwood, Vice President  
and Treasurer  
Telecopier: 901/ 762-8698  
Telephone: 901/762-8852

EXHIBIT I

RESERVED

EXHIBIT J

REQUEST FOR LOAN

364-DAY LOAN AGREEMENT

1. This Request for Loan is executed and delivered by \_\_\_\_\_ ("Requesting Borrower"), to Bank of America National Trust and Savings Association, as the Administrative Agent ("Administrative Agent") pursuant to the Five Year Loan Agreement (as amended, modified or extended, the "Loan Agreement") dated as of April 30, 1999, among Requesting Borrower, as a Borrower, the other Borrowers that are parties thereto (each a "Borrower" and collectively, the "Borrowers"), Harrah's Entertainment, Inc., a Delaware corporation, as Guarantor, the Lenders therein named, and Administrative Agent. Any terms used herein and not defined herein shall have the meanings defined in the Loan Agreement.

2. Borrower hereby requests that the Lenders make a Committed Loan pursuant to the Loan Agreement as follows:

(a) AMOUNT OF REQUESTED COMMITTED LOAN:  
\$ \_\_\_\_\_

(b) FUNDING DATE OF COMMITTED LOAN:  
\_\_\_\_\_

(c) TYPE OF COMMITTED LOAN (Check one box only):

/\_\_ / BASE RATE

/\_\_ / EURODOLLAR RATE FOR A EURODOLLAR PERIOD OF \_\_\_\_\_ MONTHS

3. In connection with the request, Borrower certifies that:

(a) If this Request for Loan is for a Committed Loan which will increase the principal amount outstanding under the Notes, now and as of the date of the requested Committed Loan, except (i) for representations and warranties which speak as of a particular date or are no longer true and correct as a result of a change which is permitted by the Loan Agreement and (ii) as disclosed by Borrowers and

approved in writing by the Requisite Lenders, each representation and warranty made by each Borrower in Article 4 of the Loan Agreement (other than Sections 4.4(a), 4.6 (first sentence), 4.8, 4.15) will be true and correct, both immediately before and after giving effect to such Committed Loan, as though such representations and warranties were made on and as of that date; and

(b) There is not any action, suit, proceeding or investigation pending as to which Parent or any of its Subsidiaries have been served or received notice or, to the best knowledge of Borrowers, threatened against or affecting Parent or any of its Subsidiaries or any Property of any of them before any Governmental Agency that constitutes a Material Adverse Effect.

4. This Request is executed on \_\_\_\_\_ on behalf of Requesting Borrower.

\_\_\_\_\_,  
a \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT K

ELECTION TO BECOME A BORROWER

Bank of American National Trust and Savings Association,  
as Administrative Agent under each of the Loan Agreements described below  
555 South Flower Street  
Los Angeles, California 90071

Ladies and Gentlemen:

The undersigned, \_\_\_\_\_, a \_\_\_\_\_  
("Subsidiary") refers to the Five Year Loan Agreement and the  
364-Day Loan Agreement (as amended, modified or extended, the "Loan Agreements")  
each dated as of April 30, 1999, among Harrah's Entertainment, Inc., a Delaware  
corporation ("Parent"), as Guarantor, Harrah's Operating Company, Inc., a  
Delaware corporation ("Company"), Marina Associates, a New Jersey general  
partnership ("Marina") (each a "Borrower" and collectively, the "Borrowers"),  
the Lenders therein named, and Administrative Agent. Any terms used herein and  
not defined herein shall have the meanings defined in the Loan Agreements.

Subsidiary, desiring to incur Loans under the Loan Agreements,  
hereby elects, pursuant to the provisions of Section 2.10 of each of the Loan  
Agreements, to become a Borrower for the purposes of the Loan Agreements,  
effective from the date hereof. Subsidiary confirms that it is a Wholly-Owned  
Subsidiary under the Loan Agreements and confirms that the representations and  
warranties set forth in Article 4 of the Loan Agreements are true and correct as  
to Subsidiary, and Subsidiary hereby agrees to comply with all the obligations  
of a Borrower under, and to be bound in all respects by the terms of, the Loan  
Agreements as if Subsidiary an original signatory thereto. Subsidiary proposes  
the following Aggregate Sublimit:

PROPOSED AGGREGATE SUBLIMIT FOR SUBSIDIARY:

\$ \_\_\_\_\_

Subsidiary, concurrently with its execution hereof, is delivering  
the appropriate executed documents, certificates, resolutions, opinions,  
Competitive Advance Note, Committed Advanced Notes and Swing Line Documents  
required by Sections 2.10(a) and (b) of the Loan Agreements.

Subsidiary shall, at its own expense, execute and deliver such further documents, certificates, resolution, opinions and other assurances as the Administrative Agent may reasonably request in connection herewith. All notices and other communications provided for under the Loan Agreement may be sent to the address set forth below.

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Very truly yours,  
  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged and Agreed:  
  
Harrah's Entertainment, Inc.  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

[additional Borrowers:]  
  
\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

Harrah's Operating Company, Inc.  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

Marina Associates  
By: Harrah's New Jersey, Inc.,  
    general partner  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: Harrah's Atlantic City,  
    Inc., general partner  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

EXHIBIT L

JOINT BORROWER PROVISIONS

Reference is made to the 364-Day Loan Agreement ( the "Loan Agreement") among Harrah's Operating Company, Inc., a Delaware corporation ("Company"), Marina Associates, a New Jersey general partnership ("Marina" and together with the Company and such other Subsidiaries that become Borrowers pursuant thereto, "Borrowers"), Harrah's Entertainment, Inc., a Delaware corporation ("Parent"), as Guarantor, the Lenders therein named, and Bank of America National Trust and Savings Association, as Administrative Agent. These Joint Borrower Provisions are attached to and made a part of the Loan Agreement as Exhibit L thereto. Capitalized terms used herein are used with the meanings set forth for those terms in the Loan Agreement. Borrowers each agree that:

1. REQUESTS FOR LOANS. Requests for Loans may be made by any Borrower, and the Administrative Agent and the Lenders are authorized to honor and rely upon any such request or any instructions received from any responsible official of any Borrower. It is expressly agreed and understood by each Borrower that the Administrative Agent and the Lenders shall have no responsibility to inquire into the apportionment, allocation or disposition of any Loans made to any Borrower.

2. ACKNOWLEDGMENT AND INDEMNITY RE JOINT HANDLING. It is understood and agreed that the handling of this credit facility on a joint borrowing basis as set forth in this Agreement is as an accommodation to Borrowers and at the request of Borrowers, and that the Administrative Agent and the Lenders shall incur no liability to any Borrower or any other Person as a result thereof. To induce the Administrative Agent and the Lenders to do so, and in consideration thereof, each of the Borrowers hereby agrees to indemnify the Administrative Agent and each Lender and hold them harmless from and against any and all liabilities, expenses, losses, damages and/or claims of damage or injury asserted against them by any Borrower or by any other Person arising from or incurred by reason of the joint handling of the financing arrangements provided in the Loan Agreement, reliance by the Administrative Agent and the Lenders on any requests or instructions from any Borrower, or any other similar action taken by the Administrative Agent or any Lender under the Loan Documents.

3. REPRESENTATION AND WARRANTY. Each Borrower represents and warrants to the Administrative Agent and each Lender that (i) it has established adequate means of obtaining, on a continuing basis, financial and other information pertaining to the business, operations and condition (financial and otherwise) of Parent and its Subsidiaries and their Property, and (ii) it now is and hereafter will be completely familiar with the business, operations and condition (financial and otherwise) of such Persons and their Property. Each Borrower hereby waives and relinquishes any duty on the part of the Administrative Agent or any Lender to disclose to it any matter, fact or thing relating to the business, operations or condition (financial or otherwise) of Borrowers, Parent, its Subsidiaries or their Property, whether now or hereafter known by the Administrative Agent or any Lender during the term of the Loan Agreement.

4. WAIVERS AND CONSENTS. Each of the Borrowers consents and agrees that the Administrative Agent and the Lenders may, at any time and from time to time, without notice or demand to any of them, and without affecting the enforceability or continuing effectiveness hereof:

a. supplement, modify, amend, extend, renew, accelerate, or otherwise change the time for payment or the terms of the Obligations or any part thereof, including any increase or decrease of the rate(s) of interest thereon;

b. supplement, modify, amend or waive, or enter into or give any agreement, approval or consent with respect to, the Obligations or any part thereof or any of the Loan Documents or any additional security or guaranties, or any condition, covenant, default, remedy, right, representation or term thereof or thereunder;

c. accept new or additional instruments, documents or agreements in exchange for or relative to any of the Loan Documents or the Obligations or any part thereof;

d. accept partial payments on the Obligations;

e. receive and hold additional security or guaranties for the Obligations or any part thereof;

f. release, reconvey, terminate, waive, abandon, fail to perfect, subordinate, exchange, substitute, transfer and/or enforce any security or guaranties, and apply any security and direct the order or manner of sale thereof as the Administrative Agent and the Lenders in their sole and absolute discretion may determine;

g. release any Person from any personal liability with respect to the Obligations or any part thereof;

h. settle, release on terms satisfactory to the Administrative Agent and the Lenders or by operation of applicable Laws or otherwise liquidate or enforce any Obligations and any security or guaranty therefor in any manner, consent to the transfer of any security and bid and purchase at any sale; and/or

i. consent to the merger, change or any other restructuring or termination of the corporate existence of Borrowers, or any of them, any guarantor or any other Person, and correspondingly restructure the Obligations, and any such merger, change, restructuring or termination shall not affect the liability of any Person or the continuing effectiveness hereof or the enforceability hereof with respect to all or any part of the Obligations;

provided that nothing herein shall waive, alter, diminish or modify any rights of the Borrowers under the Loan Documents, including without limitation, the rights of the Borrowers to agree to any amendments or modifications of the Loan Documents.

Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent and the Lenders may enforce the Loan Agreement and the other Loan Documents independently as to each Borrower and independently of any other remedy or security the Administrative Agent or any Lender at any time may have or hold in connection with the Obligations. Each Borrower expressly waives any right to require the Administrative Agent or any Lender to marshal assets in favor of Borrowers, and agrees that the Administrative Agent and Lenders may proceed against Borrowers, or any of them, or upon any security or remedy before proceeding to enforce this Loan Agreement, in such order as they shall determine in their sole and absolute discretion. The Administrative Agent (with the consent of the Requisite Lenders) may file a separate action or actions against Borrowers, or any

of them, and/or any guarantor without respect to any Borrower, whether action is brought or prosecuted with respect to any other security or against any other Person, or whether any other Person is joined in any such action or actions. Each Borrower agrees that the Administrative Agent and the Lenders may deal with each Borrower or themselves other in connection with the Obligations or otherwise, or alter any contracts or agreements now or hereafter existing between any of them, in any manner whatsoever, all without in any way altering or affecting the security of the Loan Documents. Borrowers expressly waive the benefit of any statute(s) of limitations affecting their liability under the Loan Documents or the enforcement of the Obligations or any Liens created or granted therein. The Administrative Agent and the Lenders' rights hereunder shall be reinstated and revived, and the enforceability of this Loan Agreement shall continue, with respect to any amount at any time paid on account of the Obligations which thereafter shall be required to be restored or returned by them upon the bankruptcy, insolvency or reorganization of Borrowers, or any of them, or any other Person, or otherwise, all as though such amount had not been paid. The rights of Lender created or granted under the Loan Documents and their enforceability at all times shall remain effective to secure the full amount of all the Obligations, even though the Obligations, including any part thereof or any other security or guaranty therefor, may be or hereafter may become invalid or otherwise unenforceable as against Borrowers or any guarantor or surety and whether or not such other Persons shall have any personal liability with respect thereto. Each Borrower expressly waives any and all defenses now or hereafter arising or asserted by reason of (a) any disability or other defense of any of the other such Persons with respect to the Obligations, (b) the unenforceability or invalidity of any security or guaranty for the Obligations or the lack of perfection or continuing perfection or failure of priority of any security for the Obligations, (c) the cessation for any cause whatsoever of the liability of Borrowers, or any of them (other than by reason of the full payment and performance of all Obligations), (d) any failure of the Administrative Agent or any Lender to marshal assets in favor of Borrowers or any other Person, (e) except as otherwise provided in the Loan Documents, any failure of the Administrative Agent or any Lender to give notice of sale or other disposition of collateral to any Borrower or any other Person or any defect in any notice that may be given in connection with any sale or disposition of collateral, (f) any failure of the Administrative Agent or any Lender to comply with applicable Laws in connection with the sale or other disposition

of any collateral or other security for any Obligation, including without limitation any failure of the Administrative Agent or any Lender to conduct a commercially reasonable sale or other disposition of any collateral or other security for any Obligation, (g) any act or omission of the Administrative Agent or any Lender or others that directly or indirectly results in or aids the discharge or release of Borrowers or any of them, or any other Person or the obligations or any other security or guaranty therefor by operation of Law or otherwise, (h) any Law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation, (i) any failure of the Administrative Agent or any Lender to file or enforce a claim in any bankruptcy or other proceeding with respect to any Person, (j) the election by the Administrative Agent or any Lender, in any bankruptcy proceeding of any Person, of the application or non-application of Section 1111(b)(2) of the United States Bankruptcy Code, (k) any extension of credit or the grant of any Lien under Section 364 of the United States Bankruptcy Code, (l) any use of cash collateral under Section 363 of the United States Bankruptcy Code, (m) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any Person, (n) the avoidance of any Lien in favor of the Administrative Agent or any Lender for any reason, (o) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Person, including any discharge of, or bar or stay against collecting, all or any of the Obligations (or any interest thereon) in or as a result of any such proceeding, (p) to the extent permitted, the benefits of any form of one-action rule, or (q) any action taken by Lender that is authorized by these Joint Borrower Provisions or any other provision of any Loan Documents. Each Borrower expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Obligations, and all notices of acceptance of the Loan Agreement or of the existence, creation or incurrence of new or additional Obligations.

5. LIENS ON REAL PROPERTY. In the event that all or any part of the Obligations at any time are secured by any one or more deeds of trust or mortgages or other instruments creating or granting Liens or any interests in real Property, each of the Borrowers authorizes the Administrative Agent and each Lender,

upon the occurrence of and during the continuance of any Event of Default, at their sole option, without notice or demand and without affecting any Obligations of any such Person, the enforceability of the Loan Documents, or the validity or enforceability of any Liens of the Administrative Agent or any Lender on any collateral, to foreclose any or all of such deeds of trust or mortgages or other instruments by judicial or nonjudicial sale. Each Borrower expressly waives all rights and any defenses to the enforcement of the Loan Documents or any rights of the Administrative Agent or any Lender created or granted thereby or to the recovery by the Administrative Agent and the Lenders against Borrowers, or any of them, any guarantor or any other Person liable therefor of any deficiency after a judicial or nonjudicial foreclosure or sale, even though such a foreclosure or sale because all or any part of the Obligations is secured by real Property. This means, among other things: (1) Administrative Agent and each Lender may collect from any Borrower, any guarantor or any other Person without first foreclosing on any real or personal Property collateral pledged by any Borrower, any other Party, any guarantor or any other Person. (2) If Administrative Agent or any Lender forecloses on any real Property collateral pledged by Borrowers, any guarantor or any other Person: (A) The amount of the Obligations may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price. (B) Administrative Agent and each Lenders may collect from Borrowers, any guarantor or any other Person even if the Administrative Agent or any Lender, by foreclosing on the real Property collateral, has destroyed any right any guarantor, any other Party or any other Person may have to collect from any Borrower. This is an unconditional and irrevocable waiver of any rights and defenses any Borrower may have because all or any part of the Obligations is secured by real Property. Each of the Borrowers expressly waives any defenses or benefits that may be derived from California Code of Civil Procedure ss.ss. 580a, 580b, 580d or 726, or comparable provisions of the Laws of any other jurisdiction, including, without limitation, NRS Section 40.430 and judicial decisions relating thereto, and NRS Sections 40.451, 40.455, 40.457 and 40.459, and all other suretyship defenses it otherwise might or would have under California Law or other applicable Law. Each Borrower expressly waives any right to receive notice of any judicial or nonjudicial foreclosure or sale of any real Property or interest therein subject to any such deeds of trust or mortgages or other instruments and any guarantor's or any other Person's failure to receive any such notice shall not impair or affect each Borrower's Obligations or the enforceability of the Joint Borrower Provisions or any rights of Administrative Agent or Lenders created or granted.

6. WAIVER OF RIGHTS OF SUBROGATION. Notwithstanding anything to the contrary elsewhere contained herein or in any other Loan Document to which any Borrower is a party, Borrowers hereby waive with respect each other and their respective successors and assigns (including any surety) and any other Person which is directly or indirectly a creditor of any Borrower or any surety for any Borrower, any and all rights at Law or in equity, to subrogation, to reimbursement, to exoneration, to contribution, to setoff or to any other rights that could accrue to a surety against a principal, to a guarantor against a maker or obligor, to an accommodation party against the party accommodated, or to a holder or transferee against a maker and which any Borrower may have or hereafter acquire against each other or any other party in connection with or as a result of their execution, delivery and/or performance of this Loan Agreement or any other Loan Document to which any of them is a party. Borrowers agree that they shall not have or assert any such rights against one another or their respective successors and assigns or any other Person (including any surety) which is directly or indirectly a creditor of any surety for any Borrower, either directly or as an attempted setoff to any action commenced against any other Person comprising any Borrower (as a Borrower or in any other capacity) or any other party. Each Borrower hereby acknowledges and agrees that this waiver is intended to benefit of Borrowers and Lenders and shall not limit or otherwise affect any of their liabilities hereunder, under any other Loan Document to which any of them is a party, or the enforceability hereof or thereof.

7. UNDERSTANDINGS WITH RESPECT TO WAIVERS AND CONSENTS. Borrowers, and each of them, warrant and agree that each of the waivers and consents set forth herein are made with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which they otherwise may have against each other, the Administrative Agent, the Lenders or others, or against any collateral, and that, under the circumstances, the waivers and consents herein given are reasonable and not contrary to public policy or Law. Each Borrower acknowledges that it has either consulted with legal counsel regarding the effect of the Loan Documents and the waivers and consents set forth therein, or has made an informed decision not to do so. If the Loan Documents or any of the waivers or consents herein are determined to be unenforceable under or in violation of applicable Law, such waivers and consents shall be effective to the maximum extent permitted by Law.

SCHEDULE 1.1  
HARRAH'S ENTERTAINMENT, INC.  
364-DAY LOAN AGREEMENT  
\$300,000,000 SENIOR CREDIT FACILITY

BANKS	AMOUNT	PRO RATA SHARE
ADMINISTRATIVE AGENT		
Bank of America National Trust and Savings Association	28,125,000.00	9.37500%
SYNDICATION AGENT		
Bankers Trust Company	21,562,500.00	7.18750%
DOCUMENTATION AGENTS		
Canadian Imperial Bank of Commerce	21,562,500.00	7.18750%
Societe Generale	21,562,500.00	7.18750%
CO-DOCUMENTATION AGENTS		
Commerzbank AG - Los Angeles Branch	18,750,000.00	6.25000%
PNC Bank, National Association	18,750,000.00	6.25000%
Wells Fargo Bank, National Association	18,750,000.00	6.25000%
SENIOR MANAGING AGENT		
Fleet Bank N.A	18,750,000.00	6.25000%
MANAGING AGENT		
The First National Bank of Chicago	14,062,500.00	4.68750%
CO-AGENTS		
The Bank of New York	9,375,000.00	3.12500%
The Bank of Nova Scotia	9,375,000.00	3.12500%
Credit Lyonnais Los Angeles Branch	9,375,000.00	3.12500%
U.S. Bank National Association	9,375,000.00	3.12500%
Wachovia Bank, N.A	9,375,000.00	3.12500%
Westdeutsche Landesbank Girozentrale	9,375,000.00	3.12500%
LENDERS		
First Security Bank, N.A	6,562,500.00	2.18750%
The Industrial Bank of Japan, Limited, Atlanta Agency	5,625,000.00	1.87500%
BankBoston, N.A	4,687,500.00	1.56250%
Bank of Hawaii	4,687,500.00	1.56250%
Bank of Scotland	4,687,500.00	1.56250%

BANKS	AMOUNT	PRO RATA SHARE
Banque Nationale de Paris, Houston Agency	4,687,500.00	1.56250%
Comerica West Incorporated	4,687,500.00	1.56250%
Michigan National Bank	4,687,500.00	1.56250%
The Sumitomo Bank, Limited	4,687,500.00	1.56250%
First American National Bank, operating as Deposit Guaranty National Bank	3,750,000.00	1.25000%
Erste Bank	2,812,500.00	0.93750%
First Hawaiian Bank	2,812,500.00	0.93750%
First Tennessee Bank National Association	2,812,500.00	0.93750%
Hibernia National Bank	2,812,500.00	0.93750%
The Dai-Ichi Kangyo Bank, Ltd.	1,875,000.00	0.62500%
TOTAL	\$300,000,000.00	100.00000%

SCHEDULE 1.2

RESERVED

SCHEDULE 1.3  
COMBINED HARRAH'S SHOWBOAT AND RIO EBITDA

First Quarter, 1998	\$149,401,000
Second Quarter, 1998	\$172,983,000
Third Quarter, 1998	\$184,543,000
Fourth Quarter, 1998	\$135,071,000

SCHEDULE 4.3  
GOVERNMENT APPROVALS

Approval by the Nevada Gaming Commission upon the recommendation of the Nevada State Gaming Control Board of all restrictions on the transfer of and agreements not to encumber the stock or other equity securities of Harrah's Las Vegas, Inc. and Harrah's Laughlin, Inc.

SCHEDULE 4.4  
SIGNIFICANT SUBSIDIARIES

Red River Entertainment of Shreveport  
Partnership in Commendam  
-----

Type of Entity: Partnership  
Jurisdiction: Louisiana  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Shreveport Investment  
Company, Inc. - 99%; Harrah's Shreveport Management  
Company, Inc. - 1%

Harrah's Shreveport Investment Company, Inc.  
-----

Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Harrah's Shreveport Management Company, Inc.  
-----

Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Showboat Marina Casino Partnership  
-----

Type of Entity: Partnership  
Jurisdiction: Indiana  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Showboat Marina Partnership - 99%

Showboat Marina Partnership  
-----

Type of Entity: Partnership  
Jurisdiction: Indiana  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Showboat Indiana Investment  
Limited Partnership - 45%

Showboat Indiana Investment Limited Partnership

-----  
Type of Entity: Limited Partnership  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Showboat Operating Company - 99%

Showboat Operating Company

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Showboat, Inc. - 100%

Showboat, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Showboat Australia Pty. Limited

-----  
Type of Entity: Corporation  
Jurisdiction: Australia  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Showboat, Inc. - 50%; Showboat  
Development Company - 50%

Showboat Development Company

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Showboat, Inc. - 100%

Harrah's Tunica Corporation

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Harrah's New Jersey, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: New Jersey  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Harrah's Atlantic City, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: New Jersey  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Harrah's Laughlin, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Harrah's Las Vegas, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Harrah's Noth Kansas City Corporation

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Harrah's Maryland Heights Corporation

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Des Plaines Development Limited Partnership

-----  
Type of Entity: Limited Partnership  
Jurisdiction: Illinois  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Illinois Corporation  
- - 80%

Harrah's Illinois Corporation

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Harrah's Vicksburg Corporation

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Tunica Partners II L.P.

-----  
Type of Entity: Limited Partnership  
Jurisdiction: Mississippi  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Tunica Corporation -  
83%; Harrah's Vicksburg Corporation - 17%

Harrah's Crescent City Investment Company

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Operating Company,  
Inc. - 100%

Rio Properties, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Rio Hotel & Casino, Inc. - 100%

Rio Hotel & Casino, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: Nevada  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): [Harrah's Operating Company,  
Inc. - 100%]

Marina Associates

-----  
Type of Entity: General Partnership  
Jurisdiction: New Jersey  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Atlantic City, Inc. -  
48.65%; Harrah's New Jersey, Inc. - 51.34%

Harrah's Operating Company, Inc.

-----  
Type of Entity: Corporation  
Jurisdiction: Delaware  
% of Shares issued and outstanding: 100%  
% of Shares owned by Parent or a Significant Subsidiary  
(and name of that owner): Harrah's Entertainment, Inc.  
- - 100%

SCHEDULE 4.7  
EXISTING LIENS, NEGATIVE PLEDGES AND RIGHTS OF OTHERS

Lien on River Secco Golf Course pursuant to Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of July 2, 1996, among Seven Hills Golf Limited Partnership, as Trustor, Nevada Title Insurance Company, as Trustee, and Orex USA Corporation, as beneficiary, and that certain Assumption Agreement and Modification of Loan Agreement dated as of September 11, 1997, among Orex USA Corporation, as Lender, Seven Hills Golf Limited Partnership, as Borrower, and Rio Development Company, Inc., as Buyer.

Mortgage and Security Agreement dated January 29, 1998 securing \$100,000,000 loan to Showboat Land LLC in favor of Column Financial, Inc.

Lien on Cash Deposited to Defease (a) \$58,300,000 aggregate face amount principal amount of Showboat's First Mortgage Bonds due 2008, and (b) the \$2,400,000 aggregate outstanding principal amount of Showboat's Senior Subordinated Notes due 2009.

Rights of countersigning partners to acquire partnership interests granted in Limited Partnership Agreement of Des Plaines Development Limited Partnership dated February 28, 1992, between Harrah's Illinois Corporation and John Q. Hammons; First Amendment to Limited Partnership Agreement of Des Plaines Limited Partnership dated as of October 5, 1992, and as further amended.

Rights of countersigning partners to acquire partnership interests granted in Partnership Agreement dated November 2, 1995, by and between Harrah's Maryland Heights Corporation and Players MH, L.P. regarding the Riverside Joint Venture; First Amendment to Partnership Agreement dated June 28, 1996; Second Amendment to Partnership Agreement dated October 16, 1996.

Settlement Agreement dated October 29, 1998 by and among Harrah's Entertainment, Inc., Harrah's Operating Company, Inc., Harrah's New Orleans Management Company and the NOLDC Shareholders, including Stock Option for each NOLDC Shareholder to acquire from Harrah's Entertainment, Inc. shares of Class B stock of JCC Holding Company equal to 3% (in the aggregate) of the equity of JCC Holding Company outstanding as of the specified plan consummation date.

Right granted to George Novogroder to purchase 8.140% of Waterfront Entertainment and Development, Inc. (and 1.5% of any Borrower's or its Affiliates interest in a gaming venture in Cook County, Illinois) as set forth in the Repurchase Agreement dated as of February 26, 1999, between Harrah's Operating Company Inc. and George Novogroder.

Right granted to Barry Porter to purchase 5.43% of Waterfront Entertainment and Development, (and 1.0005% of any of Borrower's or its Affiliate's interest in a gaming venture in Cook County, Illinois) as set forth in the Repurchase Agreement dated as of February 26, 1999, between Harrah's Operating Company, Inc., and Barry Porter.

Right granted to the Estate of Nikos Kefalidis to purchase 5.430% of Waterfront Entertainment and Development, Inc. (and 1.0005% of any of Borrower's or its Affiliate's interest in a gaming venture in Cook County, Illinois) as set forth in the Repurchase Agreement dated as of February 26, 1999, between Harrah's Operating Company, Inc., and the Estate of Nikos Kefalidis, deceased.

Rights of counterparty to acquire partnership interests granted in Partnership Agreement dated April 22, 1994 by and between Showboat Australia Pty. Limited and Leighton Properties Limited.

TABCORP HOLDINGS LIMITED

and

HARRAH'S ENTERTAINMENT, INC.

-----  
MASTER AGREEMENT  
-----

Arthur Robinson & Hedderwicks  
Melbourne  
Tel 9614 1011

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SCHEDULE 1 - Warranties

ATTACHMENTS

- A. Share Sale Agreement (Star City)
- B. Share Sale Agreement (Showboat)
- C. Management Sale Agreement
- D. Casino Services Agreement
- E. Share Sale Agreement (5%)

MASTER AGREEMENT

-----

THIS AGREEMENT is made on 15 April 1999 between:

1. TABCORP HOLDINGS LIMITED (ACN 063 780 709) (T); and
2. HARRAH'S ENTERTAINMENT, INC. (H).

RECITALS

- A. H owns all of the issued shares in SAL.
- B. SAL owns, amongst other things:
  - (a) shares in Star City;
  - (b) shares in SCM; and
  - (c) through its interest in the Showboat Leighton Partnership, an interest in the Management Agreement.
- C. It is proposed that, subject to the satisfaction of certain conditions precedent, the parties will enter into various agreements contemplated by this Agreement.

IT IS AGREED as follows.

1. INTERPRETATION; ANNOUNCEMENT; PAYMENT

1.1 Definitions

The following definitions apply unless the context requires otherwise.

AUTHORISATION means:

- (a) any consent, registration, filing, agreement, notarisisation, certificate, licence, approval, permit, authority or exemption from, by or with a Governmental Agency; and
- (b) in relation to anything which may be forbidden or restricted wholly or partly by law or otherwise if a Governmental Agency intervenes or acts in any way within a specified period after lodgment, registration or other notification of anything, the expiration of that period without intervention by that Governmental Agency.

CASINO CONTROL ACT means the Casino Control Act 1992 of New South Wales.

CASINO CONTROL AUTHORITY means the New South Wales Casino Control Authority established by the Casino Control Act.

CASINO MANAGEMENT RIGHTS means the rights and obligations of SCM and the Showboat Leighton Partnership as constituted by the Management Agreement.

CASINO SERVICES AGREEMENT means the agreement in the form attached as Attachment D being an agreement relating to the provision by H of certain management and support services in relation to the Star City Casino.

CORPORATIONS LAW means the Corporations Law of Australia.

FINAL DATE means 31 December 1999 or such other date as the parties may agree in writing.

GOVERNMENTAL AGENCY means the government of any country or any state, territory, municipality or other political subdivision of a country, and any minister, administrative or judicial body, department, commission, authority, instrumentality, tribunal, agency or entity of any such government.

HOLDING COMPANY has the meaning given to it in the Corporations Law.

LEIGHTON means Leighton Properties Pty Limited (ACN 001 046 395).

LIABILITIES means claims, losses, liabilities, costs or expenses of any kind, including those which are prospective or contingent and those the amount of which is not ascertained or ascertainable.

MANAGEMENT AGREEMENT means the Casino Complex Management Agreement of that title dated 21 April 1994 between Sydney Casino Properties Pty Limited and Sydney Harbour Casino Pty Limited (as Owner), SAL and Leighton as the Showboat Leighton Partnership, and SCM as Manager.

MANAGEMENT SALE AGREEMENT means the agreement in the form attached as Attachment C being an agreement providing for the sale and purchase of the interest of SAL in the Showboat Leighton Partnership and the shares of SAL in SCM.

RELATED BODY CORPORATE has the meaning given to it in the Corporations Law.

RELEVANT DATE means the later of:

- (a) the date of completion under the Share Sale Agreement (Star City); and
- (b) the date of completion under the Share Sale Agreement (Showboat) or, if T or H has given notice in accordance with Clause 4.1, the date of completion under the Management Sale Agreement.

SAL means Showboat Australia Pty Limited (ACN 061 299 625).

SCM means Sydney Casino Management Pty Ltd (ACN 060 462 053).

SHARE SALE AGREEMENT (SHOWBOAT) means the agreement in the form attached as Attachment B being an agreement providing for the sale and purchase of the shares in SAL.

SHARE SALE AGREEMENT (STAR CITY) means the agreement in the form attached as Attachment A being an agreement providing for the sale and purchase of certain of the voting shares in Star City held by SAL (being ordinary shares in the capital of Star City) and certain options over unissued shares of Star City held by SAL.

SHARE SALE AGREEMENT (5%) means the agreement in the form attached as Attachment E providing for the sale and purchase of 5% of the voting shares in Star City held by SAL (being ordinary shares in the capital of Star City).

SHOWBOAT LEIGHTON PARTNERSHIP means the Partnership constituted by the Showboat Leighton Partnership Agreement.

SHOWBOAT LEIGHTON PARTNERSHIP AGREEMENT means the partnership agreement between SAL and Leighton which has a commencement date of 22 April 1994.

STAR CITY means Star City Holdings Limited (ACN 064 054 431).

STAR CITY CASINO means the casino complex owned (whether directly or indirectly) by Star City.

SUBSIDIARY has the meaning given to it in the Corporations Law.

TAKEOVER means a take-over scheme under the Corporations Law which is subject only to a condition to the effect of Clause 6.1 of this Agreement and a condition as to prescribed occurrences (within the meaning of the Corporations Law).

TAX means any income tax, capital gains tax, recoupment tax, land tax, sales tax, payroll tax, fringe benefit tax, group tax, withholding tax, municipal rates, stamp duties and other charges, levies and impositions, assessed or charged, or assessable or chargeable, by or payable to any governmental taxation or excise authority and includes any additional tax, interest, penalty, charge, fee or other amount imposed or made on or in relation to a failure to file a relevant return or to pay a relevant tax.

TAX ACT means the Income Tax Assessment Act 1936 or the Income Tax Assessment Act 1997 or both the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997, as appropriate.

WARRANTY means a warranty set out in Schedule 1.

WHOLLY OWNED SUBSIDIARY means a Subsidiary all of whose shares are owned, directly or indirectly, by the relevant Holding Company.

\$ means Australian dollars.

1.2

#### Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural and conversely.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- (e) A reference to an agreement or document (including, without limitation, a reference to this Agreement) is to the agreement or document as amended, varied, supplemented, novated or replaced except to the extent prohibited by this Agreement or that other agreement or document.

- (f) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (g) A reference to WRITING includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.

1.3 Consents or Approvals

If the doing of any act, matter or thing under this Agreement is dependent on the consent or approval of a party or is within the discretion of a party, the consent or approval may be given or the discretion may be exercised conditionally or unconditionally or withheld by the party in its absolute discretion.

1.4 Announcement

As soon as practicable after entry into this Agreement T must make a public announcement in relation to the transactions contemplated by this Agreement and announcing its intention to undertake a Takeover of all the voting shares in Star City. The public announcement must be in the form agreed by the parties. Where practicable, a party will consult with the other party in relation to the content and timing of subsequent public announcement in relation to the transactions contemplated by this Agreement which may materially affect the other party's interests.

- 1.5 All payments required to be made under this Agreement or any of the agreements referred to in this Agreement must be tendered in cash or by a draft or cheque drawn by a bank as defined in the Banking Act of the Commonwealth of Australia.

2. ENTRY INTO SHARE SALE AGREEMENT (STAR CITY)

On the condition referred to in Clause 6.1 being fulfilled:

- (a) T must enter into as guarantor, and procure that one of its Wholly Owned Subsidiaries enters into as purchaser; and
- (b) H must enter into and must procure that SAL enters into, the Share Sale Agreement (Star City).

3. ENTRY INTO SHARE SALE AGREEMENT (SHOWBOAT)

Unless a party has given to the other a notice in writing in accordance with Clause 4.1, on the condition referred to in Clause 6.1 being fulfilled:

- (a) T must enter into as guarantor, and procure that one of its Wholly Owned Subsidiaries enters into as purchaser; and
- (b) H must enter into and must procure that the Wholly Owned Subsidiaries of H which own all the issued capital of SAL enter into,

the Share Sale Agreement (Showboat).

4. ENTRY INTO MANAGEMENT SALE AGREEMENT

4.1 At any time prior to the condition referred to in Clause 6.1 being fulfilled, either party may give notice in writing to the other party that the Management Sale Agreement is to be entered into. This notice may only be given if each of T and H is satisfied at the time that entry into and performance of the Management Sale Agreement would not be inconsistent with the rights of Leighton under the Showboat Leighton Partnership Agreement.

4.2 Where a party has given written notice to the other party in accordance with Clause 4.1, on the condition referred to in Clause 6.1 being fulfilled:

- (a) T must enter into as guarantor, and procure that one of its Wholly Owned Subsidiaries enters into as purchaser; and
- (b) H must enter into and must procure that SAL enters into, the Management Sale Agreement.

5. ENTRY INTO THE CASINO SERVICES AGREEMENT

On the day after the date on which the Share Sale Agreement (Star City) is entered into in accordance with Clause 2, T and H must enter into the Casino Services Agreement.

6. CCA APPROVAL

6.1 The condition referred to in Clauses 2, 3 and 4.2 is that a notice in writing is issued by or on behalf of the Casino Control Authority under the Casino Control Act (without any term or condition which T or H reasonably considers unacceptable) stating or to the effect that all requisite approvals have been granted to:

- (a) the acquisition by T of all the issued shares, and all of the options over unissued shares, in the capital of Star City;
- (b) except where a notice is given in accordance with Clause 4.1, the entry into and performance of the Share Sale Agreement (Showboat);
- (c) where a notice in writing is given in accordance with Clause 4.1, the entry into and performance of the Management Sale Agreement;
- (d) the entry into the Share Sale Agreement (Star City); and
- (e) the entry into the Casino Services Agreement.

6.2 Each party must co-operate with the other and do all things necessary to procure the fulfilment of the condition referred to in Clause 6.1.

7. SALE OF 5%

If either:

- (a) a notice in writing is issued by or on behalf of the Casino Control Authority under the Casino Control Act stating or to the effect that any requisite approval as referred to in Clause 6.1 has been refused; or
- (b) this Agreement is terminated under Clause 13,

T must enter into as guarantor, and procure that one of its Wholly Owned Subsidiaries enters into as purchaser, and H must enter, and procure that SAL enters, into the Share Sale Agreement (5%).

8. WARRANTIES - H

- 8.1 H represents and warrants to T to the best of its knowledge and belief after making due inquiry that, except as set out in the disclosure statement referred to in Clause 8.3, each statement in Schedule 1 is true and correct.
- 8.2 H represents and warrants to T that, to the best of its actual knowledge and belief at the date of this Agreement, without having made any inquiries prior to the entry into this Agreement which would be inconsistent with the confidentiality of the discussions between T and H, each statement in Schedule 1 is true and correct.
- 8.3 Within 21 days of the date of this Agreement H must make all due inquiry as to the statements in Schedule 1 and provide to T a disclosure statement setting out in full the nature of any qualification to each statement.
- 8.4 Despite any other provision of this Agreement T may terminate this Agreement by notice in writing if any qualification contained in the disclosure statement referred to in Clause 8.3 has a material adverse effect on its assessment of the transactions contemplated by this Agreement or its view of the assets the subject of this Agreement. Any notice of termination under this clause must be given to H not later than 14 days after receipt by T of the disclosure statement. On termination by T under this clause neither party has any liability to the other party.
- 8.5 Each of the representations and warranties given in Clauses 8.1 and 8.2::
- (a) remains in full force and effect despite the completion of any of the agreements referred to in Clauses 2, 3, 4, 5 or 7; and
  - (b) is given as at the date of this Agreement and as at the time immediately before completion under each of the agreements referred to in Clauses 2, 3 and 4.
- 8.6 Subject to Clauses 8.7 to 8.14, H indemnifies T against all Liabilities (except to the extent they are due to any negligence or default of T) that may be incurred by T as a result (directly or indirectly) of a breach of any Warranty.

Subject to Clause 8.6 to 8.14, H indemnifies T against any loss that T (and, where the Share Sale Agreement (Showboat) is entered into, SAL) may suffer by reason of any liability of SAL, the Showboat Leighton Partnership or SCM to Tax that may be assessed against or levied on SAL, the Showboat Leighton Partnership or SCM with respect to:

- (a) any income (including capital gains) earned or derived or deemed to have been earned or derived by SAL, the Showboat Leighton Partnership or SCM at any time prior to or that may be assessed or levied as a result of any transaction, act, matter or thing which took place or happened on or before completion of the agreements referred to in Clauses 2, 3 or 4;
- (b) any payments made in relation to persons working for SAL, the Showboat Leighton Partnership or SCM prior to completion of the agreements referred to in Clauses 2, 3 and 4;
- (c) any stamp duties payable in respect of any agreement, deed, other document or transaction entered into prior to completion of the agreements referred to in Clauses 2, 3 and 4 to which SAL or SCM is or has been a party or by which SAL or SCM derives, has derived or will derive a substantial benefit;
- (d) any liability for Tax from which SAL, SCM, the Showboat Leighton Partnership or H may have obtained relief (whether by way of deferred capital gains tax or otherwise) which has or will become payable as a result of entry into this Agreement or the agreements referred to in Clauses 2, 3 and 4; and
- (e) any liability to any current or former Related Body Corporate of SAL or SCM (including H) as a result of any tax loss transferred by SAL or SCM to that current or former Related Body Corporate prior to completion of the agreements referred to in Clauses 2, 3 and 4 being disallowed, in whole or in part.

Where the Share Sale Agreement (Showboat) is entered into, indemnification of liabilities of SAL is limited to the amount of the excess over the amount of any provision for liabilities in the Completion Statement of Residual Management Agreement Net Assets (as defined in the Share Sale Agreement (Showboat)).

8.8 H is not obliged to pay any amount under Clause 8.7 unless T, within 60 days after receipt by SAL or SCM or the Showboat Leighton Partnership of the relevant assessment from the taxation authority, gives to H notice of the claim on the indemnity and a copy of the relevant parts of that assessment.

8.9 Where:

- (a) notice is given in accordance with Clause 8.8;
- (b) H proposes to dispute on behalf of SAL, SCM, the Showboat Leighton Partnership or T (as the case may be) the assessment; and
- (c) payment of the assessment is required in order to dispute the assessment, H must pay the amount of the assessment.

8.10 Where:

- (a) notice is given in accordance with Clause 8.8;
- (b) H, within 30 days after receiving notice in accordance with Clause 8.8, gives T notice that H proposes to dispute on behalf of SAL, SCM or the Showboat Leighton Partnership or T (as the case may be) the assessment; and
- (c) H has complied with Clause 8.9,

T must take action as H may reasonably request (by notice to T) to object to, appeal against or settle the assessment, if H bears all the costs and expenses of taking such actions (including, without limitation, the costs to T, SCM or the Showboat Leighton Partnership or SAL (as the case may be) involved in engaging its staff in the matter).

8.11 Where a payment has been made by H under Clause 8.9 and the matter in respect of which the payment is made is ultimately resolved in favour of SAL, SCM or the Showboat Leighton Partnership, T shall cause SAL, SCM or the Showboat Leighton Partnership (as the case may be), following receipt of the money from the relevant taxation authority, to pay an equivalent amount to H.

8.12 H has the right to be actively involved in any Tax audit conducted by the Australian Taxation Office concerning SAL, SCM or the Showboat Leighton Partnership insofar as the audit relates to any period or periods prior to the date of completion under the agreements referred to in Clauses 2, 3 and 4.

8.13 The liability of H to T under any of the provisions of Clause 8 includes costs and expenses and direct loss suffered by T and, should T enter into each of the relevant agreements described in Clauses 2, 5 and either 3 or 4, includes all costs and expenses and direct loss suffered by SAL and 85% of the costs and expenses and direct loss suffered by SCM or the Showboat Leighton Partnership (as the case may be), but does not include consequential damage of any kind.

8.14 T may not commence any claim for any breach of any representation or warranty (other than in respect of Tax) more than two years after the date of this Agreement.

8.15 No claim may be made by T for any breach of any representation or warranty in any of the agreements referred to in this Agreement unless the amount of the claim and all other claims for breach of representations and warranties exceeds in the aggregate \$1 million.

9. OBLIGATIONS OF H

Prior to the Relevant Date, except as expressly disclosed in this Agreement (or contemplated by the agreements referred to in Clauses 2, 3 and 4) or consented to by T, H must ensure that:

- (a) the business of SAL, SCM and the Showboat Leighton Partnership is conducted only in the ordinary course, which includes the maintenance of all existing insurance policies;
- (b) neither SAL nor SCM will merge or consolidate with any other corporation or acquire all or substantially all of the shares or the business or assets of any other person, firm, association, corporation or business organisation, or agree to do any of the foregoing;
- (c) neither SAL nor SCM will issue or allot any shares or any securities or loan capital convertible into shares, or purchase, redeem, retire or acquire any such shares or securities, or agree to do so, or sell or give any option, right to purchase, mortgage, charge, pledge, lien or other form of security or encumbrance over any such shares or securities;

- (d) neither SAL nor SCM will enter into a material capital commitment or declare itself trustee of or encumber any assets or dispose of or deal with any assets other than in the ordinary course of business and for full market value or make any unusual or extraordinary expenditures;
- (e) neither SAL nor SCM will enter into or terminate any contract or commitment or engage in any activity or transaction not in the ordinary course of business;
- (f) SAL and SCM will perform their obligations under the Management Agreement;
- (g) the business of SAL and SCM is conducted so as to comply in all material respects with all applicable laws and regulations; and
- (h) Subject to any legally binding obligations as to confidentiality by which H is bound (and of which H gives T reasonable details), T, its solicitors, accountants and other authorised representatives, are given access during normal business hours, throughout the period prior to the Relevant Date, to all available books of account, books, records, contracts, commitments and property of or relating to SAL, SCM and the Showboat Leighton Partnership which are in, or prior to the Relevant Date come into, existence and (subject as above) H must furnish or must procure that SAL, SCM and the Showboat Leighton Partnership furnish to T during that period all information concerning SAL, SCM and the Showboat Leighton Partnership as T may reasonably request.

10. WARRANTIES - T

10.1 T represents and warrants to H that:

- (a) T is not aware of any fact or circumstance which may prejudice fulfilment of the condition contained in Clause 6.1;
- (b) it will process the application to the Casino Control Authority for the requisite approvals referred to in Clause 6.1 as expeditiously as practicable; and
- (c) it will progress the takeover as expeditiously as practicable.

- 10.2 Each of the representations and warranties given in Clause 10.1 remains in full force and effect despite the completion of any of the agreements referred to in Clauses 2, 3, 4, 5 or 7.
- 10.3 Subject to Clauses 10.4 and 10.5, T indemnifies H against all Liabilities that may be incurred by H as a result (directly or indirectly) of a breach of any representation or warranty under Clause 10.1.
- 10.4 The liability of T to H under any of the provisions of Clause 10.1 includes costs and expenses and direct loss suffered by H but does not include consequential damage.
- 10.5 H may not commence any claim for any breach of any representation or warranty more than two years after the date of this Agreement.
- 10.6 T must use its reasonable endeavours to assist H in resolving any contractual or other difficulty with Commonwealth Bank arising out of the entry into this Agreement or any of the agreements referred to in this Agreement.

11. TERMINATION BY T

The obligation of T to enter into any of the agreements referred to in Clauses 2, 3, 4 or 5 is subject to the conditions that:

- (a) each of the Warranties is true and correct as at the date of any obligation to enter into any of the agreements, with the same force and effect as if made on that date. This condition may be waived by T at its discretion but a waiver is not a waiver of any rights or remedies that it may have against H by reason of any breach of either Clause 8.1 or Clause 8.2; and
- (b) no disclosure or disclosures made to T under this Agreement, singularly or in the aggregate, reveals any circumstance which has had, has or will have a materially adverse effect on the business of Star City, SCM or SAL. This condition may be waived by T at its discretion.

If condition (a) above is not satisfied or the circumstance described in condition (b) above is revealed, T may terminate this Agreement by notice to H. If T terminates this Agreement, no party has any further liability to any other party under this Agreement except that the termination does not prejudice any rights or remedies that T may have against H by reason of any breach of either Clause 8.1 or Clause 8.2.

12. TERMINATION BY H

The obligation of H to enter into any of the agreements referred to in Clauses 2, 3, 4 or 5 is subject to the condition that each of the warranties in Clause 10.1 is true and correct. If this condition is not satisfied, H may terminate this Agreement by notice to T. If H terminates this Agreement, no party has any further liability to any other party except that the termination does not prejudice any rights or remedies that H may have against T by reason of any breach of Clause 10.1.

13. TERMINATION BY PARTIES

This Agreement (other than Clause 7) may be terminated by a party giving notice in writing to the other party if the condition referred to in Clause 6.1 has not been fulfilled by the Final Date. If this Agreement is terminated under this Clause, no party has any further liability to any other party except that the termination does not prejudice any rights or remedies a party may have by reason of any breach of this Agreement.

14. SUBSTITUTION RIGHT

Despite anything in this Agreement, T has the right on or before the date of the condition referred to in Clause 6.1 being fulfilled to nominate one or more of its Wholly Owned Subsidiaries to enter into any of the agreements referred to in Clauses 2, 3, 4, 5 and 7 in place of T, in which case the parties must procure that the relevant agreement is entered into with the Wholly Owned Subsidiary and T.

15. COSTS

Each party must bear its own costs arising out of the negotiation, preparation and execution of this Agreement. All stamp duty (including fines, penalties and interest) which may be payable on or in connection with this Agreement and any instrument executed under this Agreement must be borne by T.

16. MERGER

The rights and obligations of the parties do not merge on the completion of any transaction contemplated by this Agreement. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any such transaction.

17. ASSIGNMENT

Subject to Clause 14, the rights and obligations of each party under this Agreement are personal, and they cannot be assigned, encumbered or otherwise dealt with and no party may attempt, or purport, to do so without the prior written consent of all parties.

18. FURTHER ASSURANCES

Each party agrees to do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this Agreement and the transactions contemplated by it.

19. ENTIRE AGREEMENT

This Agreement contains the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements and understandings between the parties in connection with it.

20. WAIVER

No failure to exercise nor any delay in exercising any right, power or remedy by a party operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

21. NOTICES

Any notice, demand, consent or other communication (a NOTICE) given or made under this Agreement:

- (a) must be in writing and signed by a person duly authorised by the sender;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand or fax to the address or fax number below or the address or fax number last notified by the intended recipient to the sender:

- (i) to T:           TABCORP Holdings Limited  
                  Level 12  
                  5 Bowen Crescent  
                  Melbourne   VIC 3004  
                  Attention:   The Secretary  
                  Fax No:       (03) 9868 2300

(ii) to H: Harrah's Entertainment, Inc.  
1023 Cherry Road  
Memphis  
TN 38117-5423  
Attention: The Secretary  
Fax No: (901) 762 8637

(c) is taken to be duly given or made:

- (i) in the case of delivery in person, when delivered;
- (ii) in the case of delivery by post two business days after the date of posting (if posted to an address in the same country) or seven business days after the date of posting (if posted to an address in another country);
- (iii) in the case of fax, on receipt by the sender of a transmission control report from the despatching machine showing the relevant number of pages and the correct destination fax machine number and indicating that the transmission had been made without error,

but if the result is that a Notice would be taken to be given or made on a day which is not a business day in the place to which the Notice is sent or is later than 4.00pm (local time) it is taken to have been duly given or made at the commencement of business on the next business day in that place.

22. GOVERNING LAW

This Agreement is governed by the laws of New South Wales. Each party submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this Agreement.

23. COUNTERPARTS

This Agreement may be executed in any number of counterparts. All counterparts are taken to constitute one instrument.

Warranties

Ownership of shares in Star City

1. SAL is the legal and beneficial owner of 135 million ordinary shares in Star City. These shares are the only shares in Star City in which SAL has a legal or beneficial interest or to which SAL is entitled (within the meaning of the Corporations Law).

Authorisations - Star City and its Related Bodies Corporate

2. So far as H is aware, Star City and its Related Bodies Corporate have all necessary Authorisations required by each of them to own and operate the Star City Casino and to conduct their respective businesses and have paid all fees due in relation to them and complied in all material respects with all conditions under them.
3. There is no factor which might materially prejudice the continuance or renewal of any Authorisation required under Warranty 2.
4. So far as H is aware, Star City is in compliance with its obligations to the Casino Control Authority whether arising under the Casino Control Act, any agreement or any other legislation and H is not aware of any fact or circumstance which may lead to a claim that Star City is in breach of the Casino Control Act, any agreement or other legislation.

Authorisations - SAL and SCM

5. SAL and SCM have all material Authorisations required to conduct their respective businesses and have paid all fees due in relation to them and complied in all material respects with all conditions under them.
6. There is no factor which might materially prejudice the continuance or renewal of any Authorisation required under Warranty 5.

Management Agreement

7. Neither SAL, SCM nor the Showboat Leighton Partnership nor any other party is in breach of the Management Agreement nor is H, after due enquiry, aware of any impending or threatened breach by any party and the Management Agreement is valid and legally enforceable in accordance with its terms.

8. Without limiting Warranty 7 and except as provided for in the Management Agreement, the Management Agreement is not subject to termination or renegotiation or otherwise prejudicial materially as a result of the change in ownership or control of SAL or SCM or other action required or contemplated by this Agreement.
9. Neither the entry by H into this Agreement nor the performance by H of any of its terms give rise to any rights or claims of any description by Leighton or any other person on the basis of any claim of a right of pre-emption, first right of refusal or other right in respect of the Casino Management Rights other than as contained in the Constitution of SCM or the Showboat Leighton Partnership Agreement.

#### Showboat Leighton Partnership

10. (a) H is not, after due enquiry, aware of any actual, impending or threatened breach of any agreement constituting or affecting the Showboat Leighton Partnership.
- (b) Neither SAL nor SCM is a party to any other agreement or arrangement (of whatever description and whether written, oral or implied) that is subject to termination or renegotiation or would otherwise be prejudiced materially by any other party as a result solely of a change in the ownership or control of SAL or SCM.

#### Casino Control Authority

11. Each of SAL, the Showboat Leighton Partnership and SCM is in compliance with each of its obligations to the Casino Control Authority whether arising under the Casino Control Act, any agreement or any other legislation and neither SAL, the Showboat Leighton Partnership or SCM is aware of any fact or circumstance which may lead to a claim that any of them is in breach of the Casino Control Act, any agreement or other legislation.

#### Proposals

12. H is not aware nor should it reasonably be aware of any proposals of any Governmental Agency (including the Casino Control Authority) not in the public arena, the implementation of which (whether by force of law or voluntarily) might adversely affect Star City, SAL, SCM or the Showboat Leighton Partnership.

Conduct of the business of SAL

13. Since the date of the last balance sheet of SAL, neither SAL nor SCM has done or omitted to do anything which might prejudicially affect the goodwill of SAL or SCM or the profitability of its business and the business of SAL and SCM has been conducted only in the ordinary course.

Legal proceedings

14. (a) No suit, cause of action, proceeding, application, claim or investigation is current, pending, threatened or in prospect against SAL, SCM or the Showboat Leighton Partnership.
- (b) No resolution has been passed for the winding up of SAL or SCM.
- (c) No resolution has been passed for the appointment of an administrator to SAL or SCM.
- (d) There is no unsatisfied judgment against SAL or SCM.

No default under agreements

15. To the best of H's knowledge, information and belief, no party to any material agreement relating to the business of SAL, SCM or the Showboat Leighton Partnership is in breach of or in default under any of those agreements nor is H, after due enquiry, aware of any impending or threatened breach or default by any party and all those agreements are valid and legally enforceable in accordance with their terms.

Compliance with Law

16. The ownership and use of SAL's and SCM's assets and the general conduct of and practices related to the businesses of SAL and SCM comply materially with all applicable laws.

Right to Use

17. SAL and SCM have ownership of or the continuing right to use all assets materially necessary to enable them to continue to carry on their respective businesses in the manner previously carried on and there are no claims against SAL or SCM or disputes directly involving SAL or SCM which may affect these assets and which may have a material adverse effect on their respective businesses.

Change of control

18. Other than as contained in the Showboat Leighton Partnership Agreement or the Constitution of SCM, neither SAL nor SCM is a party to any material agreement relating to their respective businesses under which any third party is entitled, as a result of a change in ownership or control of SAL or SCM:

- (a) to terminate the contract; or
- (b) to impose or require the adoption of terms which are less favourable to SAL or SCM (as the case may be) than the current terms.

No notices

19. At the date of this Agreement neither SAL nor SCM has received any written notice and to the knowledge of H does not know of any default or any other matter not disclosed in this Agreement which might affect any rights of SAL or SCM or the exercise of any rights by SAL or SCM in respect of the Management Agreement or any other material agreement relating to the business of SAL, SCM or the Showboat Leighton Partnership.

Investigations or proceedings

20. Neither SAL, the Showboat Leighton Partnership nor SCM is:

- (a) a party to any investigation, prosecution, litigation, arbitration proceedings or any other form of mediation or dispute resolution; or
- (b) subject to any audit or investigation by any Governmental Agency,

which may have a material adverse effect on the business of SAL, the Showboat Leighton Partnership or SCM.

No litigation pending or threatened

21. No audit, investigation, prosecution, litigation, proceeding or any other form of mediation or dispute resolution referred to in Warranty 20 is pending or threatened which reasonably could be expected to have a material adverse effect on the business of SAL, SCM or the Showboat Leighton Partnership nor does H know of any basis not disclosed in this Agreement for or circumstances which are likely to give rise to any such investigation, prosecution, litigation, proceeding or other form of mediation or dispute resolution.

Material information

22. Prior to the entry of the parties into this Agreement H has informed T of all information material to the making of a decision to enter into this Agreement known to H which would ordinarily be relevant to a party making a decision of this nature which is not subject to any other warranty in this Agreement or any warranty in any other agreement described in this Agreement.

EXECUTED by the parties.

TABCORP HOLDINGS LIMITED

by: /s/ Ross Wilson  
-----

HARRAH'S ENTERTAINMENT, INC.

by: /s/ Philip G. Satre  
-----

Philip G. Satre

Share Sale Agreement (Star City)

[H]

and

SAL

and

[T]

and

[T ENTITY]

-----  
SHARE SALE AGREEMENT (STAR CITY)  
-----

Arthur Robinson & Hedderwicks  
Melbourne  
Ref RJS:CRG  
Tel 9614 1011

SHARE SALE AGREEMENT (STAR CITY)

-----

THIS AGREEMENT is made on 1999 between:

1. [H] (H);
2. SAL (SAL);
3. [T] (T); and
4. [T ENTITY] (the PURCHASER).

RECITALS

- A. SAL is a wholly owned subsidiary of H.
- B. SAL is the registered and beneficial owner of the Shares and the Options.
- C. This Agreement records the terms on which H agrees to procure the sale by SAL of, and SAL agrees to sell, the Shares and the Options to the Purchaser.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION
- 1.1 Definitions

The following definitions apply unless the context otherwise requires:

CASINO CONTROL ACT means the Casino Control Act 1992 of New South Wales.

CASINO CONTROL AUTHORITY means the New South Wales Casino Control Authority established under the Casino Control Act.

COMPLETION means completion by SAL and the Purchaser of the sale and purchase of the Shares and the Options as provided in Clause 4.

COMPLETION DATE means the fifth day after entry into this Agreement.

CORPORATIONS LAW means the Corporations Law of Australia.

MASTER AGREEMENT means the Master Agreement dated [#] 1999 between H and T.

NOMINATED OPTIONS means that number of the Options nominated by T to H in writing not less than seven days prior to the end of the takeover period in respect of the Takeover referred to in Clause 1.4 of the Master Agreement or, failing nomination, all the Options.

OPTIONS means 37,400,000 options to acquire ordinary shares in the capital of Star City exercisable between 1 July 1998 and 30 June 2000, both dates inclusive, at an exercise price of \$1.15 per option.

SECURITY INTEREST means an interest or power:

- (a) reserved in or over any interest in any asset including, without limitation, any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of debt or any other monetary obligation or the performance of any other obligation and whether existing or agreed to be granted or created.

SHARE SALE AGREEMENT (SHOWBOAT) has the meaning given to that term in the Master Agreement.

SHARES means 109,450,000 fully paid ordinary shares in the capital of Star City together with the benefit of all rights (including dividend rights) attached or accruing to the shares as at the date of this Agreement.

STAR CITY means Star City Holdings Limited (ACN 064 054 431).

WARRANTIES means the representations, undertakings and other obligations of H and SAL of whatever kind contained in this Agreement (including, without limitation, those set out in Schedule 1).

\$ means Australian dollars.

1.2

Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural and conversely.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- (e) A reference to an agreement or document (including, without limitation, a reference to this Agreement) is to the agreement or document as amended, varied, supplemented, novated or replaced except to the extent prohibited by this Agreement or that other agreement or document.
- (f) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (g) A reference to WRITING includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.

1.3 Consents or Approvals

If the doing of any act, matter or thing under this Agreement is dependent on the consent or approval of a party or is within the discretion of a party, the consent or approval may be given or the discretion may be exercised conditionally or unconditionally or withheld by the party in its absolute discretion.

2. SALE AND PURCHASE

2.1 H agrees to procure the sale of, and SAL agrees to sell, the Shares and the Nominated Options to the Purchaser and the Purchaser agrees to buy the Shares and the Nominated Options from SAL, free from all Security Interests.

2.2 The purchase price for the Shares is \$1.60 per Share.

2.3 The purchase price for the Options is 45 cents per Option.

2.4 The purchase price for the Shares and the Nominated Options must be tendered on the Completion Date either by a cheque drawn on a bank as defined in the Banking Act of the Commonwealth of Australia or by other method of payment agreed by the parties.

3. WARRANTIES

3.1 H and SAL each represent to the Purchaser that each statement in Schedule 1 is true and correct.

3.2 Each Warranty:

(a) remains in full force and effect after the Completion Date despite Completion; and

(b) is given as at the date of this Agreement and as at the time immediately before Completion.

3.3 H indemnifies the Purchaser on demand against all losses, costs and liabilities that may be incurred by the Purchaser as a result (directly or indirectly) of a breach of any Warranty.

4. COMPLETION

4.1 Completion of the sale and the purchase of the Shares and the Options will take place on the Completion Date at [INSERT TIME AND VENUE].

4.2 On the Completion Date H and SAL must ensure that transfers of the Shares and the Options are executed and delivered to the Purchaser and that share certificates (if any) relating to the Shares and the Options are delivered to the Purchaser, and the Purchaser must pay the purchase price for the Shares and the Options to SAL.

5. TERMINATION

5.1 The obligation of the Purchaser to complete the purchase of the Shares and the Options is subject to the condition that each of the Warranties is true and correct on the Completion Date.

5.2 The condition referred to in Clause 5.1 may be waived by the Purchaser in its discretion but a waiver is not a waiver of any rights or remedies it may have against H by reason of any breach of Clause 5.1.

5.3 If the condition referred to in Clause 5.1 is not satisfied the Purchaser may terminate this Agreement by notice to H.

6. GUARANTEE OF PURCHASER'S OBLIGATIONS BY T

T guarantees to SAL the performance by the Purchaser of each of the Purchaser's obligations under this Agreement, and T separately must indemnify SAL against all liabilities that may be incurred by SAL as a result (directly or indirectly) of any failure to perform those obligations.

7. COSTS

Each party must bear its own costs arising out of the negotiation, preparation and execution of this Agreement. All stamp duty (including fines, penalties and interest) which may be payable on or in connection with this Agreement and any instrument executed under this Agreement must be borne by the Purchaser.

8. MERGER

The rights and obligations of the parties do not merge on the completion of any transaction contemplated by this Agreement. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any such transaction.

9. ENTIRE AGREEMENT

Apart from the Master Agreement and this Agreement, the parties acknowledge and agree there are no agreements, arrangements or understandings between the parties which relate in any way to the voting or disposal of shares, options or other securities in Star City.

10. ASSIGNMENT

The rights and obligations of each party under this Agreement are personal. They cannot be assigned, encumbered or otherwise dealt with and no party may attempt, or purport, to do so without the prior written consent of all parties.

11. FURTHER ASSURANCES

Each party agrees to do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this Agreement and the transactions contemplated by it.

12. WAIVER

No failure to exercise nor any delay in exercising any right, power or remedy by a party operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

13. NOTICES

Any notice, demand, consent or other communication (a NOTICE) given or made under this Agreement:

(a) must be in writing and signed by a person duly authorised by the sender;

(b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand or fax to the address or fax number below or the address or fax number last notified by the intended recipient to the sender:

(i) to H or SAL:                   [#]  
  Attention:           [#]  
  Fax No:             [#]

(ii) to T or the Purchaser:   [#]  
  Attention:           [#]  
  Fax No:             [#]

(c) is taken to be duly given or made:

(i) in the case of delivery in person, when delivered;

(ii) in the case of delivery by post two business days after the date of posting (if posted to an address in the same country) or seven business days after the date of posting (if posted to an address in another country);

(iii) in the case of fax, on receipt by the sender of a transmission control report from the despatching machine showing the relevant number of pages and the correct destination fax machine number and indicating that the transmission had been made without error,

but if the result is that a Notice would be taken to be given or made on a day which is not a business day in the place to which the Notice is sent or is later than 4.00pm (local time) it is taken to have been duly given or made at the commencement of business on the next business day in that place.

14. GOVERNING LAW

This Agreement is governed by the laws of New South Wales. Each party submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this Agreement.

EXECUTED by the parties.

SIGNED on behalf of [H] by its  
authorised representative )  
in the presence of: )

-----  
Witness

-----  
Print Name

-----  
Authorised signatory

-----  
Print Name

SIGNED on behalf of [SAL] by its  
authorised representative in the )  
presence of: )

-----  
Witness

-----

-----  
Authorised signatory

-----  
Print Name

SIGNED on behalf of [T ENTITY] by  
its authorised representative in )  
the presence of: )

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Witness

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Authorised signatory

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Print Name

SIGNED on behalf of [T] by its  
authorised representative in the )  
presence of: )

-----  
Witness

-----

-----  
Authorised signatory

-----  
Print Name

SCHEDULE 1

Warranties

1. SAL:
  - (a) is the legal and beneficial owner of the Shares free from all Security Interests;
  - (b) is the legal and beneficial owner of the Options free from all Security Interests;
  - (c) has the full power and authority to transfer to the Purchaser good legal and equitable title to the Shares free from all Security Interests; and
  - (d) has the full power and authority to transfer to the Purchaser good legal and equitable title to the Options free from all Security Interests.
2. Without limiting Warranty 1, neither the entry by H or SAL into this Agreement nor the performance by H or SAL of any of its terms give rise to any rights or claims of any description by any person on the basis of any claim of a right of pre-emption, first right of refusal or other rights in respect of any of the Shares or Options.

ATTACHMENT B

Share Sale Agreement (Showboat)

[HARRAH's]  
as Vendor

and

[TABCORP ENTITY]  
as Purchaser

and

[H]

and

[T]

-----  
SHARE SALE AGREEMENT (SHOWBOAT)  
-----

Arthur Robinson & Hedderwicks  
Melbourne  
Ref RJS:CRG  
Tel 9614 1011

SHARE SALE AGREEMENT (SHOWBOAT)

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THIS AGREEMENT is made on 1999 between:

1. [HARRAH'S ENTITY] [(ACN [#])] (the VENDOR);
2. [TABCORP ENTITY] [(ACN [#])] (the PURCHASER);
3. HARRAH'S ENTERTAINMENT, INC. (H); and
4. TABCORP HOLDINGS LIMITED (ACN 063 780 709) (T).

RECITALS

- A. The Vendor is the registered holder and beneficial owner of the Shares, which are all the issued shares in the capital of the Company.
- B. This Agreement records the terms on which the Vendor agrees to sell the Shares to the Purchaser.

IT IS AGREED as follows.

1. DEFINITIONS AND INTERPRETATION
- 1.1 Definitions

The following definitions apply unless the context requires otherwise.

AUDITOR means the Auditor nominated by T for the purposes of this Agreement as notified to H.

AUDITOR'S REPORT has the meaning set out in Clause 4.2(c).

BALANCE DATE means the date of the balance sheet appearing in the Financial Accounts.

CASH means Australian legal tender.

CASINO COMPLEX MANAGEMENT AGREEMENT means the agreement of that title dated 21 April 1994 between Sydney Casino Properties Pty Limited and Sydney Harbour Casino Pty Limited (as Owner), the Company and Leighton as the Showboat Leighton Partnership, and SCM as Manager.

CASINO CONTROL ACT means the Casino Control Act 1992 of New South Wales.

CASINO CONTROL AUTHORITY means the New South Wales Casino Control Authority established under the Casino Control Act.

CASINO MANAGEMENT RIGHTS means the rights and obligations of SCM and the Showboat Leighton Partnership as constituted by the Casino Complex Management Agreement.

CASINO OPERATIONS AGREEMENT means the agreement of that title dated 14 December 1994 between the Casino Control Authority, SCM, Star City and others.

COMPANY means Showboat Australia Pty Limited (ACN 061 299 625).

COMPLETION means completion by the parties of the sale and purchase as provided in Clause 6.

COMPLETION ACCOUNTS means the Completion Statement of Net Assets and the Completion Statement of Residual Management Agreement Net Assets.

COMPLETION DATE means the fifth day after the date on which T receives a certificate from H under Clause 7 or any other date the Vendor and the Purchaser may agree.

COMPLETION STATEMENT OF NET ASSETS has the meaning set out in Clause 4.1(a).

COMPLETION STATEMENT OF RESIDUAL MANAGEMENT AGREEMENT NET ASSETS has the meaning set out in Clause 4.1(b).

CORPORATIONS LAW means the Corporations Law of Australia.

FINAL PAYMENT DATE means the date three business days after the Completion Accounts have been finalised in accordance with Clause 4.

FINANCIAL ACCOUNTS means the consolidated audited balance sheet and profit and loss account of the Company (including the Showboat Leighton Partnership) for the year ended 31 December 1998.

INDEPENDENT AUDITOR means the President for the time being of the Institute of Chartered Accountants in Australia or his or her nominee.

INTELLECTUAL PROPERTY means any industrial or intellectual property whether protectable by statute, at common law or in equity, including all copyright, moral rights (and similar rights), inventions, patents, designs (whether or not registrable), registered and unregistered trademarks, circuit layout designs, rights in relation to circuit layouts and know how.

LEIGHTON means Leighton Properties Pty Limited (ACN 001 046 395).

LIABILITIES means claims, losses, liabilities, costs or expenses of any kind, including those which are prospective or contingent and those the amount of which is not ascertained or ascertainable.

MASTER AGREEMENT means the agreement between T and H dated [#].

NON MANAGEMENT AGREEMENT ASSETS means all assets of the Company, the Showboat Leighton Partnership or SCM not directly related to the Casino Complex Management Agreement, other than the Residual Cash Amount.

NON MANAGEMENT AGREEMENT LIABILITIES means all liabilities of the Company, the Showboat Leighton Partnership or SCM not directly related to the Casino Complex Management Agreement.

PURCHASE PRICE ADJUSTMENT means the calculation and payment of a price adjustment under Clause 3 and PURCHASE PRICE ADJUSTMENT AMOUNT means the amount of the adjustment.

RELATED BODY CORPORATE has the meaning given to it in the Corporations Law.

RESIDUAL CASH AMOUNT means the amount of Cash equal to the aggregate amount of Tax payable by the Company and SCM as referred to in Clause 7.1(a) (ii) less any amount of Tax prepaid to the Commissioner of Taxation.

SECURITY INTEREST means an interest or power:

- (a) reserved in or over any interest in any asset including, without limitation, any retention of title; or

(b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of debt or any other monetary obligation or the performance of any other obligation and whether existing or agreed to be granted or created.

SHARE SALE AGREEMENT (STAR CITY) means the agreement of that title referred to in Clause 2 of the Master Agreement.

SHARES means [#] ordinary shares in the capital of the Company together with the benefit of all rights (including dividend rights) attached or accruing to those shares as at the date of this Agreement.

SHOWBOAT LEIGHTON PARTNERSHIP means the Partnership constituted by the Showboat Leighton Partnership Agreement.

SHOWBOAT LEIGHTON PARTNERSHIP AGREEMENT means the partnership agreement between the Company and Leighton which has a commencement date of 22 April 1994.

STAR CITY CASINO means the casino complex owned (whether directly or indirectly) by Star City.

SUBSIDIARY has the meaning given by the Corporations Law.

TAX means any income tax, capital gains tax, recoupment tax, land tax, sales tax, payroll tax, fringe benefit tax, group tax, withholding tax, municipal rates, stamp duties and other charges, levies and impositions, assessed or charged, or assessable or chargeable, by or payable to any governmental taxation or excise authority and includes any additional tax, interest, penalty, charge, fee or other amount imposed or made on or in relation to a failure to file a relevant return or to pay a relevant tax.

TAX ACT means the Income Tax Assessment Act 1936 or the Income Tax Assessment Act 1997 or both the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997, as appropriate.

WARRANTIES means the representations, warranties, undertakings and other obligations of the Vendor of whatever kind contained in this Agreement (including, without limitation, those set out in Schedule 1).

\$ means Australian dollars.

## 1.2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural and conversely.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- (e) A reference to an agreement or document (including, without limitation, a reference to this Agreement) is to the agreement or document as amended, varied, supplemented, novated or replaced except to the extent prohibited by this Agreement or that other agreement or document.
- (f) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (g) A reference to WRITING includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.

## 1.3 Consents or Approvals

If the doing of any act, matter or thing under this Agreement is dependent on the consent or approval of a party or is within the discretion of a party, the consent or approval may be given or the discretion may be exercised conditionally or unconditionally or withheld by the party in its absolute discretion.

## 2. SALE AND PURCHASE

The Vendor agrees to sell the Shares to the Purchaser and the Purchaser agrees to buy the Shares from the Vendor, free from all Security Interests.

3. PRICE AND PAYMENT

3.1 The Purchase Price is \$204 million to be paid on the Completion Date.

3.2 On the Final Payment Date, the Purchase Price Adjustment Amount must be paid as follows:

- (a) the Purchaser pays to the Vendor the amount (if any) by which the Completion Statement of Residual Management Agreement Net Assets shows a balance in excess of zero; or
- (b) the Vendor pays to the Purchaser the amount (if any) by which the Completion Statement of Residual Management Agreement Net Assets shows a balance less than zero.

4. COMPLETION ACCOUNTS

4.1 As soon as reasonably practicable, and in any case within 20 business days after the Completion Date, the Vendor must prepare and provide to the Auditor drafts of:

- (a) a statement of the consolidated net assets of the Company (including the Showboat Leighton Partnership) as at the Completion Date prepared in accordance with accounting principles and practices generally accepted in Australia, the Corporations Law and all other applicable statutes and regulations (except that all assets shall be valued at the lower of cost and net realisable value). (This is the draft Completion Statement of Net Assets); and
- (b) a statement of the consolidated net assets of the Company (including the Showboat Leighton Partnership) excluding the book value of the asset pertaining to the Company's entitlement to management fees payable by Sydney Harbour Casino Pty Ltd under Clause 12.1 of the Casino Complex Management Agreement as at the Completion Date prepared in accordance with accounting principles and practices generally accepted in Australia, the Corporations Law and all other applicable statutes and regulations (except that all assets shall be valued at the lower of cost and net realisable value). (This is the draft Completion Statement of Residual Management Agreement Net Assets.)

- 4.2 The Vendor and the Purchaser must jointly instruct the Auditor to prepare and deliver to each of them within 15 business days after provision of the draft statements referred to in Clause 4.1:
- (a) an audited Completion Statement of Net Assets;
  - (b) an audited Completion Statement of Residual Management Agreement Net Assets; and
  - (c) an Auditor's Report in the form set out in Schedule 2.
- 4.3 The Vendor must:
- (a) provide the Auditor full access to the books and records of the Vendor and the Company to enable the Auditor to prepare the audited statements referred to in Clause 4.2 (the AUDITED STATEMENTS); and
  - (b) provide the Auditor full access to the working papers used in preparing the draft statements referred to in Clause 4.1.
- 4.4 The Vendor and the Purchaser must confer and use their best endeavours to agree on the Audited Statements within five business days after they are provided to the Vendor and the Purchaser by the Auditor in accordance with Clause 4.2.
- 4.5 If the contents of the Audited Statements are agreed between the Vendor and the Purchaser, the Audited Statements will be final and binding on the parties, and will constitute the Completion Accounts.
- 4.6 If the Vendor and the Purchaser do not agree on the value of an item in the Audited Statements within the period referred to in Clause 4.4, the Vendor and the Purchaser must within five days after the end of that period refer the matter to the Independent Auditor for determination in accordance with Clause 4.7.
- 4.7 (a) In referring a matter to the Independent Auditor for determination under this Agreement, the parties must instruct the Independent Auditor to complete the determination within 14 business days of the referral.

- (b) The Vendor must provide the Independent Auditor full access to its books and records, and the books and records of the Company, and any information required by the Independent Auditor to complete any determination under this Agreement.
- (c) Each party is entitled to make submissions to the Independent Auditor in respect of any determination under this Agreement.
- (d) The Independent Auditor's written determination of any matter referred to it under this Agreement is final and binding on the parties and, where applicable, must be incorporated in the Completion Accounts promptly after the determination is made.
- (e) In making a determination the Independent Auditor acts as an expert not as an arbitrator.
- (f) The costs of the Independent Auditor shall be borne by the parties equally.

5. WARRANTIES

5.1 The Vendor represents and warrants to the Purchaser that to the best of its knowledge and belief after making due enquiries (except as set out in the disclosure statement referred to in Clause 8.1 of the Master Agreement) each statement in Schedule 1 is true and correct.

5.2 Each Warranty:

- (a) remains in full force and effect after the Completion Date despite Completion; and
- (b) is given as at the date of this Agreement and as at the time immediately before Completion.

5.3 Subject to Clauses 5.4 to 5.11, the Vendor indemnifies the Purchaser against all Liabilities (other than to the extent they are due to any negligence or default of T) that may be incurred by the Purchaser as a result (directly or indirectly) of a breach of any Warranty.

5.4 Subject to Clause 5.5 to 5.11, the Vendor indemnifies the Purchaser against any loss that the Purchaser may suffer by reason of any liability of the Company or SCM to Tax that may be assessed against or levied on the Company or SCM with respect to:

- (a) any income (including capital gains) earned or derived or deemed to have been earned or derived by the Company or SCM at any time prior to the Completion Date or that may be assessed or levied as a result of any transaction, act, matter or thing which took place or happened on or before the Completion Date;
- (b) any payments made in relation to persons working for the Company or SCM prior to the Completion Date;
- (c) any stamp duties payable in respect of any agreement, deed, other document or transaction entered into prior to Completion to which the Company or SCM is or has been a party or by which the Company or SCM derives, has derived or will derive a substantial benefit;
- (d) any liability for Tax from which the Company, SCM, the Showboat Leighton Partnership or the Vendor may have obtained relief (whether by way of deferred capital gains tax or otherwise) which has or will become payable as a result of entry into this Agreement; and
- (e) any liability to any current or former Related Body Corporate of the Company or SCM (including the Vendor) as a result of any tax loss transferred by the Company or SCM to that current or former Related Body Corporate prior to the Completion Date being disallowed, in whole or in part,

but only to the amount of the excess over the amount of any relevant provision for them in the Completion Statement of Residual Management Agreement Net Assets.

5.5 The Vendor is not obliged to pay any amount under Clause 5.4 unless the Purchaser, within 60 days after receipt by the Company or SCM or the Showboat Leighton Partnership of the relevant assessment from the taxation authority, gives to the Vendor notice of the claim on the indemnity and a copy of the relevant parts of that assessment.

5.6 Where:

- (a) notice is given in accordance with Clause 5.5;

- (b) the Vendor proposes to dispute on behalf of the Company, SCM, the Showboat Leighton Partnership or the Purchaser (as the case may be) the assessment; and
- (c) payment of the assessment is required in order to dispute the assessment,

the Vendor must pay the amount of the assessment.

5.7 Where:

- (a) notice is given in accordance with Clause 5.5;
- (b) the Vendor, within 30 days after receiving notice in accordance with Clause 5.5, gives the Purchaser notice that the Vendor proposes to dispute on behalf of the Company, SCM or the Showboat Leighton Partnership or the Purchaser (as the case may be) the assessment; and
- (c) the Vendor has complied with Clause 5.6,

the Purchaser shall take such action as the Vendor may reasonably request (by notice to the Purchaser) to object to, appeal against or settle the assessment, if the Vendor bears all the costs and expenses of taking such actions (including, without limitation, the costs to the Purchaser, SCM or the Showboat Leighton Partnership or the Company (as the case may be) involved in engaging its staff in the matter).

5.8 Where a payment has been made by the Vendor under Clause 5.6 and the matter in respect of which the payment is made is ultimately resolved in favour of the Company, SCM or the Showboat Leighton Partnership, the Purchaser shall cause the Company, SCM or the Showboat Leighton Partnership (as the case may be), following receipt of the money from the relevant taxation authority, to pay an equivalent amount to the Vendor.

5.9 The Vendor has the right to be actively involved in any Tax audit conducted by the Australian Taxation Office concerning the Company, SCM or the Showboat Leighton Partnership insofar as the audit relates to any period or periods prior to the Completion Date.

5.10 The liability of the Vendor to the Purchaser under this Clause 5 and of H under Clause 10 includes costs and expenses and direct loss suffered (and in respect of SCM or the Showboat Leighton Partnership, is restricted to the Vendor's 85% interest) but does not include consequential damage.

- 5.11 The Purchaser and T may not commence any claim in respect of any breach of any representation or warranty (other than in respect of Tax) more than two years after the date of this Agreement.
6. COMPLETION
- 6.1 Completion of the sale and purchase of the Shares must take place on the Completion Date at [#].
- 6.2 On the Completion Date the Vendor must (subject to any necessary Casino Control Authority approval):
- (a) ensure that a duly convened board meeting of the Company and SCM is held at which a quorum of directors is present and acting throughout at which:
    - (i) persons nominated by the Purchaser by notice to the Vendor are appointed as directors of the Company and SCM, subject to the receipt of signed consents to act;
    - (ii) persons nominated by the Purchaser by notice to the Vendor are appointed as the secretaries and public officers of the Company and SCM, subject to the receipt of signed consents to act;
    - (iii) persons nominated by the Purchaser by notice to the Vendor resign as directors, secretaries and public officers of the Company and SCM; and
    - (iv) in the case of the board meeting of the Company only, the transfer of the Shares to the Purchaser (subject to the payment of stamp duty on the instruments of transfer which must be borne by the Purchaser), the cancellation of the existing share certificate for the Shares and the sealing and delivery by the Company to the Purchaser of a new share certificate for the Shares in the name of the Purchaser are each approved;

- (b) deliver to (or at the direction of) the Purchaser the minute books, statutory books and registers (all in good order and fully and accurately entered up as at the Completion Date in accordance with all relevant statutory requirements), books of account, trading and financial records, copies of taxation returns and other documents and papers, and any common seal, duplicate seal or official seal, of the Company and SCM; and
- (c) deliver to the Purchaser executed instruments of transfer of the Shares in favour of the Purchaser together with the share certificates relating to the Shares.

6.3 On the Completion Date and subject to the due performance by the Vendor of the obligations on its part to be performed under Clause 6.2 the Purchaser will pay the Purchase Price to the Vendor.

7. COMPLETION OF PRE-COMPLETION EVENTS

7.1 Not later than twenty-one business days after completion under the Share Sale Agreement (Star City), H must ensure that:

- (a) the Company repatriates to H an amount equal to the aggregate of:
    - (i) (A) the purchase prices payable to the Company in respect of the sale of shares and options in Star City by the Company pursuant to the Share Sale Agreement (Star City); and
    - (B) any consideration paid to the Company pursuant to the disposal by the Company of the shares in Star City referred to in Clause 7.1(b);
- LESS
- (ii) the aggregate amount of any Tax (whether capital gains tax or otherwise) payable by the Company or SCM (as applicable) as a result of the sale or disposal of shares and options in Star City referred to in Clause 7.1(a)(i) or as a result of the disposal of any Non Management Agreement Assets as required by Clause 7.1(c);

(b) the Company disposes of (and ceases to be the legal and beneficial owner of) the ordinary shares in Star City which it held as at the date of this Agreement or which arise from exercise of any options and which are not the subject of the Share Sale Agreement (Star City), whether the disposal is to a Related Body Corporate of H or otherwise; and

(c) the Company and SCM (as applicable) dispose of all Non Management Agreement Assets and repay in full, or otherwise settle or extinguish, all Non Management Agreement Liabilities,

and, on the requirements of this Clause being met, H must immediately certify that to T in writing.

7.2 H will ensure that as at the Completion Date the Company will hold an amount of Cash equal to the Residual Cash Amount.

7.3 H undertakes that to the extent that there is at the date of this Agreement any agreement or arrangement between the Company, SCM or the Showboat Leighton Partnership and H or any Related Body Corporate or affiliate of H pursuant to which the Company, SCM or the Showboat Leighton Partnership is required or obliged to pay any amount to H or its Related Bodies Corporate or affiliates, then H will terminate, or procure the termination of, any such agreement or arrangement prior to the Completion Date so that as at the Completion Date neither the Company, SCM nor the Showboat Leighton Partnership will have any liability or ongoing obligation to H or its Related Bodies Corporate or affiliates in connection with or in relation to the Casino Complex Management Agreement, the provision of any services, the operations of the Star City Casino or otherwise, and H will indemnify the Purchaser, the Company, SCM and the Showboat Leighton Partnership in respect of any liability incurred or loss or damage suffered as a result of any breach of this covenant.

8. INFORMATION, TECHNOLOGY AND INTELLECTUAL PROPERTY

H acknowledges that it has supplied to, amongst others, Star City, the Company, the Showboat Leighton Partnership and SCM certain information, technology, know how and other Intellectual Property which is used or has been used by them in or in connection with the operations of Star City Casino or the Casino Management Rights. H grants to the Purchaser, the Company, SCM, Star City, the Showboat Leighton Partnership and any other person who may presently use or have used the information, technology, know how and other Intellectual Property referred to above a non-exclusive royalty free licence in perpetuity to use all the information, technology, know how and other Intellectual Property in or in connection with the operations of Star City Casino or the Casino Management Rights, so that the Purchaser, the Company, SCM, Star City, the Showboat Leighton Partnership and any such other person may continue after the Completion Date to use such information, technology, know how and other Intellectual Property in the same manner as it had done at any time before the Completion Date. H will use its reasonable endeavours to ensure that the key executives engaged in connection with the operations of Star City Casino or the Casino Management Rights continue to be engaged in those operations after the Completion Date.

9. TERMINATION

9.1 The obligation of the Purchaser to complete the purchase of the Shares is subject to the conditions that:

- (a) each of the Warranties is true and correct as at the Completion Date, with the same force and effect as if made on the Completion Date. This condition may be waived by the Purchaser at its discretion but a waiver is not a waiver of any rights or remedies that it may have against the Vendor by reason of any breach of Clause 5.1; and
- (b) no disclosure or disclosures made to the Purchaser under this Agreement, singularly or in the aggregate, reveals any circumstance which has had, has or will have a materially adverse effect on the business of the Company, SCM or Star City. This condition may be waived by the Purchaser at its discretion.

If condition (a) above is not satisfied or the circumstance described in condition (b) above is revealed, the Purchaser may terminate this Agreement by notice to the Vendor. If the Purchaser terminates this Agreement, no party has any further liability to any other party under this Agreement except that the termination will not prejudice any rights or remedies that the Purchaser may have against the Vendor by reason of any breach of Clause 5.1.

10. GUARANTEE BY H

10.1 In consideration of T entering into this Agreement at the request of H, H:

- (a) unconditionally and irrevocably guarantees to the Purchaser on demand the due and punctual performance by the Vendor of all its obligations under this Agreement; and
- (b) separately indemnifies the Purchaser against any Liabilities (other than to the extent they are due to any negligence or default of T) which may be incurred or sustained by the Purchaser in connection with any default or delay by the Vendor in the due and punctual performance of any of its obligations under this Agreement.

10.2 The liability of H under this Clause is not affected by any act, omission or thing which, but for this provision, might in any way operate to release or otherwise exonerate or discharge H from any of its obligations including (without limitation) the grant to the Vendor or any other person of any time, waiver or other indulgence, or the discharge or release of the Vendor or any other person from any obligation.

10.3 This Clause is a continuing guarantee and indemnity and, despite Completion, remains in full force and effect for so long as the Vendor has any liability or obligation to the Purchaser under this Agreement and until all of those liabilities or obligations have been fully discharged.

11. GUARANTEE BY T

11.1 In consideration of H entering into this Agreement at the request of T, T:

- (a) unconditionally and irrevocably guarantees to the Vendor on demand the due and punctual performance by the Purchaser of all its obligations under this Agreement; and
- (b) separately indemnifies the Purchaser against any Liabilities (other than to the extent they are due to any negligence or default of H) which may be incurred or sustained by the Vendor in connection with any default or delay by the Purchaser in the due and punctual performance of any of its obligations under this Agreement.

11.2 The liability of T under this Clause is not affected by any act, omission or thing which, but for this provision, might in any way operate to release or otherwise exonerate or discharge T from any of its obligations including (without limitation) the grant to the Purchaser or any other person of any time, waiver or other indulgence, or the discharge or release of the Purchaser or any other person from any obligation.

11.3 This Clause:

- (a) extends to cover this Agreement as amended, varied or replaced, whether with or without the consent of T; and
- (b) is a continuing guarantee and indemnity and, despite Completion, remains in full force and effect for so long as the Purchaser has any liability or obligation to the Vendor under this Agreement and until all of those liabilities or obligations have been fully discharged.

12. COSTS

Each party must bear its own costs arising out of the negotiation, preparation and execution of this Agreement. All stamp duty (including fines, penalties and interest) which may be payable on or in connection with this Agreement and any instrument executed under this Agreement must be borne by the Purchaser.

13. MERGER

The rights and obligations of the parties do not merge on the completion of any transaction contemplated by this Agreement. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any such transaction.

14. ASSIGNMENT

The rights and obligations of each party under this Agreement are personal. They cannot be assigned, encumbered or otherwise dealt with and no party may attempt, or purport, to do so without the prior written consent of all parties.

15. FURTHER ASSURANCES

Each party agrees to do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this Agreement and the transactions contemplated by it.

16. ENTIRE AGREEMENT

This Agreement and the Master Agreement contain the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements and understandings between the parties in connection with it.

17. WAIVER

No failure to exercise nor any delay in exercising any right, power or remedy by a party operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

18. NOTICES

Any notice, demand, consent or other communication (a NOTICE) given or made under this Agreement:

- (a) must be in writing and signed by a person duly authorised by the sender;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand or fax to the address or fax number below or the address or fax number last notified by the intended recipient to the sender:

- (i) to the Purchaser: [#]  
Attention: [#]  
Fax No: [#]
- (ii) to the Vendor: [#]  
Attention: [#]  
Fax No: [#]
- (iii) to H: [#]  
Attention: [#]  
Fax No: [#]
- (iv) to T: [#]  
Attention: [#]  
Fax No: [#]

(c) is taken to be duly given or made:

- (i) in the case of delivery in person, when delivered;
- (ii) in the case of delivery by post two business days after the date of posting (if posted to an address in the same country) or seven business days after the date of posting (if posted to an address in another country);
- (iii) in the case of fax, on receipt by the sender of a transmission control report from the despatching machine showing the relevant number of pages and the correct destination fax machine number and indicating that the transmission had been made without error,

but if the result is that a Notice would be taken to be given or made on a day which is not a business day in the place to which the Notice is sent or is later than 4.00pm (local time) it is taken to have been duly given or made at the commencement of business on the next business day in that place.

19. GOVERNING LAW

This Agreement is governed by the laws of New South Wales. Each party submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this Agreement.

20.

COUNTERPARTS

This Agreement may be executed in any number of counterparts. All counterparts will be taken to constitute one instrument.

Warranties

Ownership of the Shares

1. The Vendor:

- (a) is the legal and beneficial owner of the Shares free from all Security Interests; and
- (b) has full power and authority to transfer to the Purchaser good legal and equitable title to the Shares free from all Security Interests.

Shares - the Company, SCM

- 2. There are no outstanding subscription agreements, options, rights or other analogous entitlements of any description to acquire from the Company or SCM any unissued shares or stock of any class of the Company or SCM, or any securities convertible into or exchangeable for or which otherwise confer on the holder of it any right (whether or not upon the happening of any contingency or after any lapse of time and whether or not upon the payment or delivery of any consideration) to acquire any unissued shares or stock of any class of the Company or SCM nor is the Company or SCM committed to grant or issue any such option, right or security.
- 3. The Shares are the only issued shares in the capital of the Company and are validly issued and fully paid. The shares in SCM consist of 85 ordinary shares and are the only issued shares in the capital of SCM other than 15 shares held by Leighton, are validly issued, fully paid and legally and beneficially owned by the Company free from all Security Interests.

Permanent establishments outside Australia

- 4. Neither the Company nor SCM has a permanent establishment (as that expression is defined in any applicable double taxation convention) outside Australia.

## Subsidiaries

5. The Company does not control any entity other than SCM. Neither the Company nor SCM is a member of a partnership or other unincorporated association except that the Company is a member of the Showboat Leighton Partnership. In this warranty control of an entity means control of the entity within the meaning of the accounting standards made for the purposes of section 295(2)(d) of the Corporations Law.

## Financial Accounts

6. The Financial Accounts have been prepared in accordance with accounting principles and practices generally accepted in Australia and comply with the requirements of the Corporations Law and all other applicable statutes and regulations.
7. The balance sheet appearing in the Financial Accounts:
  - (a) discloses a true and fair view of the consolidated state of affairs of the Company as at the Balance Date;
  - (b) is true and accurate in all material respects;
  - (c) includes adequate reserves or provisions for all liabilities (including Tax Liabilities) of the Company, the Showboat Leighton Partnership and SCM as at the Balance Date.
8. There are no loans, guarantees, indemnities, undertakings, mortgages, charges, debentures, leases or other encumbrances or unusual liabilities (including contingent liabilities) which have been given or made or incurred by or assigned to or vested in or are outstanding on behalf of the Company, the Showboat Leighton Partnership or SCM other than as disclosed or taken into account in the Financial Accounts.
9. The Financial Accounts contain fully adequate provisions for holiday pay, sick leave and long service leave in amounts which are at least equal to the accrued legal liability of the Company, SCM and the Showboat Leighton Partnership as at the Balance Date.
10. The profit and loss account appearing in the Financial Accounts discloses a true and fair view of the consolidated profit or loss of the Company for the period covered in those accounts and is true and accurate in all material

Completion Accounts

11. To the date of the Completion Accounts, there has been no change in the total amount of the Liabilities or the trading position, profitability or financial condition of the Company, the Showboat Leighton Partnership and SCM from that set forth in the Financial Accounts except changes in the ordinary course of business.
- 11A. (a) The Company has not been nor will it be;
- (b) neither the Showboat Leighton Partnership nor SCM has been;
- (c) neither the Showboat Leighton Partnership nor SCM will be (to the extent it is within the reasonable control of SAL or the Vendor),
- materially and adversely affected by any act, event or circumstance, whether covered by insurance or not and except for the changes required to be made under Clause 7 of this Agreement.
12. The Completion Accounts have been prepared in accordance with the accounting principles and practices generally accepted in Australia and comply with the requirements of the Corporations Law and all other applicable statutes and regulations and the accounting principles and practices determined by the Auditor or, in the event H disagrees with these accounting principles and practices when established, by the Independent Auditor.
13. The Completion Accounts:
- (a) disclose a true and fair view of the state of affairs of the Company, the Showboat Leighton Partnership and SCM as at the date to which they are made up;
- (b) are true and correct in all material respects;
- (c) include adequate reserves or provisions for all liabilities (including Tax Liabilities) of the Company, the Showboat Leighton Partnership and SCM as at that date.

14. The Vendor has ensured that there is sufficient Cash held by the Company as at the Completion Date to satisfy the aggregate amount of any Tax (whether capital gains tax or otherwise) payable but unpaid by the Company or SCM as a result of the sale or disposal of all the Company's shares and options in Star City as required by the Master Agreement, this Agreement and the Share Sale Agreement (Star City) and the disposal of the Non Management Agreement Assets as required by Clause 7.1(c) of this Agreement. Any Cash (net of any receivables appearing in the Completion Statement of Residual Management Agreement Net Assets) held by the Company shall be invested by the Company with any interest accruing to the benefit of H on the following terms:
- (a) the Cash shall be invested with a trading bank or other agreed financial institution of up to 90 day call; and
  - (b) all interest thereon (net of any Tax) will accrue to H and be paid to H on demand.
15. The Completion Accounts contain fully adequate provisions for holiday pay, sick leave and long service leave in amounts which are at least equal to the accrued legal liability of the Company, the Showboat Leighton Partnership and SCM as at the Completion Date.
16. Except to the extent of the amounts provided in the Completion Accounts, neither the Company, the Showboat Leighton Partnership nor SCM is under, nor will it assume prior to the Completion Date, any liability to any person for any pension, lump sum retiring allowance or redundancy payment or any liability with respect to holiday, long service or sick leave entitlement.
17. As at the Completion Date, neither the Company, the Showboat Leighton Partnership nor SCM has any Non Management Agreement Assets or Non Management Agreement Liabilities.

#### Taxation

18. All Tax returns required by law to be lodged or filed by the Company, SCM or the Showboat Leighton Partnership have been duly lodged or filed and fully and accurately completed and each deduction, rebate or credit claimed in them has been properly claimed and is duly allowable.

19. All Taxes (other than those which may still be paid without penalty or interest) on or payable by the Company, SCM or the Showboat Leighton Partnership have been paid or adequate provisions, reserves or accruals for their payment (whether or not assessed) have been made or provided for in the balance sheet appearing in the Financial Accounts.
20. There are no outstanding disputes or Tax audits by or with or threatened by the Commissioner of Taxation or any other authority or instrumentality or officer concerning the liability of the Company, SCM or the Showboat Leighton Partnership to any Tax.
21. Neither the Company nor SCM has paid any dividend:
- (a) in respect of which the required franking amount (as provided for in section 160AQE of the Tax Act) has exceeded the franked amount (as defined in section 160APA of the Tax Act) of the dividend; or
  - (b) which has been franked in excess of the required franking amount which would result in the Company or SCM being liable to pay franking deficit tax as provided for in section 160AQJ of the Tax Act or additional tax under section 160ARX of the Tax Act.
23. No asset revaluation dividend (as defined in section 46E(1) of the Tax Act) has at any time been paid to the Company or SCM.
24. The Company, SCM and the Showboat Leighton Partnership has complied with the requirements of all legislation imposing Taxes in respect of the retention of records and those records can be reconciled to the returns lodged by the Company, SCM and the Showboat Leighton Partnership. In particular, but without limitation, each of the Company, SCM and the Showboat Leighton Partnership:
- (a) has complied with section 262A and 160ZZU of the Tax Act;
  - (b) has retained duly prepared and executed election notices required to be prepared under the Tax Act, has retained duly completed and executed declarations required for the purpose of ascertaining their liability to fringe benefits tax; and

- (c) has retained accurate records of franking credits and franking debits in respect of its current and prior accounting periods.

#### Legal Proceedings

- 25. (a) There is no suit, cause of action, proceeding, application, arbitration, claim or investigation current, pending, threatened or in prospect against the Company, SCM and the Showboat Leighton Partnership and in particular there is no outstanding product liability or workers' compensation claim.
- (b) No resolution has been passed for the winding up of the Company or SCM.
- (c) No resolution has been passed for the appointment of an administrator to the Company or SCM.
- (d) There is no unsatisfied judgment against the Company or SCM.
- (e) There are no facts, matters or circumstances which give any person the right to apply to wind up the Company or SCM or to appoint a controller within the meaning of section 9 of the Corporations Law or an administrator or an inspector under the Corporations Law in respect of the Company or SCM or any part of its undertaking or assets or income.

#### Agreements and Arrangements

- 26. Neither the Company, SCM nor the Showboat Leighton Partnership has sold, transferred, assigned, created a Security Interest over, declared itself a trustee of, parted with the benefit of or otherwise disposed of the Casino Management Rights (or any interest in them or any part of them) including without limitation by agreeing to pay, assign, transfer or otherwise dispose of its right to management fees payable under the Casino Complex Management Agreement, except for the Security Interest created by the Commonwealth Bank over assets of the Showboat Leighton Partnership under the primary finance facility provided by the Commonwealth Bank to Star City and the trust relationship between Leighton and National Mutual Limited.

27. Pursuant to the Casino Complex Management Agreement, the Showboat Leighton Partnership will receive during each Fiscal Year of the Operating Term (as defined in the Casino Complex Management Agreement) net income equal to the Management Fee prescribed in Clause 12.1 of the Casino Complex Management Agreement, and all costs or expenses incurred by the Company, SCM or the Showboat Leighton Partnership are capable of being charged back to, and will be reimbursed by, Star City or its Subsidiaries and neither the Company, SCM nor the Showboat Leighton Partnership has or will have at the Completion Date any ongoing liability or obligation to make any payment to H or its Related Bodies Corporate or affiliates (or to any other person other than in the ordinary course of business) in connection with or related to the Casino Complex Management Agreement, the provision of any services, the operations of the Star City Casino or otherwise.

Related party transactions

28. At Completion, there will be no outstanding contracts or transactions between the Company, SCM or the Showboat Leighton Partnership and H or any Related Body Corporate of H, other than the Management Services Agreement (as defined in the Master Agreement).

Form of Auditor's Report  
(Clause 4.2)

EXECUTED as an Agreement.

[Each attorney executing this [#] Agreement states that he or she has no notice of revocation or suspension of his or her power of attorney.]

NOTE: INSERT THE APPROPRIATE EXECUTION CLAUSES.

Management Sale Agreement

[SAL]  
as Vendor

and

[TABCORP ENTITY]  
as Purchaser

and

[H]

and

[T]

-----  
MANAGEMENT SALE AGREEMENT  
-----

Arthur Robinson & Hedderwicks  
Melbourne  
Ref RJS:CRG  
Tel 9614 1011

MANAGEMENT SALE AGREEMENT

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THIS AGREEMENT is made on 1999 between:

1. SHOWBOAT AUSTRALIA PTY LTD (ACN 061 299 625) (SAL);
2. [TABCORP ENTITY] [(ACN [#])] (the PURCHASER);
3. HARRAH'S ENTERTAINMENT, INC. (H); and
4. TABCORP HOLDINGS LIMITED (ACN 063 780 709) (T).

RECITALS

- A. SAL is a party to the Showboat Leighton Partnership Agreement whereunder SAL and Leighton are, through SCM and in accordance with the Management Agreement, to provide services to certain Related Bodies Corporate of Star City in relation to the Star City Casino.
- B. This Agreement records the terms on which SAL agrees to sell the Shares and all of SAL's right, title and interest in the Casino Management Interests to the Purchaser.

IT IS AGREED as follows.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

The following definitions apply unless the context requires otherwise.

AUDITOR means the Auditor nominated by T for the purposes of this Agreement as notified to H.

AUDITOR'S REPORT has the meaning set out in Clause 4.2(c).

BALANCE DATE means the date of the balance sheet appearing in the Financial Accounts.

CASH means Australian legal tender.

CASINO CONTROL ACT means the Casino Control Act 1992 of New South Wales.

CASINO CONTROL AUTHORITY means the New South Wales Casino Control Authority established under the Casino Control Act.

CASINO MANAGEMENT INTERESTS means all of SAL's rights and interests (whether direct or indirect, and whether legal or equitable), and associated liabilities and obligations, in and under the Management Agreement (including, without limitation, all rights, interests, liabilities and obligations under the Showboat Leighton Partnership).

CASINO MANAGEMENT RIGHTS means the rights and obligations of SCM and the Showboat Leighton Partnership as constituted by the Management Agreement.

COMPLETION means completion by the parties of the sale and purchase as provided in Clause 6.

COMPLETION ACCOUNTS means the Completion Statement of Net Assets and the Completion Statement of Residual Management Agreement Net Assets.

COMPLETION DATE means the fifth day after the date on which T receives a certificate from H under Clause 7.1 or such later date as the parties may agree.

COMPLETION STATEMENT OF NET ASSETS has the meaning set out in Clause 4.1(a).

COMPLETION STATEMENT OF RESIDUAL MANAGEMENT AGREEMENT NET ASSETS has the meaning set out in Clause 4.1(b).

CORPORATIONS LAW means the Corporations Law of Australia.

FINAL PAYMENT DATE means the date three business days after the Completion Accounts have been finalised in accordance with Clause 4.

FINANCIAL ACCOUNTS means the audited balance sheets and profit and loss accounts of SCM and the Showboat Leighton Partnership prepared in accordance with Clause 18 of the Showboat Leighton Partnership Agreement for the year ended 31 December 1998.

INDEPENDENT AUDITOR means the President for the time being of the Institute of Chartered Accountants in Australia or his or her nominee.

INTELLECTUAL PROPERTY means any industrial or intellectual property whether protectable by statute, at common law or in equity, including all copyright, moral rights (and similar rights), inventions, patents, designs (whether or not registrable), registered and unregistered trademarks, circuit layout designs, rights in relation to circuit layouts and know how.

LEIGHTON means Leighton Properties Pty Limited (ACN 001 046 395).

LIABILITIES means claims, losses, liabilities, costs or expenses of any kind, including those which are prospective or contingent and those the amount of which is not ascertained or ascertainable.

MANAGEMENT AGREEMENT means the Casino Complex Management Agreement of that title dated 21 April 1994 between Sydney Casino Properties Pty Limited and Sydney Harbour Casino Pty Limited (as Owner), SAL and Leighton as the Showboat Leighton Partnership, and SCM as Manager.

MASTER AGREEMENT means the agreement between T and H dated [#].

NON MANAGEMENT AGREEMENT ASSETS means all assets of SCM or the Showboat Leighton Partnership not directly related to the Management Agreement, other than the Residual Cash Amount.

NON MANAGEMENT AGREEMENT LIABILITIES means all liabilities of SCM or the Showboat Leighton Partnership not directly related to the Management Agreement.

PURCHASE PRICE ADJUSTMENT means the calculation and payment of a price adjustment under Clause 3 and PURCHASE PRICE ADJUSTMENT AMOUNT means the amount of the adjustment.

RELATED BODY CORPORATE has the meaning given to it in the Corporations Law.

RESIDUAL CASH AMOUNT means the amount of Cash equal to the aggregate amount of Tax (whether capital gains tax or otherwise) payable by SCM as a result of the disposal of the Non Management Agreement Assets as required by Clause 7.1 less any amount of Tax prepaid to the Commissioner of Taxation.

SCM means Sydney Casino Management Pty Ltd (ACN 060 462 053).

SECURITY INTEREST means an interest or power:

- (a) reserved in or over any interest in any asset including, without limitation, any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of debt or any other monetary obligation or the performance of any other obligation and whether existing or agreed to be granted or created.

SHARES means 85 ordinary shares in the capital of SCM (representing 85% of the issued shares in SCM) together with the benefit of all rights (including dividend rights) attached or accruing to those shares as at the date of this Agreement.

SHOWBOAT LEIGHTON PARTNERSHIP means the Partnership constituted by the Showboat Leighton Partnership Agreement.

SHOWBOAT LEIGHTON PARTNERSHIP AGREEMENT means the partnership agreement between SAL and Leighton which has a commencement date of 22 April 1994.

STAR CITY means Star City Holdings Limited (ACN 064 054 431).

STAR CITY CASINO means the casino complex owned (whether directly or indirectly) by Star City.

SUBSIDIARY has the meaning given by the Corporations Law.

TAX means any income tax, capital gains tax, recoupment tax, land tax, sales tax, payroll tax, fringe benefit tax, group tax, withholding tax, municipal rates, stamp duties and other charges, levies and impositions, assessed or charged, or assessable or chargeable, by or payable to any governmental taxation or excise authority and includes any additional tax, interest, penalty, charge, fee or other amount imposed or made on or in relation to a failure to file a relevant return or to pay a relevant tax.

TAX ACT means the Income Tax Assessment Act 1936 or the Income Tax Assessment Act 1997 or both the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997, as appropriate.

WARRANTIES means the representations, warranties, undertakings and other obligations of SAL of whatever kind contained in this Agreement (including, without limitation, those set out in Schedule 1).

\$ means Australian dollars.

1.2

#### Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural and conversely.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- (e) A reference to an agreement or document (including, without limitation, a reference to this Agreement) is to the agreement or document as amended, varied, supplemented, novated or replaced except to the extent prohibited by this Agreement or that other agreement or document.
- (f) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (g) A reference to WRITING includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.

1.3 Consents or Approvals

If the doing of any act, matter or thing under this Agreement is dependent on the consent or approval of a party or is within the discretion of a party, the consent or approval may be given or the discretion may be exercised conditionally or unconditionally or withheld by the party in its absolute discretion.

2. SALE AND PURCHASE

2.1 SAL agrees to sell to the Purchaser and the Purchaser agrees to buy from SAL:

(a) the Casino Management Interests; and

(b) the Shares,

free from all Security Interests.

3. PRICE AND PAYMENT

3.1 The Purchase Price for the Casino Management Interests and the Shares is \$204 million to be paid on the Completion Date.

3.2 On the Final Payment Date, the Purchase Price Adjustment Amount must be paid as follows:

(a) the Purchaser pays to SAL the amount (if any) by which the Completion Statement of Residual Management Agreement Net Assets shows a balance in excess of zero; or

(b) SAL pays to the Purchaser the amount (if any) by which the Completion Statement of Residual Management Agreement Net Assets shows a balance less than zero.

4. COMPLETION ACCOUNTS

4.1 As soon as reasonably practicable, and in any case within 20 business days after the Completion Date, SAL must prepare and provide to the Auditor drafts of:

- (a) a consolidated statement showing the aggregate of SAL's 85% interest in the net assets of SCM and the Showboat Leighton Partnership as at the Completion Date prepared in accordance with accounting principles and practices generally accepted in Australia, the Corporations Law and all other applicable statutes and regulations (except that all assets shall be valued at the lower of cost and net realisable value). (This is the draft Completion Statement of Net Assets); and
- (b) a consolidated statement showing the aggregate of SAL's 85% interest in the net assets of SCM and the Showboat Leighton Partnership excluding the book value of the asset pertaining to the entitlement to management fees payable by Sydney Harbour Casino Pty Ltd under Clause 12.1 of the Management Agreement as at the Completion Date prepared in accordance with accounting principles and practices generally accepted in Australia, the Corporations Law and all other applicable statutes and regulations (except that all assets shall be valued at the lower of cost and net realisable value). (This is the draft Completion Statement of Residual Management Agreement Net Assets.)

4.2 SAL and the Purchaser must jointly instruct the Auditor to prepare and deliver to each of them within 15 business days after provision of the draft statements referred to in Clause 4.1:

- (a) an audited Completion Statement of Net Assets;
- (b) an audited Completion Statement of Residual Management Agreement Net Assets; and
- (c) an Auditor's Report in the form set out in Schedule 2.

4.3 SAL must:

- (a) provide the Auditor full access to the books and records of SAL, SCM and the Showboat Leighton Partnership to enable the Auditor to prepare the audited statements referred to in Clause 4.2 (the audited statements); and
- (b) provide the Auditor full access to the working papers used in preparing the draft statements referred to in Clause 4.1.

- 4.4 SAL and the Purchaser must confer and use their best endeavours to agree on the Audited Statements within five business days after they are provided to SAL and the Purchaser by the Auditor in accordance with Clause 4.2.
- 4.5 If the contents of the Audited Statements are agreed between SAL and the Purchaser, the Audited Statements will be final and binding on the parties, and will constitute the Completion Accounts.
- 4.6 If SAL and the Purchaser do not agree on the value of an item in the Audited Statements within the period referred to in Clause 4.4, SAL and the Purchaser must within five days after the end of that period refer the matter to the Independent Auditor for determination in accordance with Clause 4.7.
- 4.7
- (a) In referring a matter to the Independent Auditor for determination under this Agreement, the parties must instruct the Independent Auditor to complete the determination within 14 business days of the referral.
  - (b) SAL must provide the Independent Auditor full access to its books and records, and the books and records of SCM and the Showboat Leighton Partnership, and any information required by the Independent Auditor to complete any determination under this Agreement.
  - (c) Each party is entitled to make submissions to the Independent Auditor in respect of any determination under this Agreement.
  - (d) The Independent Auditor's written determination of any matter referred to it under this Agreement is final and binding on the parties and, where applicable, must be incorporated in the Completion Accounts promptly after the determination is made.
  - (e) In making a determination the Independent Auditor acts as an expert not as an arbitrator.
  - (f) The costs of the Independent Auditor shall be borne by the parties equally.
- 4.8 All payments required to be made under this Agreement must be tendered either in cash or by a draft or cheque drawn by a bank as defined in the Banking Act of the Commonwealth of Australia or by such other method of payment agreed by the parties.

5. WARRANTIES

5.1 SAL represents and warrants to the Purchaser that to the best of its knowledge and belief after making due enquiries (except as set out in the disclosure statement referred to in Clause 8.1 of the Master Agreement) each statement in Schedule 1 is true and correct.

5.2 Each Warranty:

- (a) remains in full force and effect after the Completion Date despite Completion; and
- (b) is given as at the date of this Agreement and as at the time immediately before Completion.

5.3 Subject to Clauses 5.4 to 5.11, SAL indemnifies the Purchaser against all Liabilities (other than to the extent that they are due to any negligence or default of T) that may be incurred by the Purchaser as a result (directly or indirectly) of a breach of any Warranty.

5.4 Subject to Clause 5.5 to 5.11, SAL indemnifies the Purchaser against any loss that the Purchaser may suffer by reason of any liability of the Purchaser or SCM to Tax that may be assessed against or levied on the Purchaser or SCM with respect to:

- (a) any income (including capital gains) earned or derived or deemed to have been earned or derived by SAL or SCM at any time prior to the Completion Date or that may be assessed or levied as a result of any transaction, act, matter or thing which took place or happened on or before the Completion Date;
- (b) any payments made in relation to persons working for SAL or SCM prior to the Completion Date;
- (c) any stamp duties payable in respect of any agreement, deed, other document or transaction entered into prior to Completion to which SAL or SCM is or has been a party or by which SAL or SCM derives, has derived or will derive a substantial benefit;
- (d) any liability for Tax from which SAL, SCM, the Showboat Leighton Partnership or SAL may have obtained relief (whether by way of deferred capital gains tax or otherwise) which has or will become payable as a result of entry into this Agreement; and

(e) any liability to any current or former Related Body Corporate of SAL or SCM (including H) as a result of any tax loss transferred by SAL or SCM to that current or former Related Body Corporate prior to the Completion Date being disallowed, in whole or in part,

but only to the amount of the excess over the amount of any relevant provision for them in the Completion Statement of Residual Management Agreement Net Assets.

5.5 SAL is not obliged to pay any amount under Clause 5.4 unless the Purchaser, within 60 days after receipt by the Purchaser or SCM or the Showboat Leighton Partnership of the relevant assessment from the taxation authority, gives to SAL notice of the claim on the indemnity and a copy of the relevant parts of that assessment.

5.6 Where:

- (a) notice is given in accordance with Clause 5.5;
- (b) SAL proposes to dispute on behalf of the SCM, the Showboat Leighton Partnership or the Purchaser (as the case may be) the assessment; and
- (c) payment of the assessment is required in order to dispute the assessment,

SAL must pay the amount of the assessment.

5.7 Where:

- (a) notice is given in accordance with Clause 5.5;
- (b) SAL, within 30 days after receiving notice in accordance with Clause 5.5, gives the Purchaser notice that SAL proposes to dispute on behalf of SCM or the Showboat Leighton Partnership or the Purchaser (as the case may be) the assessment; and
- (c) SAL has complied with Clause 5.6,

the Purchaser shall take such action as SAL may reasonably request (by notice to the Purchaser) to object to, appeal against or settle the assessment, if SAL bears all the costs and expenses of taking such actions (including, without limitation, the costs to the Purchaser, SCM or the Showboat Leighton Partnership (as the case may be) involved in engaging its staff in the matter).

- 5.8 Where a payment has been made by SAL under Clause 5.6 and the matter in respect of which the payment is made is ultimately resolved in favour of SAL, SCM or the Showboat Leighton Partnership, the Purchaser shall cause SCM or the Showboat Leighton Partnership (as the case may be), following receipt of the money from the relevant taxation authority, to pay an equivalent amount to SAL.
- 5.9 SAL has the right to be actively involved in any Tax audit conducted by the Australian Taxation Office concerning SCM or the Showboat Leighton Partnership insofar as the audit relates to any period or periods prior to the Completion Date.
- 5.10 The liability of SAL to the Purchaser under this Clause 5 and of H under Clause 9 includes costs and expenses and direct loss suffered (and, in respect of SCM or the Showboat Leighton Partnership, is restricted to SAL's 85% interest) but does not include consequential damage.
- 5.11 The Purchaser and T may not commence any claim in respect of any breach of any representation or warranty (other than in respect of Tax) more than two years after the date of this Agreement.
6. COMPLETION
- 6.1 Completion of the sale and purchase of the Casino Management Interests and the Shares will take place on the Completion Date at [#].
- 6.2 On the Completion Date SAL must deliver to the Purchaser all such documents, agreements, assignments, instruments of transfer or conveyance to transfer and assign the Casino Management Interests to the Purchaser.
- 6.3 On the Completion Date SAL must (subject to any necessary Casino Control Authority approval):
- (a) ensure that a duly convened board meeting of SCM is held at which a quorum of directors is present and acting throughout at which:
    - (i) persons nominated by the Purchaser by notice to SAL are appointed as directors of SCM, subject to the receipt of signed consents to act;

- (ii) persons nominated by the Purchaser by notice to SAL are appointed as the secretaries and public officers of SCM, subject to the receipt of signed consents to act;
- (iii) persons nominated by the Purchaser by notice to SAL resign as directors, secretaries and public officers of SCM; and
- (iv) the transfer of the Shares to the Purchaser (subject to the payment of stamp duty on the instruments of transfer which must be borne by the Purchaser), the cancellation of the existing share certificate for the Shares and the sealing and delivery by SCM to the Purchaser of a new share certificate for the Shares in the name of the Purchaser are each approved;

(b) deliver to (or at the direction of) the Purchaser the minute books, statutory books and registers (all in good order and fully and accurately entered up as at the Completion Date in accordance with all relevant statutory requirements), books of account, trading and financial records, copies of taxation returns and other documents and papers, and any common seal, duplicate seal or official seal, of SCM; and

(c) deliver to the Purchaser executed instruments of transfer of the Shares in favour of the Purchaser together with the share certificates relating to the Shares.

6.4 On the Completion Date and subject to the due performance by SAL of the obligations on its part to be performed under Clauses 6.2 and 6.3 the Purchaser will pay the Purchase Price to SAL.

#### 7. COMPLETION OF PRE-COMPLETION EVENTS

7.1 Not later than twenty-one business days after completion under the Share Sale Agreement (Star City), H must ensure that SCM and the Showboat Leighton Partnership dispose of all Non Management Agreement Assets and repay in full, or otherwise settle or extinguish, all Non Management Agreement Liabilities and, on the requirements of this Clause being met, H must immediately certify that to T in writing.

7.2 SAL will ensure that as at the Completion Date SCM will hold an amount of Cash equal to the Residual Cash Amount.

7.3 H undertakes that to the extent that there is at the date of this Agreement any agreement or arrangement between SAL, SCM or the Showboat Leighton Partnership and H or any Related Body Corporate or affiliate of H pursuant to which SAL, SCM or the Showboat Leighton Partnership is required or obliged to pay any amount to H or its Related Bodies Corporate or affiliates, then H will terminate, or procure the termination of, any such agreement or arrangement prior to the Completion Date so that as at the Completion Date neither SAL, SCM nor the Showboat Leighton Partnership will have any liability or ongoing obligation to H or its Related Bodies Corporate or affiliates in connection with or in relation to the Casino Complex Management Agreement, the provision of any services, the operations of the Star City Casino or otherwise, and H will indemnify the Purchaser, SAL, SCM and the Showboat Leighton Partnership in respect of any liability incurred or loss or damage suffered as a result of any breach of this covenant.

8. INFORMATION, TECHNOLOGY AND INTELLECTUAL PROPERTY

H acknowledges that it has supplied to, amongst others, SAL, Star City, the Showboat Leighton Partnership and SCM certain information, technology, know how and other Intellectual Property which is used or has been used by them in or in connection with the operations of Star City Casino or the Casino Management Rights. H grants to the Purchaser and its Related Bodies Corporate, SCM, Star City, the Showboat Leighton Partnership and any other person who may presently use or have available to it the information, technology, know how and other Intellectual Property referred to above a non-exclusive royalty free licence in perpetuity to use all the information, technology, know how and other Intellectual Property in or in connection with the operations of Star City Casino or the Casino Management Rights, so that the Purchaser, SCM, Star City, the Showboat Leighton Partnership and any such other person may continue after the Completion Date to use such information, technology, know how and other Intellectual Property in the same manner as it had done at any time before the Completion Date. H will use its reasonable endeavours to ensure that the key executives engaged in connection with the operations of Star City Casino or the Casino Management Rights continue to be engaged in those operations after the Completion

9. TERMINATION

9.1 The obligation of the Purchaser to complete the purchase of the Casino Management Interests and the Shares is subject to the conditions that:

- (a) each of the Warranties is true and correct as at the Completion Date, with the same force and effect as if made on the Completion Date. This condition may be waived by the Purchaser at its discretion but a waiver is not a waiver of any rights or remedies that it may have against SAL by reason of any breach of Clause 5.1; and
- (b) no disclosure or disclosures made to the Purchaser under this Agreement, singularly or in the aggregate, reveals any circumstance which has had, has or will have a materially adverse effect on the business of the Showboat Leighton Partnership, SCM or Star City. This condition may be waived by the Purchaser at its discretion.

If condition (a) above is not satisfied or the circumstance described in condition (b) above is revealed, the Purchaser may terminate this Agreement by notice to SAL. If the Purchaser terminates this Agreement, no party has any further liability to any other party under this Agreement except that the termination will not prejudice any rights or remedies that the Purchaser may have against SAL by reason of any breach of Clause 5.1.

10. GUARANTEE by H

10.1 In consideration of T entering into this Agreement at the request of H, H:

- (a) unconditionally and irrevocably guarantees to the Purchaser on demand the due and punctual performance by SAL of all its obligations under this Agreement; and
- (b) separately indemnifies the Purchaser against any Liabilities (other than to the extent they are due to any negligence or default of T) which may be incurred or sustained by the Purchaser in connection with any default or delay by SAL in the due and punctual performance of any of its obligations under this Agreement.

10.2 The liability of H under this Clause is not affected by any act, omission or thing which, but for this provision, might in any way operate to release or otherwise exonerate or discharge H from any of its obligations including (without limitation) the grant to SAL or any other person of any time, waiver or other indulgence, or the discharge or release of SAL or any other person from any obligation.

10.3 This Clause:

- (a) extends to cover this Agreement as amended, varied or replaced, whether with or without the consent of H; and
- (b) is a continuing guarantee and indemnity and, despite Completion, remains in full force and effect for so long as SAL has any liability or obligation to the Purchaser under this Agreement and until all of those liabilities or obligations have been fully discharged.

11. GUARANTEE by T

11.1 In consideration of H entering into this Agreement at the request of T, T:

- (a) unconditionally and irrevocably guarantees to SAL on demand the due and punctual performance by the Purchaser of all its obligations under this Agreement; and
- (b) separately indemnifies the Purchaser against any Liabilities (other than to the extent they are due to any negligence or default of H) which may be incurred or sustained by SAL in connection with any default or delay by the Purchaser in the due and punctual performance of any of its obligations under this Agreement.

11.2 The liability of T under this Clause is not affected by any act, omission or thing which, but for this provision, might in any way operate to release or otherwise exonerate or discharge T from any of its obligations including (without limitation) the grant to the Purchaser or any other person of any time, waiver or other indulgence, or the discharge or release of the Purchaser or any other person from any obligation.

11.3 This Clause is a continuing guarantee and indemnity and, despite Completion, remains in full force and effect for so long as the Purchaser has any liability or obligation to SAL under this Agreement and until all of those liabilities or obligations have been fully discharged.

12. COSTS

Each party must bear its own costs arising out of the negotiation, preparation and execution of this Agreement. All stamp duty (including fines, penalties and interest) which may be payable on or in connection with this Agreement and any instrument executed under this Agreement must be borne by the Purchaser.

13. MERGER

The rights and obligations of the parties do not merge on the completion of any transaction contemplated by this Agreement. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any such transaction.

14. ASSIGNMENT

The rights and obligations of each party under this Agreement are personal. They cannot be assigned, encumbered or otherwise dealt with and no party may attempt, or purport, to do so without the prior written consent of all parties.

15. FURTHER ASSURANCES

Each party agrees to do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this Agreement and the transactions contemplated by it.

16. ENTIRE AGREEMENT

This Agreement and the Master Agreement contain the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements and understandings between the parties in connection with it.

17. WAIVER

No failure to exercise nor any delay in exercising any right, power or remedy by a party operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

18. NOTICES

Any notice, demand, consent or other communication (a NOTICE) given or made under this Agreement:

(a) must be in writing and signed by a person duly authorised by the sender;

(b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand or fax to the address or fax number below or the address or fax number last notified by the intended recipient to the sender:

(i) to the Purchaser: [#]  
Attention: [#]  
Fax No: [#]

(ii) to SAL: [#]  
Attention: [#]  
Fax No: [#]

(iii) to H: [#]  
Attention: [#]  
Fax No: [#]

(iv) to T: [#]  
Attention: [#]  
Fax No: [#]

(c) is taken to be duly given or made:

(i) in the case of delivery in person, when delivered;

(ii) in the case of delivery by post two business days after the date of posting (if posted to an address in the same country) or seven business days after the date of posting (if posted to an address in another country);

(iii) in the case of fax, on receipt by the sender of a transmission control report from the despatching machine showing the relevant number of pages and the correct destination fax machine number and indicating that the transmission had been made without error,

but if the result is that a Notice would be taken to be given or made on a day which is not a business day in the place to which the Notice is sent or is later than 4.00pm (local time) it is taken to have been duly given or made at the commencement of business on the next business day in that place.

19. GOVERNING LAW

This Agreement is governed by the laws of New South Wales. Each party submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this Agreement.

20. COUNTERPARTS

This Agreement may be executed in any number of counterparts. All counterparts are taken to constitute one instrument.

Warranties

Ownership of the Casino Management Interests

1 SAL:

- (a) is the legal and beneficial owner of the Casino Management Interests free from all Security Interests; and
- (b) has full power and authority to transfer to the Purchaser good legal and equitable title to the Casino Management Interests free from all Security Interests.

Ownership of the Shares

2. SAL:

- (a) is the legal and beneficial owner of the Shares free from all Security Interests; and
- (b) has full power and authority to transfer to the Purchaser good legal and equitable title to the Shares free from all Security Interests.

Shares

- 3. There are no outstanding subscription agreements, options, rights or other analogous entitlements of any description to acquire from SCM any unissued shares or stock of any class of SCM, or any securities convertible into or exchangeable for or which otherwise confer on the holder of it any right (whether or not upon the happening of any contingency or after any lapse of time and whether or not upon the payment or delivery of any consideration) to acquire any unissued shares or stock of any class of SCM nor is SCM committed to grant or issue any such option, right or security.
- 4. The Shares are the only issued shares in the capital of SCM other than 15 shares held by Leighton, and represent 85% of the issued shares in SCM.

5. Neither the entry by SAL into this Agreement nor the performance by SAL of any of its terms give rise to any rights or claims of any description by Leighton or any other person on the basis of any claim of a right of pre-emption, first right of refusal or other right in respect of the Shares.

#### Authorisations - Showboat Leighton Partnership and SCM

6. The Showboat Leighton Partnership and SCM have all material Authorisations required to conduct their respective businesses and have paid all fees due in relation to them and complied in all material respects with all conditions under them.
7. There is no factor which might materially prejudice the continuance or renewal of any Authorisation required under Warranty 6.

#### Management Agreement

8. Neither SCM, SAL nor the Showboat Leighton Partnership nor any other party is in breach of the Management Agreement nor is SAL, after due enquiry, aware of any impending or threatened breach by any party and the Management Agreement is valid and legally enforceable in accordance with its terms.
9. Without limiting Warranty 8, the Management Agreement is not subject to termination or renegotiation or otherwise prejudicial materially as a result of the assignment of the Casino Management Interests or the change in ownership or control of SCM or other action required or contemplated by this Agreement.
10. Neither the entry by SAL into this Agreement nor the performance by SAL of any of its terms give rise to any rights or claims of any description by Leighton or any other person on the basis of any claim of a right of pre-emption, first right of refusal or other right in respect of the Casino Management Interests.

#### Showboat Leighton Partnership

11. SAL is not, after due enquiry, aware of any actual, impending or threatened breach of any agreement constituting or affecting the Showboat Leighton Partnership.

Casino Control Authority

12. Each of SAL, the Showboat Leighton Partnership and SCM is in compliance with each of its obligations to the Casino Control Authority whether arising under the Casino Control Act, any agreement or any other legislation and neither SAL, the Showboat Leighton Partnership nor SCM is aware of any fact or circumstance which may lead to a claim that any of them is in breach of the Casino Control Act, any agreement or other legislation.

Proposals

13. SAL is not aware nor should it reasonably be aware of any proposals of any Governmental Agency (including the Casino Control Authority) not in the public arena, the implementation of which (whether by force of law or voluntarily) might adversely affect Star City, SCM or the Showboat Leighton Partnership.

Permanent establishments outside Australia

14. SCM does not have a permanent establishment (as that expression is defined in any applicable double taxation convention) outside Australia.

Subsidiaries

15. SCM does not control any entity. SCM is not a member of a partnership or other unincorporated association. In this warranty CONTROL of an entity means control of the entity within the meaning of the accounting standards made for the purposes of section 295(2)(d) of the Corporations Law.

Financial Accounts

16. The Financial Accounts have been prepared in accordance with accounting principles and practices generally accepted in Australia and comply with the requirements of the Corporations Law and all other applicable statutes and regulations.
17. The balance sheet appearing in the Financial Accounts:
- (a) discloses a true and fair view of the state of affairs of SCM and the Showboat Leighton Partnership (as the case may be) as at the Balance Date;

- (b) is true and accurate in all material respects;
- (c) includes adequate reserves or provisions for all liabilities of SCM and the Showboat Leighton Partnership (as the case may be) (including Tax Liabilities) as at the Balance Date.

18. There are no loans, guarantees, indemnities, undertakings, mortgages, charges, debentures, leases or other encumbrances or unusual liabilities (including contingent liabilities) which have been given or made or incurred by or assigned to or vested in or are outstanding on behalf of SCM or the Showboat Leighton Partnership other than as disclosed or taken into account in the Financial Accounts.
19. The Financial Accounts contain fully adequate provisions for holiday pay, sick leave and long service leave in amounts which are at least equal to the accrued legal liability of SCM or the Showboat Leighton Partnership as at the Balance Date.
20. The profit and loss accounts appearing in the Financial Accounts disclose a true and fair view of the profit or loss of SCM and the Showboat Leighton Partnership for the period covered in those accounts and is true and accurate in all material respects.

#### Completion Accounts

21. To the date of the Completion Accounts, there has been no change in the total amount of the Liabilities or the trading position, profitability or financial condition of SCM or the Showboat Leighton Partnership from that set forth in the Financial Accounts except changes in the ordinary course of business.
- 21A. (a) The Company has not been nor will it be;
- (b) Neither the Showboat Leighton Partnership nor SCM has been;
- (c) Neither the Showboat Leighton Partnership nor SCM will be (to the extent it is within the reasonable control of SAL or the Vendor),

materially and adversely affected by any act, event or circumstance, whether covered by insurance or not and except for the changes required to be made under Clause 7 of this Agreement.

22. The Completion Accounts have been prepared in accordance with the accounting principles and practices generally accepted in Australia and comply with the requirements of the Corporations Law and all other applicable statutes and regulations and the accounting principles and practices determined by the Auditor or, in the event H disagrees with these accounting principles and practices when established, by the Independent Auditor.
23. The Completion Accounts:
- (a) disclose a true and fair view of the state of affairs of SCM and the Showboat Leighton Partnership as at the date to which they are made up;
  - (b) are true and correct in all material respects;
  - (c) include adequate reserves or provisions for all liabilities (including Tax Liabilities) of SCM and the Showboat Leighton Partnership as at that date.
24. SAL has ensured that there is sufficient Cash held by SCM as at the Completion Date to satisfy the aggregate amount of any Tax (whether capital gains tax or otherwise) payable but unpaid by SCM as a result of the disposal of the Non Management Agreement Assets as required by Clause 7.1 of this Agreement. Any Cash (net of any receivables appearing in the Completion Statement of Residual Management Agreement Net Assets) held by SCM shall be invested by SCM with any interest accruing to the benefit of H on the following terms:
- (a) the Cash shall be invested with a trading bank or other agreed financial institution of up to 90 day call; and
  - (b) all interest thereon (net of any Tax) will accrue to H and be paid to H on demand.
25. The Completion Accounts contain fully adequate provisions for holiday pay, sick leave and long service leave in amounts which are at least equal to the accrued legal liability of SCM and the Showboat Leighton Partnership as at the Completion Date.

26. Except to the extent of the amounts provided in the Completion Accounts, neither SCM nor the Showboat Leighton Partnership is under, nor will it assume prior to the Completion Date, any liability to any person for any pension, lump sum retiring allowance or redundancy payment or any liability with respect to holiday, long service or sick leave entitlement.
27. As at the Completion Date, neither SCM nor the Showboat Leighton Partnership has any Non Management Agreement Assets or Non Management Agreement Liabilities.

Taxation

28. All Tax returns required by law to be lodged or filed by SCM or the Showboat Leighton Partnership have been duly lodged or filed and fully and accurately completed and each deduction, rebate or credit claimed in them has been properly claimed and is duly allowable.
29. All Taxes (other than those which may still be paid without penalty or interest) on or payable by SCM or the Showboat Leighton Partnership have been paid or adequate provisions, reserves or accruals for their payment (whether or not assessed) have been made or provided for in the balance sheet appearing in the Financial Accounts.
30. There are no outstanding disputes or Tax audits by or with or threatened by the Commissioner of Taxation or any other authority or instrumentality or officer concerning the liability of SCM or the Showboat Leighton Partnership to any Tax.
31. SCM has not paid any dividend:
- (a) in respect of which the required franking amount (as provided for in section 160AQE of the Tax Act) has exceeded the franked amount (as defined in section 160APA of the Tax Act) of the dividend; or
  - (b) which has been franked in excess of the required franking amount which would result in SAL or SCM being liable to pay franking deficit tax as provided for in section 160AQJ of the Tax Act or additional tax under section 160ARX of the Tax Act.
32. No asset revaluation dividend (as defined in section 46E(1) of the Tax Act) has at any time been paid to SCM.

33. SCM and the Showboat Leighton Partnership has complied with the requirements of all legislation imposing Taxes in respect of the retention of records and those records can be reconciled to the returns lodged by SCM and the Showboat Leighton Partnership. In particular, but without limitation, each of SCM and the Showboat Leighton Partnership:

- (a) has complied with section 262A and 160ZZU of the Tax Act;
- (b) has retained duly prepared and executed election notices required to be prepared under the Tax Act, has retained duly completed and executed declarations required for the purpose of ascertaining their liability to fringe benefits tax; and
- (c) has retained accurate records of franking credits and franking debits in respect of its current and prior accounting periods.

Legal Proceedings

- 34.
- (a) There is no suit, cause of action, proceeding, application, arbitration, claim or investigation current, pending, threatened or in prospect against SAL, SCM and the Showboat Leighton Partnership and in particular there is no outstanding product liability or workers' compensation claim.
  - (b) No resolution has been passed for the winding up of SAL or SCM.
  - (c) No resolution has been passed for the appointment of an administrator to SAL or SCM.
  - (d) There is no unsatisfied judgment against SAL or SCM.
  - (e) There are no facts, matters or circumstances which give any person the right to apply to wind up SAL or SCM or to appoint a controller within the meaning of section 9 of the Corporations Law or an administrator or an inspector under the Corporations Law in respect of SAL or SCM or any part of its undertaking or assets or income.

Agreements and Arrangements

35. Neither SAL, SCM nor the Showboat Leighton Partnership has sold, transferred, assigned, created a Security Interest over, declared itself a trustee of, parted with the benefit of or otherwise disposed of the Casino Management Rights (or any interest in them or any part of them) including without limitation by agreeing to pay, assign, transfer or otherwise dispose of its right to management fees payable under the Management Agreement, except for the Security Interest created by the Commonwealth Bank over assets of the Showboat Leighton Partnership under the primary finance facility provided by the Commonwealth Bank to Star City and the trust relationship between Leighton and National Mutual Limited.

Related party transactions

36. At Completion, there will be no outstanding contracts or transactions between SCM or the Showboat Leighton Partnership and H or any Related Body Corporate of H.
37. Pursuant to the Casino Complex Management Agreement, the Showboat Leighton Partnership will receive during each Fiscal Year of the Operating Term (as defined in the Casino Complex Management Agreement) net income equal to the Management Fee prescribed in Clause 12.1 of the Casino Complex Management Agreement, and all costs or expenses incurred by SAL, SCM or the Showboat Leighton Partnership are capable of being charged back to, and will be reimbursed by, Star City or its Subsidiaries and neither SAL, SCM nor the Showboat Leighton Partnership has or will have at the Completion Date any ongoing liability or obligation to make any payment to H or its Related Bodies Corporate or affiliates (or to any other person other than in the ordinary course of business) in connection with or related to the Casino Complex Management Agreement, the provision of any services, the operations of the Star City Casino or otherwise.

Form of Auditor's Report  
(Clause 4.2)

EXECUTED as an Agreement.

[Each attorney executing this [#] Agreement states that he or she has no notice of revocation or suspension of his or her power of attorney.]

NOTE: INSERT THE APPROPRIATE EXECUTION CLAUSES.

Casino Services Agreement

T

and

H

-----  
CASINO SERVICES AGREEMENT  
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Arthur Robinson & Hedderwicks  
Melbourne  
Tel: 9614 1011

CASINO SERVICES AGREEMENT

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THIS AGREEMENT is made on \_\_\_\_\_ 1999 between:

1. T (ACN \_\_\_\_\_ ) of [ \_\_\_\_\_ ] (T); and
2. H of [ \_\_\_\_\_ ] (H).

RECITALS

- A. H currently provides, or makes available, services, information, technology and Intellectual Property for use in connection with the operations of Star City Casino.
- B. This Agreement is entered into in accordance with Clause 5 of the Master Agreement. The objective of this Agreement is that, in consideration for the services fee, T will gain access to the knowledge and experience of H in operating casinos for use in the future management of the operations of Star City. This Agreement will in particular provide T with a mechanism to benchmark all aspects of Star City's operations against H's hotel and casino properties, in the areas of financial controls, human resource management and casino and hotel operations.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Master Agreement Definitions to Apply

Subject to Clause 1.2, words and expressions which are defined in the Master Agreement have the same meaning in this Agreement.

1.2 Defined Terms

ADVISORY COMMITTEE means the committee established under Clause 4.1.

COMMENCEMENT DATE means the date of this Agreement.

CONFIDENTIAL INFORMATION means information of one party (the Disclosing Party) or its subsidiaries which is disclosed to or observed by the other party (the Receiving Party) or its subsidiaries in the course of performing this Agreement and which is regarded by the Disclosing Party as confidential and which includes (but is not limited to) information relating to technology and processes used or developed by the Disclosing Party, and trade secrets and know-how and information of a commercially sensitive nature, but does not include any information which:

- (a) at the time of the first disclosure to or observation by the Receiving Party, was already in the lawful possession of the Receiving Party;
- (b) is in or comes into the public domain otherwise than by disclosure in breach of the terms of this Agreement; or
- (c) becomes available to the Receiving Party from any other source provided that it was not acquired directly or indirectly from the Disclosing Party.

DEFINED OPERATIONS means any of H's casino businesses and locations including any attached hotel or other ancillary activity located in Las Vegas, Nevada, Lake Tahoe, Nevada, Atlantic City, New Jersey, East Chicago, Indiana, Shreveport, Louisiana and North Kansas City, Missouri and, subject to agreement with H, any of H's other Operations.

INTELLECTUAL PROPERTY means any industrial or intellectual property whether protectable by statute, at common law or in equity, including all copyright, moral rights (and similar rights), inventions, patents, designs (whether or not registrable), registered and unregistered trademarks, circuit layout designs, rights in relation to circuit layouts, trade secrets and know-how.

MASTER AGREEMENT means the agreement dated [ ] between T and H.

OPERATIONS means any of H's casino businesses and locations including any attached hotel or other ancillary activity.

SERVICES means advice, consultation and rights to inspection in respect of all the operational know-how, methodology and technology which H or any of its subsidiaries currently uses in Star City or any of its Defined Operations or other businesses including but not limited to:

- (a) "Gold Card" Player tracking system and data base methodology;
- (b) gaming machine, table game and other casino games design including rules of play, game denomination, pricing and payment patterns;
- (c) systems for measuring and monitoring and recording speed of play, rating of players, dealers and supervisors;
- (d) systems for measurement and optimisation of gaming machine and table game and other casino game performance and profitability;
- (e) accounting systems, audit manuals and internal control methodology systems and procedures;
- (f) customer rating, marketing and complimentary reward programs (including for premium, VIP and international premium and VIP players);
- (g) security and surveillance technology systems and procedures;
- (h) hotel car park and food and beverage yield management systems;
- (i) human resources policies not limited to employee remuneration, training, recruitment and organisational structures; and
- (j) provision of H employees for the Advisory Committee as described in Clause 4, access to information technology and intellectual property as described in Clause 5, access to Goods and Services as described in Clause 8 and rights of inspection as contained in Clause 9.

YEAR means each consecutive period of twelve months, with the first such period commencing on the Commencement Date.

1.3 Master Agreement Interpretation Provisions to Apply

The provisions of Clauses 1.2 and 1.3 of the Master Agreement apply, mutatis mutandis, in the interpretation of this Agreement.

2. PROVISION OF SERVICES

On execution of this Agreement, as requested by T, H must provide for the use of T, SAL, SCM and Star City, Services as set out in and, where applicable, in accordance with procedures in this Agreement and in particular as described in Clauses 4, 5, 6, 8 and 9. The provision must be for a period commencing on the Commencement Date and expiring on the earlier of three Years after that date or the termination of this Agreement under Clause 10 (whichever occurs first). H is not obligated to provide Services to the extent the provision of the Services requires H to procure the Services from a third party (not being a company controlled by H).

3. SERVICES FEE

3.1 In consideration for the provision of the Services in accordance with this Agreement, T must pay to H in respect of each Year a services fee payable quarterly in arrears within one month after the end of each quarter.

3.2 The services fee applicable in respect of each Year will be either \$7 million or \$10 million, the fee applicable being dependent on T's election at the beginning of each Year to a minimum level of Services or to a maximum level of Services as set out in Clauses 4 and 9. The \$7 million fee applies to the minimum level of Services and the \$10 million fee applies to the maximum level of Services.

4. ADVISORY COMMITTEE

4.1 As soon as practicable after the Commencement Date, the parties must establish a committee (the Advisory Committee) which will have the function of reviewing the operations of Star City Casino and must meet for that purpose up to three times per year (minimum level of Service) or if requested by T up to five times per year (maximum level of Service).

4.2 As requested by T, H must appoint three persons as members of the Advisory Committee (minimum level of Services) or, as requested by T, up to five members (maximum level of Services). The persons appointed as members will be as requested by T and agreed by H. With the permission of or as requested by T, may from time to time remove any member so appointed and appoint another person in his or her place, except that:

- (a) a person may only be appointed to the Advisory Committee by a party where that person is a senior manager employed by that party; and
- (b) all of the persons who are appointed by a party as members of the Advisory Committee at any one time must have between them extensive experience in or knowledge of casino operations including but not limited to management, finance, human resources and marketing.

4.3 The parties acknowledge that the principal objectives of the Advisory Committee are:

- (a) to enable the members appointed by H to provide to the members appointed by T the expertise, knowledge and know-how of H and its subsidiaries in relation to casino and hotel operations and finance and human resources in the context of such operations for the purposes of the operations of Star City Casino; and
- (b) to enable T to benchmark all aspects of the operations of Star City Casino against the Defined Operations.

4.4 H must provide such support and resources as is necessary to enable the members appointed by it to the Advisory Committee to fulfil the objectives of the Advisory Committee, including in particular the objectives referred to in Clause 4.3.

4.5 Meetings of the Advisory Committee must be held at such locations as are notified by T from time to time and members of the Advisory Committee shall meet in person or by telephone. No meeting of the Advisory Committee is to exceed three days in duration.

4.6 One of the H appointed members of the Advisory Committee, as nominated by T, must act as the nominated point of contact for all matters pertaining to the operation of this Agreement.

4.7 Meetings of the Advisory Committee must be convened in accordance with this Agreement by a member appointed by T.

5. INFORMATION

During the term of this Agreement H must, on being given reasonable notice by T, make available for inspection (and copying as agreed by H) by T (at the Defined Operations) all documents and other records as are necessary to access the Services in relation to the operation of Star City. The right of T under this clause does not extend to customer lists, whether contained in data bases or otherwise (save to the extent it is necessary to understand customer tracking methodology), documents or records disclosure of which would breach obligations of confidence to third parties or require the consent of third parties, or which constitutes an unwarranted intrusion into H's affairs in the context of the intentions of the parties evidenced by this Agreement.

6. LIBERTY TO T TO MERGE H INFORMATION WITH ITS OWN

H agrees that T will be at liberty to merge and use any information supplied by it to T under Clause 5 with other information in the possession of T (principally for use in connection with the operation of Star City). The parties recognise that the merged information may be available for use by T in other T operations in either Australia and New Zealand or elsewhere (except that, during the currency of this Agreement, T requires H's consent to the use of merged information in T operations outside Australia and New Zealand).

7. CONFIDENTIALITY

7.1 Each party in this Clause 7 (referred to as the Disclosing Party) undertakes not to disclose, or to allow the disclosure by its subsidiaries or their respective officers, employees, contractors or agents, or former subsidiaries or their respective officers, employees, contractors or agents bound by this Agreement of, Confidential Information of the other party or its subsidiaries, except with the prior written consent of the second-mentioned party.

7.2 Nothing in this Clause 7 prohibits the disclosure of Confidential Information by any Disclosing Party:

(a) to any Related Body Corporate of the Disclosing Party;

- (b) if and to the extent required pursuant to any necessarily applicable legislation or other legal requirement or pursuant to the rules or regulations of any recognised stock exchange which are applicable to the Disclosing Party or any Related Body Corporate of the Disclosing Party;
- (c) to employees, officers, agents, professional advisers (including legal advisers) and consultants of the Disclosing Party whose duties in relation to the Disclosing Party or under this Agreement necessarily require the disclosure; or
- (d) pursuant to a binding order of any court of competent jurisdiction or other competent authority.

7.3 The provisions of this Clause 7 survive and continue to bind the parties following the expiry or termination of this Agreement.

#### 8. SUPPLIERS OF GOODS AND SERVICES

8.1 T and H must work together to gain maximum economic benefit in relation to all purchases of Goods or Services for the mutual benefit of each party. If requested by T from time to time, H or any of its subsidiaries must:

- (a) use its reasonable endeavours to ensure that the suppliers of any Goods or Services which are purchased by them and reasonably requested by T will supply those Goods or Services for use in the operations of Star City Casino at the same prices as those charged to H or its subsidiaries; or
- (b) purchase such Goods or Services as T may reasonably request and on-sell them for use in the operations of Star City Casino at the same prices as those charged to H or its subsidiaries, adjusted only for taxes, duties and other direct costs incurred by H or its subsidiaries.

8.2 In this Clause 8, Goods or Services means all goods or services used or able to be used in the operations of Star City Casino and includes but is not limited to casino technology, gaming machine equipment, table game equipment and insurance.

9. INSPECTION OF KNOW-HOW, METHODOLOGY AND TECHNOLOGY

9.1 On the provision of 15 days notice by T, H must permit three persons nominated by T, up to three times in any calendar year (minimum level of Services) and up to five times in any calendar year (maximum level of Services) for the purposes of meaningfully making benchmark comparisons against Star's operations, to inspect the Defined Operations. T's inspections cannot take place at times which are disruptive to H's Operations.

9.2 For the inspections notified under Clause 9.1, H must designate a contact person at each Defined Operation to be responsible for arranging and co-ordinating with T access to the Defined Operation and assistance in the inspection, including access to key management and documents. H must also assist T (as reasonably requested by T) to develop a plan of implementation of know-how, methodology and technology of H's Operations into Star City's Operations and to provide T with advice (as reasonably requested by T) on the implementation of the plan. H will have the benefit of any operational know-how, methodology and technology that T or any of its subsidiaries develops with the assistance of H during the term of this Agreement.

9.3 Additional to the periodic rights of inspection required by T, H must allow T general access by telephone to any key personnel in any of the Defined Operations following notification by T to the nominated point of contact for H (refer Clause 4.6). The access by telephone cannot take place at times which are disruptive to H's Operations.

10. TERMINATION

10.1 Either party may terminate this Agreement immediately by notice to the other party if:

- (a) the other party commits a material breach of this Agreement and, if the breach is capable of being remedied, the other party fails to remedy the breach within seven days after being required in writing to do so;
- (b) the other party:
  - (i) stops or suspends or threatens to stop or suspend payment of all or a class of its debts;

- (ii) is insolvent within the meaning of section 95A of the Corporations Law;
  - (iii) must be presumed by a court to be insolvent by reason of section 459C(2) of the Corporations Law;
  - (iv) fails to comply with a statutory demand (within the meaning of section 459F(1) of the Corporations Law);
  - (v) has an administrator appointed over all or any of its assets or undertaking or any step preliminary to the appointment of an administrator is taken;
  - (vi) has a controller within the meaning of section 9 of the Corporations Law or similar officer appointed to all or any of its assets or undertaking; or
  - (vii) has an application or order made, proceedings commenced, a resolution passed or proposed in a notice of meeting, an application to a court made or other steps taken against or in respect of it (other than frivolous or vexatious applications, proceedings, notices or steps) for its winding up or dissolution or for it to enter an arrangement, compromise or composition with or assignment for the benefit of its creditors, a class of them or any of them;
- (c) any event occurs in relation to a party which, under the laws applicable to the party in its place of incorporation, has the same or substantially similar effect as any of the events specified in Clause 10.1(b); or
- (d) either T or H forms the reasonable opinion that continuation of this Agreement may prejudice any licence or licence application in relation to any casino or wagering or gaming operation.

11. INDEMNITY

H indemnifies T, its subsidiaries and their respective officers, employees, contractors and agents (each an Indemnified Person) against all claims, losses, liabilities, damages, costs and expenses (including, without limitation, court and legal costs, but excluding claim losses, liabilities, damages, costs and expenses to the extent they are due to any negligence or default of T) arising out of or otherwise in connection with any action or claim by a person alleging that the possession or use by the Indemnified Person of any information, technology or Intellectual Property provided or made available by H or any of its subsidiaries pursuant to this Agreement infringes any Intellectual Property rights of that person.

12. BENEFIT OF AGREEMENT EXTENDS TO T'S SUBSIDIARIES

12.1 H acknowledges that any wholly-owned subsidiary (within the meaning of the Corporations Law) of T is entitled to the benefit of all rights conferred on T by this Agreement and shall be entitled to enforce those rights as if they were parties to this Agreement. In particular H acknowledges that the subsidiaries of T are entitled to the benefit of any licence which is granted to T under this Agreement.

12.2 T is responsible for any breach of this Agreement which results from the actions or omissions of any subsidiary of T.

13. COSTS

Each party must bear its own costs arising out of the negotiation, preparation and execution of this Agreement. All stamp duty (including fines, penalties and interest) which may be payable on or in connection with this Agreement and any instrument executed under this Agreement must be borne by T.

14. MERGER

The rights and obligations of the parties do not merge on the completion of any transaction contemplated by this Agreement. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any such transaction.

15. ASSIGNMENT

15.1 H may not assign the whole or any part of its rights and obligations under this Agreement.

15.2 T may not assign the whole or any part of its rights and obligations under this Agreement:

- (a) to a direct competitor of H;
- (b) to a person which is not of good financial standing able to discharge the obligations of T under this Agreement; or
- (c) to any other person without the consent of H.

15.3 If H refuses its consent under Clause 15.2(c), T at its option may terminate this Agreement by notice in writing to H.

16. NON-SOLICITATION

T undertakes to H that it will not solicit employees of H during the term of this Agreement.

17. FURTHER ASSURANCES

Each party agrees to do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this Agreement and the transactions contemplated by it.

18. ENTIRE AGREEMENT

This Agreement and the Master Agreement contain the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements and understandings between the parties in connection with it.

19. WAIVER

No failure to exercise nor any delay in exercising any right, power or remedy by a party operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

20. NOTICES

Any notice, demand, consent or other communication (a NOTICE) given or made under this Agreement:

- (a) must be in writing and signed by a person duly authorised by the sender;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand or fax to the address or fax number below or the address or fax number last notified by the intended recipient to the sender:
  - (i) to T: [#]  
Attention: [#]  
Fax No: [#]
  - (ii) to H: [#]  
Attention: [#]  
Fax No: [#]
- (c) is taken to be duly given or made:
  - (i) in the case of delivery in person, when delivered;
  - (ii) in the case of delivery by post two business days after the date of posting (if posted to an address in the same country) or seven business days after the date of posting (if posted to an address in another country);
  - (iii) in the case of fax, on receipt by the sender of a transmission control report from the despatching machine showing the relevant number of pages and the correct destination fax machine number and indicating that the transmission had been made without error,

but if the result is that a Notice would be taken to be given or made on a day which is not a business day in the place to which the Notice is sent or is later than 4.00pm (local time) it is taken to have been duly given or made at the commencement of business on the next business day in that place.

21. GOVERNING LAW

This Agreement is governed by the laws of New South Wales. Each party submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this Agreement.

22. COUNTERPARTS

This Agreement may be executed in any number of counterparts. All counterparts together are taken to constitute one instrument.

EXECUTED in Melbourne.

[Each attorney executing this Agreement states that he or she has no notice of revocation or suspension of his or her power of attorney.]

[INSERT APPROPRIATE EXECUTION CLAUSES]

Share Sale Agreement (5%)

[H]

and

SAL

and

[T]

and

[T ENTITY]

-----  
SHARE SALE AGREEMENT (5%)  
-----

Arthur Robinson & Hedderwicks  
Melbourne  
Ref RJS:CRG  
Tel 9614 1011

THIS AGREEMENT is made on 1999 between:

1. [H] (H);
2. SAL (SAL);
3. [T] (T); and
4. [T ENTITY] (the PURCHASER).

RECITALS

- A. SAL is a wholly owned subsidiary of H.
- B. SAL is the registered and beneficial owner of the Shares.
- C. This Agreement records the terms on which H agrees to procure the sale by SAL of, and SAL agrees to sell, the Shares to the Purchaser.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION
- 1.1 Definitions

The following definitions apply unless the context otherwise requires:

CASINO CONTROL ACT means the Casino Control Act 1992 of New South Wales.

CASINO CONTROL AUTHORITY means the New South Wales Casino Control Authority established under the Casino Control Act.

COMPLETION means completion by SAL and the Purchaser of the sale and purchase of the Shares as provided in Clause 4.

COMPLETION DATE means the fifth day after entry into this Agreement.

CORPORATIONS LAW means the Corporations Law of Australia.

MASTER AGREEMENT means the Master Agreement dated [#] 1999 between H and T.

SECURITY INTEREST means an interest or power:

- (a) reserved in or over any interest in any asset including, without limitation, any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of debt or any other monetary obligation or the performance of any other obligation and whether existing or agreed to be granted or created.

SHARES means 27,500,000 ordinary shares in the capital of Star City together with the benefit of all rights (including dividend rights) attached or accruing to the shares as at the date of this Agreement.

STAR CITY means Star City Holdings Limited (ACN 064 054 431).

WARRANTIES means the representations, undertakings and other obligations of H and SAL of whatever kind contained in this Agreement (including, without limitation, those set out in Schedule 1).

\$ means Australian dollars.

1.2

Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural and conversely.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.

- (e) A reference to an agreement or document (including, without limitation, a reference to this Agreement) is to the agreement or document as amended, varied, supplemented, novated or replaced except to the extent prohibited by this Agreement or that other agreement or document.
- (f) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (g) A reference to WRITING includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.

1.3 Consents or Approvals

If the doing of any act, matter or thing under this Agreement is dependent on the consent or approval of a party or is within the discretion of a party, the consent or approval may be given or the discretion may be exercised conditionally or unconditionally or withheld by the party in its absolute discretion.

2. SALE AND PURCHASE

2.1 H agrees to procure the sale of, and SAL agrees to sell, the Shares to the Purchaser and the Purchaser agrees to buy the Shares from SAL, free from all Security Interests.

2.2 The purchase price for the Shares is \$1.60 per Share.

3. WARRANTIES

3.1 H and SAL each represent to the Purchaser that each statement in Schedule 1 is true and correct.

3.2 Each Warranty:

- (a) remains in full force and effect after the Completion Date despite Completion; and
- (b) is given as at the date of this Agreement and as at the time immediately before Completion.

3.3 H indemnifies the Purchaser on demand against all losses, costs and liabilities that may be incurred by the Purchaser as a result (directly or indirectly) of a breach of any Warranty.

4. COMPLETION

4.1 Completion of the sale and the purchase of the Shares will take place on the Completion Date at [INSERT TIME AND VENUE].

4.2 On the Completion Date H and SAL must ensure that transfers of the Shares are executed and delivered to the Purchaser and that share certificates (if any) relating to the Shares are delivered to the Purchaser, and the Purchaser must pay the purchase price for the Shares to SAL.

5. TERMINATION

5.1 The obligation of the Purchaser to complete the purchase of the Shares is subject to the condition that each of the Warranties is true and correct on the Completion Date.

5.2 The condition referred to in Clause 5.1 may be waived by the Purchaser in its discretion but a waiver is not a waiver of any rights or remedies it may have against H by reason of any breach of Clause 5.1.

5.3 If the condition referred to in Clause 5.1 is not satisfied the Purchaser may terminate this Agreement by notice to H.

6. GUARANTEE OF PURCHASER'S OBLIGATIONS BY T

T guarantees to SAL the performance by the Purchaser of each of the Purchaser's obligations under this Agreement, and T separately must indemnify SAL against all liabilities that may be incurred by SAL as a result (directly or indirectly) of any failure to perform those obligations.

7. COSTS

Each party must bear its own costs arising out of the negotiation, preparation and execution of this Agreement. All stamp duty (including fines, penalties and interest) which may be payable on or in connection with this Agreement and any instrument executed under this Agreement must be borne by the Purchaser.

8. MERGER

The rights and obligations of the parties do not merge on the completion of any transaction contemplated by this Agreement. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any such transaction.

9. ENTIRE AGREEMENT

Apart from the Master Agreement, this Agreement and the Share Sale Agreement (Showboat), the parties acknowledge and agree there are no agreements, arrangements or understandings between the parties which relate in any way to the voting or disposal of shares, options or other securities in Star City.

10. ASSIGNMENT

The rights and obligations of each party under this Agreement are personal. They cannot be assigned, encumbered or otherwise dealt with and no party may attempt, or purport, to do so without the prior written consent of all parties.

11. FURTHER ASSURANCES

Each party agrees to do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this Agreement and the transactions contemplated by it.

12. WAIVER

No failure to exercise nor any delay in exercising any right, power or remedy by a party operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

13. NOTICES

Any notice, demand, consent or other communication (a NOTICE) given or made under this Agreement:

- (a) must be in writing and signed by a person duly authorised by the sender;

(b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand or fax to the address or fax number below or the address or fax number last notified by the intended recipient to the sender:

(i) to H or SAL: [#]  
Attention: [#]  
Fax No: [#]

(ii) to T or the Purchaser: [#]  
Attention: [#]  
Fax No: [#]

(c) is taken to be duly given or made:

(i) in the case of delivery in person, when delivered;

(ii) in the case of delivery by post two business days after the date of posting (if posted to an address in the same country) or seven business days after the date of posting (if posted to an address in another country);

(iii) in the case of fax, on receipt by the sender of a transmission control report from the despatching machine showing the relevant number of pages and the correct destination fax machine number and indicating that the transmission had been made without error,

but if the result is that a Notice would be taken to be given or made on a day which is not a business day in the place to which the Notice is sent or is later than 4.00pm (local time) it is taken to have been duly given or made at the commencement of business on the next business day in that place.

14. GOVERNING LAW

This Agreement is governed by the laws of New South Wales. Each party submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this Agreement.

EXECUTED by the parties.

SIGNED on behalf of [H] by its  
authorised representative )  
in the presence of: )

-----  
Witness

-----  
Print Name

-----  
Authorised signatory

-----  
Print Name

SIGNED on behalf of [SAL] by its  
authorised representative in the )  
presence of: )

-----  
Witness

-----

-----  
Authorised signatory

-----  
Print Name

SIGNED on behalf of [T ENTITY] by  
its authorised representative in )  
the presence of: )

-----  
Witness

-----

-----  
Authorised signatory

-----  
Print Name

SIGNED on behalf of [T] by its  
authorised representative in the )  
presence of: )

-----  
Witness

-----

-----  
Authorised signatory

-----  
Print Name

SCHEDULE 1

Warranties

1. SAL:
  - (a) is the legal and beneficial owner of the Shares free from all Security Interests;
  - (b) has the full power and authority to transfer to the Purchaser good legal and equitable title to the Shares free from all Security Interests.
2. Without limiting Warranty 1, neither the entry by H or SAL into this Agreement nor the performance by H or SAL of any of its terms give rise to any rights or claims of any description by any person on the basis of any claim of a right of pre-emption, first right of refusal or other rights in respect of any of the Shares.

Amendment to  
The Harrah's Entertainment, Inc.  
1990 Stock Option Plan (the "Plan")

Harrah's Entertainment, Inc. hereby adopts this Amendment to the Plan effective May 6, 1999:

The following language is added at the end of Section D.2 of the Plan:

"Effective May 6, 1999, 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 2,500,000 shares all of which shall be treasury shares of the Company existing as of May 6, 1999. No options or stock appreciation rights may be granted under this Plan with respect to such 2,500,000 shares after February 28, 2008 and options utilizing these shares will be subject to the same repricing restrictions contained in the provisions of the first sentence of Section B.3 of the Plan that apply to the 3,500,000 shares authorized by the Plan Amendment dated February 26, 1998."

This Amendment was duly approved by the Human Resources Committee of the Board of Directors on May 6, 1999.

/s/ Rebecca W. Ballou

-----  
Rebecca W. Ballou  
Secretary of  
Harrah's Entertainment, Inc.

Description of  
Amendment to Annual Management  
Bonus Plan

On June 17, 1999, the Human Resources Committee of the Board of Directors approved a new method for determining bonuses for Executive Officers under the Annual Management Bonus Plan. The bonus amounts as a percentage of salary above and below a specific financial target will be based on specific financial goals rather than using a bonus points method. Maximum and target bonus amounts as a percent of salary are not changed. Any bonus amounts for achieving below target will also be based on specific financial goals.

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is entered into as of May 7, 1999, by and between Harrah's Operating Company, Inc. ("Company") and Marilyn G. Winn ("Executive").

The Company and the Executive agree as follows:

1. EMPLOYMENT. The Company hereby employs the Executive as Senior Vice President, Human Resources or in such other capacity as the Company reasonably shall designate. The Executive may be an employee of the Company or one of its subsidiaries.

2. DUTIES. During the term of this Agreement ("Active Employment"), the Executive shall devote substantially all of her working time, energies, and skills to the benefit of the Company's business. The Executive agrees to serve the Company diligently and to the best of her ability, and to follow the policies and directions of the Company.

3. COMPENSATION. The Executive's compensation and benefits during her Active Employment shall be as follows:

(a) BASE SALARY. The Company shall pay the Executive a base salary ("Base Salary") of \$250,000 per year, which will be reviewed annually by the Company during the term of this Agreement in accordance with its compensation practices regarding senior executives. The Executive's Base Salary shall be paid biweekly in accordance with the Company's normal payroll schedule. All payments shall be subject to the Executive's chosen benefit deductions and the deduction of payroll taxes and similar assessments as required by law.

(b) BONUS. In addition to the Base Salary, the Executive shall be eligible for an annual bonus in accordance with the Company's bonus plan.

4. INSURANCE AND BENEFITS. The Executive will be eligible to participate in each employee benefit plan and receive each executive benefit that the Company provides for its senior executives, in accordance with the applicable plan rules.

5. TERM. The term of this Agreement shall be for four (4) years, beginning May 7, 1999, and ending May 6, 2003.

6. NO CAUSE TERMINATION/NON-RENEWAL OF AGREEMENT. The Company may terminate the Executive's Active Employment at any time without cause upon thirty (30) days' prior written notice ("no cause termination"). The Company also, in its sole discretion, may elect not to renew this Agreement upon its expiration ("non-renewal of Agreement"). In the event of such no cause termination or non-renewal of Agreement, the Executive shall remain an employee of the Company during the subsequent salary continuation period and shall be entitled only to the salary and benefits set forth below, unless otherwise specified in this Agreement.

BENEFIT	TERMINATION DATE
Base Salary (rate as of Separation Date)	18 months (78 weeks) ("Salary Continuation Period" Period") from last day worked ("Separation from last day of Active Employment ("Separation Date"). Date").
PTO and Service Credit	Separation Date (accrued PTO will be paid within 30 days of Separation Date).
Use of Credit Cards	Separation Date.
Bonus--Payment and Eligibility	(i) Eligible for prior year bonus if Separation Date occurs during payment year but prior to payment; (ii) eligible for prorated bonus for the then current year if in job for more than 6 months and Separation Date occurs after June 30; (iii) not eligible for bonus for year following Separation Date.
Group Health and Life Insurance	End of Salary Continuation Period. 18-month COBRA rights period for health insurance will commence on Separation Date. (See also Paragraph 10.)

Retaining Existing Stock Options for Vesting and Other Rights

(i) Options from grants made prior to 5/7/99 that have vested prior to Separation Date can be exercised through end of Salary Continuation Period, but unvested options from such grants will be forfeited as of Separation Date; (ii) options from grants made after 5/7/99 retained for exercise and vesting through end of Salary Continuation Period. Exercise of vested options after Salary Continuation Period per plan rules.

Accelerated vesting of all options not forfeited on Separation Date if Change of Control occurs during Salary Continuation Period.

Retaining Existing Restricted Stock for Vesting and Other Rights

All restricted stock that is unvested as of the Separation Date will be forfeited on that date. Forfeited restricted stock will not vest upon a Change in Control during Salary Continuation.

Eligibility for New Restricted Stock or New Stock Options

Separation Date.

TARSAP

Next potential vesting, based on Performance targets, after Separation Date, at CEO's and HRC's discretion. Accelerated vesting of all shares if Change of Control occurs during Salary Continuation.

Use of Financial Counseling per Plan Provisions

End of Salary Continuation Period. The maximum remaining benefit shall be annual benefit remaining as of Separation Date.

Savings and Retirement Plan Deductions  
(Active Participation)

End of year of Separation Date.  
Employment termination date will be  
termination date under S&RP.

Executive Deferred Compensation  
Plan/Deferred Compensation Plan (Active  
Participation)

End of year of Separation Date.  
Distribution will commence after  
Salary Continuation Period, in  
accordance with previously made  
elections, and at the termination  
rate unless the Executive qualifies  
for the retirement rate. (See also  
Paragraph 11.) 3X death benefit  
provision waived for death after  
Separation Date. EDCP and other  
deferred compensation balances will  
continue to be protected by then  
existing Escrow Agreement subject to  
all terms and conditions thereof  
including its termination  
provisions.

7. DEATH OF EXECUTIVE. Upon the death of the Executive during her Active Employment, her salary and all rights and benefits hereunder will terminate, and her estate and beneficiary(ies) will receive the benefits to which they are entitled under the terms of the Company's benefit plans and programs by reason of a participant's death during employment, including the 3X death benefit provided by the EDCP (3 X death benefit applies only if death occurs during Active Employment) and the applicable rights and benefits under the Company's stock plans. If the Executive dies during the Salary Continuation Period, all of the provisions of the previous sentence apply except that the remaining salary continuation will be paid in a lump sum to the Executive's estate.

8. TERMINATION by Company for Cause. The Company shall have the right to terminate the Executive's Active Employment for cause. Employment status and all salary and benefits shall thereupon cease, except COBRA rights and as otherwise provided in applicable benefit plans. Termination for cause shall be effective immediately upon notice sent or given to the Executive

and this effective date will be both her Separation Date and date of termination of employment. For purposes of this Agreement, the term "cause" shall mean and be strictly limited to: (i) conviction of any crime that materially discredits the Company or is materially detrimental to the reputation or goodwill of the Company; (ii) commission of any material act of fraud or dishonesty against the Company, or commission of an immoral or unethical act that materially reflects negatively on the Company, or engaging in willful misconduct; provided that the Executive shall first be provided with written notice of the claim against her under this provision (ii) and with an opportunity to contest said claim before the Board of Directors; or (iii) material breach of the Executive's obligations under Paragraph 2. of this Agreement, as so determined by the Board of Directors.

9. VOLUNTARY TERMINATION/NOTICE PERIOD. The Executive may terminate this Agreement voluntarily at any time and for any or no reason during its term upon thirty (30) days' prior written notice to the Company, except as specified in this paragraph. If the Executive is going to work or act in competition with the Company as described in Paragraph 14. of this Agreement, the Executive must give the Company six (6) months' prior written notice of her intention to do so. The written notice provided by the Executive shall specify the last day to be worked by the Executive ("Separation Date"), which Separation Date under this Paragraph 9. shall also be her termination of employment date and must be at least thirty (30) days or six (6) months (as appropriate) after the date the notice is received by the Company. Unless otherwise specified herein, or in a writing executed by both parties, the Executive shall not receive any of the benefits provided in this Agreement after the Separation Date set forth in her written notice except for applicable rights and benefits that apply to employees generally upon termination of employment.

10. CERTAIN HEALTH INSURANCE BENEFITS. If (i) the Executive reaches the age of 50 and, when added to her number of years of continuous service with the Company including any period of salary continuation, the sum of her age and years of service equals or exceeds 65, and at any time after the occurrence of both such events the Executive's employment is terminated pursuant to Paragraph 6., above; or (ii) the Executive reaches the age of 55 and has attained 10 years of continuous service with the Company including any period of salary continuation, and at any time after the occurrence of both such events the Executive's employment terminates for any reason other than by the Company for "cause" as described in paragraph 8., above, the Executive and her then-eligible dependents shall be entitled to

participate in the Company's group health insurance plan, as amended from time to time by the Company, after the Executive's Separation Date or the end of the Salary Continuation Period, as applicable, for the remainder of the Executive's life ("Life Coverage Period"). During the Life Coverage Period, the Executive shall pay 20% of the current premium (revised annually) on an after-tax basis each quarter, and the Company shall pay 80% of said premium on an after-tax basis, which contribution will be imputed income to the Executive. As soon after the Separation Date as the Executive becomes eligible for Medicare coverage, the Company's group health insurance plan shall become secondary to Medicare.

If the Executive engages in any of the activities described in Paragraph 14. (a), below, during the Life Coverage Period, the entitlement of the Executive and her then-eligible dependents to participate in the Company's group health insurance plan shall terminate automatically, without any further action or notice by either party, subject to applicable COBRA rights, which shall commence on the Separation Date. If the Executive engages in any of the activities described in said Paragraph 14. (a) (i) in a business which does NOT compete with the Company or any of its subsidiaries during the Life Coverage Period, the Company's group health insurance plan shall become secondary to any primary health insurance plan or coverage made available to the Executive by that business.

The Executive shall also receive the benefits and be bound by the provisions of this Paragraph 10 if a Change in Control, as defined in the Executive's Severance Agreement, occurs following the effective date of this Agreement.

11. EDCP RETIREMENT RATE. If the Executive reaches the age of 50 and, when added to her number of years of continuous service with the Company, the sum of her age and years of service equals or exceeds 65, and at any time after the occurrence of both such events the Executive's employment is terminated pursuant to Paragraph 6., above, the Executive shall be entitled to receive her distributions from EDCP at the retirement rate. For EDCP retirement rate purposes, the Executive will receive service credit for the Salary Continuation Period.

12. CHANGE IN CONTROL. If a Change in Control, as defined in the Executive's Severance Agreement, occurs during the Executive's Active Employment, and if the Severance Agreement is in force when the Change in Control occurs, then the Severance Agreement supersedes and replaces this Agreement except as provided in Paragraph 10. If, prior to a Change in Control (as defined above), the Executive's Active Employment has been terminated for any reason by either party or this Agreement is not renewed by the Company, then the Executive's Severance Agreement terminates automatically.

13. DISABILITY. If the Executive becomes disabled prior to the termination of her Active Employment or the non-renewal of this Agreement, she will be entitled to apply at her option for the Company's long-term disability benefits. If she is accepted for such benefits, then the terms and provisions of the Company's benefit plans and the programs (including the EDCP and the Company's Stock Option and Restricted Stock Plans) that are applicable in the event of such disability of an employee shall apply in lieu of the salary and benefits under this Agreement, except that (i) the Escrow Agreement (if then in force) and her indemnification agreement will continue in force (the Escrow Agreement will be subject to amendment or termination in accordance with its terms), and (ii) she will be entitled to the lifetime group insurance benefits described in Paragraph 10. If the Executive is disabled so that she cannot perform her duties (as determined by the Human Resources Committee (HRC), and if she does not apply for long-term disability benefits or is not accepted for such benefits, then the Company may terminate her duties under this Agreement. In such event, she will receive eighteen months salary continuation, together with all other benefits, and during such period of salary continuation any stock options and restricted stock grants then in existence will continue in force for vesting purposes. However, during such period of salary continuation for disability, Executive will not be eligible to participate in the annual bonus plan, nor will she be eligible to receive stock option or restricted stock grants or any other long-term incentive awards except to the extent approved by the HRC.

If the Executive becomes disabled during the Salary Continuation Period, she will be entitled only to the salary and benefits described in Paragraphs 6. and 10., above, for the periods set forth in those respective paragraphs.

14. NON-COMPETITION.

(a) NON-COMPETITION. During the Executive's Active Employment, and during the Salary Continuation Period described in Paragraph 6., above, the Executive:

(i) shall not engage in any activity, including development activity, whether as employer, proprietor, partner, stockholder (other than the holder of less than 5% of the stock of a corporation the securities of which are traded on a national securities exchange or in the over-the-counter market), director, officer, employee, consultant or otherwise, in competition with (x) the casino, casino/hotel and/or casino/resort businesses conducted at the date hereof by the Company, or any subsidiary or affiliate ("Company" for purposes of this paragraph 14) or (y) any casino, casino/hotel and/or casino/resort business in which the Company is substantially engaged at any time during the Active Employment period;

(ii) shall not solicit, in competition with the Company, any person who is a customer of the businesses conducted by the Company at the date hereof or of any business in which the Company is substantially engaged at any time during the term of this Agreement.

(b) SCOPE OF COVENANTS; REMEDIES. The following provisions shall apply to the covenants of the Executive contained in this Paragraph 14:

(i) the covenants contained in paragraphs (i) and (ii) of Paragraph 14. (a) shall apply within the United States, Canada and Mexico, plus any territories in which Company is actively engaged in the conduct of business while the Executive is employed under this Agreement, including, without limitation, the territories in which customers are then being solicited;

(ii) without limiting the right of the Company to pursue all other legal and equitable remedies available for violation by the Executive of the covenants contained in this Paragraph 14., it is expressly agreed by the Executive and the Company that such other remedies cannot fully compensate the Company for any such violation and that the Company shall be entitled to injunctive relief to prevent any such violation or any continuing violation thereof;

(iii) each party intends and agrees that if, in any action before any court or agency legally empowered to enforce the covenants contained in this Paragraph 14., any term, restriction, covenant or promise contained therein is found to be unreasonable and accordingly unenforceable, then such term, restriction, covenant or promise shall be deemed modified to the extent necessary to make it enforceable by such court or agency; and

15. Any confidentiality/non-solicitation agreement that Executive has signed with the Company shall remain in full force and effect according to its terms.

16. POST ACTIVE-EMPLOYMENT COOPERATION. Upon the termination of her Active Employment, the Executive will cooperate with, and provide information to, the Company in assuring an orderly transition of all matters being handled by her. Upon the Company providing reasonable notice to her, she will also appear as a witness at the Company's request and/or assist the Company in any litigation, bankruptcy or similar matter in which the Company or any affiliate thereof is a party; provided that the Company will defray any approved out-of-pocket expenses incurred by her in connection with any such appearance and that, if the Executive is no longer receiving salary compensation from the Company, the Company will compensate her for all time spent, at either her then current compensation rate or her salary rate as of the Separation Date, whichever is

higher. The Company agrees further to indemnify her as prescribed in her Indemnification Agreement and Article TENTH of the Certificate of Incorporation of Harrah's Entertainment, Inc., as amended, filed on November 2, 1989, in the Office of the Secretary of State of the State of Delaware and recorded in Book 935, Page 780, et seq.

17. RELEASE. Upon the termination of the Executive's Active Employment, and in consideration of the receipt of the salary and benefits described in this Agreement, except for claims arising from the covenants, agreements, and undertakings of the Company as set forth herein and except as prohibited by statutory language, the Executive forever and unconditionally waives, and releases Harrah's Entertainment, Inc., Harrah's Operating Company, Inc., their subsidiaries and affiliates, and their officers, directors, agents, benefit plan trustees, and employees ("Released Parties") from any and all claims, whether known or unknown, and regardless of type, cause or nature, including but not limited to claims arising under all salary, vacation, insurance, bonus, stock, and all other benefit plans, and all state and federal anti-discrimination, civil rights and human rights laws, ordinances and statutes, including Title VII of the Civil Rights Act of 1964 and the Age Discrimination in Employment Act, concerning her employment with Harrah's Operating Company, Inc., its subsidiaries and affiliates, and the cessation of that employment

18. GENERAL PROVISIONS.

(a) NOTICES. Any notice to be given hereunder by either party to the other may be effected by personal delivery, in writing, or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses set forth below, but each party may change her or its address by written notice in accordance with this Paragraph 18.(a). Notices shall be deemed communicated as of the actual receipt or refusal of receipt.

If to Executive: Marilyn G. Winn  
8816 Rozetta Court  
Las Vegas, NV 89134

If to Company: Harrah's Operating Company, Inc.  
1023 Cherry Rd.  
Memphis, TN 38117  
Attn: General Counsel

(b) PARTIAL INVALIDITY. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provision shall, nevertheless, continue in full force and without being impaired or invalidated in any way.

(c) GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee, without regard to its conflict of laws provisions.

(d) NO CONFLICTING AGREEMENT. By signing this Agreement, Executive warrants that she is not a party to any restrictive covenant, agreement or contract which limits the performance of her duties and responsibilities under this Agreement or under which such performance would constitute a breach.

(e) HEADINGS. The Section, paragraph, and subparagraph headings are for convenience or reference only and shall not define or limit the provisions hereof.

(f) AMENDMENTS. Any amendments to this Agreement must be in writing and signed by both parties.

(g) BINDING AGREEMENT. This Agreement is binding on the parties and their heirs, successors and assigns.

(h) SURVIVAL OF PROVISIONS. The provisions of this Agreement shall survive any termination thereof if so provided herein and if necessary or desirable fully to accomplish the purposes of such provisions, including without limitation the rights and obligations of the Executive under Paragraphs 6, 14, 15, 16 and 17 hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Harrah's Operating Company, Inc.

By: /s/ Philip G. Satre

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Philip G. Satre  
Chairman of the Board and  
Chief Executive Officer

/s/ Marilyn G. Winn

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Marilyn G. Winn  
Executive

HARRAH'S ENTERTAINMENT, INC

May 7, 1999

Ms. Marilyn G. Winn  
c/o Harrah's Entertainment, Inc.  
1023 Cherry Road  
Memphis, Tennessee 38117

Re: SEVERANCE AGREEMENT

Dear Ms. Winn:

Harrah's Entertainment, Inc. (the "Company") considers it essential to the best interest of its stockholders to foster the continuous employment of key management personnel. In this connection, the Board of Directors of the Company (the "Board") recognizes that, as is the case with many publicly held corporations, the possibility of a change in control may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders.

The Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including yourself, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company, although no such change is now contemplated.

In order to induce you to remain in the employ of the Company or its subsidiaries and in consideration of your agreements set forth in Subsection 2(b) hereof, the Company agrees that you shall receive the severance benefits set forth in this letter agreement ("this Agreement") in the event your employment with the Company or its subsidiaries terminates subsequent to a "Change in Control of the Company" (as defined in Section 2 hereof) under the circumstances described below.

1. TERM OF AGREEMENT. This Agreement shall commence on May 7, 1999 and shall continue in effect through December 31, 1999; provided, however, that commencing on January 1, 2000 and each January 1 thereafter, the term of this Agreement shall automatically be extended for one additional year unless, not later than January 1 of the preceding year, the Company with the approval of the Board of Directors shall have given you written notice that it does not wish to extend this Agreement; provided, further, if a Change in Control of the Company shall have occurred during the original or extended term of this Agreement, this Agreement shall automatically continue in effect for a period of twenty-four months beyond the month in which such Change in Control occurred.

2. CHANGE IN CONTROL.

(a) No benefit shall be payable to you hereunder unless there shall have been a Change in Control of the Company, as set forth below. For purposes of this Agreement, a "Change in Control of the Company" shall be deemed to have occurred, subject to subparagraph (iv) hereof, if any of the events in subparagraphs (i), (ii) or (iii) occur:

(i) Any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than an employee benefit plan of the Company, or a trustee or other fiduciary holding securities under an employee benefit plan of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 25% or more of the Company's then outstanding voting securities carrying the right to vote in elections of persons to the Board, regardless of comparative voting power of such voting securities, and regardless of whether or not the Board shall have approved the acquisition of such securities by the acquiring person; or

(ii) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in clauses (i) or (iii) of this Subsection) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(iii) The holders of securities of the Company entitled to vote thereon approve the following:

(A) A merger or consolidation of the Company with any other corporation regardless of which entity is the surviving company, other than a merger or consolidation which would result in the voting securities of the Company carrying the right to vote in elections of persons to the Board outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 80% of (a) the Company's then outstanding voting securities carrying the right to vote in elections of persons to the Board, or (b) the voting securities of such surviving entity outstanding immediately after such merger or consolidation, or

(B) A plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

(iv) Notwithstanding the definition of a "Change in Control" of the Company as set forth in this Section 2(a), the Human Resources Committee of the Board (the "Committee") shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control of the Company has occurred, and the date of the occurrence of such Change in Control and any incidental matters relating thereto, with respect to a transaction or series of transactions which have resulted or will result in a substantial portion of the assets or business of the Company (as determined, prior to the transaction or series of transactions, by the Committee in its sole discretion which determination as to whether a substantial portion is involved shall be final and conclusive) being held by a corporation at least 80% of whose voting securities are held, immediately following such transaction or series of transactions, by holders of the voting securities of the Company (as determined by the Committee in its sole discretion prior to such transaction or series of transactions which determination as to whether the 80% amount will be satisfied shall be final and

conclusive). The Committee may exercise any such discretionary authority without regard to whether one or more of the transactions in such series of transactions would otherwise constitute a Change in Control of the Company under the definition set forth in this Section 2(a).

(b) For purposes of this Agreement, a "Potential Change in Control of the Company" shall be deemed to have occurred if the following occur:

(i) The Company enters into a written agreement or letter of intent, the consummation of which would result in the occurrence of a Change in Control of the Company;

(ii) Any person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company;

(iii) Any person (other than an employee benefit plan of the Company, or a trustee or other fiduciary holding securities under an employee benefit plan of the Company) who is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 9.5% or more of the Company's then outstanding voting securities carrying the right to vote in elections of persons to the Board increases such beneficial ownership of such securities by an additional five percentage points or more thereby beneficially owning 14.5% or more of such securities; or

(iv) The Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control of the Company has occurred.

You agree that, subject to the terms and conditions of this Agreement, in the event of a Potential Change in Control of the Company, you will remain in the employ of the Company (or the subsidiary thereof by which you are employed at the date such Potential Change in Control occurs) until the earliest of (x) a date which is six months from the occurrence of such Potential Change in Control of the Company, (y) the termination by you of your employment by reasons of Disability or Retirement (at your normal retirement age), as defined in Subsection 3(a), or (z) the occurrence of a Change in Control of the Company.

(c) GOOD REASON. For purposes of this Agreement, "Good Reason" shall mean, without your express written consent, the occurrence after a Change in Control of the Company, of any of

the following circumstances unless, in the case of paragraphs (i), (v), (vi), (vii) or (viii), such circumstances are fully corrected prior to the Date of Termination specified in the Notice of Termination, as such terms are defined in Subsections 3(e) and 3(d), respectively, given in respect thereof:

(i) The assignment to you of any duties inconsistent with your status as an executive officer of the Company (or your status in the position held by you immediately prior to the Change in Control) or a substantial adverse alteration in the nature or status of your responsibilities from those in effect immediately prior to the Change in Control of the Company;

(ii) A reduction by the Company in your annual base salary as in effect on the date hereof or as the same may be increased from time to time except for an across-the-board salary reduction of a specific percentage applied to all individuals at grade levels 26 and above and all individuals in similar grade levels of any person in control of the Company;

(iii) The relocation of the Company's principal executive offices where you are working immediately prior to the Change in Control of the Company to a location more than 50 miles from the location of such offices immediately prior to the Change in Control of the Company or the Company's requiring you to be based anywhere other than the location of the Company's principal executive offices where you were working immediately prior to the Change in Control of the Company except for required travel on the Company's business to an extent substantially consistent with your business travel obligations during the year prior to the Change in Control;

(iv) The failure by the Company, without your consent, to pay to you any portion of your current compensation except pursuant to an across-the-board compensation deferral of a specific percentage applied to all individuals in grade levels 26 or above and all individuals in similar grades of any person in control of the Company, or to pay to you any portion of an installment of deferred compensation under any deferred compensation program of the Company, within thirty days of the date such compensation is due;

(v) The failure by the Company to continue in effect any compensation plan in which you are participating immediately prior to the Change in Control of the Company which is material to your total compensation, including but not limited to, the Company's Bonus Plan, Executive Deferred Compensation Plan, Deferred Compensation Plan, Restricted Stock Plan, Stock Option Plan, or any substitute plans adopted prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue your participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of your participation relative to other participants, as existed immediately prior to the Change in Control of the Company;

(vi) The failure by the Company to continue to provide you with benefits substantially similar to those enjoyed by you under any of the Company's pension, savings and retirement plan, life insurance, medical, health and accident, or disability plans in which you were participating at the time of the Change in Control of the Company, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive you of any material fringe benefit enjoyed by you at the time of the Change in Control of the Company, or the failure by the Company to provide you with the number of paid vacation or PTO days to which you are entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy and/or PTO policy in effect at the time of the Change in Control of the Company;

(vii) The failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 5 hereof; or

(viii) Any purported termination of your employment by the Company which is not effected pursuant to a Notice of Termination satisfying the requirements of Subsection 3(d) hereof and the requirements of Subsection 3(b) below; for purposes of this Agreement, no such purported termination shall be effective.

Your right to terminate your employment pursuant to this Agreement for Good Reason shall not be affected by your incapacity due to physical or mental illness. Your continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

3. TERMINATION FOLLOWING CHANGE IN CONTROL (OR PRIOR TO A CHANGE IN CONTROL IN SPECIFIC Circumstances). If any of the events described in Subsection 2(a) hereof constituting a Change in Control of the Company shall have occurred, then following such Change in Control, you shall be entitled to the benefits provided in Subsection 4(c) hereof: (1) if your employment was terminated within six months prior to the Change of Control under the circumstances described in Section 4.(2) below, or (2) if your employment is terminated during the term of this Agreement after such Change in Control if such termination is (y) by the Company, other than for Cause or (z) by you for Good Reason as provided in Subsection 3(c) (i) hereof or by your Voluntary Termination as provided in Subsection 3(c) (ii) hereof.

(a) DISABILITY; RETIREMENT. If, as a result of your incapacity due to physical or mental illness, you shall have been absent from the full-time performance of your duties with the Company for six consecutive months, and within thirty days after written notice of termination is given you shall not have returned to the full-time performance of your duties, your employment may be terminated for "Disability". Termination by the Company or you of your employment based on "Retirement" shall mean termination at age 65 (or later) with ten years of service or retirement in accordance with any retirement contract between the Company and you.

(b) CAUSE. Termination by the Company of your employment for "Cause" shall mean termination upon your engaging in willful and continued misconduct, or your willful and continued failure to substantially perform your duties with the Company (other than due to physical or mental illness), if such failure or misconduct is materially damaging or materially detrimental to the business and operations of the Company, provided that you shall have received written notice of such failure or misconduct and shall have continued to engage in such failure or misconduct after 30 days following receipt of such notice from the Board, which notice specifically identifies the manner in which the Board believes that you have engaged in such failure or misconduct. For purposes of this Subsection, no act, or failure to act, on your part shall be deemed "willful" unless done, or omitted to be

done, by you not in good faith and without your reasonable belief that your action or omission was in the best interest of the Company. Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that in the good faith opinion of the Board you were guilty of failure to substantially perform your duties or of misconduct in accordance with the first sentence of this Subsection, and of continuing such failure to substantially perform your duties or misconduct as aforesaid after notice from the Board, and specifying the particulars thereof in detail.

(c) VOLUNTARY RESIGNATION. After a Change in Control of the Company and for purposes of receiving the benefits provided in Subsection 4(c) hereof, you shall be entitled to terminate your employment by voluntary resignation given at any time during the two years following the occurrence of a Change in Control of the Company hereunder, provided such resignation is (i) by you for Good Reason or (ii) by you voluntarily without the necessity of asserting or establishing Good Reason and regardless of your age or any disability and regardless of any grounds that may exist for the termination of your employment if such voluntary termination occurs by written notice given by you to the Company during the thirty days immediately following the one year anniversary of the Change in Control (your "Voluntary Termination"), provided, however, for purposes of this Subsection 3(c)(ii) only, the language "25% or more" in Subsection 2(a)(i) hereof is changed to "a majority". Such resignation shall not be deemed a breach of any employment contract between you and the Company.

(d) NOTICE OF TERMINATION. Any purported termination of your employment by the Company or by you shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 6 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(e) DATE OF TERMINATION, ETC. "Date of Termination" shall mean:

(i) If your employment is terminated for Disability, thirty days after Notice of Termination is given (provided that you shall not have returned to the full-time performance of your duties during such thirty day period), and

(ii) If your employment is terminated pursuant to Subsection (b) or (c) above or for any other reason (other than Disability), the date specified in the Notice of Termination (which, in the case of a termination pursuant to Subsection (b) above shall not be less than thirty days, and in the case of a termination pursuant to Subsection (c) above shall not be less than fifteen nor more than sixty days (thirty days in case of your Voluntary Termination), respectively, from the date such Notice of Termination is given);

Provided that if within fifteen days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this provision), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be the date on which the dispute is finally determined, either by mutual written agreement of the parties, by a binding arbitration award, or by a final judgment, order or decree of a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided further that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence. Notwithstanding the pendency of any such dispute, the Company will continue to pay you your full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, base salary) and continue you as a participant in all compensation, bonus, benefit and insurance plans in which you were participating when the notice giving rise to the dispute was given, until the dispute is finally resolved in accordance with this Subsection. Amounts paid under this Subsection are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.

4. COMPENSATION UPON TERMINATION FOLLOWING A CHANGE OF CONTROL (OR IF TERMINATION OCCURS PRIOR TO A CHANGE IN CONTROL IN SPECIFIC CIRCUMSTANCES). Following a Change in Control of the Company as defined in Subsection 2(a), then: (1) upon termination of your employment after such Change in Control, or

(2) notwithstanding anything in this Agreement to the contrary, if termination of your employment occurred within six months prior to the Change in Control if such termination was by the Company without Cause by reason of the request of the person or persons (or their representatives) who subsequently acquire control of the Company in the Change of Control transaction, you shall be entitled to the following benefits:

(a) Deleted.

(b) If your employment shall be terminated by the Company for Cause, the Company shall pay you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, plus the Company shall pay all other amounts and honor all rights to which you are entitled under any compensation plan of the Company at the time such payments are due, and the Company shall have no other obligations to you under this Agreement.

(c) If your employment shall be terminated (y) after a Change of Control, by the Company other than for Cause or (z) after a Change of Control, by you for Good Reason or by your Voluntary Termination as provided in Subsection 3(c)(ii), or (yy) within six months prior to a Change of Control, by the Company under the circumstances described in Section 4.(2) above, then you shall be entitled to the benefits provided below:

(i) The Company shall pay you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation or benefit plan of the Company, at the time such payments are due;

(ii) In lieu of any further salary payments to you for periods subsequent to the Date of Termination, the Company shall pay as severance pay to you a lump sum severance payment (the "Severance Payment") equal to 3.0 times the average of the Annual Compensation (as defined below) payable to you by the Company or any corporation affiliated with the Company within the meaning of Section 1504 of the Internal Revenue Code of 1986, as amended (the "Code"). Annual Compensation is defined to consist of two components: (a) Your annual salary in effect immediately prior to the Change in Control or in effect as of the Date of Termination, whichever annual salary is higher. Your annual salary for this purpose will be determined without any reduction for deferrals of such salary under any deferred compensation plan (qualified or unqualified) and without any reduction for any salary reductions used for making

contributions to any group insurance plan of the Company or its affiliates and also without reduction for any other deductions from salary for any reason; PLUS (b) The average of your annual bonuses under the Company's Annual Management Bonus Plan, or any substitute or successor plan including the Key Executive Officer Annual Incentive Plan, for the three highest calendar years, in terms of annual bonus paid to you in such years, during the five calendar years preceding the calendar year in which the Change in Control occurred. Your annual bonuses for this purpose will be determined without any reduction for deferrals under any deferred compensation plan (qualified or unqualified) and without any reduction for salary reductions used for making contributions to any group insurance plan of the Company or its affiliates and also without reduction for any other deductions from bonus for any reason. If you were not employed by the Company or its affiliates for a sufficient period of time to receive annual bonuses during each of the five calendar years before the Change in Control occurred, then the average bonus will be measured using the three highest calendar years, in terms of annual bonus paid to you, in all the consecutive calendar years immediately preceding the date the Change in Control occurred. If you were not eligible for three years of bonuses paid during the calendar years immediately preceding the date the Change in Control occurred, then the average bonus will be the average of the annual bonuses that were paid to you during such time under such Plan. If you were not eligible for any bonus during such time because of not being employed by the Company for a sufficient period of time to qualify for a previous bonus payment, then Annual Compensation will only consist of the salary component as provided above and will not include a bonus component.

(iii) The Company shall also pay to you a pro rata amount of your target bonus (the bonus amount for your grade level assuming 100 bonus points are earned) as shown on the matrix for the Annual Management Bonus Plan (or any substitute or successor plan) attributable to the bonus plan year which contains your Date of Termination, regardless of whether or not any bonus is determined to be actually earned for such year, provided that the target bonus for calculating this pro rata payment will not be less than the target bonus under such Plan for the Plan year that contains the day immediately prior to the Change in Control (which target bonus will be the one that applies to your grade level at that time) regardless of whether or not any bonus was payable for such year. The pro-rata amount will be

based on the percentage of days of your employment in the calendar year of the Date of Termination. For example, if the Date of Termination is October 1 in a year with 365 days, with October 1 counted as the last day of employment for a total of 274 days of employment that year, then the pro-rata amount will be 75.06849% of target bonus (274 days / 365 days). In addition, the Company shall pay to you the amounts of any compensation or awards payable to you or due to you under any incentive compensation plan of the Company including, without limitation, the Company's Restricted Stock Plan, Stock Option Plan (the "Option Plan") and Annual Management Bonus Plan (or any substitute or successor plan including the Key Executive Officer Annual Incentive Plan) and under any agreements with you in connection therewith, and shall make any other payments and take any other actions and honor such rights you may have accrued under such plans and agreements including any rights you may have to payments after the Date of Termination, which will include the payment to you of any bonus earned during the bonus year fully completed prior to the Date of Termination if such Date of Termination occurs prior to the payment date for such bonus, it being understood, however, that the pro-rata payment provided for in the first sentence of this paragraph 4(c)(iii) is in lieu of any bonus earned for the bonus plan year during which occurred the Date of Termination.

(iv) In lieu of shares of common stock of the Company or any securities of a successor company which shall have replaced such common stock ("Company Shares") issuable upon exercise of outstanding and unexercised options (whether or not they are fully exercisable or "vested"), if any, granted to you under the Option Plan including options granted under the plan of any successor company that replaced or assumed the options under said Option Plan ("Options") (which Options shall be cancelled upon the making of the payment referred to below), you shall receive an amount in cash equal to the product of (y) the excess of the higher of the closing price of Company Shares as reported on the New York Stock Exchange on or nearest the Date of Termination (or, if not listed on such exchange, on a nationally recognized exchange or quotation system on which trading volume in Company Shares is highest) or the highest per share price (including cash, securities and any other consideration) for Company Shares actually paid in connection with any change in control of the Company, over the per share exercise price of each Option held by you (whether or not then fully exercisable or "vested"), times (z) the number of Company Shares covered by each such option.

(v) The Company shall also pay to you all legal fees and expenses incurred by you as a result of such termination (including all such fees and expenses, if any, incurred in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code to any payment or benefit provided hereunder).

(vi) In the event that you become entitled to the payments (the "Severance Payments") provided under paragraphs (ii), (iii), and (iv), above (and Subsections (d) and (e), below), and if any of the Severance Payments will be subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code, the Company shall pay to you at the time specified in paragraph (vii), below, an additional amount (the "Gross-Up Payment") such that the net amount retained by you (such net amount to be the amount remaining after deducting any Excise Tax on the Severance Payments and any federal, state and local income tax and Excise Tax payable on the payment provided for by this paragraph), shall be equal to the amount of the Severance Payments after deducting normal and ordinary taxes but not deducting (a) the Excise Tax and (b) any federal, state and local income tax and Excise tax payable on the payment provided for by this paragraph. For example, if the Severance Payments are \$1,000,000 and if you are subject to the Excise Tax, then the Gross-Up Payment will be such that you will retain an amount of \$1,000,000 less only any normal and ordinary taxes on such amount. (The Excise Tax and federal, state and local taxes and any Excise Tax on the payment provided by this paragraph will not be deemed normal and ordinary taxes). For purposes of determining whether any of the Severance Payments will be subject to the Excise Tax and the amount of such Excise Tax, the following will apply:

(A) Any other payments or benefits received or to be received by you in connection with a Change in Control of the Company or your termination of employment (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any person whose actions result in a Change in Control of the Company or any person affiliated with the Company or such person) shall be treated as "parachute payments" within the meaning of Section 280G(b) (2) of the Code, and all "excess

parachute payments" within the meaning of Section 280G(b)(1) shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel selected by the Company's independent auditors and acceptable to you such other payments or benefits (in whole or in part) do not constitute parachute payments, or such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code in excess of the base amount within the meaning of Section 280G(b)(3) of the Code, or are otherwise not subject to the Excise Tax;

(B) The amount of the Severance Payments which shall be treated as subject to the Excise Tax shall be equal to the lesser of (y) the total amount of the Severance Payments or (z) the amount of excess parachute payments within the meaning of Section 280G(b)(1) (after applying clause (A), above); and

(C) The value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with proposed, temporary or final regulations under Sections 280G(d)(3) and (4) of the Code or, in the absence of such regulations, in accordance with the principles of Section 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, you shall be deemed to pay Federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of your residence on the Date of Termination, net of the maximum reduction in Federal income taxes which could be obtained from deduction of such state and local taxes. In the event that the amount of Excise Tax attributable to Severance Payments is subsequently determined to be less than the amount taken into account hereunder at the time of termination of your employment, you shall repay to the Company, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus the portion of the Gross-Up Payment attributable to the Excise Tax and Federal (and state and local) income tax imposed on the Gross-Up Payment being repaid by you if such repayment results in a reduction in Excise Tax and/or a Federal

(and state and local) income tax deduction) plus interest on the amount of such repayment at the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax attributable to Severance Payments is determined to exceed the amount taken into account hereunder at the time of the termination of your employment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional gross-up payment to you in respect of such excess (plus any interest payable with respect to such excess) at the time that the amount of such excess is finally determined.

(vii) The payments provided for in paragraphs (ii), (iii), (iv) and (vi) above, shall be made not later than the fifth day following the Date of Termination (or following the date of the Change in Control if your employment is terminated under the circumstances described in Section 4.(2) above), provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to you on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments and shall pay the remainder of such payments (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth day after the Date of Termination (or following the date of the Change in Control if your employment is terminated under the circumstances described in Section 4.(2) above). In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to you payable on the fifth day after demand by the Company (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code).

(d) If your employment shall be terminated (y) by the Company other than for Cause, or (z) by you voluntarily for Good Reason or by your Voluntary Termination, or by the Company within six months prior to a Change in Control under the circumstances described in Section 4.(2) hereof, then for a twenty-four month period after such termination, the Company shall arrange to provide you with life, disability, accident and health insurance benefits substantially similar to those which you are receiving immediately prior to the Notice of Termination. Benefits otherwise receivable by you pursuant to this Subsection 4(d) shall be reduced to the extent comparable benefits are actually received by you during the twenty-four month period following your termination, and any such benefits actually received by you shall be reported to the Company.

(e) In the event a Change in Control of the Company occurs while you are employed with the Company or its affiliates but after you and the Company have executed an agreement that expressly provides for your subsequent retirement including an agreement that expressly provides for your early retirement, then the present value, computed using a discount rate of 8% per annum, of (i) the total amount of all unpaid deferred payments as payable to you in accordance with the payment schedule that you elected when the deferral was agreed to and using the plan interest rate applicable to your situation, including, without limitation, any unpaid deferred payments to be paid to you under the Company's Executive Deferred Compensation Plan and the Company's other deferred compensation plans, and (ii) the total amount of all other payments payable or to become payable to you or your estate or beneficiary under such retirement agreement (other than payments payable pursuant to a plan qualified under Section 401(a) of the Internal Revenue Code) shall be accelerated and paid to you (or your estate or beneficiary if applicable) in a lump sum cash payment within five business days after the occurrence of the Change in Control of the Company. In addition, if you and the Company or its affiliates have executed such a retirement agreement and if the Change in Control of the Company occurs before the effective date of your retirement, then you shall receive the Severance Payment payable under Subsection 4(c)(ii) herein in addition to the lump sum cash payment of the present value of your total unpaid deferred payments and other payments under the retirement agreement as aforesaid. All benefits (other than the payments accelerated and paid out to you in a lump sum as provided above) to which you or your estate or any beneficiary are entitled under such retirement agreement shall continue in effect notwithstanding the Change in Control of the Company. This Subsection 4(e) shall survive your retirement.

(f) Notwithstanding that a Change in Control shall not have yet occurred, if you so elect, by written notice to the Company given at any time after the date hereof and prior to the time such amounts are otherwise payable to you:

(i) The Company shall deposit with an escrow agent, pursuant to an escrow agreement between the Company and such escrow agent, a sum of money, or other property permitted by such escrow agreement, which are substantially sufficient in the opinion of the Company's management to fund payment of the following amounts to you, as such amounts become payable (provided such deposit will not be necessary to the extent the escrow already contains funds or other assets which are substantially sufficient in the opinion of the Company's management to fund such payments) :

(A) Amounts payable, or to become payable, to you or to your beneficiaries or your estate under the Company's Executive Deferred Compensation Plan and under any agreements related thereto in existence at the time of your election to make the deposit into escrow.

(B) Amounts payable, or to become payable, to you or to your beneficiaries or your estate by reason of your deferral of payments payable to you prior to the date of your election to make the deposit into escrow under any other deferred compensation agreements between you and the Company in existence at the time of your election to make the deposit into escrow, including but not limited to deferred compensation agreements relating to the deferral of salary or bonuses.

(C) Amounts payable, or to become payable, to you or to your beneficiaries or your estate under any executed agreement that expressly provides for your retirement from the Company (including payments described under Subsection 4(e) above) which agreement is in existence at the time of your election to make the deposit into escrow, other than amounts payable by a plan qualified under Section 401(a) of the Code.

(D) Subject to the approval of the Committee, amounts then due and payable to you, but not yet paid, under any other benefit plan or incentive compensation plan of the Company (whether such amounts are stock or cash) other than amounts payable to you under a plan qualified under Section 401(a) of the Code.

(ii) Within 5 days after the occurrence of a Potential Change of Control, the Company shall deposit with an escrow agent (which shall be the same escrow agent, if one exists, acting pursuant to clause (i) of this Subsection 4(f)), pursuant to an escrow agreement between the Company and such escrow agent, a sum of money, or other property permitted by such escrow agreement, substantially sufficient in the opinion of Company management to fund the payment to you of the amounts specified in Subsection 4(c) of this Agreement.

(iii) It is intended that any amounts deposited in escrow pursuant to the provisions of clause (i) or (ii) of this Subsection 4(f), shall be subject to the claims of the Company's creditors, as set forth in the form of such escrow agreement.

(g) You shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by you as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by you to the Company, or otherwise (except as specifically provided in this Section 4).

(h) In addition to all other amounts payable to you under this Section 4, you shall be entitled to receive all benefits payable to you under any benefit plan of the Company in which you participate to the extent such benefits are not paid under this Agreement.

#### 5. SUCCESSORS; BINDING AGREEMENT.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled to hereunder if you terminate your employment voluntarily for Good Reason following a Change in Control of the Company, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

(b) This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

6. NOTICES. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, by FAX if available, or by overnight courier service, addressed as follows:

To the Company:

Secretary  
Harrah's Entertainment, Inc.  
1023 Cherry Road  
Memphis, TN 38117  
FAX: 901-762-8735

To you:

Addressed to your name at your office address (or FAX number) with the Company or its affiliates (or any successor thereto) at the time the notice is sent and your home address at that time; and if you are not employed by the Company at the time of the notice, your home address as shown on the records of the Company or its affiliates (or any successor thereto) on the date of the notice.

To such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

7. MISCELLANEOUS. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Delaware. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law. The obligations of the Company under Section 4 shall survive the expiration of the term of this Agreement.

8. VALIDITY. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

9. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

10. ARBITRATION. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Memphis, Tennessee in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction; provided, however, that you shall be entitled to seek specific performance of your right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

11. SIMILAR PROVISIONS IN OTHER AGREEMENT. The Severance Payment under this Agreement supersedes and replaces any previous severance agreement and any other severance payment to which you may be entitled under any previous agreement between you and the Company or its affiliates.

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

Very truly yours,

HARRAH'S ENTERTAINMENT, INC.

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

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E. O. Robinson, Jr.  
Senior Vice President

Agreed:

/s/ Marilyn G. Winn

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Marilyn G. Winn

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

	Second Quarter Ended		June 30, 1999	Six Months Ended June 30, 1998
	June 30, 1999	June 30, 1998		
Income before extraordinary losses	\$ 47,923,000	\$ 37,019,000	\$ 85,268,000	\$ 61,922,000
Extraordinary losses, net	(7,375,000)	(16,613,000)	(10,623,000)	(18,280,000)
Net income	\$ 40,548,000	\$ 20,406,000	\$ 74,645,000	\$ 43,642,000
=====				
BASIC EARNINGS PER SHARE				
Weighted average number of common shares outstanding	126,202,689	100,206,703	125,864,055	100,167,488
=====				
BASIC EARNINGS PER COMMON SHARE				
Income before extraordinary losses	\$ 0.38	\$ 0.37	\$ 0.67	\$ 0.62
Extraordinary losses, net	(0.06)	(0.17)	(0.08)	(0.18)
Net income	\$ 0.32	\$ 0.20	\$ 0.59	\$ 0.44
=====				
DILUTED EARNINGS PER SHARE				
Weighted average number of common shares outstanding	126,202,689	100,206,703	125,864,055	100,167,488
Additional shares based on average market price for period applicable to:				
Restricted stock	684,726	280,648	580,310	256,294
Stock options	2,096,989	1,248,649	1,422,001	1,056,030
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Average number of common and common equivalent shares outstanding	128,984,404	101,736,000	127,866,366	101,479,812
=====				
DILUTED EARNINGS PER COMMON AND COMMON EQUIVALENT SHARES				
Income before extraordinary losses	\$ 0.37	\$ 0.36	\$ 0.66	\$ 0.61
Extraordinary losses, net	(0.06)	(0.16)	(0.08)	(0.18)
Net income	\$ 0.31	\$ 0.20	\$ 0.58	\$ 0.43
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6-MOS

	DEC-31-1999		
	JUN-30-1999		
		176,326	
		0	
		132,288	
		41,594	
		32,741	
		376,083	
		3,820,964	
		864,128	
		4,724,583	
341,848		2,582,392	
	0		
		0	
		12,831	
		1,462,102	
4,724,583			
			0
	1,462,805		
			0
		1,179,516	
		47,302	
		0	
		99,587	
		142,970	
		53,380	
85,268			
		0	
		10,623	
			0
		74,645	
		0.59	
		0.58	