

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**July 28, 2005**

Date of Report (Date of earliest event reported)

**Harrah's Entertainment, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State of Incorporation)

**001-10410**  
(Commission File Number)

**62-1411755**  
(IRS Employer  
Identification Number)

**One Harrah's Court**  
**Las Vegas, Nevada 89119**  
(Address of principal executive offices) (Zip Code)

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

**N/A**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01 Entry Into a Material Definitive Agreement.**

Pursuant to the completed consent solicitation of the holders of the debt securities referenced below, Harrah's Entertainment, Inc. (the "Registrant") and its wholly-owned subsidiary, Harrah's Operating Company, Inc. ("Harrah's Operating") entered into an amended and restated indenture on July 28, 2005 (the "Amended and Restated Indenture") relating to its Floating Rate Contingent Convertible Senior Notes due 2024 and separate supplemental indentures on July 28, 2005 (collectively, the "Supplemental Indentures") relating to the following outstanding debt securities:

- 8.50% Senior Notes due 2006;
- 7.50% Senior Notes due 2009;
- 7.0% Senior Notes due 2013;
- 7.875% Senior Subordinated Notes due 2005;
- 9.375% Senior Subordinated Notes due 2007;
- 8.875% Senior Subordinated Notes due 2008;
- 7.875% Senior Subordinated Notes due 2010; and
- 8.125% Senior Subordinated Notes due 2011.

The Amended and Restated Indenture and each of the Supplemental Indentures amend the reporting covenants in the applicable underlying indentures to allow the consolidated annual audited financial statements of the Registrant and its subsidiaries, and the periodic and other reports filed by the Registrant with the Securities and Exchange Commission, to satisfy the requirement for Harrah's Operating to deliver consolidated annual audited financial statements and such periodic and other reports to the respective trustees. In addition, the Amended and Restated Indenture and each of the Supplemental Indentures provide for the full and unconditional guarantee by the Registrant of all of Harrah's Operating's obligations under each of the indentures, as amended and supplemented by the Amended and Restated Indenture and each of the Supplemental Indentures, and the respective securities thereunder.

A copy of the Amended and Restated Indenture and each of the Supplemental Indentures, attached to this report as exhibits 4.1 through 4.8, are incorporated herein by reference. A copy of the press release issued by the Registrant on July 25, 2005, announcing the consummation of the consent solicitation, attached to this report as exhibit 99.1, is also incorporated herein by reference.

**Item 3.03 Material Modification to Rights of Security Holders.**

- (a) See Item 1.01 which is incorporated herein by reference.
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**Item 9.01 Financial Statements and Exhibits.**

(c) Exhibits.

- 4.1 Second Supplemental Indenture, dated as of July 28, 2005, among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc., as Issuer, and Wachovia Bank, National Association, as Trustee, to the Indenture, dated as of December 21, 1998, as amended and supplemented by a First Supplemental Indenture, dated as of June 13, 2005, with respect to the 7.875% Senior Subordinated Notes due 2005.
- 4.2 Second Supplemental Indenture, dated as of July 28, 2005, among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc., as Issuer, and Wells Fargo Bank, National Association, as Trustee, to the Indenture, dated as of November 9, 1999, as supplemented by certain Officers' Certificates dated as of November 9, 1999 and September 12, 2000, and as further amended and supplemented by a First Supplemental Indenture, dated as of June 13, 2005, with respect to the 8.5% Senior Notes due 2006 and the 8.875% Senior Subordinated Notes due 2008.
- 4.3 Second Supplemental Indenture, dated as of July 28, 2005, among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc., as Issuer, and Wells Fargo Bank, National Association, as Trustee, to the Indenture, dated as of February 22, 2000, as amended and supplemented by a First Supplemental Indenture, dated as of June 13, 2005, with respect to the 9.375% Senior Subordinated Notes due 2007.
- 4.4 Second Supplemental Indenture, dated as of July 28, 2005, among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc., as Issuer, and Wells Fargo Bank, National Association, as Trustee, to the Indenture, dated as of May 14, 2001, as amended and supplemented by a First Supplemental Indenture, dated as of June 13, 2005, with respect to the 8.125% Senior Subordinated Notes due 2011.
- 4.5 Second Supplemental Indenture, dated as of July 28, 2005, among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc., as Issuer, and Wells Fargo Bank, National Association, as Trustee, to the Indenture, dated as of August 22, 2001, as amended and supplemented by a First Supplemental Indenture, dated as of June 13, 2005, with respect to the 7.50% Senior Notes due 2009.
- 4.6 Second Supplemental Indenture, dated as of July 28, 2005, among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc., as Issuer, and Wells Fargo Bank, National Association, as Trustee, to the Indenture, dated as of March 14, 2002, as amended and supplemented by a First Supplemental Indenture, dated as of June 13, 2005, with respect to the 7.875% Senior Subordinated Notes due 2010.
- 4.7 Second Supplemental Indenture, dated as of July 28, 2005, among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc., as Issuer, and U.S. Bank National Association, as Trustee, to the Indenture, dated as of April 11, 2003, as amended and supplemented by a First Supplemental Indenture, dated as of June 13, 2005, with respect to the 7.0% Senior Notes due 2013.
- 4.8 Amended and Restated Indenture, dated as of July 28, 2005, among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc., as Issuer, and U.S. Bank National Association, as Trustee, with respect to the Floating Rate Contingent Convertible Senior Notes due 2024.
- 99.1 Text of press release, dated July 25, 2005, of Harrah's Entertainment, Inc.

**SIGNATURES**

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

HARRAH'S ENTERTAINMENT, INC.

Date: August 1, 2005

By: /s/ STEPHEN H. BRAMMELL

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Name: Stephen H. Brammell

Title: Senior Vice President, General Counsel, and Secretary

## QuickLinks

[Item 1.01 Entry Into a Material Definitive Agreement.](#)

[Item 3.03 Material Modification to Rights of Security Holders.](#)

[Item 9.01 Financial Statements and Exhibits.](#)

[SIGNATURES](#)

**SECOND SUPPLEMENTAL INDENTURE**  
**(1998 Indenture)**

THIS SECOND SUPPLEMENTAL INDENTURE (this "Second Supplemental Indenture"), dated as of July 28, 2005, is by and among Harrah's Entertainment, Inc., a Delaware corporation (the "Parent Guarantor"), Harrah's Operating Company, Inc., a Delaware corporation and a wholly owned subsidiary of the Parent Guarantor (the "Company"), and Wachovia Bank, National Association, as successor to First Union National Bank, as trustee under the indenture referred to below (the "Trustee").

**WITNESSETH**

WHEREAS, reference is made to that certain Indenture, dated as of December 21, 1998, between the Company, as successor to Caesars Entertainment, Inc., f/k/a Park Place Entertainment Corporation, a Delaware corporation ("Caesars"), and the Trustee, as amended and supplemented by that certain First Supplemental Indenture, dated as of June 13, 2005 (as so amended and supplemented, the "Original Indenture," and as further amended and supplemented hereby, the "Indenture"), with respect to the Company's 7.875% Senior Subordinated Notes due 2005 (the "Securities");

WHEREAS, in accordance with Section 9.02 of the Original Indenture, the Company and the Trustee may amend the Original Indenture with the written consent of holders of at least a majority in principal amount of the Securities outstanding;

WHEREAS, the Parent Guarantor and the Company desire to amend the Original Indenture in accordance with Section 9.02 of the Original Indenture and have solicited consents from the holders of the Securities to certain amendments to the Original Indenture pursuant to a Consent Solicitation Statement dated July 8, 2005;

WHEREAS, the holders of at least a majority in principal amount of the Securities outstanding have consented to the amendments to the Original Indenture contained herein;

WHEREAS, the Parent Guarantor has agreed to fully and unconditionally guarantee the Company's obligation under the Indenture and the Securities, which guarantee is provided in this Second Supplemental Indenture, as permitted pursuant to Section 9.01 of the Original Indenture; and

WHEREAS, the execution and delivery of this Second Supplemental Indenture has been duly authorized by the parties hereto, and all other acts necessary to make this Second Supplemental Indenture a valid and binding supplement to the Original Indenture effectively amending the Original Indenture as set forth herein have been duly taken.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, the Parent Guarantor and the Trustee mutually covenant and agree as follows:

1. Capitalized Terms and Definitions. Capitalized terms used herein without definition shall have the meanings ascribed to them in the Original Indenture. For all purposes of this

Second Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President, the Chief Executive Officer, the Chief Financial Officer or a Vice President (regardless of Vice Presidential designation), and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Parent Guarantor and in form and substance reasonably satisfactory to, and delivered to, the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Parent Guarantor or the Trustee, and who shall be acceptable to the Trustee, and which opinion shall be in form and substance reasonably satisfactory to the Trustee.

2. Amendments to the Indenture. Section 10.11(a) of the Original Indenture is amended and restated in its entirety to read as follows:

"Commission Reports. The Company shall deliver to the Trustee within 15 days after it files them with the Commission copies of the annual reports and the information, documents, and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) which the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act. The Company also shall comply with the other provisions of the Trust Indenture Act § 314(a). Delivery of reports, information and documents to the Trustee under this Section is for informational purposes only and the Trustee's receipt of the foregoing shall not constitute constructive notice of any information contained therein or determinable from information contained therein."

3. Agreement to Guarantee. The Parent Guarantor hereby agrees as follows:

(a) Subject to Subsection 3(b) below, the Parent Guarantor (or any successor person pursuant to the applicable provisions of this Second Supplemental Indenture) hereby irrevocably and unconditionally guarantees (such guarantee being the "Guarantee") to each Holder of a Security authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture and the Securities thereunder, that: (i) the principal of, premium, if any, and interest on the Securities promptly will be paid in full when due, whether at the Maturity, by acceleration, call for redemption or otherwise, and interest on the overdue principal, premium, if any, and interest, if any, on the Securities, if lawful, and all other obligations of the Company to the Holders and the Trustee under the Indenture and the Securities thereunder will be promptly paid in full or performed, all in accordance with the terms of the Indenture and the Securities thereunder, and (ii) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due by the Company of any amount so guaranteed for whatever reason, the Parent Guarantor shall be obligated to pay the same immediately. The Parent Guarantor hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Indenture or the Securities thereunder, the absence of any action to enforce the same, any waiver or consent by any Holder of the Securities with respect to

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any provisions of the Indenture or the Securities thereunder, the recovery of any judgment against the Company, or any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. The Parent Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that this Guarantee shall not be discharged except by complete performance of the obligations contained in the Securities and the Indenture. If any Holder or the Trustee is required by any court or otherwise to return to the Company or any custodian, Trustee, liquidator or other similar official acting in relation to the Company, any amount paid by the Company to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. The Parent Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(b) It is the intention of the Parent Guarantor and the Company that the obligations of the Parent Guarantor hereunder shall be, but not in excess of, the maximum amount permitted by applicable law. Accordingly, if the obligations in respect of the Guarantee would be annulled, avoided or subordinated to the creditors of the Parent Guarantor by a court of competent jurisdiction in a proceeding actually pending before such court as a result of a determination both that such Guarantee was made without fair consideration and, immediately after giving effect thereto, the Parent Guarantor was insolvent or unable to pay its debts as they mature or left with an unreasonably small capital, then the obligations of the Parent Guarantor under the Guarantee shall be reduced by such court if such reduction would result in the avoidance of such annulment, avoidance or subordination; provided, however, that any reduction pursuant to this paragraph shall be made in the smallest amount as is strictly necessary to reach such result. For purposes of this paragraph, "fair consideration," "insolvency," "unable to pay its debts as they mature," "unreasonably small capital" and the effective times of reductions, if any, required by this paragraph shall be determined in accordance with applicable law.

(c) The Parent Guarantor shall be subrogated to all rights of the Holders against the Company in respect of any amounts paid by Parent Guarantor pursuant to the provisions of the Guarantee or the Indenture; provided, however, that the Parent Guarantor shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation until the principal of, premium, if any, and interest on all Securities issued under the Indenture shall have been paid in full.

4. Execution and Delivery of Guarantee. To evidence the Guarantee set forth in Section 3, the Company and the Parent Guarantor hereby agree that a notation of such Guarantee shall be endorsed on each Security authenticated and delivered by the Trustee, that such notation of such Guarantee shall be in the form attached hereto as Exhibit A, and shall be executed on behalf of the Parent Guarantor by an officer thereof.

The Parent Guarantor hereby agrees that the Guarantee set forth in Section 3 shall remain in full force and effect notwithstanding any failure to endorse on each Security a notation of the Guarantee.

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5. Release of Parent Guarantor. The Parent Guarantor shall be released from all of its obligations under the Guarantee and under the Indenture if:

(a) the Company or the Parent Guarantor has transferred all or substantially all of its properties and assets to any Person (whether by sale, merger or consolidation or otherwise), or has merged into or consolidated with another Person, pursuant to a transaction in compliance with the Indenture and:

(i) the corporation to whom all or substantially all of the properties and assets of the Company or the Parent Guarantor are transferred, or whom the Company or the Parent Guarantor has merged into or consolidated with, has expressly assumed, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor under the Guarantee and the Indenture;

(ii) immediately before and immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Parent Guarantor has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture comply with this Section 5 and that all conditions precedent herein provided for relating to such transaction have been complied with;

(b) the Parent Guarantor liquidates (other than pursuant to any Bankruptcy Law) and complies, if applicable, with the provisions of the Indenture; provided that if a Person and its Affiliates, if any, shall acquire all or substantially all of the assets of the Parent Guarantor upon such liquidation the Parent Guarantor shall liquidate only if:

(i) the Person and each such Affiliate (or the common corporate parent of such Person and its Affiliates, if such Person and its Affiliates are wholly owned by such parent) which acquire or will acquire all or a portion of the assets of the Parent Guarantor shall expressly assume, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor, under the Guarantee and the Indenture and such Person or any of such Affiliates (or such parent) shall be a corporation organized and existing under the laws of the United States or any State thereof or the District of Columbia;

(ii) immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Parent Guarantor has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such liquidation and such supplemental indenture comply with this Section 5 and that all conditions precedent herein provided for relating to such transaction have been complied with; or

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(c) the Company ceases for any reason to be a “wholly owned subsidiary” of the Parent Guarantor (as such term is defined in Rule 1-02(z) of Regulation S-X promulgated by the Commission).

Upon any assumption of the Guarantee by any Person pursuant to this Section 5, such Person may exercise every right and power of the Parent Guarantor under the Guarantee and the Indenture with the same effect as if such successor corporation had been named as the Parent Guarantor herein, and all the obligations of the Parent Guarantor under the Guarantee and the Indenture shall terminate.

6. When Parent Guarantor May Merge, Etc. The Parent Guarantor shall not consolidate with or merge with or into any other Person or, directly or indirectly, sell, lease or convey all or substantially all of its assets (computed on a consolidated basis) to another Person, and may not permit any Person to, directly or indirectly, sell, lease or convey all or substantially all of its assets to the Parent Guarantor, whether in a single transaction or a series of related transactions, unless:

(a) either the Parent Guarantor shall be the continuing person, or the Person (if other than the Parent Guarantor) formed by such consolidation or into or with which the Parent Guarantor is merged or to which the assets of the Parent Guarantor are transferred shall be a corporation organized and validly existing under the laws of the United States or any State thereof or the District of Columbia and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor under the Guarantee and the Indenture;

(b) immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(c) the Parent Guarantor has delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, conveyance or lease and such supplemental indenture comply with this Section 6 and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any consolidation or merger, or any sale, conveyance or lease of all or substantially all of the assets of the Parent Guarantor, in accordance with this Section 6, the successor corporation formed by such consolidation or into or with which the Parent Guarantor is merged or to which such transfer is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Second Supplemental Indenture referring to the “Parent Guarantor” shall refer instead to the successor corporation and not to the Parent Guarantor), and may exercise every right and power of, the Parent Guarantor under the Guarantee and the Indenture with the same effect as if such successor corporation had been named as the Parent Guarantor herein, and all the obligations of the predecessor Parent Guarantor under the Guarantee and the Indenture shall terminate.

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7. Limitation on Individual Liability. No recourse under or upon any obligation, covenant or agreement contained in this Second Supplemental Indenture or the Guarantee, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, shareholder, officer or director, as such, past, present or future, of the Parent Guarantor, the Company or any successor Person, either directly or through the Parent Guarantor or the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Second Supplemental Indenture and the obligations issued hereunder are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, shareholders, officers or directors, as such, of the Parent Guarantor, the Company or any successor Person, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Second Supplemental Indenture or in the Guarantee or implied therefrom; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, shareholder, officer or director, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Second Supplemental Indenture or in the Guarantee or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Second Supplemental Indenture and the issuance of the Guarantee.

8. Ratification and Effect. Except as hereby expressly amended, the Indenture is in all respects ratified and confirmed and all the terms, provisions and conditions thereof shall be and remain in full force and effect.

Upon and after the execution of this Second Supplemental Indenture, each reference in the Original Indenture to “this Indenture”, “hereunder”, “hereof” or words of like import referring to the Original Indenture shall mean and be a reference to the Original Indenture as modified hereby.

9. New York Law To Govern. This Second Supplemental Indenture shall be governed by the laws of the State of New York without regard to the conflict of law principles that would result in the application of any law other than the law of the State of New York.

10. Counterparts. The parties may sign any number of copies of this Second Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

11. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

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IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed, all as of the date first above written.

Harrah’s Operating Company, Inc.,  
a Delaware corporation

By: /s/ Jonathan S. Halkyard

Name: Jonathan S. Halkyard  
Title: Senior Vice-President and Treasurer

Harrah's Entertainment, Inc.,  
a Delaware corporation

By: /s/ Jonathan S. Halkyard  
Name: Jonathan S. Halkyard  
Title: Senior Vice-President and Treasurer

Wachovia Bank, National Association,  
as Trustee

By: /s/ Shawn K. Bednasek  
Name: Shawn K. Bednasek  
Title: Vice-President

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Exhibit A

FORM OF NOTATION OF GUARANTEE

NOTATION OF GUARANTEE OF HARRAH'S ENTERTAINMENT, INC.

For value received, the undersigned, Harrah's Entertainment, Inc., a Delaware corporation (the "Parent Guarantor", which term includes any successor person under the indenture referred to below), has unconditionally guaranteed, to the extent set forth in, and subject to the provisions of, the Second Supplemental Indenture, dated as of July 28, 2005 (the "Second Supplemental Indenture"), among Harrah's Operating Company, Inc., a Delaware corporation and a wholly owned subsidiary of Parent Guarantor (the "Company"), the Parent Guarantor and Wachovia Bank, National Association, as successor to First Union National Bank, as trustee (the "Trustee"), (a) the due and punctual payment of the principal of, premium, if any, and interest on the Securities (as defined in the Second Supplemental Indenture), whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal of and interest on the Securities, if any, if lawful, and the due and punctual performance of all other obligations of the Company to the holders of the Securities or the Trustee all in accordance with the terms of the Indenture, dated as of December 21, 1998, between the Company, as successor to Caesars Entertainment, Inc., f/k/a Park Place Entertainment Corporation, a Delaware corporation ("Caesars"), and the Trustee, with respect to the Company's 7.875% Senior Subordinated Notes due 2005, the First Supplemental Indenture, dated as of June 13, 2005, among Caesars, the Company and the Trustee, and the Second Supplemental Indenture, and (b) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the Parent Guarantor to the holders of the Securities and to the Trustee pursuant to this guarantee are expressly set forth in Sections 3 through 6 of the Second Supplemental Indenture, and reference is hereby made to the Second Supplemental Indenture for the precise terms of this guarantee.

HARRAH'S ENTERTAINMENT, INC.,  
as Parent Guarantor

By: \_\_\_\_\_  
Name:  
Title:

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**SECOND SUPPLEMENTAL INDENTURE  
(1999 Indenture)**

THIS SECOND SUPPLEMENTAL INDENTURE (this "Second Supplemental Indenture"), dated as of July 28, 2005, is by and among Harrah's Entertainment, Inc., a Delaware corporation (the "Parent Guarantor"), Harrah's Operating Company, Inc., a Delaware corporation and a wholly owned subsidiary of the Parent Guarantor (the "Company"), and Wells Fargo Bank, National Association, as successor to Norwest Bank Minnesota, N.A., as trustee under the indenture referred to below (the "Trustee").

**WITNESSETH**

WHEREAS, reference is made to that certain Indenture, dated as of November 9, 1999, between the Company, as successor to Caesars Entertainment, Inc., f/k/a Park Place Entertainment Corporation, a Delaware corporation ("Caesars"), and the Trustee, as supplemented by those certain Officers' Certificates (the "1999 and 2000 Officer's Certificates") of the Company, dated as of November 9, 1999 and September 12, 2000, and as further amended and supplemented by that certain First Supplemental Indenture, dated as of June 13, 2005 (as so amended and supplemented, the "Original Indenture," and as further amended and supplemented hereby, the "Indenture"), with respect to the Company's 8.5% Senior Notes due 2006 (the "Senior Notes") and 8.875% Senior Subordinated Notes due 2008 (the "Senior Subordinated Notes," and together with the Senior Notes, the "Securities");

WHEREAS, in accordance with Section 11.02 of the Original Indenture, the Company and the Trustee may amend the Original Indenture with the written consent of holders of at least a majority in principal amount of the Securities outstanding for each series of the Securities affected by the amendment;

WHEREAS, the Parent Guarantor and the Company desire to amend the Original Indenture in accordance with Section 11.02 of the Original Indenture and have solicited consents from the holders of the Securities to certain amendments to the Original Indenture pursuant to a Consent Solicitation Statement dated July 8, 2005;

WHEREAS, the holders of at least a majority in principal amount of the Securities outstanding for each series of the Securities have consented to the amendments to the Original Indenture contained herein;

WHEREAS, the Parent Guarantor has agreed to fully and unconditionally guarantee the Company's obligations under the Indenture and the Securities, which guarantee is provided in this Second Supplemental Indenture, as permitted pursuant to Section 11.01 of the Original Indenture; and

WHEREAS, the execution and delivery of this Second Supplemental Indenture has been duly authorized by the parties hereto, and all other acts necessary to make this Second Supplemental Indenture a valid and binding supplement to the Original Indenture effectively amending the Original Indenture as set forth herein have been duly taken.

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NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, the Parent Guarantor and the Trustee mutually covenant and agree as follows:

1. Capitalized Terms and Definitions. Capitalized terms used herein without definition shall have the meanings ascribed to them in the Original Indenture. For all purposes of this Second Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President, the Chief Executive Officer, the Chief Financial Officer or a Vice President (regardless of Vice Presidential designation), and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Parent Guarantor and in form and substance reasonably satisfactory to, and delivered to, the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Parent Guarantor or the Trustee, and who shall be acceptable to the Trustee, and which opinion shall be in form and substance reasonably satisfactory to the Trustee.

2. Amendments to the Original Indenture. Paragraph 1(14)(b) under the caption "REPORTS" of each of the 1999 and 2000 Officers' Certificates are hereby deleted in their entirety.

3. Agreement to Guarantee. The Parent Guarantor hereby agrees as follows:

(a) Subject to Subsection 3(b) below, the Parent Guarantor (or any successor person pursuant to the applicable provisions of this Second Supplemental Indenture) hereby irrevocably and unconditionally guarantees (such guarantee being the "Guarantee") to each Holder of a Security authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture and the Securities thereunder, that: (i) the principal of, premium, if any, and interest on the Securities promptly will be paid in full when due, whether at the Maturity, by acceleration, call for redemption or otherwise, and interest on the overdue principal, premium, if any, and interest, if any, on the Securities, if lawful, and all other obligations of the Company to the Holders and the Trustee under the Indenture and the Securities thereunder will be promptly paid in full or performed, all in accordance with the terms of the Indenture and the Securities thereunder, and (ii) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due by the Company of any amount so guaranteed for whatever reason, the Parent Guarantor shall be obligated to pay the same immediately. The Parent

which might otherwise constitute a legal or equitable discharge or defense of a guarantor. The Parent Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that this Guarantee shall not be discharged except by complete performance of the obligations contained in the Securities and the Indenture. If any Holder or the Trustee is required by any court or otherwise to return to the Company or any custodian, Trustee, liquidator or other similar official acting in relation to the Company, any amount paid by the Company to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. The Parent Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(b) It is the intention of the Parent Guarantor and the Company that the obligations of the Parent Guarantor hereunder shall be, but not in excess of, the maximum amount permitted by applicable law. Accordingly, if the obligations in respect of the Guarantee would be annulled, avoided or subordinated to the creditors of the Parent Guarantor by a court of competent jurisdiction in a proceeding actually pending before such court as a result of a determination both that such Guarantee was made without fair consideration and, immediately after giving effect thereto, the Parent Guarantor was insolvent or unable to pay its debts as they mature or left with an unreasonably small capital, then the obligations of the Parent Guarantor under the Guarantee shall be reduced by such court if such reduction would result in the avoidance of such annulment, avoidance or subordination; provided, however, that any reduction pursuant to this paragraph shall be made in the smallest amount as is strictly necessary to reach such result. For purposes of this paragraph, "fair consideration," "insolvency," "unable to pay its debts as they mature," "unreasonably small capital" and the effective times of reductions, if any, required by this paragraph shall be determined in accordance with applicable law.

(c) The Parent Guarantor shall be subrogated to all rights of the Holders against the Company in respect of any amounts paid by Parent Guarantor pursuant to the provisions of the Guarantee or the Indenture; provided, however, that the Parent Guarantor shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation until the principal of, premium, if any, and interest on all Securities issued under the Indenture shall have been paid in full.

4. Execution and Delivery of Guarantee. To evidence the Guarantee set forth in Section 3, the Company and the Parent Guarantor hereby agree that a notation of such Guarantee shall be endorsed on each Security authenticated and delivered by the Trustee, that such notation of such Guarantee shall be in the form attached hereto as Exhibit A, and shall be executed on behalf of the Parent Guarantor by an officer thereof.

The Parent Guarantor hereby agrees that the Guarantee set forth in Section 3 shall remain in full force and effect notwithstanding any failure to endorse on each Security a notation of the Guarantee.

5. Release of Parent Guarantor. The Parent Guarantor shall be released from all of its obligations under the Guarantee and under the Indenture if:

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(a) The Company or the Parent Guarantor has transferred all or substantially all of its properties and assets to any Person (whether by sale, merger or consolidation or otherwise), or has merged into or consolidated with another Person, pursuant to a transaction in compliance with the Indenture and:

(i) the corporation to whom all or substantially all of the properties and assets of the Company or the Parent Guarantor are transferred, or whom the Company or the Parent Guarantor has merged into or consolidated with, has expressly assumed, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor under the Guarantee and the Indenture;

(ii) immediately before and immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Parent Guarantor has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture comply with this Section 5 and that all conditions precedent herein provided for relating to such transaction have been complied with;

(b) the Parent Guarantor liquidates (other than pursuant to the United States Bankruptcy Code of 1978, codified in Title 11 of the United States Code, as amended, or any similar United States federal or state law relating to bankruptcy, insolvency, receivership, winding up, liquidation, reorganization or relief of debtors or any amendment to, succession to or change in any such law) and complies, if applicable, with the provisions of the Indenture; provided that if a Person and its Affiliates, if any, shall acquire all or substantially all of the assets of the Parent Guarantor upon such liquidation the Parent Guarantor shall liquidate only if:

(i) the Person and each such Affiliate (or the common corporate parent of such Person and its Affiliates, if such Person and its Affiliates are wholly owned by such parent) which acquire or will acquire all or a portion of the assets of the Parent Guarantor shall expressly assume, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor, under the Guarantee and the Indenture and such Person or any of such Affiliates (or such parent) shall be a corporation organized and existing under the laws of the United States or any State thereof or the District of Columbia;

(ii) immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Parent Guarantor has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such liquidation and such supplemental indenture comply with this Section 5 and that all conditions precedent herein provided for relating to such transaction have been complied with; or

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(c) the Company ceases for any reason to be a “wholly owned subsidiary” of the Parent Guarantor (as such term is defined in Rule 1-02(z) of Regulation S-X promulgated by the Commission).

Upon any assumption of the Guarantee by any Person pursuant to this Section 5, such Person may exercise every right and power of the Parent Guarantor under the Guarantee and the Indenture with the same effect as if such successor corporation had been named as the Parent Guarantor herein, and all the obligations of the Parent Guarantor under the Guarantee and the Indenture shall terminate.

6. When Parent Guarantor May Merge, Etc. The Parent Guarantor shall not consolidate with or merge with or into any other Person or, directly or indirectly, sell, lease or convey all or substantially all of its assets (computed on a consolidated basis) to another Person, and may not permit any Person to, directly or indirectly, sell, lease or convey all or substantially all of its assets to the Parent Guarantor, whether in a single transaction or a series of related transactions, unless:

(a) either the Parent Guarantor shall be the continuing person, or the Person (if other than the Parent Guarantor) formed by such consolidation or into or with which the Parent Guarantor is merged or to which the assets of the Parent Guarantor are transferred shall be a corporation organized and validly existing under the laws of the United States or any State thereof or the District of Columbia and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor under the Guarantee and the Indenture;

(b) immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(c) the Parent Guarantor has delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, conveyance or lease and such supplemental indenture comply with this Section 6 and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any consolidation or merger, or any sale, conveyance or lease of all or substantially all of the assets of the Parent Guarantor, in accordance with this Section 6, the successor corporation formed by such consolidation or into or with which the Parent Guarantor is merged or to which such transfer is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Second Supplemental Indenture referring to the “Parent Guarantor” shall refer instead to the successor corporation and not to the Parent Guarantor), and may exercise every right and power of, the Parent Guarantor under the Guarantee and the Indenture with the same effect as if such successor corporation had been named as the Parent Guarantor herein, and all the obligations of the predecessor Parent Guarantor under the Guarantee and the Indenture shall terminate.

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7. Limitation on Individual Liability. No recourse under or upon any obligation, covenant or agreement contained in this Second Supplemental Indenture or the Guarantee, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, shareholder, officer or director, as such, past, present or future, of the Parent Guarantor, the Company or any successor Person, either directly or through the Parent Guarantor or the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Second Supplemental Indenture and the obligations issued hereunder are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, shareholders, officers or directors, as such, of the Parent Guarantor, the Company or any successor Person, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Second Supplemental Indenture or in the Guarantee or implied therefrom; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, shareholder, officer or director, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Second Supplemental Indenture or in the Guarantee or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Second Supplemental Indenture and the issuance of the Guarantee.

8. Ratification and Effect. Except as hereby expressly amended, the Indenture is in all respects ratified and confirmed and all the terms, provisions and conditions thereof shall be and remain in full force and effect.

Upon and after the execution of this Second Supplemental Indenture, each reference in the Original Indenture to “this Indenture”, “hereunder”, “hereof” or words of like import referring to the Original Indenture shall mean and be a reference to the Original Indenture as modified hereby.

9. The Trustee. The recitals contained herein shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture.

10. New York Law To Govern. This Second Supplemental Indenture shall be governed by the laws of the State of New York without regard to the conflict of law principles that would result in the application of any law other than the law of the State of New York.

11. Counterparts. The parties may sign any number of copies of this Second Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

12. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

6

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IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed, all as of the date first above written.

Harrah’s Operating Company, Inc.,

a Delaware corporation

By: /s/ Jonathan S. Halkyard  
Name: Jonathan S. Halkyard  
Title: Senior Vice-President and Treasurer

Harrah's Entertainment, Inc.,  
a Delaware corporation

By: /s/ Jonathan S. Halkyard  
Name: Jonathan S. Halkyard  
Title: Senior Vice-President and Treasurer

Wells Fargo Bank, National Association,  
as Trustee

By: /s/ Timothy P. Mowdy  
Name: Timothy P. Mowdy  
Title: Vice President

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Exhibit A

FORM OF NOTATION OF GUARANTEE

NOTATION OF GUARANTEE OF HARRAH'S ENTERTAINMENT, INC.

For value received, the undersigned, Harrah's Entertainment, Inc., a Delaware corporation (the "Parent Guarantor", which term includes any successor person under the indenture referred to below), has unconditionally guaranteed, to the extent set forth in, and subject to the provisions of, the Second Supplemental Indenture, dated as of July 28, 2005 (the "Second Supplemental Indenture"), among Harrah's Operating Company, Inc., a Delaware corporation and a wholly owned subsidiary of Parent Guarantor (the "Company"), the Parent Guarantor and Wells Fargo Bank, National Association, as successor to Norwest Bank Minnesota, N.A., as trustee (the "Trustee"), (a) the due and punctual payment of the principal of, premium, if any, and interest on the Securities (as defined in the Second Supplemental Indenture), whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal of and interest on the Securities, if any, if lawful, and the due and punctual performance of all other obligations of the Company to the holders of the Securities or the Trustee all in accordance with the terms of the Indenture, dated as of November 9, 1999, between the Company, as successor to Caesars Entertainment, Inc., f/k/a Park Place Entertainment Corporation, a Delaware corporation ("Caesars"), and the Trustee, with respect to the Company's [Notes] due [Maturity Date], and that certain Officers' Certificate of the Company dated as of [Date], setting forth the terms of the [Notes], the First Supplemental Indenture, dated as of June 13, 2005, among Caesars, the Company and the Trustee, and the Second Supplemental Indenture, and (b) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the Parent Guarantor to the holders of the Securities and to the Trustee pursuant to this guarantee are expressly set forth in Sections 3 through 6 of the Second Supplemental Indenture, and reference is hereby made to the Second Supplemental Indenture for the precise terms of this guarantee.

HARRAH'S ENTERTAINMENT, INC.,  
as Parent Guarantor

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**SECOND SUPPLEMENTAL INDENTURE  
(2000 Indenture)**

THIS SECOND SUPPLEMENTAL INDENTURE (this "Second Supplemental Indenture"), dated as of July 28, 2005, is by and among Harrah's Entertainment, Inc., a Delaware corporation (the "Parent Guarantor"), Harrah's Operating Company, Inc., a Delaware corporation and a wholly owned subsidiary of the Parent Guarantor (the "Company"), and Wells Fargo Bank, National Association, as successor to Norwest Bank Minnesota, N.A., as trustee under the indenture referred to below (the "Trustee").

**WITNESSETH**

WHEREAS, reference is made to that certain Indenture, dated as of February 22, 2000, between the Company, as successor to Caesars Entertainment, Inc., f/k/a Park Place Entertainment Corporation, a Delaware corporation ("Caesars"), and the Trustee, as amended and supplemented by that certain First Supplemental Indenture, dated as of June 13, 2005 (as so amended and supplemented, the "Original Indenture," and as further amended and supplemented hereby, the "Indenture"), with respect to the Company's 9.375% Senior Subordinated Notes due 2007 (the "Securities");

WHEREAS, in accordance with Section 9.02 of the Original Indenture, the Company and the Trustee may amend the Original Indenture with the written consent of holders of at least a majority in principal amount of the Securities outstanding;

WHEREAS, the Parent Guarantor and the Company desire to amend the Original Indenture in accordance with Section 9.02 of the Original Indenture and have solicited consents from the holders of the Securities to certain amendments to the Original Indenture pursuant to a Consent Solicitation Statement dated July 8, 2005;

WHEREAS, the holders of at least a majority in principal amount of the Securities outstanding have consented to the amendments to the Original Indenture contained herein;

WHEREAS, the Parent Guarantor has agreed to fully and unconditionally guarantee the Company's obligations under the Indenture and the Securities, which guarantee is provided in this Second Supplemental Indenture, as permitted pursuant to Section 9.01 of the Original Indenture; and

WHEREAS, the execution and delivery of this Second Supplemental Indenture has been duly authorized by the parties hereto, and all other acts necessary to make this Second Supplemental Indenture a valid and binding supplement to the Original Indenture effectively amending the Original Indenture as set forth herein have been duly taken.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, the Parent Guarantor and the Trustee mutually covenant and agree as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings ascribed to them in the Original Indenture. For all purposes of this Second

Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President, the Chief Executive Officer, the Chief Financial Officer or a Vice President (regardless of Vice Presidential designation), and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Parent Guarantor and in form and substance reasonably satisfactory to, and delivered to, the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Parent Guarantor or the Trustee, and who shall be acceptable to the Trustee, and which opinion shall be in form and substance reasonably satisfactory to the Trustee.

2. Amendments to the Original Indenture. Section 10.11(a) of the Original Indenture is amended and restated in its entirety to read as follows:

"Commission Reports. The Company shall deliver to the Trustee within 15 days after it files them with the Commission copies of the annual reports and the information, documents, and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) which the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act. The Company also shall comply with the other provisions of Trust Indenture Act § 314(a). Delivery of reports, information and documents to the Trustee under this Section is for informational purposes only and the Trustee's receipt of the foregoing shall not constitute constructive notice of any information contained therein or determinable from information contained therein."

3. Agreement to Guarantee. The Parent Guarantor hereby agrees as follows:

(a) Subject to Subsection 3(b) below, the Parent Guarantor (or any successor person pursuant to the applicable provisions of this Second Supplemental Indenture) hereby irrevocably and unconditionally guarantees (such guarantee being the "Guarantee") to each Holder of a Security authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture and the Securities thereunder, that: (i) the principal of, premium, if any, and interest on the Securities promptly will be paid in full when due, whether at the Maturity, by acceleration, call for redemption or otherwise, and interest on the overdue principal, premium, if any, and interest, if any, on the Securities, if lawful, and all other obligations of the Company to the Holders and the Trustee under the Indenture and the Securities thereunder will be promptly paid in full or performed, all in accordance with the terms of the Indenture and the Securities thereunder, and (ii) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due by the Company of any amount so guaranteed for whatever reason, the Parent Guarantor shall be obligated to pay the same immediately. The Parent Guarantor hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Indenture or the Securities thereunder, the absence of any action to enforce the same, any waiver or consent by any Holder of the Securities with respect to

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any provisions of the Indenture or the Securities thereunder, the recovery of any judgment against the Company, or any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. The Parent Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that this Guarantee shall not be discharged except by complete performance of the obligations contained in the Securities and the Indenture. If any Holder or the Trustee is required by any court or otherwise to return to the Company or any custodian, Trustee, liquidator or other similar official acting in relation to the Company, any amount paid by the Company to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. The Parent Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(b) It is the intention of the Parent Guarantor and the Company that the obligations of the Parent Guarantor hereunder shall be, but not in excess of, the maximum amount permitted by applicable law. Accordingly, if the obligations in respect of the Guarantee would be annulled, avoided or subordinated to the creditors of the Parent Guarantor by a court of competent jurisdiction in a proceeding actually pending before such court as a result of a determination both that such Guarantee was made without fair consideration and, immediately after giving effect thereto, the Parent Guarantor was insolvent or unable to pay its debts as they mature or left with an unreasonably small capital, then the obligations of the Parent Guarantor under the Guarantee shall be reduced by such court if such reduction would result in the avoidance of such annulment, avoidance or subordination; provided, however, that any reduction pursuant to this paragraph shall be made in the smallest amount as is strictly necessary to reach such result. For purposes of this paragraph, "fair consideration," "insolvency," "unable to pay its debts as they mature," "unreasonably small capital" and the effective times of reductions, if any, required by this paragraph shall be determined in accordance with applicable law.

(c) The Parent Guarantor shall be subrogated to all rights of the Holders against the Company in respect of any amounts paid by Parent Guarantor pursuant to the provisions of the Guarantee or the Indenture; provided, however, that the Parent Guarantor shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation until the principal of, premium, if any, and interest on all Securities issued under the Indenture shall have been paid in full.

4. Execution and Delivery of Guarantee. To evidence the Guarantee set forth in Section 3, the Company and the Parent Guarantor hereby agree that a notation of such Guarantee shall be endorsed on each Security authenticated and delivered by the Trustee, that such notation of such Guarantee shall be in the form attached hereto as Exhibit A, and shall be executed on behalf of the Parent Guarantor by an officer thereof.

The Parent Guarantor hereby agrees that the Guarantee set forth in Section 3 shall remain in full force and effect notwithstanding any failure to endorse on each Security a notation of the Guarantee.

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5. Release of Parent Guarantor. The Parent Guarantor shall be released from all of its obligations under the Guarantee and under the Indenture if:

(a) the Company or the Parent Guarantor has transferred all or substantially all of its properties and assets to any Person (whether by sale, merger or consolidation or otherwise), or has merged into or consolidated with another Person, pursuant to a transaction in compliance with the Indenture and:

(i) the corporation to whom all or substantially all of the properties and assets of the Company or the Parent Guarantor are transferred, or whom the Company or the Parent Guarantor has merged into or consolidated with, has expressly assumed, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor under the Guarantee and the Indenture;

(ii) immediately before and immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Parent Guarantor has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture comply with this Section 5 and that all conditions precedent herein provided for relating to such transaction have been complied with;

(b) the Parent Guarantor liquidates (other than pursuant to any Bankruptcy Law) and complies, if applicable, with the provisions of the Indenture; provided that if a Person and its Affiliates, if any, shall acquire all or substantially all of the assets of the Parent Guarantor upon such liquidation the Parent Guarantor shall liquidate only if:

(i) the Person and each such Affiliate (or the common corporate parent of such Person and its Affiliates, if such Person and its Affiliates are wholly owned by such parent) which acquire or will acquire all or a portion of the assets of the Parent Guarantor shall expressly assume, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor, under the Guarantee and the Indenture and such Person or any of such Affiliates (or such parent) shall be a corporation organized and existing under the laws of the United States or any State thereof or the District of Columbia;

(ii) immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Parent Guarantor has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such liquidation and such supplemental indenture comply with this Section 5 and that all conditions precedent herein provided for relating to such transaction have been complied with; or

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(c) the Company ceases for any reason to be a “wholly owned subsidiary” of the Parent Guarantor (as such term is defined in Rule 1-02(z) of Regulation S-X promulgated by the Commission).

Upon any assumption of the Guarantee by any Person pursuant to this Section 5, such Person may exercise every right and power of the Parent Guarantor under the Guarantee and the Indenture with the same effect as if such successor corporation had been named as the Parent Guarantor herein, and all the obligations of the Parent Guarantor under the Guarantee and the Indenture shall terminate.

6. When Parent Guarantor May Merge, Etc. The Parent Guarantor shall not consolidate with or merge with or into any other Person or, directly or indirectly, sell, lease or convey all or substantially all of its assets (computed on a consolidated basis) to another Person, and may not permit any Person to, directly or indirectly, sell, lease or convey all or substantially all of its assets to the Parent Guarantor, whether in a single transaction or a series of related transactions, unless:

(a) either the Parent Guarantor shall be the continuing person, or the Person (if other than the Parent Guarantor) formed by such consolidation or into or with which the Parent Guarantor is merged or to which the assets of the Parent Guarantor are transferred shall be a corporation organized and validly existing under the laws of the United States or any State thereof or the District of Columbia and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor under the Guarantee and the Indenture;

(b) immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(c) the Parent Guarantor has delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, conveyance or lease and such supplemental indenture comply with this Section 6 and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any consolidation or merger, or any sale, conveyance or lease of all or substantially all of the assets of the Parent Guarantor, in accordance with this Section 6, the successor corporation formed by such consolidation or into or with which the Parent Guarantor is merged or to which such transfer is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Second Supplemental Indenture referring to the “Parent Guarantor” shall refer instead to the successor corporation and not to the Parent Guarantor), and may exercise every right and power of, the Parent Guarantor under the Guarantee and the Indenture with the same effect as if such successor corporation had been named as the Parent Guarantor herein, and all the obligations of the predecessor Parent Guarantor under the Guarantee and the Indenture shall terminate.

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7. Limitation on Individual Liability. No recourse under or upon any obligation, covenant or agreement contained in this Second Supplemental Indenture or the Guarantee, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, shareholder, officer or director, as such, past, present or future, of the Parent Guarantor, the Company or any successor Person, either directly or through the Parent Guarantor or the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Second Supplemental Indenture and the obligations issued hereunder are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, shareholders, officers or directors, as such, of the Parent Guarantor, the Company or any successor Person, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Second Supplemental Indenture or in the Guarantee or implied therefrom; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, shareholder, officer or director, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Second Supplemental Indenture or in the Guarantee or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Second Supplemental Indenture and the issuance of the Guarantee.

8. Ratification and Effect. Except as hereby expressly amended, the Indenture is in all respects ratified and confirmed and all the terms, provisions and conditions thereof shall be and remain in full force and effect.

Upon and after the execution of this Second Supplemental Indenture, each reference in the Original Indenture to “this Indenture”, “hereunder”, “hereof” or words of like import referring to the Original Indenture shall mean and be a reference to the Original Indenture as modified hereby.

9. The Trustee. The recitals contained herein shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture.

10. New York Law To Govern. This Second Supplemental Indenture shall be governed by the laws of the State of New York without regard to the conflict of law principles that would result in the application of any law other than the law of the State of New York.

11. Counterparts. The parties may sign any number of copies of this Second Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

12. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

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IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed, all as of the date first above written.

Harrah’s Operating Company, Inc.,  
a Delaware corporation

By: /s/ Jonathan S. Halkyard  
Name: Jonathan S. Halkyard  
Title: Senior Vice-President and Treasurer

Harrah's Entertainment, Inc.,  
a Delaware corporation

By: /s/ Jonathan S. Halkyard  
Name: Jonathan S. Halkyard  
Title: Senior Vice-President and Treasurer

Wells Fargo Bank, National Association,  
as Trustee

By: /s/ Timothy P. Mowdy  
Name: Timothy P. Mowdy  
Title: Vice-President

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Exhibit A

FORM OF NOTATION OF GUARANTEE

NOTATION OF GUARANTEE OF HARRAH'S ENTERTAINMENT, INC.

For value received, the undersigned, Harrah's Entertainment, Inc., a Delaware corporation (the "Parent Guarantor", which term includes any successor person under the indenture referred to below), has unconditionally guaranteed, to the extent set forth in, and subject to the provisions of, the Second Supplemental Indenture, dated as of July 28, 2005 (the "Second Supplemental Indenture"), among Harrah's Operating Company, Inc., a Delaware corporation and a wholly owned subsidiary of Parent Guarantor (the "Company"), the Parent Guarantor and Wells Fargo Bank, National Association, as successor to Norwest Bank Minnesota, N.A., as trustee (the "Trustee"), (a) the due and punctual payment of the principal of, premium, if any, and interest on the Securities (as defined in the Second Supplemental Indenture), whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal of and interest on the Securities, if any, if lawful, and the due and punctual performance of all other obligations of the Company to the holders of the Securities or the Trustee all in accordance with the terms of the Indenture, dated as of February 22, 2000, between the Company, as successor to Caesars Entertainment, Inc., f/k/a Park Place Entertainment Corporation, a Delaware corporation ("Caesars"), and the Trustee, with respect to the Company's 9.375% Senior Subordinated Notes due 2007, the First Supplemental Indenture, dated as of June 13, 2005, among Caesars, the Company and the Trustee, and the Second Supplemental Indenture, and (b) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the Parent Guarantor to the holders of the Securities and to the Trustee pursuant to this guarantee are expressly set forth in Sections 3 through 6 of the Second Supplemental Indenture, and reference is hereby made to the Second Supplemental Indenture for the precise terms of this guarantee.

HARRAH'S ENTERTAINMENT, INC.,  
as Parent Guarantor

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**SECOND SUPPLEMENTAL INDENTURE  
(2001 Indenture)**

THIS SECOND SUPPLEMENTAL INDENTURE (this "Second Supplemental Indenture"), dated as of July 28, 2005, is by and among Harrah's Entertainment, Inc., a Delaware corporation (the "Parent Guarantor"), Harrah's Operating Company, Inc., a Delaware corporation and a wholly owned subsidiary of the Parent Guarantor (the "Company"), and Wells Fargo Bank, National Association, as trustee under the indenture referred to below (the "Trustee").

**WITNESSETH**

WHEREAS, reference is made to that certain Indenture, dated as of May 14, 2001, between the Company, as successor to Caesars Entertainment, Inc., f/k/a Park Place Entertainment Corporation, a Delaware corporation (the "Caesars"), and the Trustee, as amended and supplemented by that certain First Supplemental Indenture, dated as of June 13, 2005 (as so amended and supplemented, the "Original Indenture," and as further amended and supplemented hereby, the "Indenture"), with respect to the Company's 8.125% Senior Subordinated Notes due 2011 (the "Securities");

WHEREAS, in accordance with Section 9.02 of the Original Indenture, the Company and the Trustee may amend the Original Indenture with the written consent of holders of at least a majority in principal amount of the Securities outstanding;

WHEREAS, the Parent Guarantor and the Company desire to amend the Original Indenture in accordance with Section 9.02 of the Original Indenture and have solicited consents from the holders of the Securities to certain amendments to the Original Indenture pursuant to a Consent Solicitation Statement dated July 8, 2005;

WHEREAS, the holders of at least a majority in principal amount of the Securities outstanding have consented to the amendments to the Original Indenture contained herein;

WHEREAS, the Parent Guarantor has agreed to fully and unconditionally guarantee the Company's obligations under the Indenture and the Securities, which guarantee is provided in this Second Supplemental Indenture, as permitted pursuant to Section 9.01 of the Original Indenture; and

WHEREAS, the execution and delivery of this Second Supplemental Indenture has been duly authorized by the parties hereto, and all other acts necessary to make this Second Supplemental Indenture a valid and binding supplement to the Original Indenture effectively amending the Original Indenture as set forth herein have been duly taken.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, the Parent Guarantor and the Trustee mutually covenant and agree as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings ascribed to them in the Original Indenture. For all purposes of this Second

Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President, the Chief Executive Officer, the Chief Financial Officer or a Vice President (regardless of Vice Presidential designation), and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Parent Guarantor and in form and substance reasonably satisfactory to, and delivered to, the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Parent Guarantor or the Trustee, and who shall be acceptable to the Trustee, and which opinion shall be in form and substance reasonably satisfactory to the Trustee.

2. Amendments to the Indenture. Section 10.11(a) of the Original Indenture is amended and restated in its entirety to read as follows:

"Commission Reports. The Company shall deliver to the Trustee within 15 days after it files them with the Commission copies of the annual reports and the information, documents, and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) which the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act. The Company also shall comply with the other provisions of the Trust Indenture Act § 314(a). Delivery of reports, information and documents to the Trustee under this Section is for informational purposes only and the Trustee's receipt of the foregoing shall not constitute constructive notice of any information contained therein or determinable from information contained therein."

3. Agreement to Guarantee. The Parent Guarantor hereby agrees as follows:

(a) Subject to Subsection 3(b) below, the Parent Guarantor (or any successor person pursuant to the applicable provisions of this Second Supplemental Indenture) hereby irrevocably and unconditionally guarantees (such guarantee being the "Guarantee") to each Holder of a Security authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture and the Securities thereunder, that: (i) the principal of, premium, if any, and interest on the Securities promptly will be paid in full when due, whether at the Maturity, by acceleration, call for redemption or otherwise, and interest on the overdue principal, premium, if any, and interest, if any, on the Securities, if lawful, and all other obligations of the Company to the Holders and the Trustee under the Indenture and the Securities thereunder will be promptly paid in full or performed, all in accordance with the terms of the Indenture and the Securities thereunder, and (ii) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due by the Company of any amount so guaranteed for whatever reason, the Parent Guarantor shall be obligated to pay the same immediately. The Parent Guarantor hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Indenture or the Securities thereunder, the absence of any action to enforce the same, any waiver or consent by any Holder of the Securities with respect to

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any provisions of the Indenture or the Securities thereunder, the recovery of any judgment against the Company, or any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. The Parent Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that this Guarantee shall not be discharged except by complete performance of the obligations contained in the Securities and the Indenture. If any Holder or the Trustee is required by any court or otherwise to return to the Company or any custodian, Trustee, liquidator or other similar official acting in relation to the Company, any amount paid by the Company to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. The Parent Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(b) It is the intention of the Parent Guarantor and the Company that the obligations of the Parent Guarantor hereunder shall be, but not in excess of, the maximum amount permitted by applicable law. Accordingly, if the obligations in respect of the Guarantee would be annulled, avoided or subordinated to the creditors of the Parent Guarantor by a court of competent jurisdiction in a proceeding actually pending before such court as a result of a determination both that such Guarantee was made without fair consideration and, immediately after giving effect thereto, the Parent Guarantor was insolvent or unable to pay its debts as they mature or left with an unreasonably small capital, then the obligations of the Parent Guarantor under the Guarantee shall be reduced by such court if such reduction would result in the avoidance of such annulment, avoidance or subordination; provided, however, that any reduction pursuant to this paragraph shall be made in the smallest amount as is strictly necessary to reach such result. For purposes of this paragraph, "fair consideration," "insolvency," "unable to pay its debts as they mature," "unreasonably small capital" and the effective times of reductions, if any, required by this paragraph shall be determined in accordance with applicable law.

(c) The Parent Guarantor shall be subrogated to all rights of the Holders against the Company in respect of any amounts paid by Parent Guarantor pursuant to the provisions of the Guarantee or the Indenture; provided, however, that the Parent Guarantor shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation until the principal of, premium, if any, and interest on all Securities issued under the Indenture shall have been paid in full.

4. Execution and Delivery of Guarantee. To evidence the Guarantee set forth in Section 3, the Company and the Parent Guarantor hereby agree that a notation of such Guarantee shall be endorsed on each Security authenticated and delivered by the Trustee, that such notation of such Guarantee shall be in the form attached hereto as Exhibit A, and shall be executed on behalf of the Parent Guarantor by an officer thereof.

The Parent Guarantor hereby agrees that the Guarantee set forth in Section 3 shall remain in full force and effect notwithstanding any failure to endorse on each Security a notation of the Guarantee.

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5. Release of Parent Guarantor. The Parent Guarantor shall be released from all of its obligations under the Guarantee and under the Indenture if:

(a) the Company or the Parent Guarantor has transferred all or substantially all of its properties and assets to any Person (whether by sale, merger or consolidation or otherwise), or has merged into or consolidated with another Person, pursuant to a transaction in compliance with the Indenture and:

(i) the corporation to whom all or substantially all of the properties and assets of the Company or the Parent Guarantor are transferred, or whom the Company or the Parent Guarantor has merged into or consolidated with, has expressly assumed, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor under the Guarantee and the Indenture;

(ii) immediately before and immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Parent Guarantor has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture comply with this Section 5 and that all conditions precedent herein provided for relating to such transaction have been complied with;

(b) the Parent Guarantor liquidates (other than pursuant to any Bankruptcy Law) and complies, if applicable, with the provisions of the Indenture; provided that if a Person and its Affiliates, if any, shall acquire all or substantially all of the assets of the Parent Guarantor upon such liquidation the Parent Guarantor shall liquidate only if:

(i) the Person and each such Affiliate (or the common corporate parent of such Person and its Affiliates, if such Person and its Affiliates are wholly owned by such parent) which acquire or will acquire all or a portion of the assets of the Parent Guarantor shall expressly assume, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor, under the Guarantee and the Indenture and such Person or any of such Affiliates (or such parent) shall be a corporation organized and existing under the laws of the United States or any State thereof or the District of Columbia;

(ii) immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Parent Guarantor has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such liquidation and such supplemental indenture comply with this Section 5 and that all conditions precedent herein provided for relating to such transaction have been complied with; or

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(c) the Company ceases for any reason to be a “wholly owned subsidiary” of the Parent Guarantor (as such term is defined in Rule 1-02(z) of Regulation S-X promulgated by the Commission).

Upon any assumption of the Guarantee by any Person pursuant to this Section 5, such Person may exercise every right and power of the Parent Guarantor under the Guarantee and the Indenture with the same effect as if such successor corporation had been named as the Parent Guarantor herein, and all the obligations of the Parent Guarantor under the Guarantee and the Indenture shall terminate.

6. When Parent Guarantor May Merge, Etc. The Parent Guarantor shall not consolidate with or merge with or into any other Person or, directly or indirectly, sell, lease or convey all or substantially all of its assets (computed on a consolidated basis) to another Person, and may not permit any Person to, directly or indirectly, sell, lease or convey all or substantially all of its assets to the Parent Guarantor, whether in a single transaction or a series of related transactions, unless:

(a) either the Parent Guarantor shall be the continuing person, or the Person (if other than the Parent Guarantor) formed by such consolidation or into or with which the Parent Guarantor is merged or to which the assets of the Parent Guarantor are transferred shall be a corporation organized and validly existing under the laws of the United States or any State thereof or the District of Columbia and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor under the Guarantee and the Indenture;

(b) immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(c) the Parent Guarantor has delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, conveyance or lease and such supplemental indenture comply with this Section 6 and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any consolidation or merger, or any sale, conveyance or lease of all or substantially all of the assets of the Parent Guarantor, in accordance with this Section 6, the successor corporation formed by such consolidation or into or with which the Parent Guarantor is merged or to which such transfer is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Second Supplemental Indenture referring to the “Parent Guarantor” shall refer instead to the successor corporation and not to the Parent Guarantor), and may exercise every right and power of, the Parent Guarantor under the Guarantee and the Indenture with the same effect as if such successor corporation had been named as the Parent Guarantor herein, and all the obligations of the predecessor Parent Guarantor under the Guarantee and the Indenture shall terminate.

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7. Limitation on Individual Liability. No recourse under or upon any obligation, covenant or agreement contained in this Second Supplemental Indenture or the Guarantee, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, shareholder, officer or director, as such, past, present or future, of the Parent Guarantor, the Company or any successor Person, either directly or through the Parent Guarantor or the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Second Supplemental Indenture and the obligations issued hereunder are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, shareholders, officers or directors, as such, of the Parent Guarantor, the Company or any successor Person, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Second Supplemental Indenture or in the Guarantee or implied therefrom; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, shareholder, officer or director, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Second Supplemental Indenture or in the Guarantee or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Second Supplemental Indenture and the issuance of the Guarantee.

8. Ratification and Effect. Except as hereby expressly amended, the Indenture is in all respects ratified and confirmed and all the terms, provisions and conditions thereof shall be and remain in full force and effect.

Upon and after the execution of this Second Supplemental Indenture, each reference in the Original Indenture to “this Indenture”, “hereunder”, “hereof” or words of like import referring to the Original Indenture shall mean and be a reference to the Original Indenture as modified hereby.

9. The Trustee. The recitals contained herein shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture.

10. New York Law To Govern. This Second Supplemental Indenture shall be governed by the laws of the State of New York without regard to the conflict of law principles that would result in the application of any law other than the law of the State of New York.

11. Counterparts. The parties may sign any number of copies of this Second Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

12. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

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IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed, all as of the date first above written.

Harrah’s Operating Company, Inc.,  
a Delaware corporation

By: /s/ Jonathan S. Halkyard  
Name: Jonathan S. Halkyard  
Title: Senior Vice-President and Treasurer

Harrah's Entertainment, Inc.,  
a Delaware corporation

By: /s/ Jonathan S. Halkyard  
Name: Jonathan S. Halkyard  
Title: Senior Vice-President and Treasurer

Wells Fargo Bank, National Association,  
as Trustee

By: /s/ Timothy P. Mowdy  
Name: Timothy P. Mowdy  
Title: Vice-President

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Exhibit A

FORM OF NOTATION OF GUARANTEE

NOTATION OF GUARANTEE OF HARRAH'S ENTERTAINMENT, INC.

For value received, the undersigned, Harrah's Entertainment, Inc., a Delaware corporation (the "Parent Guarantor", which term includes any successor person under the indenture referred to below), has unconditionally guaranteed, to the extent set forth in, and subject to the provisions of, the Second Supplemental Indenture, dated as of July 28, 2005 (the "Second Supplemental Indenture"), among Harrah's Operating Company, Inc., a Delaware corporation and a wholly owned subsidiary of Parent Guarantor (the "Company"), the Parent Guarantor and Wells Fargo Bank, National Association, as trustee (the "Trustee"), (a) the due and punctual payment of the principal of, premium, if any, and interest on the Securities (as defined in the Second Supplemental Indenture), whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal of and interest on the Securities, if any, if lawful, and the due and punctual performance of all other obligations of the Company to the holders of the Securities or the Trustee all in accordance with the terms of the Indenture, dated as of May 14, 2001, between the Company, as successor to Caesars Entertainment, Inc., f/k/a Park Place Entertainment Corporation, a Delaware corporation ("Caesars"), and the Trustee, with respect to the Company's 8.125% Senior Subordinated Notes due 2011, the First Supplemental Indenture, dated as of June 13, 2005, among Caesars, the Company and the Trustee, and the Second Supplemental Indenture, and (b) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the Parent Guarantor to the holders of the Securities and to the Trustee pursuant to this guarantee are expressly set forth in Sections 3 through 6 of the Second Supplemental Indenture, and reference is hereby made to the Second Supplemental Indenture for the precise terms of this guarantee.

HARRAH'S ENTERTAINMENT, INC.,  
as Parent Guarantor

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**SECOND SUPPLEMENTAL INDENTURE  
(2001 Indenture)**

THIS SECOND SUPPLEMENTAL INDENTURE (this "Second Supplemental Indenture"), dated as of July 28, 2005, is by and among Harrah's Entertainment, Inc., a Delaware corporation (the "Parent Guarantor"), Harrah's Operating Company, Inc., a Delaware corporation and a wholly owned subsidiary of the Parent Guarantor (the "Company"), and Wells Fargo Bank, National Association, as trustee under the indenture referred to below (the "Trustee").

**WITNESSETH**

WHEREAS, reference is made to that certain Indenture, dated as of August 22, 2001, between the Company, as successor to Caesars Entertainment, Inc., f/k/a Park Place Entertainment Corporation, a Delaware corporation ("Caesars"), and the Trustee, as amended and supplemented by that certain First Supplemental Indenture, dated as of June 13, 2005 (as amended and supplemented, the "Original Indenture," and as further amended and supplemented hereby, the "Indenture"), with respect to the Company's 7.5% Senior Notes due 2009 (the "Securities");

WHEREAS, in accordance with Section 9.02 of the Original Indenture, the Company and the Trustee may amend the Original Indenture with the written consent of holders of at least a majority in principal amount of the Securities outstanding;

WHEREAS, the Parent Guarantor and the Company desire to amend the Original Indenture in accordance with Section 9.02 of the Original Indenture and have solicited consents from the holders of the Securities to certain amendments to the Original Indenture pursuant to a Consent Solicitation Statement dated July 8, 2005;

WHEREAS, the holders of at least a majority in principal amount of the Securities outstanding have consented to the amendments to the Original Indenture contained herein;

WHEREAS, the Parent Guarantor has agreed to fully and unconditionally guarantee the Company's obligations under the Indenture and the Securities, which guarantee is provided in this Second Supplemental Indenture, as permitted pursuant to Section 9.01 of the Original Indenture; and

WHEREAS, the execution and delivery of this Second Supplemental Indenture has been duly authorized by the parties hereto, and all other acts necessary to make this Second Supplemental Indenture a valid and binding supplement to the Original Indenture effectively amending the Original Indenture as set forth herein have been duly taken.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, the Parent Guarantor and the Trustee mutually covenant and agree as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings ascribed to them in the Original Indenture. For all purposes of this Second

Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President, the Chief Executive Officer, the Chief Financial Officer or a Vice President (regardless of Vice Presidential designation), and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Parent Guarantor and in form and substance reasonably satisfactory to, and delivered to, the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Parent Guarantor or the Trustee, and who shall be acceptable to the Trustee, and which opinion shall be in form and substance reasonably satisfactory to the Trustee.

2. Amendments to the Indenture. Section 10.11(a) of the Original Indenture is amended and restated in its entirety to read as follows:

"Commission Reports. The Company shall deliver to the Trustee within 15 days after it files them with the Commission copies of the annual reports and the information, documents, and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) which the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act. The Company also shall comply with the other provisions of the Trust Indenture Act § 314(a). Delivery of reports, information and documents to the Trustee under this Section is for informational purposes only and the Trustee's receipt of the foregoing shall not constitute constructive notice of any information contained therein or determinable from information contained therein."

3. Agreement to Guarantee. The Parent Guarantor hereby agrees as follows:

(a) Subject to Subsection 3(b) below, the Parent Guarantor (or any successor person pursuant to the applicable provisions of this Second Supplemental Indenture) hereby irrevocably and unconditionally guarantees (such guarantee being the "Guarantee") to each Holder of a Security authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture and the Securities thereunder, that: (i) the principal of, premium, if any, and interest on the Securities promptly will be paid in full when due, whether at the Maturity, by acceleration, call for redemption or otherwise, and interest on the overdue principal, premium, if any, and interest, if any, on the Securities, if lawful, and all other obligations of the Company to the Holders and the Trustee under the Indenture and the Securities thereunder will be promptly paid in full or performed, all in accordance with the terms of the Indenture and the Securities thereunder, and (ii) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due by the Company of any amount so guaranteed for whatever reason, the Parent Guarantor shall be obligated to pay the same immediately. The Parent Guarantor hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Indenture or the Securities thereunder, the absence of any action to enforce the same, any waiver or consent by any Holder of the Securities with respect to

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any provisions of the Indenture or the Securities thereunder, the recovery of any judgment against the Company, or any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. The Parent Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that this Guarantee shall not be discharged except by complete performance of the obligations contained in the Securities and the Indenture. If any Holder or the Trustee is required by any court or otherwise to return to the Company or any custodian, Trustee, liquidator or other similar official acting in relation to the Company, any amount paid by the Company to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. The Parent Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(b) It is the intention of the Parent Guarantor and the Company that the obligations of the Parent Guarantor hereunder shall be, but not in excess of, the maximum amount permitted by applicable law. Accordingly, if the obligations in respect of the Guarantee would be annulled, avoided or subordinated to the creditors of the Parent Guarantor by a court of competent jurisdiction in a proceeding actually pending before such court as a result of a determination both that such Guarantee was made without fair consideration and, immediately after giving effect thereto, the Parent Guarantor was insolvent or unable to pay its debts as they mature or left with an unreasonably small capital, then the obligations of the Parent Guarantor under the Guarantee shall be reduced by such court if such reduction would result in the avoidance of such annulment, avoidance or subordination; provided, however, that any reduction pursuant to this paragraph shall be made in the smallest amount as is strictly necessary to reach such result. For purposes of this paragraph, "fair consideration," "insolvency," "unable to pay its debts as they mature," "unreasonably small capital" and the effective times of reductions, if any, required by this paragraph shall be determined in accordance with applicable law.

(c) The Parent Guarantor shall be subrogated to all rights of the Holders against the Company in respect of any amounts paid by Parent Guarantor pursuant to the provisions of the Guarantee or the Indenture; provided, however, that the Parent Guarantor shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation until the principal of, premium, if any, and interest on all Securities issued under the Indenture shall have been paid in full.

4. Execution and Delivery of Guarantee. To evidence the Guarantee set forth in Section 3, the Company and the Parent Guarantor hereby agree that a notation of such Guarantee shall be endorsed on each Security authenticated and delivered by the Trustee, that such notation of such Guarantee shall be in the form attached hereto as Exhibit A, and shall be executed on behalf of the Parent Guarantor by an officer thereof.

The Parent Guarantor hereby agrees that the Guarantee set forth in Section 3 shall remain in full force and effect notwithstanding any failure to endorse on each Security a notation of the Guarantee.

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5. Release of Parent Guarantor. The Parent Guarantor shall be released from all of its obligations under the Guarantee and under the Indenture if:

(a) the Company or the Parent Guarantor has transferred all or substantially all of its properties and assets to any Person (whether by sale, merger or consolidation or otherwise), or has merged into or consolidated with another Person, pursuant to a transaction in compliance with the Indenture and:

(i) the corporation to whom all or substantially all of the properties and assets of the Company or the Parent Guarantor are transferred, or whom the Company or the Parent Guarantor has merged into or consolidated with, has expressly assumed, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor under the Guarantee and the Indenture;

(ii) immediately before and immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Parent Guarantor has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture comply with this Section 5 and that all conditions precedent herein provided for relating to such transaction have been complied with;

(b) the Parent Guarantor liquidates (other than pursuant to any Bankruptcy Law) and complies, if applicable, with the provisions of the Indenture; provided that if a Person and its Affiliates, if any, shall acquire all or substantially all of the assets of the Parent Guarantor upon such liquidation the Parent Guarantor shall liquidate only if:

(i) the Person and each such Affiliate (or the common corporate parent of such Person and its Affiliates, if such Person and its Affiliates are wholly owned by such parent) which acquire or will acquire all or a portion of the assets of the Parent Guarantor shall expressly assume, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor, under the Guarantee and the Indenture and such Person or any of such Affiliates (or such parent) shall be a corporation organized and existing under the laws of the United States or any State thereof or the District of Columbia;

(ii) immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Parent Guarantor has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such liquidation and such supplemental indenture comply with this Section 5 and that all conditions precedent herein provided for relating to such transaction have been complied with; or

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(c) the Company ceases for any reason to be a “wholly owned subsidiary” of the Parent Guarantor (as such term is defined in Rule 1-02(z) of Regulation S-X promulgated by the Commission).

Upon any assumption of the Guarantee by any Person pursuant to this Section 5, such Person may exercise every right and power of the Parent Guarantor under the Guarantee and the Indenture with the same effect as if such successor corporation had been named as the Parent Guarantor herein, and all the obligations of the Parent Guarantor under the Guarantee and the Indenture shall terminate.

6. When Parent Guarantor May Merge, Etc. The Parent Guarantor shall not consolidate with or merge with or into any other Person or, directly or indirectly, sell, lease or convey all or substantially all of its assets (computed on a consolidated basis) to another Person, and may not permit any Person to, directly or indirectly, sell, lease or convey all or substantially all of its assets to the Parent Guarantor, whether in a single transaction or a series of related transactions, unless:

(a) either the Parent Guarantor shall be the continuing person, or the Person (if other than the Parent Guarantor) formed by such consolidation or into or with which the Parent Guarantor is merged or to which the assets of the Parent Guarantor are transferred shall be a corporation organized and validly existing under the laws of the United States or any State thereof or the District of Columbia and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor under the Guarantee and the Indenture;

(b) immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(c) the Parent Guarantor has delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, conveyance or lease and such supplemental indenture comply with this Section 6 and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any consolidation or merger, or any sale, conveyance or lease of all or substantially all of the assets of the Parent Guarantor, in accordance with this Section 6, the successor corporation formed by such consolidation or into or with which the Parent Guarantor is merged or to which such transfer is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Second Supplemental Indenture referring to the “Parent Guarantor” shall refer instead to the successor corporation and not to the Parent Guarantor), and may exercise every right and power of, the Parent Guarantor under the Guarantee and the Indenture with the same effect as if such successor corporation had been named as the Parent Guarantor herein, and all the obligations of the predecessor Parent Guarantor under the Guarantee and the Indenture shall terminate.

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7. Limitation on Individual Liability. No recourse under or upon any obligation, covenant or agreement contained in this Second Supplemental Indenture or the Guarantee, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, shareholder, officer or director, as such, past, present or future, of the Parent Guarantor, the Company or any successor Person, either directly or through the Parent Guarantor or the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Second Supplemental Indenture and the obligations issued hereunder are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, shareholders, officers or directors, as such, of the Parent Guarantor, the Company or any successor Person, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Second Supplemental Indenture or in the Guarantee or implied therefrom; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, shareholder, officer or director, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Second Supplemental Indenture or in the Guarantee or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Second Supplemental Indenture and the issuance of the Guarantee.

8. Ratification and Effect. Except as hereby expressly amended, the Indenture is in all respects ratified and confirmed and all the terms, provisions and conditions thereof shall be and remain in full force and effect.

Upon and after the execution of this Second Supplemental Indenture, each reference in the Original Indenture to “this Indenture”, “hereunder”, “hereof” or words of like import referring to the Original Indenture shall mean and be a reference to the Original Indenture as modified hereby.

9. The Trustee. The recitals contained herein shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture.

10. New York Law To Govern. This Second Supplemental Indenture shall be governed by the laws of the State of New York without regard to the conflict of law principles that would result in the application of any law other than the law of the State of New York.

11. Counterparts. The parties may sign any number of copies of this Second Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

12. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

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IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed, all as of the date first above written.

Harrah’s Operating Company, Inc.,  
a Delaware corporation

By: /s/ Jonathan S. Halkyard  
Name: Jonathan S. Halkyard  
Title: Senior Vice-President and Treasurer

Harrah's Entertainment, Inc.,  
a Delaware corporation

By: /s/ Jonathan S. Halkyard  
Name: Jonathan S. Halkyard  
Title: Senior Vice-President and Treasurer

Wells Fargo Bank, National Association,  
as Trustee

By: /s/ Timothy P. Mowdy  
Name: Timothy P. Mowdy  
Title: Vice-President

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Exhibit A

FORM OF NOTATION OF GUARANTEE

NOTATION OF GUARANTEE OF HARRAH'S ENTERTAINMENT, INC.

For value received, the undersigned, Harrah's Entertainment, Inc., a Delaware corporation (the "Parent Guarantor", which term includes any successor person under the indenture referred to below), has unconditionally guaranteed, to the extent set forth in, and subject to the provisions of, the Second Supplemental Indenture, dated as of July 28, 2005 (the "Second Supplemental Indenture"), among Harrah's Operating Company, Inc., a Delaware corporation and a wholly owned subsidiary of Parent Guarantor (the "Company"), the Parent Guarantor and Wells Fargo Bank, National Association, as trustee (the "Trustee"), (a) the due and punctual payment of the principal of, premium, if any, and interest on the Securities (as defined in the Second Supplemental Indenture), whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal of and interest on the Securities, if any, if lawful, and the due and punctual performance of all other obligations of the Company to the holders of the Securities or the Trustee all in accordance with the terms of the Indenture, dated as of August 22, 2001, between the Company, as successor to Caesars Entertainment, Inc., f/k/a Park Place Entertainment Corporation, a Delaware corporation ("Caesars"), and the Trustee, with respect to the Company's 7.5% Senior Notes due 2009, the First Supplemental Indenture, dated as of June 13, 2005, among Caesars, the Company and the Trustee, and the Second Supplemental Indenture, and (b) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the Parent Guarantor to the holders of the Securities and to the Trustee pursuant to this guarantee are expressly set forth in Sections 3 through 6 of the Second Supplemental Indenture, and reference is hereby made to the Second Supplemental Indenture for the precise terms of this guarantee.

HARRAH'S ENTERTAINMENT, INC.,  
as Parent Guarantor

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**SECOND SUPPLEMENTAL INDENTURE  
(2002 Indenture)**

THIS SECOND SUPPLEMENTAL INDENTURE (this "Second Supplemental Indenture"), dated as of July 28, 2005, is by and among Harrah's Entertainment, Inc., a Delaware corporation (the "Parent Guarantor"), Harrah's Operating Company, Inc., a Delaware corporation and a wholly owned subsidiary of the Parent Guarantor (the "Company"), and Wells Fargo Bank, National Association, as trustee under the indenture referred to below (the "Trustee").

**WITNESSETH**

WHEREAS, reference is made to that certain Indenture, dated as of March 14, 2002, between the Company, as successor to Caesars Entertainment, Inc., f/k/a Park Place Entertainment Corporation, a Delaware corporation ("Caesars"), and the Trustee, as amended and supplemented by that certain First supplemental Indenture, dated as of June 13, 2005 (as so amended and supplemented, the "Original Indenture," and as further amended and supplemented hereby, the "Indenture"), with respect to the Company's 7.875% Senior Subordinated Notes due 2010 (the "Securities");

WHEREAS, in accordance with Section 9.02 of the Original Indenture, the Company and the Trustee may amend the Original Indenture with the written consent of holders of at least a majority in principal amount of the Securities outstanding;

WHEREAS, the Parent Guarantor and the Company desire to amend the Original Indenture in accordance with Section 9.02 of the Original Indenture and have solicited consents from the holders of the Securities to certain amendments to the Original Indenture pursuant to a Consent Solicitation Statement dated July 8, 2005;

WHEREAS, the holders of at least a majority in principal amount of the Securities outstanding have consented to the amendments to the Original Indenture contained herein;

WHEREAS, the Parent Guarantor has agreed to fully and unconditionally guarantee the Company's obligations under the Indenture and the Securities, which guarantee is provided in this Second Supplemental Indenture, as permitted pursuant to Section 9.01 of the Original Indenture; and

WHEREAS, the execution and delivery of this Second Supplemental Indenture has been duly authorized by the parties hereto, and all other acts necessary to make this Second Supplemental Indenture a valid and binding supplement to the Original Indenture effectively amending the Original Indenture as set forth herein have been duly taken.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, the Parent Guarantor and the Trustee mutually covenant and agree as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings ascribed to them in the Original Indenture. For all purposes of this Second Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President, the Chief Executive Officer, the Chief Financial Officer or a Vice President (regardless of Vice Presidential designation), and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Parent Guarantor and in form and substance reasonably satisfactory to, and delivered to, the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Parent Guarantor or the Trustee, and who shall be acceptable to the Trustee, and which opinion shall be in form and substance reasonably satisfactory to the Trustee.

2. Amendments to the Indenture. Section 10.11(a) of the Original Indenture is amended and restated in its entirety to read as follows:

"Commission Reports. The Company shall deliver to the Trustee within 15 days after it files them with the Commission copies of the annual reports and the information, documents, and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) which the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act. The Company also shall comply with the other provisions of the Trust Indenture Act § 314(a). Delivery of reports, information and documents to the Trustee under this Section is for informational purposes only and the Trustee's receipt of the foregoing shall not constitute constructive notice of any information contained therein or determinable from information contained therein."

3. Agreement to Guarantee. The Parent Guarantor hereby agrees as follows:

(a) Subject to Subsection 3(b) below, the Parent Guarantor (or any successor person pursuant to the applicable provisions of this Second Supplemental Indenture) hereby irrevocably and unconditionally guarantees (such guarantee being the "Guarantee") to each Holder of a Security authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture and the Securities thereunder, that: (i) the principal of, premium, if any, and interest on the Securities promptly will be paid in full when due, whether at the Maturity, by acceleration, call for redemption or otherwise, and interest on the overdue principal, premium, if any, and interest, if any, on the Securities, if lawful, and all other obligations of the Company to the Holders and the Trustee under the Indenture and the Securities thereunder will be promptly paid in full or performed, all in accordance with the terms of the Indenture and the Securities thereunder, and (ii) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due by the Company of any amount so guaranteed for whatever reason, the Parent Guarantor shall be obligated to pay the same immediately. The Parent Guarantor hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity,

regularity or enforceability of the Indenture or the Securities thereunder, the absence of any action to enforce the same, any waiver or consent by any Holder of the Securities with respect to any provisions of the Indenture or the Securities thereunder, the recovery of any judgment against the Company, or any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. The Parent Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that this Guarantee shall not be discharged except by complete performance of the obligations contained in the Securities and the Indenture. If any Holder or the Trustee is required by any court or otherwise to return to the Company or any custodian, Trustee, liquidator or other similar official acting in relation to the Company, any amount paid by the Company to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. The Parent Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(b) It is the intention of the Parent Guarantor and the Company that the obligations of the Parent Guarantor hereunder shall be, but not in excess of, the maximum amount permitted by applicable law. Accordingly, if the obligations in respect of the Guarantee would be annulled, avoided or subordinated to the creditors of the Parent Guarantor by a court of competent jurisdiction in a proceeding actually pending before such court as a result of a determination both that such Guarantee was made without fair consideration and, immediately after giving effect thereto, the Parent Guarantor was insolvent or unable to pay its debts as they mature or left with an unreasonably small capital, then the obligations of the Parent Guarantor under the Guarantee shall be reduced by such court if such reduction would result in the avoidance of such annulment, avoidance or subordination; provided, however, that any reduction pursuant to this paragraph shall be made in the smallest amount as is strictly necessary to reach such result. For purposes of this paragraph, "fair consideration," "insolvency," "unable to pay its debts as they mature," "unreasonably small capital" and the effective times of reductions, if any, required by this paragraph shall be determined in accordance with applicable law.

(c) The Parent Guarantor shall be subrogated to all rights of the Holders against the Company in respect of any amounts paid by Parent Guarantor pursuant to the provisions of the Guarantee or the Indenture; provided, however, that the Parent Guarantor shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation until the principal of, premium, if any, and interest on all Securities issued under the Indenture shall have been paid in full.

4. Execution and Delivery of Guarantee. To evidence the Guarantee set forth in Section 3, the Company and the Parent Guarantor hereby agree that a notation of such Guarantee shall be endorsed on each Security authenticated and delivered by the Trustee, that such notation of such Guarantee shall be in the form attached hereto as Exhibit A, and shall be executed on behalf of the Parent Guarantor by an officer thereof.

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The Parent Guarantor hereby agrees that the Guarantee set forth in Section 3 shall remain in full force and effect notwithstanding any failure to endorse on each Security a notation of the Guarantee.

5. Release of Parent Guarantor. The Parent Guarantor shall be released from all of its obligations under the Guarantee and under the Indenture if:

(a) the Company or the Parent Guarantor has transferred all or substantially all of its properties and assets to any Person (whether by sale, merger or consolidation or otherwise), or has merged into or consolidated with another Person, pursuant to a transaction in compliance with the Indenture and:

(i) the corporation to whom all or substantially all of the properties and assets of the Company or the Parent Guarantor are transferred, or whom the Company or the Parent Guarantor has merged into or consolidated with, has expressly assumed, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor under the Guarantee and the Indenture;

(ii) immediately before and immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Parent Guarantor has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture comply with this Section 5 and that all conditions precedent herein provided for relating to such transaction have been complied with;

(b) the Parent Guarantor liquidates (other than pursuant to any Bankruptcy Law) and complies, if applicable, with the provisions of the Indenture; provided that if a Person and its Affiliates, if any, shall acquire all or substantially all of the assets of the Parent Guarantor upon such liquidation the Parent Guarantor shall liquidate only if:

(i) the Person and each such Affiliate (or the common corporate parent of such Person and its Affiliates, if such Person and its Affiliates are wholly owned by such parent) which acquire or will acquire all or a portion of the assets of the Parent Guarantor shall expressly assume, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor, under the Guarantee and the Indenture and such Person or any of such Affiliates (or such parent) shall be a corporation organized and existing under the laws of the United States or any State thereof or the District of Columbia;

(ii) immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Parent Guarantor has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such liquidation and such supplemental indenture

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comply with this Section 5 and that all conditions precedent herein provided for relating to such transaction have been complied with; or

(c) the Company ceases for any reason to be a “wholly owned subsidiary” of the Parent Guarantor (as such term is defined in Rule 1-02(z) of Regulation S-X promulgated by the Commission).

Upon any assumption of the Guarantee by any Person pursuant to this Section 5, such Person may exercise every right and power of the Parent Guarantor under the Guarantee and the Indenture with the same effect as if such successor corporation had been named as the Parent Guarantor herein, and all the obligations of the Parent Guarantor under the Guarantee and the Indenture shall terminate.

6. When Parent Guarantor May Merge, Etc. The Parent Guarantor shall not consolidate with or merge with or into any other Person or, directly or indirectly, sell, lease or convey all or substantially all of its assets (computed on a consolidated basis) to another Person, and may not permit any Person to, directly or indirectly, sell, lease or convey all or substantially all of its assets to the Parent Guarantor, whether in a single transaction or a series of related transactions, unless:

(a) either the Parent Guarantor shall be the continuing person, or the Person (if other than the Parent Guarantor) formed by such consolidation or into or with which the Parent Guarantor is merged or to which the assets of the Parent Guarantor are transferred shall be a corporation organized and validly existing under the laws of the United States or any State thereof or the District of Columbia and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor under the Guarantee and the Indenture;

(b) immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(c) the Parent Guarantor has delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, conveyance or lease and such supplemental indenture comply with this Section 6 and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any consolidation or merger, or any sale, conveyance or lease of all or substantially all of the assets of the Parent Guarantor, in accordance with this Section 6, the successor corporation formed by such consolidation or into or with which the Parent Guarantor is merged or to which such transfer is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Second Supplemental Indenture referring to the “Parent Guarantor” shall refer instead to the successor corporation and not to the Parent Guarantor), and may exercise every right and power of, the Parent Guarantor under the Guarantee and the Indenture with the same effect as if such successor corporation had been named as the Parent Guarantor herein, and all

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the obligations of the predecessor Parent Guarantor under the Guarantee and the Indenture shall terminate.

7. Limitation on Individual Liability. No recourse under or upon any obligation, covenant or agreement contained in this Second Supplemental Indenture or the Guarantee, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, shareholder, officer or director, as such, past, present or future, of the Parent Guarantor, the Company or any successor Person, either directly or through the Parent Guarantor or the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Second Supplemental Indenture and the obligations issued hereunder are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, shareholders, officers or directors, as such, of the Parent Guarantor, the Company or any successor Person, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Second Supplemental Indenture or in the Guarantee or implied therefrom; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, shareholder, officer or director, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Second Supplemental Indenture or in the Guarantee or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Second Supplemental Indenture and the issuance of the Guarantee.

8. Ratification and Effect. Except as hereby expressly amended, the Indenture is in all respects ratified and confirmed and all the terms, provisions and conditions thereof shall be and remain in full force and effect.

Upon and after the execution of this Second Supplemental Indenture, each reference in the Original Indenture to “this Indenture”, “hereunder”, “hereof” or words of like import referring to the Original Indenture shall mean and be a reference to the Original Indenture as modified hereby.

9. The Trustee. The recitals contained herein shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture.

10. New York Law To Govern. This Second Supplemental Indenture shall be governed by the laws of the State of New York without regard to the conflict of law principles that would result in the application of any law other than the law of the State of New York.

11. Counterparts. The parties may sign any number of copies of this Second Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

12. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

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IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed, all as of the date first above written.

Harrah’s Operating Company, Inc.,  
a Delaware corporation

By: /s/ Jonathan S. Halkyard  
Name: Jonathan S. Halkyard  
Title: Senior Vice-President and Treasurer

Harrah's Entertainment, Inc.,  
a Delaware corporation

By: /s/ Jonathan S. Halkyard  
Name: Jonathan S. Halkyard  
Title: Senior Vice-President and Treasurer

Wells Fargo Bank, National Association,  
as Trustee

By: /s/ Timothy P. Mowdy  
Name: Timothy P. Mowdy  
Title: Vice-President

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Exhibit A

FORM OF NOTATION OF GUARANTEE

NOTATION OF GUARANTEE OF HARRAH'S ENTERTAINMENT, INC.

For value received, the undersigned, Harrah's Entertainment, Inc., a Delaware corporation (the "Parent Guarantor", which term includes any successor person under the indenture referred to below), has unconditionally guaranteed, to the extent set forth in, and subject to the provisions of, the Second Supplemental Indenture, dated as of July 28, 2005 (the "Second Supplemental Indenture"), among Harrah's Operating Company, Inc., a Delaware corporation and a wholly owned subsidiary of Parent Guarantor (the "Company"), the Parent Guarantor and Wells Fargo Bank, National Association, as trustee (the "Trustee"), (a) the due and punctual payment of the principal of, premium, if any, and interest on the Securities (as defined in the Second Supplemental Indenture), whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal of and interest on the Securities, if any, if lawful, and the due and punctual performance of all other obligations of the Company to the holders of the Securities or the Trustee all in accordance with the terms of the Indenture, dated as of March 14, 2002, between the Company, as successor to Caesars Entertainment, Inc., f/k/a Park Place Entertainment Corporation, a Delaware corporation ("Caesars"), and the Trustee, with respect to the Company's 7.875% Senior Subordinated Notes due 2010, the First Supplemental Indenture, dated as of June 13, 2005, among Caesars, the Company and the Trustee, and the Second Supplemental Indenture, and (b) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the Parent Guarantor to the holders of the Securities and to the Trustee pursuant to this guarantee are expressly set forth in Sections 3 through 6 of the Second Supplemental Indenture, and reference is hereby made to the Second Supplemental Indenture for the precise terms of this guarantee.

HARRAH'S ENTERTAINMENT, INC.,  
as Parent Guarantor

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**SECOND SUPPLEMENTAL INDENTURE  
(2003 Indenture)**

THIS SECOND SUPPLEMENTAL INDENTURE (this "Second Supplemental Indenture"), dated as of July 28, 2005, is by and among Harrah's Entertainment, Inc., a Delaware corporation (the "Parent Guarantor"), Harrah's Operating Company, Inc., a Delaware corporation and a wholly owned subsidiary of the Parent Guarantor (the "Company"), and U.S. Bank National Association, as trustee under the indenture referred to below (the "Trustee").

**WITNESSETH**

WHEREAS, reference is made to that certain Indenture, dated as of April 11, 2003, between the Company, as successor to Caesars Entertainment, Inc., f/k/a Park Place Entertainment Corporation, a Delaware corporation ("Caesars"), and the Trustee, as amended and supplemented by that certain First Supplemental Indenture, dated as of June 13, 2005 (as so amended and restated, the "Original Indenture," and as further amended and supplemented hereby, the "Indenture"), with respect to the Company's 7% Senior Notes due 2013 (the "Securities");

WHEREAS, in accordance with Section 9.02 of the Original Indenture, the Company and the Trustee may amend the Original Indenture with the written consent of holders of at least a majority in principal amount of the Securities outstanding;

WHEREAS, the Parent Guarantor and the Company desire to amend the Original Indenture in accordance with Section 9.02 of the Original Indenture and have solicited consents from the holders of the Securities to certain amendments to the Original Indenture pursuant to a Consent Solicitation Statement dated July 8, 2005;

WHEREAS, the holders of at least a majority in principal amount of the Securities outstanding have consented to the amendments to the Original Indenture contained herein;

WHEREAS, the Parent Guarantor has agreed to fully and unconditionally guarantee the Company's obligations under the Indenture and the Securities, which guarantee is provided in this Second Supplemental Indenture, as permitted pursuant to Section 9.01 of the Original Indenture; and

WHEREAS, the execution and delivery of this Second Supplemental Indenture has been duly authorized by the parties hereto, and all other acts necessary to make this Second Supplemental Indenture a valid and binding supplement to the Original Indenture effectively amending the Original Indenture as set forth herein have been duly taken.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, the Parent Guarantor and the Trustee mutually covenant and agree as follows:

1. Capitalized Terms and Definitions. Capitalized terms used herein without definition shall have the meanings ascribed to them in the Original Indenture. For all purposes of this

Second Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President, the Chief Executive Officer, the Chief Financial Officer or a Vice President (regardless of Vice Presidential designation), and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Parent Guarantor and in form and substance reasonably satisfactory to, and delivered to, the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Parent Guarantor or the Trustee, and who shall be acceptable to the Trustee, and which opinion shall be in form and substance reasonably satisfactory to the Trustee.

2. Amendments to the Indenture. Section 10.11(a) of the Original Indenture is amended and restated in its entirety to read as follows:

"Commission Reports. The Company shall deliver to the Trustee within 15 days after it files them with the Commission copies of the annual reports and the information, documents, and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) which the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act. The Company also shall comply with the other provisions of the Trust Indenture Act § 314(a). Delivery of reports, information and documents to the Trustee under this Section is for informational purposes only and the Trustee's receipt of the foregoing shall not constitute constructive notice of any information contained therein or determinable from information contained therein."

3. Agreement to Guarantee. The Parent Guarantor hereby agrees as follows:

(a) Subject to Subsection 3(b) below, the Parent Guarantor (or any successor person pursuant to the applicable provisions of this Second Supplemental Indenture) hereby irrevocably and unconditionally guarantees (such guarantee being the "Guarantee") to each Holder of a Security authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture and the Securities thereunder, that: (i) the principal of, premium, if any, and interest on the Securities promptly will be paid in full when due, whether at the Maturity, by acceleration, call for redemption or otherwise, and interest on the overdue principal, premium, if any, and interest, if any, on the Securities, if lawful, and all other obligations of the Company to the Holders and the Trustee under the Indenture and the Securities thereunder will be promptly paid in full or performed, all in accordance with the terms of the Indenture and the Securities thereunder, and (ii) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due by the Company of any amount so guaranteed for whatever reason, the Parent Guarantor shall be obligated to pay the same immediately. The Parent Guarantor hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Indenture or the Securities thereunder, the absence of any action to enforce the same, any waiver or consent by any Holder of the Securities with respect to

any provisions of the Indenture or the Securities thereunder, the recovery of any judgment against the Company, or any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. The Parent Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that this Guarantee shall not be discharged except by complete performance of the obligations contained in the Securities and the Indenture. If any Holder or the Trustee is required by any court or otherwise to return to the Company or any custodian, Trustee, liquidator or other similar official acting in relation to the Company, any amount paid by the Company to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. The Parent Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(b) It is the intention of the Parent Guarantor and the Company that the obligations of the Parent Guarantor hereunder shall be, but not in excess of, the maximum amount permitted by applicable law. Accordingly, if the obligations in respect of the Guarantee would be annulled, avoided or subordinated to the creditors of the Parent Guarantor by a court of competent jurisdiction in a proceeding actually pending before such court as a result of a determination both that such Guarantee was made without fair consideration and, immediately after giving effect thereto, the Parent Guarantor was insolvent or unable to pay its debts as they mature or left with an unreasonably small capital, then the obligations of the Parent Guarantor under the Guarantee shall be reduced by such court if such reduction would result in the avoidance of such annulment, avoidance or subordination; provided, however, that any reduction pursuant to this paragraph shall be made in the smallest amount as is strictly necessary to reach such result. For purposes of this paragraph, "fair consideration," "insolvency," "unable to pay its debts as they mature," "unreasonably small capital" and the effective times of reductions, if any, required by this paragraph shall be determined in accordance with applicable law.

(c) The Parent Guarantor shall be subrogated to all rights of the Holders against the Company in respect of any amounts paid by Parent Guarantor pursuant to the provisions of the Guarantee or the Indenture; provided, however, that the Parent Guarantor shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation until the principal of, premium, if any, and interest on all Securities issued under the Indenture shall have been paid in full.

4. Execution and Delivery of Guarantee. To evidence the Guarantee set forth in Section 3, the Company and the Parent Guarantor hereby agree that a notation of such Guarantee shall be endorsed on each Security authenticated and delivered by the Trustee, that such notation of such Guarantee shall be in the form attached hereto as Exhibit A, and shall be executed on behalf of the Parent Guarantor by an officer thereof.

The Parent Guarantor hereby agrees that the Guarantee set forth in Section 3 shall remain in full force and effect notwithstanding any failure to endorse on each Security a notation of the Guarantee.

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5. Release of Parent Guarantor. The Parent Guarantor shall be released from all of its obligations under the Guarantee and under the Indenture if:

(a) the Company or the Parent Guarantor has transferred all or substantially all of its properties and assets to any Person (whether by sale, merger or consolidation or otherwise), or has merged into or consolidated with another Person, pursuant to a transaction in compliance with the Indenture and:

(i) the corporation to whom all or substantially all of the properties and assets of the Company or the Parent Guarantor are transferred, or whom the Company or the Parent Guarantor has merged into or consolidated with, has expressly assumed, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor under the Guarantee and the Indenture;

(ii) immediately before and immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Parent Guarantor has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture comply with this Section 5 and that all conditions precedent herein provided for relating to such transaction have been complied with;

(b) the Parent Guarantor liquidates (other than pursuant to any Bankruptcy Law) and complies, if applicable, with the provisions of the Indenture; provided that if a Person and its Affiliates, if any, shall acquire all or substantially all of the assets of the Parent Guarantor upon such liquidation the Parent Guarantor shall liquidate only if:

(i) the Person and each such Affiliate (or the common corporate parent of such Person and its Affiliates, if such Person and its Affiliates are wholly owned by such parent) which acquire or will acquire all or a portion of the assets of the Parent Guarantor shall expressly assume, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor, under the Guarantee and the Indenture and such Person or any of such Affiliates (or such parent) shall be a corporation organized and existing under the laws of the United States or any State thereof or the District of Columbia;

(ii) immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Parent Guarantor has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such liquidation and such supplemental indenture comply with this Section 5 and that all conditions precedent herein provided for relating to such transaction have been complied with; or

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(c) the Company ceases for any reason to be a “wholly owned subsidiary” of the Parent Guarantor (as such term is defined in Rule 1-02(z) of Regulation S-X promulgated by the Commission).

Upon any assumption of the Guarantee by any Person pursuant to this Section 5, such Person may exercise every right and power of the Parent Guarantor under the Guarantee and the Indenture with the same effect as if such successor corporation had been named as the Parent Guarantor herein, and all the obligations of the Parent Guarantor under the Guarantee and the Indenture shall terminate.

6. When Parent Guarantor May Merge, Etc. The Parent Guarantor shall not consolidate with or merge with or into any other Person or, directly or indirectly, sell, lease or convey all or substantially all of its assets (computed on a consolidated basis) to another Person, and may not permit any Person to, directly or indirectly, sell, lease or convey all or substantially all of its assets to the Parent Guarantor, whether in a single transaction or a series of related transactions, unless:

(a) either the Parent Guarantor shall be the continuing person, or the Person (if other than the Parent Guarantor) formed by such consolidation or into or with which the Parent Guarantor is merged or to which the assets of the Parent Guarantor are transferred shall be a corporation organized and validly existing under the laws of the United States or any State thereof or the District of Columbia and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent Guarantor under the Guarantee and the Indenture;

(b) immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(c) the Parent Guarantor has delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, conveyance or lease and such supplemental indenture comply with this Section 6 and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any consolidation or merger, or any sale, conveyance or lease of all or substantially all of the assets of the Parent Guarantor, in accordance with this Section 6, the successor corporation formed by such consolidation or into or with which the Parent Guarantor is merged or to which such transfer is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Second Supplemental Indenture referring to the “Parent Guarantor” shall refer instead to the successor corporation and not to the Parent Guarantor), and may exercise every right and power of, the Parent Guarantor under the Guarantee and the Indenture with the same effect as if such successor corporation had been named as the Parent Guarantor herein, and all the obligations of the predecessor Parent Guarantor under the Guarantee and the Indenture shall terminate.

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7. Limitation on Individual Liability. No recourse under or upon any obligation, covenant or agreement contained in this Second Supplemental Indenture or the Guarantee, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, shareholder, officer or director, as such, past, present or future, of the Parent Guarantor, the Company or any successor Person, either directly or through the Parent Guarantor or the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Second Supplemental Indenture and the obligations issued hereunder are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, shareholders, officers or directors, as such, of the Parent Guarantor, the Company or any successor Person, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Second Supplemental Indenture or in the Guarantee or implied therefrom; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, shareholder, officer or director, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Second Supplemental Indenture or in the Guarantee or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Second Supplemental Indenture and the issuance of the Guarantee.

8. Ratification and Effect. Except as hereby expressly amended, the Indenture is in all respects ratified and confirmed and all the terms, provisions and conditions thereof shall be and remain in full force and effect.

Upon and after the execution of this Second Supplemental Indenture, each reference in the Original Indenture to “this Indenture”, “hereunder”, “hereof” or words of like import referring to the Original Indenture shall mean and be a reference to the Original Indenture as modified hereby.

9. New York Law To Govern. This Second Supplemental Indenture shall be governed by the laws of the State of New York without regard to the conflict of law principles that would result in the application of any law other than the law of the State of New York.

10. Counterparts. The parties may sign any number of copies of this Second Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

11. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

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IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed, all as of the date first above written.

Harrah’s Operating Company, Inc.,  
a Delaware corporation

By: /s/ Jonathan S. Halkyard  
Name: Jonathan S. Halkyard

Title: Senior Vice-President and Treasurer

Harrah's Entertainment, Inc.,  
a Delaware corporation

By: /s/ Jonathan S. Halkyard

Name: Jonathan S. Halkyard

Title: Senior Vice-President and Treasurer

U.S. Bank National Association,  
as Trustee

By: /s/ Richard Prokosch

Name: Richard Prokosch

Title: Vice-President

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Exhibit A

FORM OF NOTATION OF GUARANTEE

NOTATION OF GUARANTEE OF HARRAH'S ENTERTAINMENT, INC.

For value received, the undersigned, Harrah's Entertainment, Inc., a Delaware corporation (the "Parent Guarantor", which term includes any successor person under the indenture referred to below), has unconditionally guaranteed, to the extent set forth in, and subject to the provisions of, the Second Supplemental Indenture, dated as of July 28, 2005 (the "Second Supplemental Indenture"), among Harrah's Operating Company, Inc., a Delaware corporation and a wholly owned subsidiary of Parent Guarantor (the "Company"), the Parent Guarantor and U.S. Bank National Association, as trustee (the "Trustee"), (a) the due and punctual payment of the principal of, premium, if any, and interest on the Securities (as defined in the Second Supplemental Indenture), whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal of and interest on the Securities, if any, if lawful, and the due and punctual performance of all other obligations of the Company to the holders of the Securities or the Trustee all in accordance with the terms of the Indenture, dated as of April 11, 2003, between the Company, as successor to Caesars Entertainment, Inc., f/k/a Park Place Entertainment Corporation, a Delaware corporation ("Caesars"), and the Trustee, with respect to the Company's 7% Senior Notes due 2013, the First Supplemental Indenture, dated as of June 13, 2005, among Caesars, the Company and the Trustee, and the Second Supplemental Indenture, and (b) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the Parent Guarantor to the holders of the Securities and to the Trustee pursuant to this guarantee are expressly set forth in Sections 3 through 6 of the Second Supplemental Indenture, and reference is hereby made to the Second Supplemental Indenture for the precise terms of this guarantee.

HARRAH'S ENTERTAINMENT, INC.,  
as Parent Guarantor

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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HARRAH'S OPERATING COMPANY, INC.,  
as Issuer  
and  
HARRAH'S ENTERTAINMENT, INC.,  
as Guarantor

Floating Rate Contingent Convertible Senior Notes Due 2024

AMENDED AND RESTATED INDENTURE

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

Dated as of July 28, 2005

CROSS-REFERENCE TABLE

TIA Section	Indenture Section
310 (a)(1)	7.10
(a)(2)	N.A.
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	N.A.
(b)	7.10
(c)	N.A.
311 (a)	7.11
(b)	7.11
(c)	N.A.
312 (a)	N.A.
(b)	11.03
(c)	11.03
313 (a)	7.06
(b)	7.06
(b)	7.06
(c)	N.A.
(d)	N.A.
314 (a)	4.02, 4.03
(b)	N.A.
(c)(1)	N.A.
(c)(2)	N.A.
(c)(3)	N.A.
(d)	N.A.
(e)	N.A.
(f)	N.A.
315 (a)	7.01(b)
(b)	7.05
(c)	N.A.
(d)	7.01(c)
(e)	6.11
316 (a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.

N.A. means Not Applicable.

\* This Cross-Reference Table is not part of the Indenture.

	(b)	N.A.
	(c)	N.A.
317	(a)(1)	N.A.
	(a)(2)	N.A.
	(b)	N.A.
318	(a)	N.A.

TABLE OF CONTENTS

ARTICLE 1

DEFINITIONS AND INCORPORATION BY REFERENCE

<u>Section 1.01.</u>	<u>Definitions</u>
<u>Section 1.02.</u>	<u>Other Definitions</u>
<u>Section 1.03.</u>	<u>Incorporation by Reference of Trust Indenture Act</u>
<u>Section 1.04.</u>	<u>Rules of Construction</u>
<u>Section 1.05.</u>	<u>Acts of Holders</u>

ARTICLE 2

THE SECURITIES

<u>Section 2.01.</u>	<u>Form and Dating</u>
<u>Section 2.02.</u>	<u>Execution and Authentication</u>
<u>Section 2.03.</u>	<u>Registrar, Paying Agent and Conversion Agent</u>
<u>Section 2.04.</u>	<u>Paying Agent To Hold Money in Trust</u>
<u>Section 2.05.</u>	<u>Holder Lists</u>
<u>Section 2.06.</u>	<u>Transfer and Exchange</u>
<u>Section 2.07.</u>	<u>Replacement Securities</u>
<u>Section 2.08.</u>	<u>Outstanding Securities; Determinations of Holders' Action</u>
<u>Section 2.09.</u>	<u>Temporary Securities</u>
<u>Section 2.10.</u>	<u>Cancellation</u>
<u>Section 2.11.</u>	<u>Persons Deemed Owners</u>
<u>Section 2.12.</u>	<u>Global Securities</u>
<u>Section 2.13.</u>	<u>CUSIP Numbers</u>
<u>Section 2.14.</u>	<u>Designation</u>

ARTICLE 3

REDEMPTION AND REPURCHASES

<u>Section 3.01.</u>	<u>Right To Redeem; Notices to Trustee</u>
<u>Section 3.02.</u>	<u>Selection of Securities To Be Redeemed</u>
<u>Section 3.03.</u>	<u>Notice of Redemption</u>
<u>Section 3.04.</u>	<u>Effect of Notice of Redemption</u>
<u>Section 3.05.</u>	<u>Deposit of Redemption Price</u>
<u>Section 3.06.</u>	<u>Securities Redeemed in Part</u>

<u>Section 3.07.</u>	<u>Sinking Fund</u>
<u>Section 3.08.</u>	<u>Repurchase of Securities at Option of the Holder on Specified Dates</u>
<u>Section 3.09.</u>	<u>Repurchase of Securities at Option of the Holder Upon Change in Control</u>
<u>Section 3.10.</u>	<u>Effect of Repurchase Notice or Change in Control Repurchase Notice</u>
<u>Section 3.11.</u>	<u>Deposit of Repurchase Price or Change in Control Repurchase Price</u>
<u>Section 3.12.</u>	<u>Securities Repurchased in Part</u>
<u>Section 3.13.</u>	<u>Covenant To Comply with Securities Laws upon Repurchase of Securities</u>
<u>Section 3.14.</u>	<u>Repayment to the Company</u>
<u>Section 3.15.</u>	<u>Mandatory Disposition Pursuant to Gaming Laws</u>

ARTICLE 4

COVENANTS

<u>Section 4.01.</u>	<u>Payment of Securities</u>
<u>Section 4.02.</u>	<u>SEC and Other Reports</u>

<a href="#">Section 4.03.</a>	<a href="#">Compliance Certificate; Notice of Default</a>
<a href="#">Section 4.04.</a>	<a href="#">Further Instruments and Acts</a>
<a href="#">Section 4.05.</a>	<a href="#">Maintenance of Office or Agency</a>
<a href="#">Section 4.06.</a>	<a href="#">Delivery of Certain Information</a>
<a href="#">Section 4.07.</a>	<a href="#">Liquidated Damages</a>

## [ARTICLE 5](#)

### [SUCCESSOR CORPORATION](#)

<a href="#">Section 5.01.</a>	<a href="#">When the Company May Consolidate, Merge or Transfer Assets</a>
-------------------------------	--

## [ARTICLE 6](#)

### [DEFAULTS AND REMEDIES](#)

<a href="#">Section 6.01.</a>	<a href="#">Events of Default</a>
<a href="#">Section 6.02.</a>	<a href="#">Acceleration</a>
<a href="#">Section 6.03.</a>	<a href="#">Other Remedies</a>
<a href="#">Section 6.04.</a>	<a href="#">Waiver of Past Defaults</a>
<a href="#">Section 6.05.</a>	<a href="#">Control by Majority</a>
<a href="#">Section 6.06.</a>	<a href="#">Limitation on Suits</a>
<a href="#">Section 6.07.</a>	<a href="#">Rights of Holders To Receive Payment and To Convert</a>
<a href="#">Section 6.08.</a>	<a href="#">Collection Suit by Trustee</a>

ii

---

<a href="#">Section 6.09.</a>	<a href="#">Trustee May File Proofs of Claim</a>
<a href="#">Section 6.10.</a>	<a href="#">Priorities</a>
<a href="#">Section 6.11.</a>	<a href="#">Suits</a>
<a href="#">Section 6.12.</a>	<a href="#">Waiver of Stay, Extension or Usury Laws</a>
<a href="#">Section 6.13.</a>	<a href="#">Remedies Subject to Applicable Laws</a>

## [ARTICLE 7](#)

### [TRUSTEE](#)

<a href="#">Section 7.01.</a>	<a href="#">Duties of Trustee</a>
<a href="#">Section 7.02.</a>	<a href="#">Rights of Trustee</a>
<a href="#">Section 7.03.</a>	<a href="#">Individual Rights of Trustee</a>
<a href="#">Section 7.04.</a>	<a href="#">Trustee's Disclaimer</a>
<a href="#">Section 7.05.</a>	<a href="#">Notice of Defaults</a>
<a href="#">Section 7.06.</a>	<a href="#">Reports by Trustee to Holders</a>
<a href="#">Section 7.07.</a>	<a href="#">Compensation and Indemnity</a>
<a href="#">Section 7.08.</a>	<a href="#">Replacement of Trustee</a>
<a href="#">Section 7.09.</a>	<a href="#">Successor Trustee by Merger Etc.</a>
<a href="#">Section 7.10.</a>	<a href="#">Eligibility; Disqualification</a>
<a href="#">Section 7.11.</a>	<a href="#">Preferential Collection of Claims Against Company.</a>
<a href="#">Section 7.12.</a>	<a href="#">Force Majeure</a>

## [ARTICLE 8](#)

### [DISCHARGE OF INDENTURE](#)

<a href="#">Section 8.01.</a>	<a href="#">Discharge of Liability on Securities</a>
<a href="#">Section 8.02.</a>	<a href="#">Repayment to the Company.</a>

## [ARTICLE 9](#)

### [AMENDMENTS](#)

<a href="#">Section 9.01.</a>	<a href="#">Without Consent of Holders</a>
<a href="#">Section 9.02.</a>	<a href="#">With Consent of Holders</a>
<a href="#">Section 9.03.</a>	<a href="#">Compliance with Trust Indenture Act</a>
<a href="#">Section 9.04.</a>	<a href="#">Revocation and Effect of Consents</a>
<a href="#">Section 9.05.</a>	<a href="#">Notation on or Exchange of Securities</a>
<a href="#">Section 9.06.</a>	<a href="#">Trustee To Sign Supplemental Indentures</a>
<a href="#">Section 9.07.</a>	<a href="#">Effect of Supplemental Indentures</a>

iii

---

## [ARTICLE 10](#)

CONVERSION OF THE SECURITIES

<a href="#">Section 10.01.</a>	<a href="#">Conversion Privilege</a>
<a href="#">Section 10.02.</a>	<a href="#">Conversion Procedure</a>
<a href="#">Section 10.03.</a>	<a href="#">Taxes on Conversion</a>
<a href="#">Section 10.04.</a>	<a href="#">Parent to Provide Stock</a>
<a href="#">Section 10.05.</a>	<a href="#">Adjustment of Conversion Price</a>
<a href="#">Section 10.06.</a>	<a href="#">No Adjustment</a>
<a href="#">Section 10.07.</a>	<a href="#">Equivalent Adjustments</a>
<a href="#">Section 10.08.</a>	<a href="#">Adjustment for Tax Purposes</a>
<a href="#">Section 10.09.</a>	<a href="#">Notice of Adjustment</a>
<a href="#">Section 10.10.</a>	<a href="#">Notice of Certain Transactions</a>
<a href="#">Section 10.11.</a>	<a href="#">Effect of Reclassification, Consolidation, Merger, Share Exchange or Sale on Conversion Privilege</a>
<a href="#">Section 10.12.</a>	<a href="#">Trustee's Disclaimer</a>
<a href="#">Section 10.13.</a>	<a href="#">Voluntary Reduction</a>
<a href="#">Section 10.14.</a>	<a href="#">Conversion Value of Securities Tendered</a>
<a href="#">Section 10.15.</a>	<a href="#">Simultaneous Adjustments</a>

ARTICLE 11

MISCELLANEOUS

<a href="#">Section 11.01.</a>	<a href="#">Trust Indenture Act Controls</a>
<a href="#">Section 11.02.</a>	<a href="#">Notices</a>
<a href="#">Section 11.03.</a>	<a href="#">Communication by Holders with Other Holders</a>
<a href="#">Section 11.04.</a>	<a href="#">Certificate and Opinion as to Conditions Precedent</a>
<a href="#">Section 11.05.</a>	<a href="#">Statements Required in Certificate or Opinion</a>
<a href="#">Section 11.06.</a>	<a href="#">Separability Clause</a>
<a href="#">Section 11.07.</a>	<a href="#">Rules by Trustee, Paying Agent, Conversion Agent and Registrar</a>
<a href="#">Section 11.08.</a>	<a href="#">Legal Holidays</a>
<a href="#">Section 11.09.</a>	<a href="#">Governing Law</a>
<a href="#">Section 11.10.</a>	<a href="#">No Recourse Against Others</a>
<a href="#">Section 11.11.</a>	<a href="#">Company Actions or Rights</a>
<a href="#">Section 11.12.</a>	<a href="#">Successors</a>
<a href="#">Section 11.13.</a>	<a href="#">Multiple Originals</a>
<a href="#">Section 11.14.</a>	<a href="#">Table of Contents and Headings</a>

iv

---

ARTICLE 12

GUARANTEE

<a href="#">Section 12.01.</a>	<a href="#">Guarantee</a>
<a href="#">Section 12.02.</a>	<a href="#">Execution and Delivery of Guarantee</a>
<a href="#">Section 12.03.</a>	<a href="#">Release of Parent</a>
<a href="#">Section 12.04.</a>	<a href="#">When Parent May Merge, Etc.</a>

Exhibits

<a href="#">Exhibit A</a>	<a href="#">= Form of Global Security</a>
<a href="#">Exhibit B</a>	<a href="#">= Transfer Certificate</a>

v

---

This AMENDED AND RESTATED INDENTURE dated as of July 28, 2005 is among Harrah's Entertainment, Inc., a Delaware corporation (the "**Parent**"), Harrah's Operating Company, Inc., a Delaware corporation and the direct, wholly-owned subsidiary of the Parent (the "**Company**"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America (the "**Trustee**").

W I T N E S S E T H

WHEREAS, reference is made to that certain Indenture, dated as of November 4, 2004, between the Company, as successor to Caesars Entertainment, Inc., a Delaware corporation ("**Caesars**"), and the Trustee, as amended and supplemented by that certain First Supplemental Indenture, dated as of November 4, 2004, and as further amended and supplemented by that certain Second Supplemental Indenture, dated as of June 13, 2005 (as so amended and supplemented, the "**Original Indenture**," and as further amended and restated hereby, the "**Indenture**"), with respect to the Company's Floating Rate Contingent Convertible Senior Notes due 2024 (the "**Securities**");

WHEREAS, in accordance with Section 9.02 of the Original Indenture, the Company and the Trustee may amend the Original Indenture with the written consent of holders of at least a majority in principal amount of the Securities outstanding;

WHEREAS, the Parent and the Company desire to amend and restate the Original Indenture in accordance with Section 9.02 of the Original Indenture and have solicited consents from the holders of the Securities to certain amendments to the Original Indenture pursuant to a Consent Solicitation Statement dated July 8, 2005;

WHEREAS, the holders of at least a majority in principal amount of the Securities outstanding have consented to the amendments to the Original Indenture contained herein;

WHEREAS, the Parent has agreed to fully and unconditionally guarantee the Company's obligations under this Indenture and the Securities, which guarantee is provided in this Indenture, as permitted pursuant to Section 9.01 of the Original Indenture; and

WHEREAS, the execution and delivery of this Indenture has been duly authorized by the parties hereto, and all other acts necessary to make this Indenture a valid and binding Indenture effectively amending and restating the Original Indenture as set forth herein have been duly taken.

NOW, THEREFORE, each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders (as defined below) of the Company's Securities:

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## ARTICLE 1

### DEFINITIONS AND INCORPORATION BY REFERENCE

#### Section 1.01. *Definitions.*

“**Affiliate**” has the meaning provided in Rule 405 under the Securities Act, as in effect on the date hereof.

“**Agent**” means any Registrar, Paying Agent, Conversion Agent or co-registrar.

“**Applicable Procedures**” means, with respect to any transfer or transaction involving a Global Security or beneficial interests therein, the rules and procedures of the Depository for such Global Security, in each case to the extent applicable to such transaction and as in effect from time to time.

“**Bankruptcy Law**” means Title 11, U.S. Code or any similar federal, state, or foreign law for the relief of debtors.

“**Beneficial Owner**” shall be determined in accordance with Rule 13d-3 and Rule 13d-5 promulgated by the SEC under the Exchange Act or any successor provision, except that: (i) a person shall be deemed to have “Beneficial Ownership” of all shares of Common Stock that the Person has the right to acquire, whether exercisable immediately or only after the passage of time and (ii) any percentage of “Beneficial Ownership” shall be determined using the definition in clause (i) in both the numerator and the denominator.

“**Board of Directors**” means either the board of directors of the Company or any duly authorized committee of such board of directors authorized to act for it with respect to this Indenture.

“**Board Resolution**” means a copy of one or more resolutions, certified by an Officer of the Company to have been duly adopted or consented to by the Board of Directors and to be in full force and effect, and delivered to the Trustee.

“**Business Day**” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York.

“**Capital Stock**” means:

- (a) in the case of a corporation, corporate stock;
- (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

2

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(c) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, distributions of assets of, the issuing Person.

“**Change in Control**” means the occurrence of one or more of the following events:

(a) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the properties and assets of the Company or the Parent, to any Person or group of related Persons, as defined in Section 13(d) of the Exchange Act (a “Group”);

(b) the approval by the holders of the Capital Stock of the Company or the Parent of any plan or proposal for the liquidation or dissolution of the Company or the Parent, as applicable, whether or not otherwise in compliance with this Indenture;

(c) any Person or Group, other than the Parent, any Subsidiary of the Parent or any employee benefit plan of the Parent or any such Subsidiary, becomes the Beneficial Owner, directly or indirectly, of shares of Capital Stock of the Company or the Parent entitling such Person or Group to exercise in excess of 50% of the aggregate ordinary voting power of all shares of Voting Stock of the Company or the Parent;

- (d) the first day on which a majority of the members of the Board of Directors are not Continuing Directors; or
- (e) the first day on which a majority of the members of the Parent Board of Directors are not Parent Continuing Directors.

“**Common Stock**” shall mean shares of the Parent’s Common Stock, \$0.01 par value per share, as they exist at the Effective Time, or any other shares of Capital Stock of the Parent into which the Common Stock shall be reclassified or changed.

“**Common Stock Price**” on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date for the Common Stock as reported in composite transactions on the principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by The NASDAQ System.

“**Company**” means the party named as the “Company” in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent successor or successors.

3

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“**Company Order**” means a written request or order signed in the name of the Company by any two Officers.

“**Consolidated Net Tangible Assets**” means the total amount of assets (including investments in joint ventures) of the Company and its Subsidiaries (less applicable depreciation, amortization and other valuation reserves) after deducting therefrom (a) all current liabilities of the Company and its Subsidiaries (excluding (i) the current portion of long-term indebtedness, (ii) intercompany liabilities and (iii) any liabilities which are by their terms renewable or extendible at the option of the obligor thereon to a time more than 12 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 any other like intangibles, all as set forth on the most recent consolidated balance sheet of the Company and computed in accordance with generally accepted accounting principles.

“**Continuing Directors**” means, as of any date of determination, any member of the Board of Directors who (a) was a member of the Board of Directors as of the date hereof or (b) was nominated for election or elected to the Board of Directors with the approval of a majority of the Continuing Directors who were members of the Board of Directors at the time of such nomination or election.

“**Conversion Price**” means, as of the Effective Time, \$68.65 share of Common Stock, subject to the adjustments described in 10.05 hereof.

“**Conversion Rate**” means the number of shares of Common Stock equal to \$1,000 divided by the Conversion Price, which shall be approximately 14.57 as of the date of the Effective Time.

“**Corporate Trust Office**” means the office of the Trustee at which at any time the trust created by this Indenture shall be administered, which office at the date hereof is located at U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103, Attention: Corporate Trust Administration, or such other address as the Trustee may designate from time to time by notice to the Holders and the Company, or the principal corporate trust office of any successor Trustee (or such other address as a successor Trustee may designate from time to time by notice to the Holders and the Company).

“**Default**” means any event which is, or after notice or passage of time or both would be, an Event of Default.

“**Effective Time**” means the time at which the Merger became effective in accordance with the Delaware General Corporation Law.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as in effect from time to time.

“**GAAP**” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified

4

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Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States, which are in effect from time to time.

“**Holder**” means a Person in whose name a Security is registered on the Registrar’s books.

“**Indenture**” means this Amended and Restated Indenture, as amended or supplemented from time to time in accordance with the terms hereof, including the provisions of the TIA that are deemed to be a part hereof.

“**Initial Purchasers**” shall mean Deutsche Bank Securities Inc., J.P. Morgan Securities Inc., Banc of America Securities LLC, Citigroup Global Markets Inc., SG Cowen Securities Corporation, Wells Fargo Securities, LLC, Scotia Capital (USA) Inc., Commerzbank Capital Markets Corporation and The Royal Bank of Scotland plc.

“**Liquidated Damages**” has the meaning set forth in the Registration Rights Agreement dated as of April 7, 2004 between the Company and the Initial Purchaser.

“**Market Price**” means the average of the Common Stock Prices for 20 consecutive Trading Days commencing 30 Trading Days before the record date with respect to any distribution, issuance or other event requiring such computation, appropriately adjusted (as determined in good faith by the

Board of Directors, whose determination shall be conclusive) to take into account the occurrence, during the period commencing on the first of such 20 consecutive Trading Days and ending on such record date, of any event requiring adjustment of the Conversion Price under this Indenture.

“**Merger**” means the merger of Caesars Entertainment, Inc., with and into Harrah’s Operating Company, Inc., with Harrah’s Operating Company, Inc. being the surviving corporation, pursuant to that certain merger agreement, dated as of July 14, 2004, among Caesars Entertainment, Inc., Harrah’s Operating Company, Inc. and Harrah’s Entertainment, Inc.

“**Non-recourse Debt**” means debt the terms of which provide that the lender’s claim for repayment of such debt is limited solely to a claim against the property which secures the debt.

“**Obligations**” means all obligations for principal, premium, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation under which any indebtedness is created, evidenced or secured, including in the case of the Securities and Liquidated Damages, if any.

“**Offering Memorandum**” means the offering memorandum of the Company dated March 30, 2004 relating to the offering of the Securities.

“**Officer**” means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, any Vice President (whether or not such title is preceded

5

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by any modifier such as “Executive, “Senior” or the like), the Chief Financial Officer, the Treasurer, the Controller or the Secretary of such Person or any other officer designated by the board of directors of such Person serving in a similar capacity; *provided* that (i) the designation of any such Officer of the Company by the Board of Directors shall be evidenced in a Board Resolution and (ii) the designation of any such Officer of the Parent shall be evidenced in a Parent Board Resolution.

“**Officers’ Certificate**” means, for any entity, a written certificate containing the information specified in Sections 11.04 and 11.05, with respect to such entity, signed in the name of such entity by any two Officers, and delivered to the Trustee. An Officers’ Certificate given pursuant to Section 4.03 shall be signed by the principal executive officer, principal financial officer or the principal accounting officer of such entity but need not contain the information specified in Sections 11.04 and 11.05.

“**Opinion of Counsel**” means a written opinion containing the information specified in Sections 11.04 and 11.05, from legal counsel who is acceptable to the Trustee in its reasonable discretion. The counsel may be an employee of, or counsel to, the Company, the Parent or the Trustee.

“**Parent**” means the party named as the “Parent” in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent successor or successors.

“**Parent’s Board of Directors**” means either the board of directors of the Parent or any duly authorized committee of such board of directors authorized to act for it with respect to this Indenture.

“**Parent Board Resolution**” means a copy of one or more resolutions, certified by an Officer of the Parent to have been duly adopted or consented to by the Parent Board of Directors and to be in full force and effect, and delivered to the Trustee.

“**Parent Continuing Directors**” means, as of any date of determination, any member of the Parent Board of Directors who (a) was a member of the Parent Board of Directors as of the Effective Date or (b) was nominated for election or elected to the Parent Board of Directors with the approval of a majority of the Parent Continuing Directors who were members of the Parent Board of Directors at the time of such nomination or election.

“**Parent Order**” means a written request or order signed in the name of the Parent by any two Officers.

“**Person**” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or other entity.

6

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“**Principal Property**” means any real estate or other physical facility or depreciable asset, the net book value of which on the date of determination exceeds the greater of \$25 million or 2% of Consolidated Net Tangible Assets of the Company.

“**Redemption Date**” shall mean a date specified for redemption of the Securities in accordance with the terms of this Indenture.

“**Responsible Officer**” shall mean, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“**Rule 144A**” means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

“**SEC**” means the Securities and Exchange Commission.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, as in effect from time to time.

“**Security**” or “**Securities**” means any of the Company’s Floating Rate Convertible Senior Notes Due 2024 issued under this Indenture.

“**Significant Subsidiary**” means any Subsidiary of the Company that is a “significant subsidiary” as defined in Rule 1.02(v) of Regulation S-X under the Securities Act and organized and existing under the laws of the United States of America and the principal business of which is carried on within the United States of America, which either (i) owns, or is a lessee pursuant to a capital lease of, any Principal Property or (ii) is a Subsidiary in which the investment of the Company and all of its Subsidiaries exceeds 5% of Consolidated Net Tangible Assets as of the date of determination; *provided, however,* that the term “Significant Subsidiary” shall not include any Subsidiary whose business primarily consists of finance, banking, credit, leasing, insurance, financial services or other similar operations, or any combination thereof, or any Subsidiary formed or acquired after the date hereof for the purpose of developing new assets or acquiring the business or assets of another Person and which does not acquire any part of the business or assets of the Company or any Subsidiary described in clauses (i) or (ii) above.

“**Stated Maturity**,” when used with respect to any Security, means the date specified in such Security as the fixed date on which an amount equal to the principal amount of such Security is due and payable.

“**Subsidiary**” means, with respect to any specified Person:

7

(a) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(b) any partnership (i) the sole general partner or the managing general partner of which is such Person or a subsidiary of such Person or (ii) the only general partners of which are that Person or one or more of the other Subsidiaries of that person (or any combination thereof).

“**TIA**” means the Trust Indenture Act of 1939 as in effect on the date of this Indenture, *provided* that in the event the TIA is amended after such date, TIA means, to the extent required by any such amendment, the TIA as so amended.

“**Trading Day**” means any regular or abbreviated trading day of The New York Stock Exchange.

“**Trading Price of the Securities**” on any date of determination means the average of the secondary market bid quotations per \$1,000 in principal amount of Securities obtained by the Trustee for \$5,000,000 in principal amount of the Securities at approximately 3:30 p.m., New York City time, on such calculation date from three independent nationally recognized securities dealers the Company selects; *provided* that if at least three such bids cannot reasonably be obtained by the Trustee, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the Trustee, this one bid shall be used. If the Trustee cannot reasonably obtain at least one bid for \$5,000,000 in principal amount of Securities from a nationally recognized securities dealer or, in the Company’s reasonable judgment, the bid quotations are not indicative of the secondary market value of the Securities, then the Trading Price of the Securities will be determined in good faith by a member firm of the New York Stock Exchange selected by the Company.

“**Transfer Restricted Securities Legend**” means the legend labeled as such and that is set forth in Exhibit A hereto.

“**Trustee**” means the party named as the “**Trustee**” in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

“**Voting Stock**” of a Person means Capital Stock of such Person of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances (determined without regard to any classification of directors) to elect at least a majority of the board of directors, managers or trustees of such Person (irrespective of whether or not at the time Capital Stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

8

Section 1.02. *Other Definitions.*

<b>Term</b>	<b>Defined in Section</b>
Acceleration Notice	6.02 (a)
Act	1.05 (a)
Agent Members	2.12 (e)
Authenticating Agent	2.02
Change in Control Repurchase Date	3.09 (a)
Change in Control Repurchase Notice	3.09 (c)
Change in Control Repurchase Price	3.09 (a)
Company Change in Control Repurchase Notice	3.09 (b)
Company Repurchase Notice	3.08 (b)
Consolidated Net Tangible Assets	6.01
Conversion Agent	2.03
Conversion Date	10.02 (a)
Conversion Value	10.14 (a)

Depository	2.01 (b)
Determination Date	10.14 (b)
DTC	2.01 (b)
Event of Default	6.01
Ex-Dividend Date	10.01 (c)
Expiration Time	10.05 (d)
Global Security	2.01 (b)
Guarantee	12.01 (a)
Legal Holiday	11.08
Net Share Amount	10.14 (b)
Net Shares	10.14 (b)
Non-recourse Debt	6.01
Paying Agent	2.03
Pre-Dividend Sale Price	10.05 (e)
Principal Return	10.14 (b)
Principal Value Conversion	10.01 (a)
Purchased Shares	10.05 (d)
QIB	2.06 (e)
Quarter	10.01 (a)
Redemption Price	3.01 (a)
Registrar	2.03
Repurchase Date	3.08 (a)
Repurchase Notice	3.08 (a)
Repurchase Price	3.08 (a)
Rule 144A Information	4.06
Stockholder Rights Plan	10.05 (f)

Term	Defined in Section
Ten Day Average Closing Stock Price	10.14 (a)
Transaction Conversion Period	10.01 (a)
Transfer Restricted Securities	2.06 (e)

Section 1.03. *Incorporation by Reference of Trust Indenture Act.* Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. The following TIA terms incorporated by reference in this Indenture have the following meanings:

“**Commission**” means the SEC.

“**Indenture Securities**” means the Securities.

“**Indenture Security Holder**” means a Holder.

“**Indenture to be Qualified**” means this Indenture.

“**Indenture Trustee**” or “**Institutional Trustee**” means the Trustee.

“**Obligor**” on the indenture securities means the Company.

All other TIA terms incorporated by reference in this Indenture that are defined by the TIA, defined by a TIA reference to another statute or defined by an SEC rule have the meanings assigned to them by such definitions.

Section 1.04. *Rules of Construction.* Unless the context otherwise requires:

- (a) a term has the meaning assigned to it;
- (b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (c) “or” is not exclusive;
- (d) “including” means including, without limitation; and
- (e) words in the singular include the plural, and words in the plural include the singular.

Section 1.05. *Acts of Holders.*

(a) Whenever in this Indenture it is provided that the Holders of a specified percentage in aggregate principal amount of the Securities may take action (including the making

of any demand or request, the giving of any direction, notice, consent or waiver or the taking of any other action) the fact that at the time of taking any such action the Holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by Holders in person or by agent or proxy appointed in writing, (b) by the record of the Holders voting in favor thereof at any meeting of Holders duly called and held in accordance with procedures approved by the Trustee, (c) by a combination of such instrument or instruments and any such record of such a meeting of Holders or (d) in the case of Securities evidenced by a Global Security, by any electronic transmission or other message, whether or not in written format, that complies with the Applicable Procedures. Such evidence (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the “Act” of the relevant Holders. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to such officer the execution thereof. Where such execution is by a signer acting in a capacity other than such signer’s individual capacity, such certificate or affidavit shall also constitute sufficient proof of such signer’s authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The ownership of Securities shall be proved by the register maintained by the Registrar.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee, the Company or the Parent in reliance thereon, whether or not notation of such action is made upon such Security.

(e) If the Company shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by or pursuant to a Board Resolution, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the outstanding Securities shall be computed as of such record date; *provided* that no such authorization,

11

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agreement or consent by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than six months after the record date.

## ARTICLE 2

### THE SECURITIES

#### Section 2.01. *Form and Dating.*

(a) *Forms.* The Securities and the Trustee’s certificate of authentication shall be substantially in the forms set forth on Exhibit A, which are a part of this Indenture and incorporated by reference herein. The Securities may have notations, legends or endorsements required by law, stock exchange rule or usage; *provided* that any such notation, legend or endorsement required by usage is in a form acceptable to the Company. The Company shall provide any such notations, legends or endorsements to the Trustee in writing. Each Security shall be dated the date of its authentication.

(b) *Global Securities.* Unless otherwise required by law or otherwise contemplated by Section 2.12(a), all of the Securities will be represented by one or more Securities in global form (a “**Global Security**”), which shall be deposited with the Trustee at its Corporate Trust Office, as custodian for the Depository and registered in the name of The Depository Trust Company (“**DTC**”) or the nominee thereof (such depository, or any successor thereto, and any such nominee being hereinafter referred to as the “**Depository**”), duly executed by the Company and authenticated by the Trustee as hereinafter provided.

Each Global Security shall represent such of the outstanding Securities as shall be specified therein and each shall provide that it shall represent the aggregate amount of outstanding Securities from time to time endorsed thereon and that the aggregate amount of outstanding Securities represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges, redemptions and conversions.

Any adjustment of the aggregate principal amount of a Global Security to reflect the amount of any increase or decrease in the amount of outstanding Securities represented thereby shall be made by the Trustee as required by Section 2.12 hereof and shall be made on the records of the Trustee and the Depository.

Section 2.02. *Execution and Authentication.* The Securities shall be executed on behalf of the Company by the manual or facsimile signature of any Officer.

Securities bearing the manual or facsimile signatures of individuals who were at the time of the execution of the Securities the proper Officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of authentication of such Securities.

12

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No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized signatory, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder.

The Trustee may appoint an authenticating agent (the “**Authenticating Agent**”) reasonably acceptable to the Company to authenticate Securities. Unless otherwise provided in the appointment, the Authenticating Agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by the Authenticating Agent. The Authenticating Agent has the same rights as an Agent to deal with the Company or with any Affiliate of the Company.

The Trustee has authenticated and delivered Securities for original issue in an aggregate principal amount of \$375,000,000. The aggregate principal amount of Securities outstanding at any time may not exceed the amount set forth in the foregoing sentence, except as provided in Section 2.07.

The Securities shall be issued only in registered form without coupons and only in denominations of \$1,000 of principal amount and any integral multiple thereof.

Section 2.03. *Registrar, Paying Agent and Conversion Agent.* The Company shall maintain an office or agency with the Trustee where Securities may be presented for registration of transfer or for exchange (the “**Registrar**”), an office or agency where Securities may be presented for repurchase or payment (the “**Paying Agent**”) and an office or agency where Securities may be presented for conversion (the “**Conversion Agent**”). The Registrar shall keep a register of the Securities and of their transfer and exchange. The Company, upon prior written notice to the Trustee, may have one or more co-registrars, one or more additional paying agents reasonably acceptable to the Trustee and one or more additional conversion agents. The term “Paying Agent” includes any additional paying agent, including any named pursuant to Section 4.05. The term “Conversion Agent” includes any additional conversion agent, including any named pursuant to Section 4.05.

The Company and the Parent, as applicable, shall enter into an appropriate agency agreement with any Registrar, Paying Agent, Conversion Agent or co-registrar (if other than the Trustee). Such agreement shall implement the provisions of this Indenture that relate to such Agent. The Company or the Parent shall notify the Trustee, in advance, of the name and address of any such Agent. If the Company and the Parent fail to maintain a Registrar, Paying Agent or Conversion Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.07. The Company, the Parent or any of the Subsidiaries or Affiliates of the Parent or any of its Subsidiaries may act as Paying Agent, Registrar, Conversion Agent or co-registrar.

The Company initially appoints the Trustee as Registrar, Conversion Agent and Paying Agent in connection with the Securities.

13

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Section 2.04. *Paying Agent To Hold Money in Trust.* Except as otherwise provided herein, not later than 11:00 a.m. (New York City time) on each due date of payments in respect of any Security, the Company shall deposit with the Paying Agent a sum of money sufficient to make such payments becoming due. The Company shall require each Paying Agent (other than the Trustee) to agree in writing that such Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by such Paying Agent for the making of payments in respect of the Securities and shall notify the Trustee of any default by the Company in making any such payment. At any time during the continuance of any such default, such Paying Agent shall, upon the written request of the Trustee, forthwith pay to the Trustee all moneys held in trust. If the Company, a Subsidiary of the Company or an Affiliate of the Company or any of its Subsidiaries acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Company at any time may require each Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by it. Upon doing so, such Paying Agent shall have no further liability for such money or shares of Common Stock, as the case may be.

Section 2.05. *Holder Lists.* The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Company shall cause to be furnished to the Trustee on each January 15, April 15, July 15 and October 15 and at such other times as the Trustee may request in writing a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders, which list may be conclusively relied upon by the Trustee and dated not more than 15 days prior to the time such information is furnished; *provided* that the list of Holders provided on January 15, April 15, July 15 and October 15 shall contain the list of Holders as of the immediately preceding January 1, April 1, July 1 and October 1, respectively.

Section 2.06. *Transfer and Exchange.*

(a) Subject to Section 2.12 hereof, upon surrender for registration of transfer of any Securities to the Registrar, together with a written instrument of transfer satisfactory to the Registrar, substantially in the form affixed to the form of Security attached as Exhibit A hereto, duly executed by the Holder thereof or such Holder’s attorney duly authorized in writing, at the office or agency of the Registrar or co-registrar, the Company shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of any authorized denomination or denominations of a like aggregate principal amount.

At the option of the Holder thereof, Securities may be exchanged for other Securities of any authorized denomination or denominations, of a like aggregate principal amount, upon surrender of the Securities to be exchanged, together with a written instrument of transfer satisfactory to the Registrar duly executed by such Holder or such Holder’s attorney duly authorized in writing, at the office or agency of the Registrar or co-registrar. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities that the Holder making the exchange is entitled to receive.

14

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The Company shall not charge a service charge for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges that may be imposed in connection with the transfer or exchange of the Securities from the Holder requesting such transfer or exchange.

The Company shall not be required to make, and the Registrar need not register, transfers or exchanges of Securities selected for redemption (except, in the case of Securities to be redeemed in part, the portion thereof not to be redeemed) or any Securities in respect of which a Repurchase Notice or Change in Control Repurchase Notice has been given and not withdrawn by the Holder thereof in accordance with the terms of this Indenture (except, in the case of Securities to be repurchased in part, the portion thereof not to be repurchased) or any Securities for a period of 15 days before the mailing of a notice of redemption to each Holder of Securities to be redeemed, as provided in Section 3.03.

(b) Successive registrations and registrations of transfers and exchanges as aforesaid may be made from time to time as desired, and each such registration shall be noted on the register for the Securities.

(c) The Registrar shall provide to the Trustee such information as the Trustee may reasonably require in connection with the delivery by the Registrar of Securities upon transfer or exchange of Securities.

(d) The Registrar shall not be required to make registrations of transfer or exchange of Securities during any periods designated in the Securities or in this Indenture as periods during which such registration of transfers and exchanges need not be made.

(e) Notwithstanding any other provision of this Indenture or the Securities, until the expiration of the applicable holding period set forth in Rule 144(k) of the Securities Act (or any successor provision), the Securities may not be transferred or exchanged in whole or in part other than (i) to a person whom the seller reasonably believes is a qualified institutional buyer, as such term is defined in Rule 144A (a “QIB”), in reliance on Rule 144A, (ii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (iii) pursuant to an effective registration statement under the Securities Act or (iv) to the Company or any of its Subsidiaries, in each of cases (i) through (iv) in accordance with any applicable securities laws of any state of the United States. Whenever any Security is presented or surrendered for registration of transfer or exchange for a Security registered in a name other than that of the Holder thereof, such Security must be accompanied by a certificate in substantially the form set forth in Exhibit B, dated the date of such surrender and signed by the Holder of such Security, as to compliance with such restrictions on transfer. The Registrar shall not be required to accept for such registration of transfer or exchange any Security not so accompanied by a properly completed certificate.

Any certificate evidencing a Security (and all securities issued in exchange therefore or substitution thereof) shall bear the Transfer Restricted Securities Legend, unless (1) such Security has been sold pursuant to a registration statement that has been declared effective under the Securities Act (and which continues to be effective at the time of such transfer) or pursuant to

15

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Rule 144 under the Securities Act or any similar provision then in force, (2) such Security is eligible for resale pursuant to Rule 144(k) under the Securities Act (or any successor provision) or (3) otherwise agreed by the Company in writing, with written notice thereof to the Trustee.

Every Security that bears or is required under this Section 2.06(e) to bear the Transfer Restricted Securities Legend (the “**Transfer Restricted Securities**”) shall be subject to the restrictions on transfer set forth in this Section 2.06(e) (including those set forth in the Transfer Restricted Securities Legend) unless such restrictions on transfer shall be waived by written consent of the Company, and the Holder of each such Transfer Restricted Security, by such Security Holder’s acceptance thereof, agrees to be bound by all such restrictions on transfer. As used in this Section 2.06(e), the term “**transfer**” encompasses any sale, pledge, loan, transfer or other disposition whatsoever of any Transfer Restricted Security or any interest therein.

Any Security (or Security issued in exchange or substitution therefor) as to which such restrictions on transfer shall have expired in accordance with their terms or as to conditions for removal of the Transfer Restricted Securities Legend have been satisfied may, upon surrender of such Security for exchange to the Registrar in accordance with the provisions of this Section 2.06, be exchanged for a new Security or Securities, of like tenor and aggregate principal amount, which shall not bear the Transfer Restricted Securities Legend. If the Transfer Restricted Security surrendered for exchange is represented by a Global Security bearing a Transfer Restricted Securities Legend, the principal amount of the Global Security so legended shall be reduced by the appropriate principal amount and the principal amount of a Global Security without the Transfer Restricted Securities Legend shall be increased by an equal principal amount. If a Global Security without the Transfer Restricted Securities Legend is not then outstanding, the Company shall execute and the Trustee shall authenticate and deliver a Global Security without the Transfer Restricted Securities Legend to the Depository.

Section 2.07. *Replacement Securities.* If any mutilated Security is surrendered to the Trustee, or the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security, and there is delivered to the Company and the Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a protected purchaser (within the meaning of Section 8-303 of the Uniform Commercial Code as adopted in the State of New York), the Company shall execute, and upon the Company’s written request the Trustee shall authenticate and deliver, in exchange for any such mutilated Security or in lieu of any such destroyed, lost or stolen Security, a new Security of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, or is about to be redeemed or repurchased by the Company pursuant to Article 3 hereof, the Company in its discretion may, instead of issuing a new Security, pay, redeem or repurchase such Security, as the case may be.

Upon the issuance of any new Securities under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may

16

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be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 2.08. *Outstanding Securities; Determinations of Holders' Action.* Securities outstanding at any time are all the Securities authenticated by the Trustee, except for those cancelled by it, those delivered to it for cancellation pursuant to Section 2.10 and those described in this Section 2.08 as not outstanding. A Security does not cease to be outstanding because the Parent or any Affiliate of the Parent holds the Security; *provided* that in determining whether the Holders of the requisite principal amount of Securities have given or concurred in any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the Company, the Parent or any other obligor upon the Securities or any Affiliate of the Parent or such other obligor shall be disregarded and deemed not to be outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded; and *provided further* that Securities that the Parent or an Affiliate of the Parent offers to purchase or acquires pursuant to an offer, exchange offer, tender offer or otherwise shall not be deemed to be owned by the Parent or such Affiliate of the Parent until legal title to such Securities passes to the Parent or such Affiliate, as the case may be. Subject to the foregoing, only Securities outstanding at the time of such determination shall be considered in any such determination (including, without limitation, determinations pursuant to Articles 6 and 9).

If a Security is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a protected purchaser.

If the Paying Agent holds, in accordance with this Indenture, prior to 11:00 a.m., New York City Time, on a Redemption Date, or on the Business Day following a Repurchase Date or a Change in Control Repurchase Date, or on Stated Maturity, money sufficient to pay amounts owed with respect to Securities payable on that date, then immediately after such Redemption Date, Repurchase Date, Change in Control Repurchase Date or Stated Maturity, as the case may be, such Securities shall cease to be outstanding and interest (including Liquidated Damages, if any) on such Securities shall cease to accrue; *provided* that if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made.

17

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If a Security is converted in accordance with Article 10, then from and after the time of conversion on the Conversion Date, such Security shall cease to be outstanding and interest shall cease to accrue on such Security.

Section 2.09. *Temporary Securities.* Pending the preparation of definitive Securities, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued, and with such appropriate insertions, omissions, substitutions and other variations as the Officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities.

If temporary Securities are issued, the Company will cause definitive Securities to be prepared without unreasonable delay. After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities upon surrender of the temporary Securities at the office or agency of the Company designated for such purpose pursuant to Section 2.03, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Securities of authorized denominations. Until so exchanged, the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities.

Section 2.10. *Cancellation.* All Securities surrendered for payment, redemption, repurchase, conversion, exchange or registration of transfer shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it, or, if surrendered to the Trustee, shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder that the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly cancelled by the Trustee. The Company may not issue new Securities to replace Securities it has paid or delivered to the Trustee for cancellation or that any Holder has converted pursuant to Article 10. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be disposed of by the Trustee in accordance with the Trustee's customary procedures.

Section 2.11. *Persons Deemed Owners.* Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of the principal amount of the Security or the payment of any Redemption Price, Repurchase Price or Change in Control Repurchase Price in respect thereof, and accrued but unpaid interest (including Liquidated Damages, if any) thereon, for the purpose of conversion and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

18

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Section 2.12. *Global Securities.*

(a) Notwithstanding any other provisions of this Indenture or the Securities, a Global Security shall not be exchanged in whole or in part for a Security registered in the name of any Person other than the Depository, any successor Depository or one or more nominees thereof; *provided* that a Global Security may be exchanged for Securities registered in the name of any Person designated by the Depository if (1) the Depository has notified the Company that it is unwilling or unable to continue as Depository for such Global Security or such Depository has ceased to be a "clearing agency" registered under the Exchange Act, and a successor Depository is not appointed by the Company within 90 days, (2) the Company has provided the Depository with written notice that it has decided to discontinue use of the system of book-entry transfer through the Depository or any successor Depository or (3) an Event of Default has occurred and is continuing with respect to the Securities, and the Depository notifies the Trustee that it elects to cause the issuance of Securities in definitive form. Any Global Security exchanged pursuant to clause (1) or (2) above shall be so exchanged in whole and not in part, and any Global Security exchanged pursuant to clause (3) above may be exchanged in whole or from time to time in part as directed by the Depository. Any Security issued

in exchange for a Global Security or any portion thereof shall be a Global Security; *provided* that any such Security so issued that is registered in the name of a Person other than the Depository or a nominee thereof shall not be a Global Security.

(b) Securities issued in exchange for a Global Security or any portion thereof shall be issued in definitive, fully registered form, without interest coupons, shall have an aggregate principal amount equal to that of such Global Security or portion thereof to be so exchanged, shall be registered in such names and be in such authorized denominations as the Depository shall designate and shall bear the applicable legends provided for herein. Any Global Security to be exchanged in whole shall be surrendered by the Depository to the Trustee, as Registrar. With regard to any Global Security to be exchanged in part, either such Global Security shall be so surrendered for exchange or, if the Trustee is acting as custodian for the Depository or its nominee with respect to such Global Security, the principal amount thereof shall be reduced by an amount equal to the portion thereof to be so exchanged, by means of an appropriate adjustment made on the records of the Trustee. Upon any such surrender or adjustment, the Trustee shall authenticate and deliver the Security issuable on such exchange to or upon the order of the Depository or an authorized representative thereof.

(c) Subject to the provisions of Section 2.12(e), the registered Holder may grant proxies and otherwise authorize any Person, including Agent Members (as defined below) and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Securities.

(d) If any of the events specified in Section 2.12(a) occurs, the Company will promptly make available to the Trustee a reasonable supply of Securities in definitive form.

(e) Neither any members of, or participants in, the Depository (collectively, the “**Agent Members**”) nor any other Persons on whose behalf Agent Members may act shall

19

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have any rights under this Indenture with respect to any Global Security registered in the name of the Depository or any nominee thereof, or under any such Global Security, and the Depository or such nominee, as the case may be, may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner and holder of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or such nominee, as the case may be, or impair, as between the Depository, its Agent Members and any other Person on whose behalf an Agent Member may act, the operation of customary practices of such Persons governing the exercise of the rights of a holder of any Security.

(f) With respect to any Global Security, the Company, the Registrar and the Trustee shall be entitled to treat the Person in whose name such Global Security is registered as the absolute owner of such Security for all purposes of this Indenture, and neither the Company, the Registrar nor the Trustee shall have any responsibility or obligation to any Agent Members or other beneficial owners of the Securities represented by such Global Security. Without limiting the immediately preceding sentence, neither the Company, the Registrar nor the Trustee shall have any responsibility or obligation with respect to (1) the accuracy of the records of the Depository or any other Person with respect to any ownership interest in any Global Security, (2) the delivery to any Person, other than a Holder, of any notice with respect to the Securities represented by a Global Security, including any notice of redemption or repurchase, (3) the selection of the particular Securities or portions thereof to be redeemed or repurchased in the event of a partial redemption or repurchase of part of the Securities outstanding or (4) the payment to any Person, other than a Holder, of any amount with respect to the principal of or Redemption Price, Repurchase Price, Change in Control Repurchase Price or accrued but unpaid interest (including Liquidated Damages, if any) with respect to any Global Security.

Section 2.13. *CUSIP Numbers.* The Company may issue the Securities with one or more CUSIP numbers (if then generally in use), and, if the Company so elects, the Trustee shall use CUSIP numbers in notices of redemption as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee in writing of any change in the CUSIP numbers.

Section 2.14. *Designation.* The indebtedness evidenced by the Securities is hereby irrevocably designated as “senior indebtedness” or such other term denoting seniority for the purposes of any other existing or future indebtedness of the Company which the Company makes subordinate in right of payment to any senior (or such other term denoting seniority) indebtedness of the Company.

20

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### ARTICLE 3

#### REDEMPTION AND REPURCHASES

##### Section 3.01. *Right To Redeem; Notices to Trustee.*

(a) *Optional Redemption.* On or after April 20, 2009, the Company, at its option, may redeem the Securities in whole at any time or in part from time to time, in any integral multiple of \$1,000, for cash at a price equal to 100% of the principal amount of the Securities to be redeemed (the “**Redemption Price**”), together with accrued but unpaid interest (including Liquidated Damages, if any) thereon, up to but not including the Redemption Date; *provided* that if the Redemption Date is between the close of business on an interest record date and the opening of business on the related interest payment date, accrued but unpaid interest (including Liquidated Damages, if any) will be payable to the Holders in whose names the Securities are registered at the close of business on the relevant interest record date.

(b) *Notice to Trustee.* If the Company elects to redeem Securities pursuant to this Section 3.01, it shall notify the Trustee in writing of the Redemption Date, the principal amount of Securities to be redeemed and the Redemption Price. The Company shall give the notice to the Trustee provided for in this Section 3.01(b) by a Company Order at least ten days before the date notice of redemption is to be given to Holders pursuant to Section 3.03 (unless a shorter notice shall be satisfactory to the Trustee).

Section 3.02. *Selection of Securities To Be Redeemed.* If less than all the Securities are to be redeemed, subject to the Applicable Procedures in the case of Global Securities to be so redeemed, the Trustee shall select the Securities to be redeemed by any method that the Trustee deems fair and appropriate. In the event of a partial redemption, the Trustee may select for redemption portions of the principal amount of Securities in principal amounts of \$1,000 and integral multiples thereof.

Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption. The Trustee shall notify the Company promptly of the Securities or portions of Securities to be redeemed.

If any Security selected for partial redemption is converted in part before termination of the conversion right with respect to the portion of the Security so selected, the converted portion of such Security shall be deemed (so far as possible) to be the portion selected for redemption. Securities that have been converted during a selection of Securities to be redeemed may be treated by the Trustee as outstanding for the purpose of such selection.

Section 3.03. *Notice of Redemption.* At least 30 days but not more than 60 days before any Redemption Date, the Company shall mail a notice of redemption by first-class mail, postage prepaid, to each Holder of Securities to be redeemed at such Holder's registered address.

21

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The notice of redemption shall identify the Securities to be redeemed and shall state:

- (a) the Redemption Date;
- (b) the Redemption Price and, to the extent known at the time of such notice the amount of accrued but unpaid interest (including Liquidated Damages, if any) payable on the Redemption Date;
- (c) the current Conversion Price;
- (d) the name and address of the Paying Agent and Conversion Agent;
- (e) that Securities called for redemption may be converted at any time before the close of business on the second Business Day immediately preceding the Redemption Date;
- (f) that Holders who want to convert Securities must satisfy the requirements set forth in the Securities and Article 10 of this Indenture;
- (g) that Securities called for redemption must be surrendered to the Paying Agent in order to collect the Redemption Price therefor, together with accrued but unpaid interest (including Liquidated Damages, if any) thereon;
- (h) if fewer than all the outstanding Securities are to be redeemed, the certificate numbers, if any, and principal amounts of the particular Securities to be redeemed;
- (i) that, unless the Company defaults in paying the Redemption Price, interest (including Liquidated Damages, if any) on Securities called for redemption will cease to accrue on and after the Redemption Date and the Securities called for redemption will cease to be outstanding; and
- (j) the CUSIP number of the Securities called for redemption.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at the Company's expense, so long as the Company makes such request at least five Business Days prior to the date by which such notice of redemption is to be given to Holders in accordance with this Section 3.03 and the Company provides the Trustee with all information required for such notice of redemption.

If any of the Securities is in the form of a Global Security, then the Company shall modify such notice to the extent necessary to accord with the Applicable Procedures that apply to the redemption of Global Securities.

Section 3.04. *Effect of Notice of Redemption.* Once notice of redemption is given by the Company, Securities called for redemption become due and payable on the Redemption Date and at the Redemption Price stated in the notice of redemption, together

22

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with accrued but unpaid interest (including Liquidated Damages, if any) thereon, except for Securities which are converted in accordance with the terms of this Indenture. Upon surrender to the Paying Agent, such Securities shall be paid at the Redemption Price stated in the notice of redemption, together with accrued but unpaid interest (including Liquidated Damages, if any) thereon, up to but not including the Redemption Date.

Section 3.05. *Deposit of Redemption Price.* Prior to 11:00 a.m. (New York City time) on the Redemption Date, the Company shall deposit with the Paying Agent (or if the Company or a Subsidiary thereof or an Affiliate of either of them is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the aggregate Redemption Price of all Securities to be redeemed on the Redemption Date, together with accrued but unpaid interest (including Liquidated Damages, if any) thereon, up to but not including the Redemption Date, other than Securities or portions of Securities called for redemption that on or prior thereto have been delivered by the Company to the Trustee for cancellation or have been converted pursuant to Article 10. The Paying Agent shall as promptly as practicable return to the Company any money not required for making payments on the Redemption Date because of conversion of Securities pursuant to Article 10. If such money is then held by the Company in trust and is not required for making payments on the Redemption Date, it shall be discharged from such trust.

Section 3.06. *Securities Redeemed in Part.* Upon surrender of a Security that is redeemed in part, the Company shall execute and the Trustee shall authenticate and deliver to the Holder thereof, without service charge, a new Security or Securities, of any authorized denomination as

requested by such Holder in aggregate principal amount equal to, and in exchange for, the unredeemed portion of the principal amount of the Security surrendered.

Section 3.07. *Sinking Fund.* There shall be no sinking fund provided for the Securities.

Section 3.08. *Repurchase of Securities at Option of the Holder on Specified Dates.*

(a) At the option of the Holder, the Company shall repurchase all or a portion of the Securities tendered pursuant to this Section 3.08 on April 15, 2009, April 15, 2014, and April 15, 2019 (each, a “**Repurchase Date**”) for cash at a price per Security equal to 100% of the aggregate principal amount of the Security (the “**Repurchase Price**”), together with accrued but unpaid interest (including Liquidated Damages, if any) thereon, up to but not including the Repurchase Date.

Securities shall be repurchased pursuant to this Section 3.08 at the option of the Holder thereof upon:

(i) delivery to the Company and the Paying Agent by the Holder of a written notice (a “**Repurchase Notice**”) at any time from the opening of business on the date that is 30 Business Days prior to the Repurchase Date until the close of business on the Business Day prior to such Repurchase Date stating:

23

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(A) if the Security which the Holder will deliver to be repurchased is a Security in definitive form, the certificate number of such Security, or if such Security is a Global Security, the notice must comply with the Applicable Procedures;

(B) the portion of the principal amount of the Security which the Holder will deliver to be repurchased, which portion must be in a principal amount of \$1,000 or any integral multiple thereof; and

(C) that such Security shall be repurchased as of the Repurchase Date pursuant to the terms and conditions specified in this Indenture; and

(ii) delivery or book-entry transfer of such Security to the Paying Agent prior to, on or after the Repurchase Date (together with all necessary endorsements) at the offices of the Paying Agent, such delivery being a condition to receipt by the Holder of the Repurchase Price therefor, together with accrued but unpaid interest (including Liquidated Damages, if any); *provided* that the Repurchase Price, together with accrued but unpaid interest (including Liquidated Damages, if any) thereon, shall be so paid pursuant to this Section 3.08 only if the Security so delivered to the Paying Agent shall conform in all respects to the description thereof in the related Repurchase Notice.

The Company shall repurchase from the Holder thereof, pursuant to this Section 3.08, a portion of a Security if the principal amount of such portion is \$1,000 or an integral multiple of \$1,000. Provisions of this Indenture that apply to the repurchase of all of a Security also apply to the repurchase of a portion of a Security.

Any repurchase by the Company contemplated pursuant to the provisions of this Section 3.08 shall be consummated by the delivery to the Paying Agent of the Repurchase Price, together with accrued but unpaid interest (including Liquidated Damages, if any) thereon, to be received by the Holder promptly following the later of the Repurchase Date and the time of delivery or book-entry transfer of the Security to the Paying Agent in accordance with this Section 3.08.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Repurchase Notice contemplated by this Section 3.08(a) shall have the right to withdraw such Repurchase Notice at any time prior to the close of business on the Repurchase Date by delivery of a written notice of withdrawal to the Paying Agent at the principal office of the Paying Agent in accordance with Section 3.10.

The Paying Agent shall promptly notify the Company of the receipt by it of any Repurchase Notice or written notice of withdrawal thereof.

(b) *Company Repurchase Notice.* The Company shall give written notice of each Repurchase Date to the Holders (the “**Company Repurchase Notice**”). The Company Repurchase Notice shall be sent by first-class mail to the Trustee and to each Holder not less than

24

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30 Business Days prior to any Repurchase Date. Each Company Repurchase Notice shall include a form of Repurchase Notice to be completed by a Holder and shall state:

(i) the Repurchase Price, the Conversion Price and, to the extent known at the time of such notice, the amount of accrued but unpaid interest (including Liquidated Damages, if any) that will be payable with respect to the Securities on the Repurchase Date;

(ii) the name and address of the Paying Agent and the Conversion Agent;

(iii) that Securities as to which a Repurchase Notice has been given may be converted only if the applicable Repurchase Notice has been withdrawn in accordance with the terms of this Indenture;

(iv) that Securities must be surrendered to the Paying Agent to collect payment of the Repurchase Price and accrued but unpaid interest (including Liquidated Damages, if any);

(v) that the Repurchase Price for any Securities as to which a Repurchase Notice has been given and not withdrawn, together with accrued but unpaid interest (including Liquidated Damages, if any) payable with respect thereto, shall be paid promptly following the later of the Repurchase Date and the time of surrender of such Securities as described in clause (iv);

- (vi) the procedures the Holder must follow under this Section 3.08;
- (vii) briefly, the conversion rights of the Securities;
- (viii) that, unless the Company defaults in making payment of such Repurchase Price, interest (including Liquidated Damages, if any) on Securities covered by any Repurchase Notice will cease to accrue on and after the Repurchase Date;
- (ix) the CUSIP number of the Securities; and
- (x) the procedures for withdrawing a Repurchase Notice or (as specified in Section 3.10).

At the Company's request, which shall be made at least five Business Days prior to the date by which a Company Repurchase Notice is to be given to the Holders in accordance with this Section 3.08, and at the Company's expense, the Trustee shall give such Company Repurchase Notice in the Company's name; *provided* that, in all cases, the text of such Company Repurchase Notice shall be prepared by the Company.

If any of the Securities is in the form of a Global Security, then the Company shall modify such notice to the extent necessary to accord with the Applicable Procedures that apply to the repurchase of Global Securities.

Section 3.09. *Repurchase of Securities at Option of the Holder Upon Change in Control.*

(a) If at any time that Securities remain outstanding there shall have occurred a Change in Control, Securities shall be repurchased by the Company, at the option of the Holder thereof, at a price in cash (the "**Change in Control Repurchase Price**") equal to 100% of the aggregate principal amount of such Securities plus accrued but unpaid interest (including Liquidated Damages, if any) thereon, up to but not including the date (the "**Change in Control Repurchase Date**") fixed by the Company that is not less than 30 days nor more than 45 days after the date the Company Change in Control Repurchase Notice (as defined below) is given, subject to satisfaction by or on behalf of the Holder of the requirements set forth in Section 3.09(c); *provided* that if the Change in Control Repurchase Date is between the close of business on an interest record date and the opening of business on the related interest payment date, accrued but unpaid interest (including Liquidated Damages, if any) will be payable to the Holders in whose names the Securities are registered at the close of business on the relevant interest record date.

(b) *Company Change in Control Repurchase Notice.* In connection with any repurchase of Securities pursuant to this Section 3.09, the Company shall give written notice of the occurrence of a Change in Control, the repurchase right arising as a result thereof and the Change in Control Repurchase Date to the Holders (the "**Company Change in Control Repurchase Notice**"). The Company Change in Control Repurchase Notice shall be sent by first-class mail to the Trustee and to each Holder not more than 30 days after the occurrence of a Change in Control. Each Company Change in Control Repurchase Notice shall include a form of Change in Control Repurchase Notice to be completed by a Holder and shall state:

- (i) the Change in Control Repurchase Price, the Conversion Price and, to the extent known at the time of such notice, the amount of accrued but unpaid interest (including Liquidated Damages, if any) that will be payable with respect to the Securities on the Change in Control Repurchase Date;
- (ii) the name and address of the Paying Agent and the Conversion Agent;
- (iii) that Securities as to which a Change in Control Repurchase Notice has been given may be converted only if such Change in Control Repurchase Notice has been withdrawn in accordance with the terms of this Indenture;
- (iv) that Securities must be surrendered to the Paying Agent to collect payment of the Change in Control Repurchase Price and accrued but unpaid interest (including Liquidated Damages, if any);
- (v) that the Change in Control Repurchase Price for any Securities as to which a Change in Control Repurchase Notice has been given and not withdrawn, together with any accrued but unpaid interest (including Liquidated Damages, if any) payable with respect thereto, shall be paid promptly following the later of the Change in Control Repurchase Date and the time of surrender of such Securities as described in clause (iv)

- (vi) the procedures the Holder must follow under this Section 3.09;
- (vii) briefly, the conversion rights of the Securities;
- (viii) that, unless the Company defaults in making payment of such Change in Control Repurchase Price, interest (including Liquidated Damages, if any) on Securities covered by any Change in Control Repurchase Notice will cease to accrue on and after the Change in Control Repurchase Date;
- (ix) the CUSIP number of the Securities; and
- (x) the procedures for withdrawing a Change in Control Repurchase Notice (as specified in Section 3.10).

At the Company's request, which shall be made at least five Business Days prior to the date by which a Company Change in Control Repurchase Notice is to be given to the Holders in accordance with this Section 3.09 and at the Company's expense, the Trustee shall give such Company Change in Control Repurchase Notice in the Company's name; *provided* that, in all cases, the text of such Company Change in Control Repurchase Notice shall be prepared by the Company.

If any of the Securities is in the form of a Global Security, then the Company shall modify such notice to the extent necessary to accord with the Applicable Procedures that apply to the repurchase of Global Securities.

(c) For a Security to be so repurchased at the option of the Holder upon a Change in Control, the Paying Agent must receive such Security with the form entitled "Option to Elect Repurchase Upon a Change in Control" (a "**Change in Control Repurchase Notice**") on the reverse thereof duly completed, together with such Security duly endorsed for transfer, on or before the close of business on the Business Day prior to the Change in Control Repurchase Date. All questions as to the validity, eligibility (including time of receipt) and acceptance of any Security for repurchase shall be determined by the Company, whose determination shall be final and binding.

The Company shall repurchase from the Holder thereof, pursuant to this Section 3.09, a portion of a Security if the principal amount of such portion is \$1,000 or an integral multiple of \$1,000. Provisions of this Indenture that apply to the repurchase of all of a Security also apply to the repurchase of a portion of a Security.

Any repurchase by the Company contemplated pursuant to the provisions of this Section 3.09 shall be consummated by the delivery to the Paying Agent of the Change in Control Repurchase Price, together with accrued but unpaid interest (including Liquidated Damages, if any) thereon, to be received by the Holder promptly following the later of the Change in Control Repurchase Date and the time of delivery or book-entry transfer of the Security to the Paying Agent in accordance with this Section 3.09.

27

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Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Change in Control Repurchase Notice contemplated by this Section 3.09(c) shall have the right to withdraw such Change in Control Repurchase Notice at any time prior to the close of business on the Change in Control Repurchase Date by delivery of a written notice of withdrawal to the Paying Agent at the principal office of the Paying Agent in accordance with Section 3.10.

The Paying Agent shall promptly notify the Company of the receipt by it of any Change in Control Repurchase Notice or written withdrawal thereof.

Notwithstanding anything herein to the contrary, the Company's obligations pursuant to this Section 3.09 shall be satisfied if a third party makes an offer to repurchase outstanding Securities after a Change in Control in the manner and at the times and otherwise in compliance in all material respects with the requirements of this Section 3.09 and such third party purchases all Securities properly tendered and not withdrawn pursuant to the requirements of this Section 3.09.

(d) Prior to a Change in Control Repurchase Date, the Company shall use its commercially reasonable efforts to either (i) obtain the consents under all existing indebtedness required to permit the repurchase of the Securities pursuant to any Company Change in Control Repurchase Notice or (ii) repay in full all existing indebtedness and terminate all commitments under all existing indebtedness, in each case the terms of which would prohibit the repurchase of the Securities pursuant to any Company Change in Control Repurchase Notice; *provided* that if no Holders deliver a Change in Control Repurchase Notice prior to such date or if the Company shall have satisfied its obligations to repurchase the Securities of all Holders that have submitted a Change in Control Repurchase Notice, the Company shall be deemed to have satisfied the requirements of this Section 3.09(d).

Section 3.10. *Effect of Repurchase Notice or Change in Control Repurchase Notice.* Upon receipt by the Paying Agent of a Repurchase Notice or Change in Control Repurchase Notice, the Holder of the Security in respect of which such Repurchase Notice or Change in Control Repurchase Notice, as the case may be, was given shall (unless such Repurchase Notice or Change in Control Repurchase Notice is withdrawn as specified in the following two paragraphs) thereafter be entitled to receive solely the Repurchase Price or Change in Control Repurchase Price, together with accrued but unpaid interest (including Liquidated Damages, if any) thereon, to but not including the Repurchase Date or Change in Control Repurchase Date, as the case may be, with respect to such Security. Such Repurchase Price or Change in Control Repurchase Price, together with accrued but unpaid interest (including Liquidated Damages, if any) thereon, to but not including the Repurchase Date or Change in Control Repurchase Date, as the case may be, shall be paid to such Holder, subject to receipt of funds by the Paying Agent, promptly following the later of (x) the Repurchase Date or the Change in Control Repurchase Date, as the case may be, with respect to such Security (*provided* that the conditions in Section 3.08 or Section 3.09, as applicable, have been satisfied) and (y) the time of delivery or book-entry transfer of such Security to the Paying Agent by the Holder thereof in the manner required by Section 3.08 or Section 3.09(c), as applicable. Securities in

28

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respect of which a Repurchase Notice or Change in Control Repurchase Notice, as the case may be, has been given by the Holder thereof may not be converted pursuant to Article 10 hereof on or after the date of the delivery of such Repurchase Notice or Change in Control Repurchase Notice, as the case may be, unless such Repurchase Notice or Change in Control Repurchase Notice, as the case may be, has first been validly withdrawn as specified in the following two paragraphs.

A Repurchase Notice or Change in Control Repurchase Notice, as the case may be, may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent in accordance with the Repurchase Notice or Change in Control Repurchase Notice, as the case may be, at any time prior to the close of business on the Repurchase Date or the Change in Control Repurchase Date, as the case may be, specifying:

- (i) if the Security with respect to which such notice of withdrawal is being submitted is a Security in definitive form, the certificate number of such Security, or if such Security is a Global Security, the notice must comply with the Applicable Procedures;
- (ii) the principal amount of the Security with respect to which such notice of withdrawal is being submitted; and
- (iii) the principal amount, if any, of such Security which remains subject to the original Repurchase Notice or Change in Control Repurchase Notice, as the case may be, and which has been or will be delivered for repurchase by the Company.

There shall be no repurchase of any Securities pursuant to Section 3.08 or Section 3.09 or redemption pursuant to Section 3.01 if an Event of Default (other than a default in the payment of the Redemption Price, Repurchase Price or Change in Control Repurchase Price, as the case may be) has occurred prior to, on or after, as the case may be, the giving by the Holders of such Securities of the required Repurchase Notice or Change in Control Repurchase Notice, or the giving by the Company of the notice of redemption, as the case may be, and such Event of Default is continuing. The Paying Agent will promptly return to the respective Holders thereof any Securities (x) with respect to which a Repurchase Notice or Change in Control Repurchase Notice, as the case may be, has been withdrawn in compliance with this Indenture, or (y) held by it during the continuance of an Event of Default (other than a default in the payment of the Repurchase Price or Change in Control Repurchase Price, as the case may be) in which case, upon such return, the Repurchase Notice or Change in Control Repurchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 3.11. *Deposit of Repurchase Price or Change in Control Repurchase Price.* Prior to 11:00 a.m. (New York City time) on the Business Day immediately following the Repurchase Date or the Change in Control Repurchase Date, as the case may be, the Company shall deposit with the Trustee or with the Paying Agent (or, if the Company or a Subsidiary thereof or an Affiliate of either of them is acting as the Paying Agent, shall segregate and hold in trust as provided in Section 2.04) an amount of money (in immediately available funds if deposited on such Business Day) sufficient to pay the aggregate Repurchase

29

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Price or Change in Control Repurchase Price, as the case may be, together with accrued but unpaid interest (including Liquidated Damages, if any) thereon, to but not including the Repurchase Date or Change in Control Repurchase Date, as the case may be, of all the Securities or portions thereof which are to be repurchased as of the Repurchase Date or Change in Control Repurchase Date, as the case may be.

Section 3.12. *Securities Repurchased in Part.* Any Security in definitive form that is to be repurchased only in part shall be surrendered at the office of the Paying Agent (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge, one or more new Securities in definitive form, of any authorized denomination as requested by such Holder in aggregate principal amount equal to, and in exchange for, the portion of the principal amount of the Security in definitive form so surrendered which is not repurchased.

Section 3.13. *Covenant To Comply with Securities Laws upon Repurchase of Securities.* When complying with the provisions of Section 3.08 or 3.09 hereof (so long as such offer or repurchase constitutes an "issuer tender offer" for purposes of Rule 13e-4 (which term, as used herein, includes any successor provision thereto) under the Exchange Act at the time of such offer or repurchase), the Company shall (i) comply in all material respects with Rule 13e-4 and Rule 14e-1 under the Exchange Act, (ii) file the related Schedule TO (or any successor schedule, form or report) under the Exchange Act and (iii) otherwise comply in all material respects with all federal and state securities laws so as to permit the rights and obligations under Section 3.08 or 3.09 to be exercised in the time and in the manner specified in Section 3.08 or 3.09.

Section 3.14. *Repayment to the Company.* To the extent that the aggregate amount of cash deposited by the Company pursuant to Section 3.11 exceeds the aggregate Repurchase Price or Change in Control Repurchase Price, as the case may be, of the Securities or portions thereof which the Company is obligated to repurchase as of the Repurchase Date or Change in Control Repurchase Date, as the case may be, together with accrued but unpaid interest (including Liquidated Damages, if any) thereon, then, unless otherwise agreed in writing with the Company, promptly after the Business Day following the Repurchase Date or Change in Control Repurchase Date, as the case may be, the Trustee shall return any such excess to the Company together with interest, if any, thereon (subject to the provisions of Section 7.01(f)).

Section 3.15. *Mandatory Disposition Pursuant to Gaming Laws.*

(a) Each Holder, by accepting a Security, will be deemed to have agreed that if the gaming authority of any jurisdiction in which the Parent or any of its subsidiaries conducts or proposes to conduct gaming operations requires that a Person who is a Holder or the Beneficial Owner of Securities (or an affiliate of such Holder or Beneficial Owner) be licensed, qualified

30

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or found suitable under applicable gaming laws, such Holder or the Beneficial Owner, as the case may be, will apply for a license, qualification or a finding of suitability within the required time period. If such Person fails to apply or become licensed or qualified or is found unsuitable, the Company will have the right, at any time, at its option:

(i) to require such Person to dispose of its Securities or beneficial interest therein within 30 days of receipt of notice of the Company's election or such earlier date as may be requested or prescribed by such gaming authority, or

(ii) to redeem such Securities at a redemption price equal to the lesser of (1) such Person's cost, (2) 100% of the principal amount thereof, plus accrued and unpaid interest (including Liquidated Damages), if any, to the earlier of the redemption date or the date of the finding of unsuitability, which redemption date may be less than 30 days following the notice of redemption if so requested or prescribed by the applicable gaming authority or (3) such lesser amount as may be required by an applicable gaming authority.

(b) Immediately upon a determination by a gaming authority that a Holder or Beneficial Owner of Securities (or an affiliate thereof) will not be licensed, qualified or found suitable or is denied license, qualification or finding of suitability, the Holder or Beneficial Owner will not have any further right with respect to the Securities to:

(i) exercise, directly or indirectly, through any Person, any right conferred by the Securities; or

(ii) receive any interest (including Liquidated Damages, if any), or any other distribution or payment with respect to the Securities, or any remuneration in any form from the Company for services rendered or otherwise, except for the redemption of the Securities.

(c) The Company will notify the Trustee in writing of any such redemption as soon as practicable. The Company will not be responsible for any costs or expenses any such Holder or the Beneficial Owner may incur in connection with its application for a license, qualification or a finding of suitability.

## ARTICLE 4

### COVENANTS

Section 4.01. *Payment of Securities.* The Company shall promptly make all payments in respect of the Securities on the dates and in the manner provided in the Securities or pursuant to this Indenture. Any amounts to be given to the Trustee or Paying Agent, as the case may be, shall be deposited with the Trustee or Paying Agent, as the case may be, by 11:00 a.m. (New York City time), on the dates required pursuant to Section 2.04 hereof. Interest installments, Liquidated Damages, principal amount, Redemption Price, Repurchase Price, Change in Control Repurchase Price and interest, if any, due on overdue amounts shall be considered paid on the applicable date due if at 11:00 a.m. (New York City time) on such date, the

31

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Trustee or the Paying Agent, as the case may be, holds, in accordance with this Indenture, money sufficient to pay all such amounts then due.

The Company shall, to the extent permitted by law, pay interest on overdue amounts at the rate per annum set forth in paragraph 1 of the Securities, compounded quarterly, which interest shall accrue from the date such overdue amount was originally due to the date payment of such amount, including interest thereon, has been made or duly provided for. All such interest shall be payable on demand. The accrual of such interest on overdue amounts shall be in addition to the continued accrual of interest on the Securities.

Section 4.02. *SEC and Other Reports.* The Company shall file with the Trustee, within 15 days after it files such annual and quarterly reports, information, documents and other reports with the SEC, copies of its annual report and the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act. In addition, the Company shall comply with the other provisions of TIA Section 314(a).

Section 4.03. *Compliance Certificate; Notice of Default.*

(a) The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company (beginning with the fiscal year ending on December 31, 2004) an Officers' Certificate, stating whether or not to the best knowledge of the signers thereof the Company is in default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder), and if the Company shall be in default, specifying all such defaults and the nature and status thereof of which the signers thereof may have knowledge.

(b) The Company shall, so long as any of the Securities are outstanding, deliver to the Trustee promptly, and in any event within 30 days after becoming aware of any Default or Event of Default under this Indenture, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto. The Trustee shall not be deemed to have knowledge of a Default or Event of Default unless one of its Responsible Officers receives written notice of the Default or Event of Default from the Company or any of the Holders.

Section 4.04. *Further Instruments and Acts.* Upon request of the Trustee, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Indenture.

Section 4.05. *Maintenance of Office or Agency.* The Company will maintain in the Borough of Manhattan, The City of New York, an office or agency of the Trustee, Registrar, Paying Agent and Conversion Agent where Securities may be presented or surrendered for payment, where Securities may be surrendered for registration of transfer, exchange, repurchase, redemption or conversion and where notices and demands to or upon the

32

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Company in respect of the Securities and this Indenture may be served. The Trustee's office located at U.S. Bank National Association, 100 Wall Street, Suite 1600, New York, New York 10005, shall initially be such office or agency where Securities may be surrendered for payment, and the Corporate Trust Office shall initially be such office or agency for all of the other aforesaid purposes. The Company shall give prompt written notice to the Trustee of the location, and of any change in the location, of any such office or agency (other than a change in the location of the office or agency of the Trustee). If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee set forth in Section 11.02. The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes, and may from time to time rescind such designations; *provided* that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain at least one Paying Agent having an office or agency in the Borough of Manhattan, The City of New York.

Section 4.06. *Delivery of Certain Information.*

(a) At any time when the Company is not subject to Section 13 or 15(d) of the Exchange Act, upon the request of a Holder or any Beneficial Owner of Securities, the Company will promptly furnish or cause to be furnished Rule 144A Information (as defined below) to such Holder or any Beneficial Owner of Securities or to a prospective purchaser of any such Security designated by any such holder, as the case may be, to the extent required to permit compliance by such Holder or holder with Rule 144A under the Securities Act in connection with the resale of any such Security. "Rule 144A Information" shall be such information as is specified pursuant to Rule 144A(d)(4) under the Securities Act or any successor provisions. Whether a Person is a Beneficial Owner shall be determined by the Company to the Company's reasonable satisfaction.

(b) At any time when the Parent is not subject to Section 13 or 15(d) of the Exchange Act, upon the request of a holder or any Beneficial Owner of Common Stock delivered upon conversion of the Securities, the Parent will promptly furnish or cause to be furnished Rule 144A

Information to such holder or any Beneficial Owner of Common Stock or to a prospective purchaser of any such Common Stock by any such holder, as the case may be, to the extent required to permit compliance by such holder with Rule 144A under the Securities Act in connection with the resale of any such Common Stock. Whether a Person is a Beneficial Owner shall be determined by the Parent to the Parent's reasonable satisfaction.

Section 4.07. *Liquidated Damages.* If at any time Liquidated Damages become payable by the Company or the Parent pursuant to the Registration Rights Agreement, the Company shall promptly deliver to the Trustee a certificate to that effect and stating (i) the amount of such Liquidated Damages that are payable and (ii) the date on which such Liquidated Damages are payable pursuant to the terms of the Registration Rights Agreement. Unless and until a Responsible Officer of the Trustee receives such a certificate, the Trustee may assume without inquiry that no Liquidated Damages are payable. If the Company or the Parent has paid

33

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Liquidated Damages directly to the Persons entitled to them, the Company or the Parent shall deliver to the Trustee a certificate setting forth the particulars of such payment.

## ARTICLE 5

### SUCCESSOR CORPORATION

Section 5.01. *When the Company May Consolidate, Merge or Transfer Assets.* The Company shall not consolidate with or merge with or into any other Person or sell, lease, exchange or otherwise transfer (in one transaction or a series of related transactions) all or substantially all of its properties and assets to any other Person, unless:

(a) (i) the Company shall be the resulting or surviving corporation or (ii) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, lease, exchange or other transfer all or substantially all of the properties and assets of the Company (A) shall be a corporation, limited partnership, limited liability company or other business entity organized and validly existing under the laws of the United States or any State thereof or the District of Columbia, and (B) shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, all of the obligations of the Company under the Securities and this Indenture; and

(b) immediately after giving effect to such transaction, no Event of Default and no Default shall have occurred and be continuing.

For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise) of the properties and assets of one or more Subsidiaries (other than to the Company or another Subsidiary of the Company), which, if such assets were owned by the Company would constitute all or substantially all of the properties and assets of the Company, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company. The successor Person formed by such consolidation or into which the Company is merged or the successor Person to which such sale, lease, exchange or other transfer is made shall succeed to, and (except in the case of a lease) be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor had been named as the Company herein; and thereafter, except in the case of a lease and except for obligations the Company may have under a supplemental indenture pursuant to Section 9.06, the Company shall be discharged from all obligations and covenants under this Indenture and the Securities. Subject to Section 9.06, the Company, the Trustee and the successor Person shall enter into a supplemental indenture to evidence the succession and substitution of such successor Person and such discharge and release of the Company, as applicable.

34

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## ARTICLE 6

### DEFAULTS AND REMEDIES

Section 6.01. *Events of Default.* Subject to the provisions set forth below in this Section 6.01, each of the following events is an "Event of Default":

(a) default in the payment of any interest (including Liquidated Damages, if any) on any Securities when the same becomes due and payable and the continuation of such default for a period of 30 days;

(b) default in the payment of principal or premium, if any, on any Securities, when due (including the failure to make cash payments due upon conversion or make a payment to repurchase Securities tendered pursuant to a Repurchase Notice or Change in Control Repurchase Notice);

(c) a default in the performance, or breach, of any covenant or warranty of the Company or the Parent contained in this Indenture which default continues uncured for a period of 60 days after written notice to the Company or the Parent by the Trustee or to the Company or the Parent and the Trustee by the Holders of at least 25% in aggregate principal amount of the outstanding Securities;

(d) an acceleration of the maturity of debt of the Company (other than Non-recourse Debt), at any one time, in an aggregate amount in excess of the greater of \$25.0 million and 5% of Consolidated Net Tangible Assets, if such acceleration is not annulled within 30 days after written notice to the Company by the Trustee and the Holders of at least 25% in aggregate principal amount of the outstanding Securities;

(e) the Company or any of its Significant Subsidiaries pursuant to or under or within the meaning of any Bankruptcy Law:

(i) commences a voluntary case or proceeding;

(ii) consents to the entry of an order for relief against it in an involuntary case or proceeding;

(iii) consents to the appointment of a custodian of it or for all or substantially all of its property;

- (iv) makes a general assignment for the benefit of its creditors; or
- (v) shall generally not pay its debts when such debts become due or shall admit in writing its inability to pay its debts generally; or

35

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- (f) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
  - (i) is for relief against the Company or any Significant Subsidiary of the Company in an involuntary case or proceeding;
  - (ii) appoints a custodian of the Company or any Significant Subsidiary of the Company for all or substantially all of its properties; or
  - (iii) orders the liquidation of the Company or any Significant Subsidiary of Company;

and in each case the order or decree remains unstayed and in effect for 60 consecutive days.

Section 6.02. *Acceleration.*

(a) If an Event of Default (other than an Event of Default specified in clause (e) or (f) of Section 6.01) shall occur and be continuing, the Trustee may, and at the written request of the Holders of at least 25% in principal amount of outstanding Securities shall, declare the principal of and accrued but unpaid interest (including Liquidated Damages, if any) on all the Securities to be due and payable by notice in writing to the Company (the “**Acceleration Notice**”). Such notice shall specify the respective Event of Default and that it is a “notice of acceleration.” Upon the giving of an Acceleration Notice, the principal of and accrued but unpaid interest (including Liquidated Damages, if any) on all the Securities shall become immediately due and payable. If an Event of Default specified in clause (e) or (f) of Section 6.01 occurs and is continuing, then all unpaid Obligations on all of the outstanding Securities shall *ipso facto* become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

(b) At any time after a declaration of acceleration with respect to the Securities as described in the preceding paragraph, the Holders of a majority in aggregate principal amount of the Securities at the time outstanding may rescind and cancel such declaration and its consequences (i) if the rescission would not conflict with any judgment or decree, (ii) if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of such acceleration, (iii) if interest on overdue installments of interest (to the extent the payment of such interest is lawful) and on overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid, (iv) if the Company has paid the Trustee its reasonable compensation and reimbursed the Trustee for its expenses, disbursements and advances and (v) in the event of the cure or waiver of an Event of Default of the type described in clause (c) of Section 6.01, the Trustee shall have received an Officers’ Certificate and an Opinion of Counsel that such Event of Default has been cured or waived. No such rescission shall affect any subsequent Event of Default or impair any right consequent thereto.

36

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Section 6.03. *Other Remedies.* If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of the principal amount of all the Securities plus accrued but unpaid interest (including Liquidated Damages, if any) thereon, or to enforce the performance of any provision of the Securities or this Indenture.

The Trustee may maintain a proceeding even if the Trustee does not possess any of the Securities or does not produce any of the Securities in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of, or acquiescence in, the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative to the extent permitted by law.

Section 6.04. *Waiver of Past Defaults.* The Holders of a majority in aggregate principal amount of the Securities at the time outstanding, by notice in writing to the Trustee (and without notice to any other Holder), may waive an existing Event of Default and its consequences, except (i) an Event of Default described in Section 6.01(a) or Section 6.01(b), (ii) an Event of Default in respect of a provision that under Section 9.02 cannot be amended without the consent of each Holder affected or (iii) an Event of Default which constitutes a failure to convert any Security in accordance with the terms of Article 10. When an Event of Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Event of Default or impair any consequent right. This Section 6.04 shall be in lieu of Section 316(a)(1)(B) of the TIA and such Section 316(a)(1)(B) is hereby expressly excluded from this Indenture, as permitted by the TIA.

Section 6.05. *Control by Majority.* The Holders of a majority in aggregate principal amount of the Securities at the time outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or that the Trustee determines in good faith is unduly prejudicial to the rights of other Holders or would involve the Trustee in personal liability unless the Trustee is offered indemnity satisfactory to it. This Section 6.05 shall be in lieu of Section 316(a)(1)(A) of the TIA and such Section 316(a)(1)(A) is hereby expressly excluded from this Indenture, as permitted by the TIA.

Section 6.06. *Limitation on Suits.* A Holder may not pursue any remedy with respect to this Indenture or the Securities unless:

- (a) the Holder gives to the Trustee written notice stating that an Event of Default is continuing;
- (b) the Holders of at least 25% in aggregate principal amount of the Securities at the time outstanding make a written request to the Trustee to pursue the remedy;

- (c) such Holder or Holders offer to the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense;

37

(d) the Trustee does not comply with the request within 60 days after receipt of such notice, request and offer of security or indemnity; and

(e) the Holders of a majority in aggregate principal amount of the Securities at the time outstanding do not give the Trustee a direction inconsistent with the request during such 60-day period.

A Holder may not use this Indenture to prejudice the rights of any other Holder or to obtain a preference or priority over any other Holder.

Section 6.07. *Rights of Holders To Receive Payment and To Convert.* Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of interest installments (including Liquidated Damages, if any), the principal amount, Redemption Price, Repurchase Price, Change in Control Repurchase Price or interest, if any, due on overdue amounts in respect of the Securities held by such Holder, on or after the respective due dates expressed in the Securities, and to convert the Securities in accordance with Article 10, or to bring suit for the enforcement of any such payment on or after such respective dates or the enforcement of the right to convert, shall not be impaired or affected adversely without the consent of such Holder.

Section 6.08. *Collection Suit by Trustee.* If an Event of Default described in Section 6.01(a) or 6.01(b) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company or any other obligor upon the Securities for the whole amount owing with respect to the Securities and the amounts provided for in Section 7.07.

Section 6.09. *Trustee May File Proofs of Claim.* In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether any amounts in respect of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of any such amounts) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for any accrued but unpaid amounts due in respect of the Securities, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel or any other amounts due the Trustee under Section 7.07) and of the Holders allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

38

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10. *Priorities.* If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

FIRST: to the Trustee for amounts due under Section 7.07;

SECOND: to Holders for amounts due and unpaid on the Securities and for any accrued but unpaid interest amounts due in respect of the Securities, ratably, without preference or priority of any kind, according to such amounts due and payable on the Securities; and

THIRD: the balance, if any, to the Company.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10. At least 15 days before such record date, the Trustee shall mail to each Holder and the Company a notice that states the record date, the payment date and the amount to be paid.

Section 6.11. *Suits.* In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant (other than the Trustee) in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 or a suit by Holders of more than 10% in aggregate principal amount of the Securities at the time outstanding. This Section 6.11 shall be in lieu of Section 315(e) of the TIA and such Section 315(e) is hereby expressly excluded from this Indenture, as permitted by the TIA.

Section 6.12. *Waiver of Stay, Extension or Usury Laws.* The Company covenants (to the fullest extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any

amounts due in respect of the Securities, as contemplated herein, or which may affect the covenants or the performance of this Indenture; and the Company (to the fullest extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 6.13. *Remedies Subject to Applicable Laws* .. All rights, remedies and powers provided by this Article 6 may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Indenture are intended to be subject to all applicable laws, including applicable gaming laws, and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

## ARTICLE 7

### TRUSTEE

#### Section 7.01. *Duties of Trustee.*

(a) If an Event of Default has occurred and is continuing, and subject to compliance with applicable gaming laws, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee need perform only those duties that are specifically set forth in this Indenture and no others; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture, but in case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture, but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein.

This Section 7.01(b) shall be in lieu of Section 315(a) of the TIA and such Section 315(a) is hereby expressly excluded from this Indenture, as permitted by the TIA.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph (c) does not limit the effect of paragraph (b) of this Section 7.01;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is conclusively determined by a court of competent jurisdiction that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.02, 6.04 or 6.05.

Sections 7.01(c)(i), (ii) and (iii) shall be in lieu of Sections 315(d)(1), 315(d)(2) and 315(d)(3) of the TIA and such Sections 315(d)(1), 315(d)(2) and 315(d)(3) are hereby expressly excluded from this Indenture, as permitted by the TIA.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to Sections 7.01(a), (b), (c), (e) and (f).

(e) The Trustee may refuse to perform any duty or exercise any right or power or expend or risk its own funds or otherwise incur any financial liability unless it receives indemnity satisfactory to it against any loss, liability or expense.

(f) Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee (acting in any capacity hereunder) shall be under no liability for interest on any money received by it hereunder unless otherwise agreed in writing with the Company.

(g) The Trustee shall cooperate with any gaming authority of any jurisdiction in which the Company or any of its subsidiaries conducts or proposes to conduct gaming and shall produce any document or information as any of them may request.

#### Section 7.02. *Rights of Trustee.* Subject to its duties and responsibilities under the TIA,

(a) the Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may obtain and, in the absence of bad faith or negligence on its part, conclusively rely upon an Officers' Certificate and/or an Opinion of Counsel;

41

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(c) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees, and without limiting the generality of the foregoing, the Trustee may appoint an agent (i) to obtain the quotations referred to in the definition of "Trading Price of the Securities," (ii) to determine 3-month LIBOR and (iii) to report such quotations or determinations to the Company and the Depository on behalf of the Trustee; and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, attorney, custodian or nominee appointed with due care by it hereunder;

(d) the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith which it reasonably believes to be authorized or within its rights or powers conferred under this Indenture;

(e) the Trustee may consult with counsel selected by it and any advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance with such advice or opinion of such counsel;

(f) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders, pursuant to the provisions of this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby;

(g) any request or direction of the Company or the Parent mentioned herein shall be sufficiently evidenced by a Company Order or Parent Order, as applicable, and any resolution of the Board of Directors shall be sufficiently evidenced by a Board Resolution;

(h) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled, during normal business hours, to examine the books, records and premises of the Company, personally or by agent or attorney at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation;

(i) the Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a Default is received by the Trustee at the Corporate Trust Office, and such notice references the Securities and this Indenture;

(j) the rights, privileges, protections, immunities and benefits given to the Trustee, including its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder (including Paying Agent, Registrar and Conversion

42

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Agent), and to all other Persons employed to act hereunder, including the Trustee's officers, employees, agents and custodians;

(k) the Trustee may request that the Company or the Parent deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded;

(l) neither the Trustee nor any of its officers, directors, employees or agents shall be liable for any action taken or omitted under this Indenture or in connection therewith except to the extent caused by the Trustee's gross negligence, bad faith or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, no longer subject to appeal or review; and anything in this Indenture to the contrary notwithstanding, to the extent permitted by the TIA in no event shall the Trustee be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;

(m) the Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture; and

(n) notwithstanding anything else herein contained, whenever any provision of this Indenture indicates that any confirmation of a condition or event is qualified by the words "to the knowledge of" or "known to" the Trustee or other words of similar meaning, said words shall mean and refer to the current awareness of one or more Responsible Officers who are located at the Corporate Trust Office.

Section 7.03. *Individual Rights of Trustee.* The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar, Conversion Agent or co-registrar may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11.

Section 7.04. *Trustee's Disclaimer.* The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities, shall not be accountable for the Company's use or application of the proceeds from the Securities, and shall not be responsible for any statement in any registration statement for the Securities under the Securities Act or in any offering document for the Securities, the Indenture or the Securities (other than its certificate of authentication), or the determination as to which Beneficial Owners are entitled to receive any notices hereunder.

Section 7.05. *Notice of Defaults.* If an Event of Default occurs and if it is actually known to a Responsible Officer of the Trustee, the Trustee shall give to each Holder notice of all current Event of Defaults known to it within 90 days after any such Event of Default occurs or, if

preceding sentence, except in the case of an Event of Default described in Sections 6.01(a) and (b), the Trustee may withhold the notice if and so long as a trust committee of officers of the Trustee in good faith determines that withholding the notice is in the interests of Holders. The second sentence of this Section 7.05 shall be in lieu of the proviso to Section 315(b) of the TIA and such proviso is hereby expressly excluded from this Indenture, as permitted by the TIA.

Section 7.06. *Reports by Trustee to Holders.* Within 60 days after each May 15 beginning with the May 15 following the date of this Indenture, the Trustee shall mail to each Holder a brief report dated as of such July 31 that complies with TIA Section 313(a), if required by such Section 313(a), but only to the extent any such report is required to be given pursuant to said TIA Section 313(a), or any successor provision of the TIA. The Trustee also shall comply with TIA Section 313(b).

Commencing at the time this Indenture is qualified under the TIA, a copy of each report at the time of its mailing to Holders shall be filed with the SEC and each securities exchange, if any, on which the Securities are listed. The Company agrees to notify the Trustee in writing promptly whenever the Indenture is qualified under the TIA and the Securities become listed on any securities exchange and of any delisting thereof.

Section 7.07. *Compensation and Indemnity.* The Company agrees:

(a) to pay to the Trustee from time to time, and the Trustee shall be entitled to, such compensation as the Company and the Trustee shall from time to time agree in writing for all services rendered by it hereunder (which compensation shall not be limited (to the extent permitted by law) by any provision of law in regard to the compensation of a trustee of an express trust);

(b) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture or any documents executed in connection herewith (including the reasonable compensation and the expenses, advances and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence, bad faith or willful misconduct; and

(c) to indemnify the Trustee or any predecessor Trustee and their respective agents, officers, directors and employees for, and to hold them harmless against, any loss, damage, claim, liability, cost or expense (including attorneys' fees and expenses and taxes (other than franchise, capital, net worth, employment and ad valorem taxes and taxes based upon, measured by or determined by the income or gross receipts of the Trustee)) incurred without negligence or bad faith on their part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending themselves against any claim (whether asserted by the Company or any Holder or any other Person) or liability in connection with the Trustee's exercise or performance of any of its powers or duties hereunder.

To secure the Company's payment obligations in this Section 7.07, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee,

except any money or property held in trust to pay interest installments (including Liquidated Damages, if any), the principal amount, Redemption Price, Repurchase Price, Change in Control Repurchase Price or interest, if any, due on overdue amounts, as the case may be, in respect of any particular Securities.

The Company's payment obligations pursuant to this Section 7.07 shall survive the discharge of this Indenture or the earlier termination or resignation of the Trustee. When the Trustee incurs expenses after the occurrence of an Event of Default specified in Section 6.01(e) or Section 6.01(f), the expenses, including the reasonable charges and expenses of its counsel, are intended to constitute expenses of administration under any Bankruptcy Law.

Any amounts due and owing the Trustee hereunder (whether in nature of fees, expenses, indemnification payments or reimbursement for advances) which have not been paid by or on behalf of the Company within 15 days following written notice thereof given to the Company in accordance with the provisions of Section 11.02, shall bear interest at an interest rate equal to the Trustee's announced prime rate in effect from time to time, plus four percent (4.0%) per annum.

Section 7.08. *Replacement of Trustee.* The Trustee may resign by so notifying the Company; *provided* that no such resignation shall be effective until a successor Trustee has accepted its appointment pursuant to this Section 7.08. The Holders of a majority in aggregate principal amount of the Securities at the time outstanding may remove the Trustee by so notifying the Trustee and the Company in writing. The Company shall remove the Trustee if:

- (a) the Trustee fails to comply with Section 7.10;
- (b) the Trustee is adjudged bankrupt or insolvent;
- (c) a receiver or public officer takes charge of the Trustee or its property; or
- (d) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint, by Board Resolution, a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company satisfactory in form and substance to the retiring Trustee and the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor

Trustee shall have all the rights, powers and duties of the Trustee under this Indenture; *provided*, notwithstanding the foregoing, the effectiveness of any such resignation or removal shall be conditioned on receipt by the retiring Trustee of all amounts due and owing under Section 7.07 hereof. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07.

45

If a successor Trustee does not take office within 30 days after the retiring Trustee gives its notice of resignation or is removed, the retiring Trustee, the Company or the Holders of a majority in aggregate principal amount of the Securities at the time outstanding may petition any court of competent jurisdiction at the expense of the Company for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Section 7.09. *Successor Trustee by Merger Etc.* If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets (including the administration of the trust created by this Indenture) to, another Person, the resulting or surviving Person without any further act shall be the successor Trustee. As soon as practicable, the successor Trustee shall mail a notice of its succession to the Company and the Holders. Any such successor must nevertheless be eligible and qualified under the provisions of Section 7.01 hereof.

Section 7.10. *Eligibility; Disqualification.* The Trustee shall at all times satisfy the requirements of TIA Section 310(a)(1). The Trustee (or its parent holding company) shall have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent filed annual report of condition. Nothing herein contained shall prevent the Trustee from filing with the SEC the application referred to in the penultimate paragraph of TIA Section 310(b). The Trustee shall comply with TIA Section 310(b); *provided* that there shall be excluded from the operation of TIA Section 310(b)(1) any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Company are outstanding if the requirements for such exclusion set forth in TIA Section 310(b)(1) are met.

If at any time the Trustee shall cease to be eligible in accordance with this Section 7.10, it shall resign immediately in the manner and with the effect specified in Article 7.

Section 7.11. *Preferential Collection of Claims Against Company.* The Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

Section 7.12. *Force Majeure.* To the extent permitted by the TIA, in no event shall the Trustee be liable for any failure or delay in the performance of its obligations hereunder because of circumstances beyond the Trustee's control, including, but not limited to, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo or government action, including any laws, ordinances, regulations, governmental action or the like which delay, restrict or prohibit the providing of the services contemplated by this Indenture.

46

## ARTICLE 8

### DISCHARGE OF INDENTURE

Section 8.01. *Discharge of Liability on Securities.* When (a) the Company delivers to the Trustee all outstanding Securities (other than Securities replaced pursuant to Section 2.07) for cancellation or (b) all outstanding Securities have become due and payable and the Company deposits with the Trustee cash or the Parent deposits shares of Common Stock (as applicable under the terms of this Indenture) sufficient to pay all amounts due and owing on all outstanding Securities (other than Securities replaced pursuant to Section 2.07), and if in either case the Company pays all other sums payable hereunder by the Company, then this Indenture shall, subject to Section 7.07, cease to be of further effect. The Trustee shall join in the execution of a document prepared by the Company and the Parent acknowledging satisfaction and discharge of this Indenture on demand at the cost and expense of the Company and the Parent and accompanied by an Officers' Certificate and Opinion of Counsel.

Section 8.02. *Repayment to the Company.* The Trustee, the Paying Agent and the Conversion Agent shall return to the Company upon written request any money, or to the Parent upon written request, shares of Common Stock, held by them for the payment of any amount and any shares of Common Stock with respect to the Securities that remain unclaimed for two years, subject to applicable unclaimed property law. After return to the Company or the Parent, as applicable, Holders entitled to the money or shares of Common Stock must look to the Company or the Parent, as applicable, for payment as general creditors unless an applicable abandoned property law designates another person and the Trustee, the Paying Agent and the Conversion Agent shall have no further liability to the Holders with respect to such money or shares of Common Stock for that period commencing after the return thereof.

## ARTICLE 9

### AMENDMENTS

Section 9.01. *Without Consent of Holders.* The Company, the Parent and the Trustee may amend or supplement this Indenture or the Securities without notice to or consent of any Holder:

- (a) to comply with Article 5, Section 10.11 or Article 12;
- (b) to cure any ambiguity, omission, defect or inconsistency in this Indenture;
- (c) to make any other change that does not adversely affect the rights of any Holder in any material respect;

(e) to conform the text of this Indenture or the Securities to any provision of the Description of the Notes section of the Offering Memorandum to the extent that such provision in such Description of the Notes section was intended to be a verbatim recitation of a provision of this Indenture or the Securities;

(f) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities; or

(g) to comply with the provisions of the TIA, or with any requirement of the SEC arising as a result of the qualification of this Indenture under the TIA.

Section 9.02. *With Consent of Holders.* The Company, the Parent and the Trustee may amend or supplement this Indenture or the Securities without notice to any Holder but with the consent of the Holders of a majority in aggregate principal amount of the Securities at the time outstanding. The Holders of a majority in aggregate principal amount of the Securities at the time outstanding may waive compliance by the Company or the Parent with the restrictive provisions of this Indenture other than as set forth in this Section 9.02 below, and waive any past Event of Default under this Indenture and its consequences, except a default in the payment of the principal of, or Redemption Price, Repurchase Price, Change in Control Repurchase Price of, or any interest on, any Security, or in respect of a provision which under this Indenture cannot be modified or amended without the consent of the Holder of each outstanding Security affected.

Subject to Section 9.04, without the consent of each Holder affected, however, an amendment, supplement or waiver, including a waiver pursuant to Section 6.04, may not:

(a) change the Stated Maturity of, or any payment date of any installment of interest (including Liquidated Damages, if any) on, any Security;

(b) reduce the principal amount or Redemption Price of, or the rate of interest (including Liquidated Damages, if any) on, any Security, whether upon acceleration, redemption or otherwise, or alter the manner of calculation of interest or the rate of accrual thereof on any Security;

(c) change the currency for payment of principal of, or interest (including Liquidated Damages, if any) on, any Security;

(d) impair the right to institute suit for the enforcement of any payment of any amount with respect to any Security when due;

(e) adversely affect the conversion rights provided in Article 10;

(f) modify the provisions of this Indenture requiring the Company to make an offer to repurchase Securities upon a Change in Control pursuant to Section 3.09, or to repurchase the Securities at the option of the Holders pursuant to Section 3.08;

(g) reduce the percentage of principal amount of the outstanding Securities necessary to modify or amend this Indenture or to consent to any waiver provided for in this Indenture;

(h) waive a default in the payment of any amount or shares of Common Stock with respect to any Security when due (except as provided in Section 6.02); or

(i) make any changes to Section 6.04, Section 6.07 or this Section 9.02.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment under this Section 9.02 becomes effective, the Company shall mail to each Holder a notice briefly describing the amendment. Failure to mail the notice or a defect in the notice shall not affect the validity of the amendment.

Section 9.03. *Compliance with Trust Indenture Act.* Every supplemental indenture executed pursuant to this ARTICLE 9 shall comply with the TIA.

Section 9.04. *Revocation and Effect of Consents.* Until an amendment, waiver or other action by Holders becomes effective, a consent thereto by a Holder of a Security hereunder is a continuing consent by such Holder and every subsequent Holder of such Security or portion of such Security that evidences the same obligation as the consenting Holder's Security, even if notation of the consent, waiver or action is not made on such Security. However, unless otherwise agreed by such Holder or a predecessor Holder, any such Holder or subsequent Holder may revoke the consent, waiver or action as to such Holder's Security or portion of the Security if the Trustee receives the notice of revocation before the date the amendment, waiver or action becomes effective. After an amendment, waiver or action becomes effective, it shall bind every Holder.

Section 9.05. *Notation on or Exchange of Securities.* Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article 9 may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any such supplemental indenture may be prepared and executed by the Company and the Parent, and such new Securities may be authenticated and delivered by the Trustee in exchange for outstanding Securities.

Section 9.06. *Trustee To Sign Supplemental Indentures.* The Trustee shall sign any supplemental indenture authorized pursuant to this Article 9 if the amendment contained therein does not, in the sole determination of the Trustee, adversely affect the rights, duties, powers, privileges, benefits, indemnities, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign such supplemental indenture. In signing any supplemental indenture the Trustee shall be entitled to receive, and (subject to the provisions of Section 7.01)

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shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that such amendment is authorized or permitted by this Indenture.

Section 9.07. *Effect of Supplemental Indentures.* Upon the execution of any supplemental indenture under this Article 9, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes, and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

## ARTICLE 10

### CONVERSION OF THE SECURITIES

#### Section 10.01. *Conversion Privilege.*

(a) Subject to the provisions of this Article 10, a Holder of a Security may convert such Security into cash and, if applicable, Common Stock equal to the Conversion Value in accordance with Section 10.14, if any of the following conditions is satisfied:

(i) during any calendar quarter (the "**Quarter**") commencing on or after July 1, 2004, if the Common Stock Price for at least 20 Trading Days in the period of 30 consecutive Trading Days ending on the last Trading Day of the Quarter immediately preceding such Quarter (appropriately adjusted to take into account the occurrence, during such 30 consecutive Trading Day period, of any event requiring adjustment of the Conversion Price under this Indenture) is more than 120% of the Conversion Price on such 30th Trading Day;

(ii) such Security has been called for redemption by the Company pursuant to Section 3.01 and the redemption has not yet occurred, so long as the Holder surrenders such Security for conversion prior to the close of business on the date that is two Business Days prior to the applicable Redemption Date, even if the Security is not otherwise convertible at such time;

(iii) (A) during the five Trading Day period immediately after a period of five consecutive Trading Days in which the average Trading Price of the Securities for each Trading Day in such period was less than 95% of the product of (x) the Common Stock Price on such Trading Day and (y) the Conversion Rate on such Trading Day;

(B) notwithstanding the foregoing, if on the date of any conversion pursuant to Section 10.01(a)(iii)(A), the Common Stock Price on such date is greater than the Conversion Price on such date but less than 120% of the Conversion Price on such date, then, for purposes of Section 10.14, the Conversion Value a Holder of Securities will be entitled to receive will be equal to the principal amount of the Securities held by such Holder plus accrued and unpaid interest (including Liquidated Damages, if any) as of the Conversion Date (such a conversion, a "**Principal Value Conversion**");

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(iv) (A) a distribution to all holders of Common Stock of rights, warrants or options entitling them (for a period commencing no earlier than the date of distribution and expiring not more than 60 days after the date of distribution) to subscribe for or purchase shares of Common Stock at a price less than the average Common Stock Price for the 10 Trading Days immediately preceding the date such distribution was first publicly announced; or

(B) a distribution to all holders of Common Stock of cash or other assets, evidences of Parent indebtedness, rights or warrants to purchase or subscribe for Capital Stock or other securities of the Parent, where the fair market value of such distribution per share of Common Stock (as determined by the Parent's Board of Directors, whose determination shall be conclusive evidence of such fair market value) exceeds 10% of the Common Stock Price on the Trading Day immediately preceding the date such distribution was first publicly announced;

*provided* that the Holder shall have no right to convert any Security pursuant to this Section 10.01(a)(iv) hereof if the Holder of a Security otherwise participates in the distribution described in this Section 10.01(a)(iv) on an as-converted basis solely into Common Stock at the then applicable Conversion Price without conversion of such Holder's Securities; or

(v) if the Company or the Parent is party to a consolidation, merger, share exchange, sale of all or substantially all of its properties and assets or other similar transaction, in each case pursuant to which the Common Stock is subject to conversion into cash, securities or other property, from and after the effective date of such transaction until and including the date that is 15 days after the effective date of such transaction (the "**Transaction Conversion Period**").

(b) In the case of Section 10.01(a)(iii), the Trustee shall have no obligation to determine the Trading Price of the Securities unless the Company has requested such determination in writing, and the Company shall have no obligation to make such request unless a Holder of the Securities provides the Company with reasonable evidence that the Trading Price of the Securities on any date would be less than 95% of the product of (x) the Common Stock Price on such date and (y) the Conversion Rate then in effect. Upon receipt of such reasonable evidence, the Company shall instruct the Trustee in writing to determine the Trading Price of the Securities beginning on the next Trading Day and on each successive Trading Day until the Trading Price of the Securities is greater than or equal to 95% of the product of the Common Stock Price and the Conversion Rate. Neither the Trustee nor the Conversion Agent shall be under any duty or obligation to make the calculations described in Section 10.01(a)(iii) hereof or to determine whether the Securities are convertible pursuant to such Section. The Company shall make the calculations described in Section 10.01(a)(iii) hereof using the Trading

(c) In the case of the foregoing Sections 10.01(a)(iv)(A) and 10.01(a)(iv)(B), the Company shall cause a notice of such distribution to be filed with the Trustee and the Conversion Agent and to be mailed to each Holder of Securities no later than 20 days prior to the Ex-Dividend Date for such distribution. Once the Company has given such notice, Holders may surrender their Securities for conversion at any time thereafter until the earlier of the close of business on the Business Day prior to the Ex-Dividend Date or the Parent's announcement that such distribution will not take place. The "Ex-Dividend Date" for any such issuance or distribution means the date immediately prior to the commencement of "ex-dividend" trading for such issuance or distribution on The New York Stock Exchange or such other national securities exchange or The Nasdaq Stock Market or similar system of automated dissemination of quotations of securities prices on which the Common Stock is then listed or quoted.

(d) A Holder may convert a portion of a Security equal to \$1,000 or any integral multiple thereof. Provisions of this Indenture that apply to conversion of all of a Security also apply to conversion of a portion of a Security.

If a Security is called for redemption pursuant to Section 3.01, in order to convert such Security, the Holder must deliver the Security to the Conversion Agent (or, if the Security is held in book-entry form, complete and deliver to the Depositary appropriate instructions in accordance with the Applicable Procedures) at any time prior to the close of business on the day that is two Business Days prior to the applicable Redemption Date for such Security (unless the Company shall default in paying the Redemption Price when due, in which case the conversion right shall terminate on the date such default is cured and such Security is redeemed). A Security in respect of which a Holder has delivered a Repurchase Notice pursuant to Section 3.08 or a Change in Control Repurchase Notice pursuant to Section 3.09 exercising the option of such Holder to require the Company to repurchase such Security may be converted only if such Repurchase Notice or Change in Control Repurchase Notice, as the case may be, is withdrawn by a written notice of withdrawal delivered to the Paying Agent prior to the close of business on the Repurchase Date or the Change in Control Repurchase Date, as the case may be, in accordance with Section 3.10.

(e) A Holder of Securities is not entitled to any rights of a holder of Common Stock until such Holder has converted its Securities into Common Stock.

Section 10.02. *Conversion Procedure.*

(a) To convert a Security, a Holder must (i) if the Security is in definitive form, complete and manually sign the irrevocable conversion notice on the back of the Security and deliver such notice to the Conversion Agent, (ii) if the Security is in definitive form, surrender the Security to the Conversion Agent, (iii) if the Security is in definitive form, furnish appropriate endorsements and transfer documents if required by the Registrar or the Conversion Agent, (iv) pay any transfer or other tax, if required by Section 10.03 and (v) if the Security is held in book-entry form, complete and deliver to the Depositary appropriate instructions pursuant to the Applicable Procedures. The later of (x) the date on which the Holder satisfies all of the foregoing requirements and (y) the Determination Date is the "Conversion Date." As promptly

as practicable after the Conversion Date and in any event within four Business Days thereof, the Company and the Parent shall deliver to the Holder through the Conversion Agent (1) to the extent applicable, cash in the amount calculated in accordance with Section 10.14, (2) the number of whole shares of Common Stock issuable upon the conversion and (3) cash in lieu of any fractional shares pursuant to Section 10.14.

(b) The Person in whose name the Security is registered shall be deemed to be a stockholder of record on the Conversion Date; *provided* that no surrender of a Security on any date when the stock transfer books of the Parent shall be closed shall be effective to constitute the Person or Persons entitled to receive the shares of Common Stock upon such conversion as the record holder or holders of such shares of Common Stock on such date, but such surrender shall be effective to constitute the Person or Persons entitled to receive such shares of Common Stock as the record holder or holders thereof for all purposes at the close of business on the next succeeding day on which such stock transfer books are open; *provided, further*, that such conversion shall be at the Conversion Price in effect on the date that such Security shall have been surrendered for conversion, as if the stock transfer books of the Parent had not been closed. Upon conversion of a Security, such Person shall no longer be a Holder of such Security.

(c) No payment or adjustment will be made for accrued but unpaid interest (including Liquidated Damages, if any) on a converted Security or for dividends or distributions on shares of Common Stock issued upon conversion of a Security. Neither the Company nor the Parent shall not adjust the Conversion Price to account for the accrued but unpaid interest. Nonetheless, if Securities are converted after the close of business on a regular record date and prior to the opening of business on the next interest payment date, including the date of maturity, Holders of such converted Securities at the close of business on such regular record date shall receive the accrued but unpaid interest (including Liquidated Damages, if any) payable on such Securities on the corresponding interest payment date notwithstanding the conversion. In such event, such Security, when surrendered for conversion, must be accompanied by delivery of a check payable to the Conversion Agent in an amount equal to the accrued but unpaid interest (including Liquidated Damages, if any) payable on such interest payment date on the portion so converted. If such payment does not accompany such Security, the Security shall not be converted; *provided* that no such check shall be required if such Security has been called for redemption on a redemption date within the period between the close of business on such record date and the opening of business on such interest payment date, or if such Security is surrendered for conversion on the interest payment date. If the Company defaults in the payment of interest (including Liquidated Damages, if any) payable on the interest payment date, the Conversion Agent shall repay such funds to the Holder.

(d) Upon surrender of a Security that is converted in part, the Company shall execute, and the Trustee shall, upon receipt of a Company Order, authenticate and deliver to the Holder, a new Security equal in principal amount to the unconverted portion of the Security surrendered.

Section 10.03. *Taxes on Conversion.* If a Holder converts a Security, the Parent shall pay any documentary, stamp or similar issue or transfer tax due on the issue of

shares of Common Stock upon such conversion. However, the Holder shall pay any tax which is due because the Holder requests the shares to be issued in a name other than the Holder's name. The Conversion Agent may refuse to deliver the certificates representing the Common Stock being issued in a name other than the Holder's name until the Conversion Agent receives a sum sufficient to pay any tax which will be due because the shares are to be issued in a name other than the Holder's name. Nothing herein shall preclude any tax withholding required by law or regulations.

Section 10.04. *Parent to Provide Stock.* The Parent shall, prior to issuance of any Securities hereunder, and from time to time as may be necessary, reserve, out of its authorized but unissued Common Stock, a sufficient number of shares of Common Stock to permit the conversion of all outstanding Securities into shares of Common Stock. The certificates representing the shares of Common Stock issued upon conversion of Transfer Restricted Securities shall bear a legend substantially in the following form:

“THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, OR THE “SECURITIES ACT”, AND THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF HARRAH'S ENTERTAINMENT, INC. (THE “COMPANY”) THAT (A) THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (IV) TO THE COMPANY OR ANY OF ITS SUBSIDIARIES, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.”

54

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The Parent covenants that all shares of Common Stock delivered upon conversion of the Securities shall be newly issued shares or treasury shares, shall be duly authorized, validly issued, fully paid and non-assessable and shall be free from preemptive rights and free of any lien or adverse claim.

The Parent will endeavor promptly to comply with all federal and state securities laws regulating the offer and delivery of shares of Common Stock upon conversion of Securities, if any, and will list or cause to have quoted such shares of Common Stock on each national securities exchange or in the over-the-counter market or such other market on which the Common Stock is then listed or quoted.

Section 10.05. *Adjustment of Conversion Price.* The Conversion Price shall be adjusted (without duplication) from time to time by the Company and the Parent as follows:

(a) In case the Parent shall (i) pay a dividend or other distribution in shares of Common Stock to all holders of Common Stock, (ii) subdivide its outstanding Common Stock into a greater number of shares or (iii) combine its outstanding Common Stock into a smaller number of shares, the Conversion Price shall be adjusted so that the Holder of any Security thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock which it would have owned or been entitled to receive had such Security been converted immediately prior to the happening of such event. For the purposes of calculating the Conversion Price adjustment pursuant to this Section 10.05(a), Holders of a Security shall be treated as if they had the right to convert the Security solely into Common Stock at the then applicable Conversion Price. An adjustment made pursuant to this Section 10.05(a) shall become effective immediately after the record date in the case of a dividend or distribution and shall become effective immediately after the effective date in the case of subdivision, combination or reclassification.

(b) In case the Parent shall issue to all holders of Common Stock rights, warrants or options entitling such holders (for a period commencing no earlier than the date of distribution and expiring not more than 60 days after the date of distribution) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share less than the average Common Stock Price for the 10 Trading Days immediately preceding the date the distribution of such rights, warrants or options was first publicly announced by the Parent, the Conversion Price shall be decreased so that the Conversion Price shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the record date for such issue by a fraction,

(i) the numerator of which shall be the number of shares of Common Stock outstanding on such date of public announcement, plus the number of shares which the aggregate subscription or purchase price for the total number of shares of Common Stock offered by the rights, warrants or options so issued (or the aggregate conversion price of the convertible securities offered by such rights, warrants or options) would purchase at such average Common Stock Price, and

55

(ii) the denominator of which shall be the number of shares of Common Stock outstanding on such date of public announcement plus the number of additional shares of Common Stock offered by such rights, warrants or options (or into which the convertible securities so offered by such rights, warrants or options are convertible);

provided that no adjustment will be made if Holders of the Securities may participate in the transaction on a basis and with notice that the Parent's Board of Directors determines to be fair and appropriate.

Such adjustment shall be made successively whenever any such rights, warrants or options are issued, and shall become effective immediately after such record date. If at the end of the period during which such rights, warrants or options are exercisable not all rights, warrants or options shall have been exercised, the adjusted Conversion Price shall be immediately readjusted to what it would have been upon application of the foregoing adjustment substituting the number of additional shares of Common Stock actually issued (or the number of shares of Common Stock issuable upon conversion of convertible securities actually issued) for the total number of shares of Common Stock offered (or convertible securities offered).

(c) In case the Parent shall distribute to all holders of Common Stock any shares of Capital Stock of the Parent (other than Common Stock) or evidences of its indebtedness, other securities or other assets, or shall distribute to all holders of Common Stock, rights, warrants or options to subscribe for or purchase any of its securities (excluding (i) those rights, options and warrants referred to in Section 10.05(b); (ii) those dividends, distributions, subdivisions and combinations referred to in Section 10.05(a); and (iii) those dividends and distributions paid in cash referred to in Section 10.05(e)), then in each such case the Conversion Price shall be decreased so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the date of such distribution by a fraction,

(i) the numerator of which shall be the Market Price on the record date for the determination of holders of Common Stock entitled to receive such distribution less the fair market value on such record date (as determined by the Parent's Board of Directors, whose determination shall be conclusive evidence of such fair market value) of the portion of the Capital Stock or evidences of indebtedness, securities or assets so distributed or of such rights, warrants or options, in each case applicable to one share of Common Stock, and

(ii) the denominator of which shall be the Market Price on such record date,

such adjustment to become effective immediately after the record date for such distribution; *provided*, that if the numerator of the foregoing fraction is less than \$1.00 (including a negative amount), then in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion, in addition to the cash and Common Stock issuable upon such conversion, the distribution such Holder would have received had such Holder converted its Security solely into Common Stock at the then applicable Conversion Price immediately prior to the record date for such distribution; *provided, further*, that no adjustment

56

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will be made if Holders of the Securities may participate in the transaction on a basis and with notice that the Parent's Board of Directors determines to be fair and appropriate.

(d) In case the Parent or any Subsidiary of the Parent makes a payment to Holders of Common Stock in respect of a tender or exchange offer other than an odd-lot offer, for the Common Stock to the extent that the offer involves aggregate consideration that, together with any cash and the Fair Market Value of any other consideration payable in respect of any tender or exchange offer by the Parent of any of its Subsidiaries for shares of the Common Stock consummated within the preceding 12 months not triggering a Conversion Price adjustment, exceeds an amount equal to 12.5% of the market capitalization of the Common Stock on the expiration date of the tender offer, the Conversion Price shall be decreased so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the expiration time of such tender or exchange offer (the "**Expiration Time**") by a fraction,

(i) the numerator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Common Stock Price on the Trading Day next succeeding the Expiration Time, and

(ii) the denominator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to holders of Common Stock based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares of Common Stock validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted up to any such maximum being referred to as the "**Purchased Shares**") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Common Stock Price on the Trading Day next succeeding the Expiration Time,

such adjustment to become effective immediately prior to the opening of business on the day following the Expiration Time. If the Parent is obligated to purchase shares pursuant to any such tender or exchange offer, but the Parent is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price that would then be in effect if such tender or exchange offer had not been made.

(e) In case the Parent shall declare a cash dividend or cash distribution to all of the holders of Common Stock, the Conversion Price shall be decreased so that the Conversion Price shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the record date for such dividend or distribution by a fraction,

(i) the numerator of which shall be the average of the Common Stock Price for the three consecutive Trading Days ending on the Trading Day immediately preceding the record date for such dividend or distribution (the "**Pre-Dividend Sale Price**"), minus the full amount of such cash dividend or cash distribution applicable to one share of Common Stock, and

57

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(ii) the denominator of which shall be the Pre-Dividend Sale Price,

such adjustment to become effective immediately after the record date for such dividend or distribution; *provided* no adjustment to the Conversion Price or the ability of a Holder of a Security to convert will be made if the Parent provides that Holders of Securities will participate in the cash dividend or cash distribution without conversion; *provided further*, that if the numerator of the foregoing fraction is less than \$1.00 (including a negative amount), then in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion, in addition to the cash and Common Stock issuable upon such conversion, the amount of cash such Holder would have received had such Holder converted its Security immediately prior to the record date for such cash dividend or cash distribution at the Conversion Rate and for the Conversion Value in effect at such time. If such cash

dividend or cash distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price that would then be in effect if such dividend or distribution had not been declared.

(f) If the rights provided for in the Parent's Rights Agreement dated as of October 5, 1996 (as amended from time to time, the "**Stockholder Rights Plan**"), have separated from the Common Stock in accordance with the provisions of the Stockholder Rights Plan so that the Holders of the Securities would not be entitled to receive any rights in respect of Common Stock issuable upon conversion of the Securities, the Conversion Price will be adjusted as provided in Section 10.05(c) above, subject to readjustment in the event of the expiration, termination or redemption of the rights. In lieu of any such adjustment, the Parent may amend the Stockholder Rights Plan to provide that upon conversion of the Securities the Holders will receive, in addition to the cash and Common Stock issuable upon such conversion, the rights such Holder would have received had such holder converted its Security solely into Common Stock at the then applicable Conversion Price and the rights had not become separated from the Common Stock under the Stockholder Rights Plan. To the extent that the Parent adopts any future rights plan, upon conversion of the Securities, Holders will receive, in addition to the cash and Common Stock issuable upon such conversion, the rights under the future rights plan in respect of the shares of Common Stock such Holder would have received had such holder converted its Security solely into Common Stock at the then applicable Conversion Price, whether or not the rights have separated from the Common Stock at the time of conversion, and no adjustment to the Conversion Price will be made in connection with any distribution of rights thereunder.

(g) In any case in which this Section 10.05 shall require that an adjustment be made immediately following a record date established for purposes of this Section 10.05, the Parent may elect to defer (but only until five Business Days following the filing by the Company with the Trustee of the certificate described in Section 10.09) issuing to the holder of any Security converted after such record date the cash, shares of Common Stock and other Capital Stock of the Parent issuable upon such conversion over and above the cash, shares of Common Stock and other Capital Stock of the Parent issuable upon such conversion only on the basis of the Conversion Price prior to adjustment; and, in lieu of the cash and shares the issuance of which is so deferred, the Parent shall issue or cause its transfer agents to issue due bills or other appropriate evidence of the right to receive such shares.

58

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(h) Before taking any action which would cause an adjustment decreasing the Conversion Price so that the shares of Common Stock issuable upon conversion of the Securities would be issued for less than the par value of such Common Stock, the Parent will take all corporate action which may be necessary in order that the Parent may validly and legally issue fully paid and non-assessable shares of such Common Stock at such adjusted Conversion Price.

Section 10.06. *No Adjustment.* No adjustment in the Conversion Price shall be required unless the adjustment would require an increase or decrease of at least 1% in the Conversion Price as last adjusted; *provided* that any adjustments which by reason of this Section 10.06 are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article 10 shall be made to the nearest cent, with one-half cent rounded up, or to the nearest ten thousandth (0.0001) of a share, with each five hundred thousandth (0.00005) of a share being rounded up, as the case may be.

No adjustment need be made upon the issuance of Common Stock under any present or future employee benefits plan or program of the Parent.

No adjustment need be made upon the issuance of Common Stock pursuant to (i) the exercise of any options, warrants or rights to purchase such Common Stock, (ii) the exchange of any exchangeable securities for such Common Stock or (iii) the conversion of any convertible securities into such Common Stock, in each case so long as such options, warrants, rights to purchase, exchangeable securities or convertible securities are outstanding as of the date on which the Securities are first issued.

No adjustment need be made for a change in the par value or a change to no par value of the Common Stock.

To the extent that the Securities become convertible into cash, no adjustment need be made thereafter as to the cash. Interest will not accrue on the cash.

Section 10.07. *Equivalent Adjustments.* If, as a result of an adjustment made pursuant to Section 10.05 above, the Holder of any Security thereafter surrendered for conversion shall become entitled to receive any shares of Capital Stock of the Parent other than shares of Common Stock, thereafter the Conversion Price of such other shares so receivable upon conversion of any Securities shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to Common Stock contained in this Article 10.

Section 10.08. *Adjustment for Tax Purposes.* The Parent shall be entitled to make such reductions in the Conversion Price, in addition to those required by Section 10.05, as the Parent's Board of Directors in its discretion shall determine to be advisable in order that any stock dividends, subdivisions of shares, distributions of rights to purchase stock or other securities, or distributions of securities convertible into or exchangeable for stock hereafter made by the Parent to its holders of Common Stock shall not be taxable to such holders.

59

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Section 10.09. *Notice of Adjustment.* Whenever the Conversion Price is adjusted, or Holders become entitled to other securities or due bills, the Company and the Parent shall promptly mail to Holders a notice of the adjustment and file with the Trustee an Officers' Certificate briefly stating the facts requiring the adjustment and the manner of computing it. The certificate shall be conclusive evidence of the correctness of such adjustment, absent manifest error, and the Trustee may conclusively assume that, unless and until such certificate is received by it, no such adjustment is required.

Section 10.10. *Notice of Certain Transactions.* In case:

(a) the Parent shall declare a dividend (or any other distribution) on the Common Stock; or

(b) the Parent shall authorize the granting to the holders of Common Stock of rights, warrants or options to subscribe for or purchase any share of any class or any other rights, warrants or options; or

(c) of any reclassification of the Common Stock of the Parent (other than a subdivision or combination of its outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation, merger, or share exchange to which the Parent is a party and for which approval of any holders of Common Stock is required, or of the sale or transfer of all or substantially all of the properties and assets of the Parent; or

(d) of the voluntary or involuntary dissolution, liquidation or winding-up of the Parent;

the Company and the Parent shall cause to be filed with the Trustee and the Conversion Agent and to be mailed to each Holder of Securities at its address appearing on the list provided for in Section 2.05, as promptly as possible but in any event at least ten days prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights, warrants or options, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights are to be determined, or (y) the date on which such reclassification, consolidation, merger, share exchange, sale, transfer, dissolution, liquidation or winding-up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, share exchange, sale, transfer, dissolution, liquidation or winding-up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, consolidation, merger, sale, share exchange, transfer, dissolution, liquidation or winding-up.

Section 10.11. *Effect of Reclassification, Consolidation, Merger, Share Exchange or Sale on Conversion Privilege.* If any of the following shall occur, namely: (i) any reclassification or change of outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a

60

result of a subdivision or combination); (ii) any consolidation, combination, merger or share exchange to which the Company or the Parent is a party other than a merger in which the Company and/or the Parent is the resulting or surviving corporation and which does not result in any reclassification of, or change (other than a change in name, or par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination) in, outstanding shares of Common Stock; or (iii) any sale or conveyance of all or substantially all of the properties and assets of the Company or the Parent, then the Company and the Parent, or such successor or purchasing corporation, as the case may be, shall, as a condition precedent to such reclassification, change, consolidation, merger, share exchange, sale or conveyance, execute and deliver to the Trustee a supplemental indenture providing that (i) during the Transaction Conversion Period, the Holder of each Security then outstanding shall have the right to convert such Security into the kind and amount of cash, securities or other property receivable upon such reclassification, change, consolidation, merger, share exchange, sale or conveyance by a holder of the number of shares of Common Stock deliverable upon conversion of such Security solely into Common Stock at the then applicable Conversion Price immediately prior to such reclassification, change, consolidation, merger, share exchange, sale or conveyance; provided that, if the holders of Common Stock have a right of election as to the kind or amount of cash, securities or other property receivable upon such reclassification, change, consolidation, merger, share exchange, sale or conveyance, the Holder of each Security then outstanding shall have the right to elect to convert such Security (based on the number of shares of Common Stock deliverable upon conversion of such Security solely into Common Stock) into the kind and amount of cash, securities or other property receivable by a holder of Common Stock that exercised such election or the kind and amount of cash, securities or other property receivable by a holder of Common Stock that did not exercise such election on the same basis as the holders of the Common Stock, and (ii) after the Transaction Conversion Period: (x) the Securities shall be convertible into the common stock of the surviving entity of such reclassification, change, consolidation, merger, share exchange, sale or conveyance (or the parent of such entity, if the holders of Common Stock received the parent's common stock in such reclassification, change, consolidation, merger, share exchange, sale or conveyance) as and to the extent convertible into the Common Stock in this Article 10; (y) such common stock shall be the basis for determining the Conversion Value pursuant to Section 10.01, Section 10.14 and the Securities (with the initial Conversion Rate in respect of such common stock equal to the then-existing Conversion Rate multiplied by the number of shares (or fraction thereof) of such common stock issuable for each share of Common Stock in such transaction, assuming conversion of the Securities entirely into Common Stock, and the initial Conversion Price in respect of such common stock equal to the then-existing Conversion Price divided by such number of shares (or fraction thereof)); and (z) such common stock shall be subject to all adjustments contemplated by this Article 10. Such supplemental indenture shall provide for adjustments of the Conversion Price which shall be as nearly equivalent as may be practicable to the adjustments of the Conversion Price provided for in this Article 10. If, in the case of any such consolidation, merger, share exchange, sale or conveyance, the stock or other securities and property (including cash) receivable thereupon by a holder of Common Stock includes shares of Capital Stock or other securities and property of a corporation other than the successor or purchasing corporation, as the case may be, in such consolidation, merger, share exchange, sale or conveyance, then such supplemental indenture shall also be executed by such other corporation and shall contain such additional provisions to protect the interests of the

61

Holders of the Securities as the Parent Board of Directors shall reasonably consider necessary by reason of the foregoing. The provision of this Section 10.11 shall similarly apply to successive consolidations, mergers, share exchanges, sales or conveyances. Notwithstanding the foregoing, a distribution by the Parent to all or substantially all holders of Common Stock for which an adjustment to the Conversion Price or provision for conversion of the Securities may be made pursuant to Section 10.05 shall not be deemed to be a sale or conveyance of all or substantially all of the properties and assets of the Parent for purposes of this Section 10.11.

In the event the Company and the Parent shall execute a supplemental indenture pursuant to this Section 10.11, each of the Company and the Parent shall promptly file with the Trustee (i) an Opinion of Counsel stating that such supplemental indenture is authorized or permitted by this Indenture and (ii) an Officers' Certificate briefly stating the reasons therefor, the kind or amount of cash, securities or other property receivable by Holders of the Securities upon the conversion of their Securities after any such reclassification, change, consolidation, merger, share exchange, sale or conveyance, any adjustment to be made with respect thereto and that all conditions precedent have been complied with.

Section 10.12. *Trustee's Disclaimer.* The Trustee has no duty to determine when an adjustment under this Article 10 should be made, how it should be made or what such adjustment should be made, but may accept as conclusive evidence of the correctness of any such adjustment, and shall be fully protected in relying upon, the Officers' Certificate with respect thereto which the Company is obligated to file with the Trustee pursuant to Section 10.09. The Trustee shall not be accountable for and makes no representation as to the validity or value of any securities or assets issued upon conversion of Securities, and the Trustee shall not be responsible for the Company's or the Parent's failure to comply with any provisions of this Article 10.

Each Conversion Agent (other than the Company, the Parent or an Affiliate of the Company or the Parent) shall have the same protection under this Section 10.12 as the Trustee.

The Trustee shall not be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture executed pursuant to Section 10.11, but may accept as conclusive evidence of the correctness thereof, and shall be protected in relying upon, the Officers' Certificate with respect thereto which the Company and the Parent are obligated to file with the Trustee pursuant to Section 10.11.

Section 10.13. *Voluntary Reduction.* The Parent from time to time may reduce the Conversion Price by any amount for any period of time if such period is at least 20 Trading Days or such longer period as may be required by law and if the reduction is irrevocable during such period; if the Parent's Board of Directors determines, in good faith, that such decrease would be in the best interests of the Parent; *provided* that in no event may the Conversion Price be less than the par value of a share of Common Stock. Any such determination by the Parent's Board of Directors shall be conclusive.

Section 10.14. *Conversion Value of Securities Tendered.*

(a) Subject to certain exceptions described in Sections 10.01(a)(iii) and 10.01(a)(iv), Holders tendering the Securities for conversion shall be entitled to receive, upon

62

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conversion of such Securities, cash and, if applicable, shares of Common Stock, the value of which (the "**Conversion Value**") shall be equal to the product of:

(i) (A) the aggregate principal amount of Securities to be converted divided by 1,000 multiplied by (B) the then applicable Conversion Rate; and

(ii) the average of the Common Stock Prices for the ten consecutive Trading Days (appropriately adjusted to take into account the occurrence during such period of stock splits and similar events) beginning on the second Trading Day immediately following the day the Securities are tendered for conversion (the "**Ten Day Average Closing Stock Price**"); *provided* that if the shares of Common Stock are not listed on The New York Stock Exchange, then the Ten Day Average Closing Stock Price shall be determined by the Company by reference to the Common Stock Price as reported by NASDAQ.

(b) Subject to certain exceptions described below and under Sections 10.01(a)(iii) and 10.01(a)(iv), the Company shall deliver the Conversion Value to converting holders as follows:

(i) an amount in cash (the "Principal Return") equal to the lesser of (a) the Conversion Value of the Securities to be converted and (b) the aggregate principal amount of the Securities to be converted;

(ii) if the Conversion Value of the Securities to be converted is greater than the Principal Return, an amount in whole shares (the "**Net Shares**"), determined as set forth below, equal to such aggregate Conversion Value less the Principal Return (the "**Net Share Amount**"); and

(iii) an amount paid in cash, determined as set forth below, in lieu of any fractional shares of Common Stock.

The number of Net Shares to be paid shall be determined by dividing the Net Share Amount by the Ten Day Average Closing Stock Price. Holders of Securities will not receive fractional shares upon conversion of Securities. In lieu of fractional shares, Holders will receive cash for the value of the fractional shares, which cash payment shall be based on the Ten Day Average Closing Stock Price.

The Conversion Value, Principal Return, number of Net Shares and Net Share Amount shall be determined by the Company at the end of the ten consecutive Trading Day period beginning on the second Trading Day immediately following the day the Securities are tendered for conversion (the "**Determination Date**").

(c) The Company and the Parent shall pay the Principal Return and cash for fractional shares and deliver the Net Shares, if any, as promptly as practicable after the Conversion Date, but in no event later than four Business Days thereafter. Except as provided in Section 10.02(c), delivery of the Principal Return, Net Shares and cash in lieu of fractional shares

63

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shall be deemed to satisfy the Company's obligation to pay the principal amount of a converted Security and accrued but unpaid interest (including Liquidated Damages, if any) thereon. Any accrued interest (including Liquidated Damages, if any) payable on a converted Security shall be deemed paid in full rather than canceled, extinguished or forfeited. The Parent will not adjust the Conversion Price to account for accrued interest.

(d) Neither the Trustee nor the Conversion Agent has any duty to determine or calculate the Conversion Value, Principal Return, number of Net Shares, the Net Share Amount or any other computation required under this Article 10, all of which shall be determined by the Parent (or the Trustee, as the case may be) in accordance with the provisions of this Indenture, and the Trustee and Conversion Agent shall not be under any responsibility to determine the correctness of any such determinations and/or calculations and may conclusively rely on the correctness thereof.

Section 10.15. *Simultaneous Adjustments.* In the event that this Article 10 requires adjustments to the Conversion Price under more than one of Sections 10.05(a) and (c), and the record dates for the distributions giving rise to such adjustments shall occur on the same date, then such adjustments shall be made by applying, first, the provisions of Section 10.05(c), as applicable, and, second, the provisions of Section 10.05(a). If more than one event requiring adjustment pursuant to Section 10.05 shall occur before completing the determination of the Conversion Price for the first event requiring such adjustment, then the Parent's Board of Directors (whose determination shall, if made in good faith, be conclusive) shall make such adjustments to the

Conversion Price (and the calculation thereof) after giving effect to all such events as shall preserve for Holders the Conversion Price protection provided in Section 10.05.

## ARTICLE 11

### MISCELLANEOUS

Section 11.01. *Trust Indenture Act Controls.* If any provision of this Indenture limits, qualifies, or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control.

Section 11.02. *Notices.* Any request, demand, authorization, notice, waiver, consent or communication shall be in writing, in the English language and delivered in person or mailed by first-class mail, postage prepaid, addressed as follows, or transmitted by facsimile transmission (confirmed orally) to the following facsimile numbers:

64

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if to the Company or the Parent, to:

Harrah's Entertainment, Inc.  
Harrah's Operating Company, Inc.  
One Harrah's Court  
Las Vegas, Nevada 89119  
Attention: General Counsel  
Facsimile No.: (702) 407-6286

if to the Trustee, to:

U.S. Bank National Association  
60 Livingston Avenue  
St. Paul, MN 55107-2292  
Attention: Corporate Trust Administration  
Facsimile No.: (651) 495-8097

The Company, the Parent or the Trustee by notice given to the other in the manner provided above may designate additional or different addresses for subsequent notices or communications.

Any notice or communication given to a Holder shall be mailed to the Holder, by first-class mail, postage prepaid, at the Holder's address as it appears on the registration books of the Registrar and shall be sufficiently given if so mailed within the time prescribed.

Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not received by the addressee.

If the Company or the Parent mails a notice or communication to the Holders, it shall mail a copy to the Trustee and each Registrar, Paying Agent, Conversion Agent or co-registrar.

Section 11.03. *Communication by Holders with Other Holders.* Holders may communicate pursuant to TIA Section 312(b) with other Holders with respect to their rights under this Indenture or the Securities. The Company, the Parent, the Trustee, the Registrar, the Paying Agent, the Conversion Agent and anyone else shall have the protection of TIA Section 312(c).

Section 11.04. *Certificate and Opinion as to Conditions Precedent.* Upon any request or application by the Company or the Parent to the Trustee to take or refrain from taking any action under this Indenture, the Company or the Parent, as applicable, shall furnish to the Trustee:

(a) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

65

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(b) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such eligible and qualified Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company or the Parent may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company or the Parent stating the information on which counsel is relying unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 11.05. *Statements Required in Certificate or Opinion.* Each Officers' Certificate or Opinion of Counsel with respect to compliance with a covenant or condition provided for in this Indenture shall include:

- (a) a statement that each person making such Officers' Certificate or Opinion of Counsel has read such covenant or condition;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such Officers' Certificate or Opinion of Counsel are based;
- (c) a statement that, in the opinion of each such person, he has made such examination or investigation as is necessary to enable such person to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (d) a statement that, in the opinion of such person, such covenant or condition has been complied with.

Section 11.06. *Separability Clause.* In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

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Section 11.07. *Rules by Trustee, Paying Agent, Conversion Agent and Registrar.* The Trustee may make reasonable rules for action by or a meeting of Holders. The Registrar, the Conversion Agent and the Paying Agent may make reasonable rules for their functions.

Section 11.08. *Legal Holidays.* A "**Legal Holiday**" is any day other than a Business Day. If any specified date (including a date for giving notice) is a Legal Holiday, the action shall be taken on the next succeeding day that is not a Legal Holiday, and, if the action to be taken on such date is a payment in respect of the Securities, no interest (including Liquidated Damages, if any), shall accrue for the intervening period.

Section 11.09. *Governing Law.* THIS INDENTURE AND EACH SECURITY SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK, AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 11.10. *No Recourse Against Others.* A director, officer, employee or stockholder, as such, of the Company or the Parent shall not have any liability for any Obligations of the Company or the Parent, as applicable, under the Securities or for any claim based on, in respect of or by reason of such Obligations or their creation. By accepting a Security, each Holder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the Securities.

Section 11.11. *Company Actions or Rights.* Any action or right reserved to or retained by the Company pursuant to this Indenture and/or the Securities may be taken by the Parent without the consent of the Trustee or any Holder and the Parent shall be entitled to execute any and all future documents and/or instruments in furtherance of any such action or right.

Section 11.12. *Successors.* All agreements of the Company and the Parent in this Indenture and the Securities shall bind its successor. All agreements of the Trustee in this Indenture shall bind its successor.

Section 11.13. *Multiple Originals.* This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 11.14. *Table of Contents and Headings.* The Table of Contents and the headings of the Articles or Sections of this Indenture have been inserted for convenience of reference only, are not to be considered as part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

67

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## ARTICLE 12

### GUARANTEE

Section 12.01. *Guarantee.*

(a) Subject to Section 12.01(b), below, the Parent hereby irrevocably and unconditionally guarantees (such guarantee being the "**Guarantee**") to each Holder of a Security authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture and the Securities hereunder, that: (i) the principal of, premium, if any, and interest on the Securities promptly will be paid in full when due, whether at the Maturity, by acceleration, call for redemption or otherwise, and interest on the overdue principal, premium, if any, and interest, if any, of the Securities, if lawful, and all other obligations of the Company to the Holders and the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof, and (ii) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due by the Company of any amount so guaranteed for whatever reason, the Parent shall be obligated to pay the same immediately. The Parent hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Securities or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Securities with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. The Parent hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding

first against the Company, protest, notice and all demands whatsoever and covenants that this Guarantee shall not be discharged except by complete performance of the obligations contained in the Securities and this Indenture. If any Holder or the Trustee is required by any court or otherwise to return to the Company or any custodian, Trustee, liquidator or other similar official acting in relation to the Company, any amount paid by the Company to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. The Parent agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations is guaranteed hereby.

(b) It is the intention of the Parent and the Company that the obligations of the Parent hereunder shall be, but not in excess of, the maximum amount permitted by applicable law. Accordingly, if the obligations in respect of the Guarantee would be annulled, avoided or subordinated to the creditors of the Parent by a court of competent jurisdiction in a proceeding actually pending before such court as a result of a determination both that such Guarantee was made without fair consideration and, immediately after giving effect thereto, the Parent was insolvent or unable to pay its debts as they mature or left with an unreasonably small capital, then the obligations of the Parent under the Guarantee shall be reduced by such court if such reduction

68

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would result in the avoidance of such annulment, avoidance or subordination; provided, however, that any reduction pursuant to this paragraph shall be made in the smallest amount as is strictly necessary to reach such result. For purposes of this paragraph, "fair consideration," "insolvency," "unable to pay its debts as they mature," "unreasonably small capital" and the effective times of reductions, if any, required by this paragraph shall be determined in accordance with applicable law.

(c) The Parent shall be subrogated to all rights of the Holders against the Company in respect of any amounts paid by Parent pursuant to the provisions of the Guarantee or this Indenture; provided, however, that the Parent shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation until the principal of, premium, if any, and interest on all Securities issued hereunder shall have been paid in full.

Section 12.02. *Execution and Delivery of Guarantee.* To evidence the Guarantee set forth in Section 12.01, the Company and the Parent hereby agree that a notation of such Guarantee shall be endorsed on each Security authenticated and delivered by the Trustee, that such notation of such Guarantee shall be in the form attached hereto as Exhibit C, and shall be executed on behalf of the Parent by an Officer thereof.

The Parent hereby agrees that the Guarantee set forth in Section 12.01 shall remain in full force and effect notwithstanding any failure to endorse on each Security a notation of the Guarantee.

If an officer whose signature is on this Indenture no longer holds that office at the time the Trustee authenticates the Security on which the Guarantee is endorsed, the Guarantee shall be valid nevertheless.

The delivery of any Security by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guarantee set forth in this Indenture on behalf of the Parent.

Section 12.03. *Release of Parent.* The Parent shall be released from all of its obligations under the Guarantee and under this Indenture if:

(a) the Company or the Parent has transferred all or substantially all of its properties and assets to any Person (whether by sale, merger or consolidation or otherwise), or has merged into or consolidated with another Person, pursuant to a transaction in compliance with this Indenture and:

(i) the corporation to whom all or substantially all of the properties and assets of the Company or the Parent are transferred, or whom the Company or the Parent has merged into or consolidated with, has expressly assumed, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent under the Guarantee and this Indenture;

69

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(ii) immediately before and immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Parent has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture comply with this Section 12.03 and that all conditions precedent herein provided for relating to such transaction have been complied with;

(b) the Parent liquidates (other than pursuant to any Bankruptcy Law) and complies, if applicable, with the provisions of this Indenture; provided that if a Person and its Affiliates, if any, shall acquire all or substantially all of the assets of the Parent upon such liquidation the Parent shall liquidate only if:

(i) the Person and each such Affiliate (or the common corporate parent of such Person and its Affiliates, if such Person and its Affiliates are wholly owned by such parent) which acquire or will acquire all or a portion of the assets of the Parent shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent, under the Guarantee and this Indenture and such Person or any of such Affiliates (or such parent) shall be a corporation organized and existing under the laws of the United States or any State thereof or the District of Columbia;

(ii) immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Parent has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such liquidation and such supplemental indenture comply with this Section 12.03 and that all conditions precedent herein provided for relating to such transaction have been complied with; or

(c) the Company ceases for any reason to be a “wholly owned subsidiary” of the Parent (as such term is defined in Rule 1-02(z) of the Regulation S-X promulgated by the SEC).

Upon any assumption of the Guarantee by any Person pursuant to this Section 12.03, such Person may exercise every right and power of the Parent under this Indenture with the same effect as if such successor corporation had been named as the Parent herein, and all the obligations of the Parent, hereunder and under the Guarantee and the Indenture shall terminate.

Section 12.04. *When Parent May Merge, Etc.* The Parent shall not consolidate with or merge with or into any other Person or, directly or indirectly, sell, lease or convey all or substantially all of its assets (computed on a consolidated basis) to another Person, and may not permit any Person to, directly or indirectly, sell, lease or convey all or substantially all of its assets to the Parent, whether in a single transaction or a series of related transactions, unless:

70

(a) either the Parent shall be the continuing person, or the Person (if other than the Parent) formed by such consolidation or into or with which the Parent is merged or to which the assets of the Parent are transferred shall be a corporation organized and validly existing under the laws of the United States or any State thereof or the District of Columbia and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Parent under the Guarantee and this Indenture;

(b) immediately after giving effect to such transaction, no Event of Default, and no event or condition which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(c) the Parent has delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, conveyance or lease and such supplemental indenture comply with this Section 12.04 and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any consolidation or merger, or any sale, conveyance or lease of all or substantially all of the assets of the Parent, in accordance with this Section 12.04, the successor corporation formed by such consolidation or into or with which the Parent is merged or to which such transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Parent under this Indenture with the same effect as if such successor corporation had been named as the Parent herein, and all the obligations of the predecessor Parent hereunder and under the Guarantee and the Indenture shall terminate.

71

IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed this Indenture on behalf of the respective parties hereto as of the date first above written.

HARRAH’S OPERATING COMPANY, INC.

By: /s/ Jonathan S. Halkyard  
Name: Jonathan S. Halkyard  
Title: Senior Vice-President and Treasurer

HARRAH’S ENTERTAINMENT, INC.

By: /s/ Jonathan S. Halkyard  
Name: Jonathan S. Halkyard  
Title: Senior Vice-President and Treasurer

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: /s/ Richard Prokosch  
Name: Richard Prokosch  
Title: Vice-President

S-1

**EXHIBIT A**

**[FORM OF FACE OF GLOBAL SECURITY]**

[Transfer Restricted Securities Legend – Include only on Transfer Restricted Securities]

[THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, OR THE “SECURITIES ACT”, AND THIS SECURITY MAY NOT BE OFFERED, SOLD

OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF HARRAH'S OPERATING COMPANY, INC. (THE "COMPANY") THAT (A) THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (IV) TO THE COMPANY OR ANY OF ITS SUBSIDIARIES, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY SUBSEQUENT PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

THE FOREGOING LEGEND MAY BE REMOVED FROM THE SECURITY ON SATISFACTION OF THE CONDITIONS SPECIFIED IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.]

[Global Securities Legend – Include only on Global Securities]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON

A-1

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IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN. TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS TO NOMINEES OF THE DEPOSITORY TRUST COMPANY OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.]

A-2

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**HARRAH'S OPERATING COMPANY, INC.**

**Floating Rate Convertible Senior Note Due 2024**

No.:

CUSIP: [127687AA9](a)  
ISIN: [US127687AA90]

Issue Date:

Principal Amount:

HARRAH'S OPERATING COMPANY, INC., a Delaware corporation, promises to pay to [Cede & Co.](b) or registered assigns, [the principal amount of \_\_\_\_\_] [the principal amount as set forth on Schedule I hereto],\*\* on April 15, 2024, subject to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place. This Security is convertible as specified on the other side of this Security.

Interest Payment Dates: January 15, April 15, July 15 and October 15 commencing July 15, 2004.

Record Dates: January 1, April 1, July 1 and October 1, commencing July 1, 2004.

(a) For Rule 144A Global Security only.

(b) Include only on Global Security.

A-3

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HARRAH'S OPERATING COMPANY, INC.

By: \_\_\_\_\_

Name:  
Title:

A-4

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**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

U.S. Bank National Association, as Trustee, certifies that this is one of the Securities referred to in the within-mentioned Indenture.

By: \_\_\_\_\_  
Authorized Signatory

Dated:

A-5

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**[FORM OF REVERSE SIDE OF NOTE]**

**HARRAH'S OPERATING COMPANY, INC.**

**Floating Rate Convertible Senior Note Due 2024**

(1) Interest.

(A) This Security will bear interest from April 7, 2004 or from the most recent date to which interest has been paid or duly provided for, quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, subject to Section 11.08 of the Indenture, commencing July 15, 2004. This Security will bear interest from April 7, 2004 to but excluding July 15, 2004 at a rate of 1.11% per annum. Thereafter, this Security will bear interest at a rate per annum equal to 3-month LIBOR, reset quarterly. The 3-month LIBOR applicable to any quarterly period beginning on a January 15, April 15, July 15 and October 15 shall be 3-month LIBOR on the second London banking day immediately preceding such January 15, April 15, July 15 and October 15 (a "**LIBOR Determination Date**"). Regardless of the level of 3-month LIBOR, however, the interest rate on the Securities will never be less than zero. The Company will pay interest on any overdue principal amount at the interest rate borne by the Securities at the time such interest on the overdue principal amount accrues, compounded quarterly, and it shall pay interest on overdue installments of interest and Liquidated Damages, if any (without regard to any applicable grace period), at the same interest rate, compounded quarterly. Interest (including Liquidated Damages, if any) on the Securities will be computed on the basis of a 360-day year comprised of twelve 30-day months.

"**London banking day**" means a day on which commercial banks are open for business, including dealings in United States dollars, in London, England.

"**3-month LIBOR**," as determined by the Trustee, means with respect to any LIBOR Determination Date:

(i) the rate for three-month deposits in United States dollars commencing on the second London banking day succeeding such LIBOR Determination Date, that appears on the Moneyline Telerate Page 3750 as of 11:00 a.m., London time, on the LIBOR Determination Date, or

(ii) if no rate appears on the particular LIBOR Determination Date on the Moneyline Telerate Page 3750, the rate calculated by the Trustee as the arithmetic mean of at least two offered quotations obtained by the Trustee after requesting the principal London offices of each of four major reference banks in the London interbank market to provide the Trustee with its offered quotation for deposits in United States dollars for the period of three months, commencing on the second London banking day succeeding such LIBOR Determination Date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that LIBOR Determination Date and in a principal

A-6

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amount that is representative for a single transaction in United States dollars in that market at that time, or

(iii) if fewer than two offered quotations referred to in clause (ii) are provided as requested, the rate calculated by the Trustee as the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York time, on the particular LIBOR Determination Date by three major banks in The City of New York selected by the Trustee for loans in United States dollars to leading European banks for a period of three months commencing on second London banking day succeeding such LIBOR Determination Date, and in a principal amount that is representative for a single transaction in United States dollars in that market at that time, or

(iv) if the banks so selected by the Trustee are not quoting as mentioned in clause (iii), 3-month LIBOR in effect on the preceding LIBOR Determination Date (or 1.11% per annum in the case of the interest payment date on July 15, 2004).

"**Moneyline Telerate Page 3750**" means the display on Moneyline Telerate (or any successor service) on such page (or any other page as may replace such page on such service) or such other service or services as may be nominated by the British Bankers' Association as the information vendor for the purpose of displaying the London interbank rates of major banks for United States dollars.

(2) Method of Payment.

The Company will pay interest (including Liquidated Damages, if any) on this Security to the Person who is the registered Holder of this Security at the close of business on January 1, April 1, July 1 and October 1, as the case may be, immediately preceding the related interest payment date. Subject to the terms and conditions of the Indenture, the Company will make payments in respect of the Redemption Price, Repurchase Price, Change in Control Repurchase Price and the principal amount at Stated Maturity, as the case may be, to the Holder who surrenders a Security to a Paying Agent to collect such payments in respect of the Security. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may pay interest (including Liquidated Damages, if any), the Redemption Price, Repurchase Price, Change in Control Repurchase Price and the principal amount at Stated Maturity, as the case may be, to a Holder holding Securities in definitive form by check or wire payable in such money; *provided* that a Holder holding Securities in definitive form with an aggregate principal amount in

excess of \$1,000,000 may request payment by wire transfer in immediately available funds to an account in North America at the election of such Holder. The Company may mail an interest check to the Holder's registered address. Notwithstanding the foregoing, so long as this Security is registered in the name of a Depository or its nominee, all payments hereon shall be made by wire transfer of immediately available funds to the account of the Depository or its nominee.

A-7

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(3) Paying Agent, Conversion Agent and Registrar.

Initially, U.S. Bank National Association (the "**Trustee**") will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent or Registrar without notice, other than notice to the Trustee; *provided* that the Company will maintain at least one Paying Agent having an office or agency in the State of New York, City of New York, Borough of Manhattan, which shall initially be an office or agency of the Trustee. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent or Registrar.

(4) Indenture.

The Securities were issued under an Indenture dated as of April 7, 2004 between the Company, as successor to Caesars Entertainment, Inc. ("**Caesars**"), and the Trustee, as supplemented by the First Supplemental Indenture, dated as of November 4, 2004, and the Second Supplemental Indenture, dated as of June 13, 2005, and as amended and restated by the Amended and Restated Indenture, dated as of July 28, 2005, among the Company (as successor to Caesars), the Parent and the Trustee (as so amended and restated, the "**Indenture**"). The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as in effect from time to time (the "**TIA**"). Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of those terms.

The Securities are general unsecured obligations of the Company limited to \$375,000,000 aggregate principal amount. The Indenture does not limit other indebtedness of the Company, secured or unsecured.

(5) Redemption at the Option of the Company.

No sinking fund is provided for the Securities. Beginning on April 20, 2009 and during the periods thereafter to maturity, the Securities are redeemable as a whole at any time, or in part from time to time, in any integral multiple of \$1,000, at the option of the Company for cash at a Redemption Price equal to 100% of the principal amount, together with accrued but unpaid interest (including Liquidated Damages, if any) thereon, up to but not including the Redemption Date; *provided* that, if the Redemption Date is between the close of business on an interest record date and the opening of business on the related interest payment date, interest will be payable to the Holders in whose names the Securities are registered at the close of business on the relevant interest record date.

Notice of redemption pursuant to paragraph 5 of this Security will be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder of Securities to be redeemed at the Holder's registered address. If money sufficient to pay the Redemption Price of all Securities (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent prior to 11:00 a.m., New York City time, on the Redemption Date, immediately after such Redemption Date, interest (including Liquidated Damages, if any) shall cease.

A-8

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to accrue on such Securities or portions thereof. Securities in denominations larger than \$1,000 of principal amount may be redeemed in part but only in integral multiples of \$1,000 of principal amount.

(6) Mandatory Disposition Pursuant to Gaming Authority

(A) Each Holder, by this Security, will be deemed to have agreed that if the gaming authority of any jurisdiction in which the Parent or any of its Subsidiaries conducts or proposes to conduct gaming operations requires that a Person who is a Holder or the Beneficial Owner of this Security (or an affiliate of such Holder or Beneficial Owner) be licensed, qualified or found suitable under applicable gaming laws, such Holder or the Beneficial Owner, as the case may be, will apply for a license, qualification or a finding of suitability within the required time period. If such Person fails to apply or become licensed or qualified or is found unsuitable, the Company will have the right, at any time, at its option:

(i) to require such Person to dispose of this Security or beneficial interest herein within 30 days of receipt of notice of the Company's election or such earlier date as may be requested or prescribed by such gaming authority, or

(ii) to redeem such Securities at a redemption price equal to the lesser of (1) such Person's cost, (2) 100% of the principal amount thereof, plus accrued and unpaid interest (including Liquidated Damages), if any, to the earlier of the redemption date or the date of the finding of unsuitability, which redemption date may be less than 30 days following the notice of redemption if so requested or prescribed by the applicable gaming authority or (3) such lesser amount as may be required by an applicable gaming authority.

(B) Immediately upon a determination by a gaming authority that a Holder or Beneficial Owner of this Security (or an affiliate thereof) will not be licensed, qualified or found suitable or is denied license, qualification or finding of suitability, the Holder or Beneficial Owner will not have any further right with respect to this Security to:

(i) exercise, directly or indirectly, through any Person, any right conferred by this Security; or

(ii) receive any interest (including Liquidated Damages, if any), or any other distribution or payment with respect to this Security, or any remuneration in any form from the Company or the Parent for services rendered or otherwise, except for the redemption of this Security.

(C) The Company will notify the Trustee in writing of any such redemption as soon as practicable. The Company or the Parent will not be responsible for any costs or expenses any such Holder or the Beneficial Owner may incur in connection with its application for a license, qualification or a finding of suitability.

A-9

- (7) Repurchase By the Company at the Option of the Holder on Specified Dates; Repurchase at the Option of the Holder Upon a Change in Control.

Subject to the terms and conditions of the Indenture, the Company shall become obligated to repurchase, at the option of the Holder, all or a portion of the Securities tendered pursuant to the Indenture, in any integral multiple of \$1,000, on April 15, 2009, April 15, 2014, and April 15, 2019 (each, a “**Repurchase Date**”), for cash at a price per Security equal to 100% of the aggregate principal amount of the Security (the “**Repurchase Price**”), together with accrued but unpaid interest (including Liquidated Damages, if any) thereon, up to but not including the Repurchase Date upon delivery of a Repurchase Notice containing the information set forth in the Indenture, together with the Securities subject thereto, at any time from the opening of business on the date that is 30 Business Days prior to such Repurchase Date until the close of business on the Business Day prior to such Repurchase Date, and upon delivery of the Securities to the Paying Agent by the Holder as set forth in the Indenture.

At the option of the Holder and subject to the terms and conditions of the Indenture, the Company shall become obligated to repurchase the Securities held by such Holder after the occurrence of a Change in Control of the Company for a Change in Control Repurchase Price equal to 100% of the principal amount thereof plus accrued but unpaid interest (including Liquidated Damages, if any) thereon, up to but not including the Change in Control Repurchase Date which Change in Control Repurchase Price shall be paid in cash (*provided* that if the Change in Control Repurchase Date is between the close of business on an interest record date and the opening of business on the related interest payment date, accrued but unpaid interest will be payable to the Holders in whose names the Securities are registered at the close of business on the relevant record date). Holders have the right to withdraw any Repurchase Notice or Change in Control Repurchase Notice, as the case may be, by delivering to the Paying Agent a written notice of withdrawal in accordance with the provisions of the Indenture.

If cash sufficient to pay the Repurchase Price or Change in Control Repurchase Price, as the case may be, and accrued but unpaid interest (including Liquidated Damages, if any) on all Securities or portions thereof to be repurchased as of the Repurchase Date or the Change in Control Repurchase Date, as the case may be, is held by the Paying Agent by 11:00 a.m., New York City time, on the Business Day immediately following the Repurchase Date or the Change in Control Repurchase Date, interest (including Liquidated Damages, if any) shall cease to accrue on such Securities (or portions thereof) as of such Repurchase Date or Change in Control Repurchase Date, and the Holder thereof shall have no other rights as such, other than the right to receive the Repurchase Price or Change in Control Repurchase Price, as the case may be, and interest (including Liquidated Damages, if any) upon surrender of such Security.

- (8) Conversion.

Upon satisfaction of the conditions set forth in Section 10.01(a) of the Indenture, a Holder of a Security may convert any portion of the principal amount of any Security that is an integral multiple of \$1,000 into cash and fully paid and non-assessable shares (calculated as to

A-10

each conversion to the nearest 1/10000th of a share) of Common Stock in accordance with the provisions of Section 10.14 of the Indenture; *provided* that if such Security is called for redemption, the conversion right will terminate at the close of business on the second Business Day immediately preceding the Redemption Date of such Security (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Security is redeemed). Such conversion right shall commence on the initial issuance date of the Securities and expire at the close of business on the Business Day immediately preceding the date of maturity, subject, in the case of conversion of any Global Security, to any Applicable Procedures. The Conversion Price shall, as of the date of the Indenture, initially be \$68.65 per share of Common Stock. The Conversion Rate shall, as of the date of the Indenture, initially be approximately 14.57. The Conversion Price and Conversion Rate will be adjusted under the circumstances specified in the Indenture. Upon conversion, no adjustment for interest (including Liquidated Damages, if any) or dividends will be made. No fractional shares will be issued upon conversion; in lieu thereof, an amount will be paid in cash based upon the Ten Day Average Closing Stock Price (as defined in the Indenture). Except as provided in Section 10.02(c) of the Indenture, delivery of the Principal Return, Net Shares and cash in lieu of fractional shares shall be deemed to satisfy the Company’s obligation to pay the principal amount of a converted Security and accrued but unpaid interest (including Liquidated Damages, if any) thereon. Any accrued interest (including Liquidated Damages, if any) payable on a converted Security will be deemed paid in full, rather than canceled, extinguished or forfeited.

To convert a Security, a Holder must (a) complete and manually sign the conversion notice set forth below and deliver such notice to the Conversion Agent, (b) surrender the Security to the Conversion Agent, (c) furnish appropriate endorsements and transfer documents if required by the Registrar or the Conversion Agent, (d) pay any transfer or other tax, if required and (e) if the Security is held in book-entry form, complete and deliver to the Depository appropriate instructions pursuant to the Applicable Procedures. If a Holder surrenders a Security for conversion between the close of business on the record date for the payment of an installment of interest and the opening of business on the related interest payment date, the Security must be accompanied by payment of an amount equal to the interest (including Liquidated Damages, if any) payable on such interest payment date on the principal amount of the Security or portion thereof then converted; *provided* that no such payment shall be required if such Security has been called for redemption on a Redemption Date within the period between close of business on such record date and the opening of business on such interest payment date, or if such Security is surrendered for conversion on the interest payment date. A Holder may convert a portion of a Security equal to \$1,000 or any integral multiple thereof.

A Security in respect of which a Holder has delivered a Repurchase Notice or a Change of Control Repurchase Notice exercising the option of such Holder to require the Company to repurchase such Security as provided in Section 3.08 or Section 3.09, respectively, of the Indenture may be converted only if such notice of exercise is withdrawn in accordance with the terms of the Indenture.

A-11

(9) Denominations; Transfer; Exchange.

The Securities are in fully registered form, without coupons, in denominations of \$1,000 of principal amount and integral multiples of \$1,000. A Holder may transfer or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not transfer or exchange any Securities selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed), or any Securities in respect of which a Repurchase Notice or a Change in Control Repurchase Notice has been given and not withdrawn (except, in the case of a Security to be repurchased in part, the portion of the Security not to be repurchased), or any Securities for a period of 15 days before the mailing of a notice of redemption of Securities to be redeemed.

(10) Persons Deemed Owners.

The registered Holder of this Security may be treated as the owner of this Security for all purposes.

(11) Amendment; Waiver.

Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Securities may be amended with the written consent of the Holders of at least a majority in aggregate principal amount of the Securities at the time outstanding and (ii) certain defaults may be waived with the written consent of the Holders of a majority in aggregate principal amount of the Securities at the time outstanding. Subject to certain exceptions set forth in the Indenture, without the consent of any Holder, the Company, the Parent and the Trustee may amend the Indenture or the Securities (i) to cure any ambiguity, omission, defect or inconsistency, or make any other change that does not adversely affect the rights of any Holder in any material respect, (ii) to comply with ARTICLE 5, Section 10.11 or Article 12 of the Indenture, (iii) to make provisions with respect to the conversion right of Holders pursuant to the requirements of Section 10.01 of the Indenture, (iv) to evidence and provide for the acceptance of appointment under the Indenture by a successor Trustee, or (v) to comply with the provisions of the TIA or any requirement of the SEC in connection with the qualification of the Indenture under the TIA.

(12) Defaults and Remedies.

Except as set forth in the Indenture, if an Event of Default occurs and is continuing, the Trustee or the Holders of not less than 25% in principal amount of Securities then outstanding may declare all the Securities to be due and payable in the manner, at the time and with the effect provided in the Indenture. Holders of Securities may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee is not obligated to enforce the Indenture or the Securities unless it has received security or indemnity reasonably satisfactory to it. The Indenture permits, subject to certain limitations therein provided, Holders of a majority in aggregate principal amount of the Securities at the time outstanding to direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of Securities notice of

A-12

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any continuing Default or Event of Default (except a default in payment of principal or interest when due, for any reason) if it determines in good faith that withholding notice is in the interests of Holders.

(13) Trustee Dealings with the Company.

Subject to certain limitations imposed by the TIA, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

(14) No Recourse Against Others.

A director, officer, employee or shareholder, as such, of the Company or the Parent shall not have any liability for any obligations of the Company or the Parent, as applicable, under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

(15) Ranking.

The Securities shall be unsecured senior obligations of the Company and shall rank equally in right of payment with any other existing and future senior indebtedness of the Company and senior to any future subordinated indebtedness of the Company.

(16) Authentication.

This Security shall not be valid until an authorized signatory of the Trustee manually signs the Trustee's Certificate of Authentication on the other side of this Security.

(17) Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM ("**Tenants In Common**"), TEN ENT ("**Tenants By The Entireties**"), JT TEN ("**Joint Tenants With Right Of Survivorship And Not As Tenants In Common**"), CUST ("**Custodian**") and U/G/M/A ("**Uniform Gift To Minors Act**").

(18) Governing Law.

THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THE INDENTURE AND THIS SECURITY.

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Securities

A-13

as a convenience to the Holders of the Securities. No representation is made as to the accuracy of such numbers as printed on the Securities and reliance may be placed only on the other identification numbers printed hereon.

A-14

**ASSIGNMENT**

To assign this Security, fill in the form below

I or we assign and transfer this Security to

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Insert assignee's soc. sec. or tax ID no.)

\_\_\_\_\_  
\_\_\_\_\_

(Print or type assignee's name, address and zip code)

\_\_\_\_\_  
\_\_\_\_\_

and irrevocably appoint \_\_\_\_\_  
agent to transfer this Security on the books of the Company.  
The agent may substitute another to act for him.

Date: \_\_\_\_\_

Signature Guaranteed

\_\_\_\_\_  
Participant in a Recognized Signature

**CONVERSION NOTICE**

To convert this Security into Cash and Common Stock of the Company pursuant to Sections 10.01(a)(i), 10.01(a)(ii), 10.01(a)(iii) or 10.01(a)(iv) of the Indenture, check this box

To convert this Security pursuant to Section 10.01(a)(v) of the Indenture, check this box

If you are converting this Security pursuant to Section 10.01(a)(v), state, if applicable, whether you elect to receive the consideration paid to an electing stockholder or a non-electing stockholder:

Electing   
Non-Electing

To convert only part of this Security, state the principal amount to be converted (which must be \$1,000 or an integral multiple of \$1,000):

\_\_\_\_\_  
If you want the stock certificate made out in another person's name fill in the form below:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Insert the other person's soc. sec. tax ID no.)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Print or type other person's name, address and zip code)

Your Signature: \_\_\_\_\_

A-15

Guarantee Medallion Program

By: \_\_\_\_\_  
Authorized Signatory

A-16

**FORM OF REPURCHASE NOTICE**

To: Harrah's Operating Company, Inc.

The undersigned registered holder of this Security requests and instructs the Company to repurchase this Security, or the portion hereof (which is \$1,000 principal amount or a multiple thereof) designated below, on the date specified below, in accordance with the terms and conditions specified in paragraph 6 of this Security and the Indenture referred to in this Security and directs that the check in payment for this Security or the portion thereof and any Securities representing the portion of principal amount hereof not to be so repurchased, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If any portion of this Security not repurchased is to be issued in the name of a Person other than the undersigned, the undersigned shall pay all transfer taxes payable with respect thereto.

Dated:

\_\_\_\_\_  
Signature(s)

Fill in for registration of Securities not repurchased if to be issued other than to and in the name of registered holder:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(City, state and zip code)

Please print name and address

principal amount to be repurchased (if less than all): \$ ,000

date of requested repurchase: April 15, [ ], 20

(specify either April 15, 2009, 2014 or 2019)

A-17

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**FORM OF OPTION TO ELECT REPURCHASE  
UPON A CHANGE IN CONTROL**

To: Harrah's Operating Company, Inc.

The undersigned registered holder of this Security hereby acknowledges receipt of a notice from Harrah's Operating Company, Inc. (the "Company") as to the occurrence of a Change in Control with respect to the Company or the Parent and requests and instructs the Company to repurchase this Security, or the portion hereof (which is \$1,000 principal amount or a multiple thereof) designated below, in accordance with the terms of the Indenture referred to in this Security and directs that the check in payment for this Security or the portion thereof and any Securities representing any unrepurchased principal amount hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If any portion of this Security not repurchased is to be issued in the name of a Person other than the undersigned, the undersigned shall pay all transfer taxes payable with respect thereto.

Dated:

\_\_\_\_\_  
Signature(s)

Fill in for registration of Securities not repurchased if to be issued other than to and in the name of registered holder:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(City, state and zip code)

Please print name and address

principal amount to be repurchased (if less than all): \$ ,000

A-18

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**SCHEDULE I\***

**HARRAH'S OPERATING COMPANY, INC.  
Floating Rate Convertible Senior Notes Due 2024**

No:

**Date**

**Principal Amount**

**Notation**

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\* Include only on Global Security

EXHIBIT B

Transfer Certificate

In connection with any transfer of any of the Securities within the period prior to the expiration of the holding period applicable to the sales thereof under Rule 144(k) under the Securities Act of 1933, as amended (the "Securities Act") (or any successor provision), the undersigned registered owner of this Security hereby certifies with respect to \$ principal amount of the above-captioned Securities presented or surrendered on the date hereof (the "Surrendered Securities") for registration of transfer, or for exchange or conversion where the securities deliverable upon such exchange or conversion are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Securities for the reason checked below:

- The transfer of the Surrendered Securities complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- The transfer of the Surrendered Securities is pursuant to an exemption from the registration requirement of the Securities Act provided by Rule 144 thereunder; or
- The transfer of the Surrendered Securities is pursuant to an effective registration statement under the Securities Act; or
- A transfer of the Surrendered Securities is made to the Company or any of its subsidiaries.

The undersigned confirms that, to the undersigned's knowledge, such Securities are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Signature(s) Guaranteed

\_\_\_\_\_  
Participant in a Recognized Signature  
Guarantee Medallion Program

By: \_\_\_\_\_  
Authorized Signatory

EXHIBIT C

FORM OF NOTATION OF GUARANTEE

NOTATION OF GUARANTEE OF HARRAH'S ENTERTAINMENT, INC.

For value received, the undersigned, Harrah's Entertainment, Inc. (the "Parent") (which term includes any successor person under the Indenture), has unconditionally guaranteed, to the extent set forth in the Indenture and subject to the provisions in the Indenture, dated as of April 7, 2004, between Harrah's Operating Company, Inc. (the "Company"), as successor to Caesars Entertainment, Inc. ("Caesars"), and U.S. Bank National Association, as trustee (the "Trustee"), as supplemented by the First Supplemental Indenture, dated as of November 4, 2004, and the Second Supplemental Indenture, dated as of June 13, 2005, and as further amended and restated by the Amended and Restated Indenture, dated as of July 28, 2005, among the Company (as successor to Caesars), the Parent and the Trustee (as so amended and restated, the "Indenture"), (a) the due and punctual payment of the principal of, premium, if any, and interest on, the Securities, whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal of and interest on the Securities, if any, if lawful, and the due and punctual performance of all other obligations of the Company to the Holders or the Trustee all in accordance with the terms of the Indenture and the First Supplemental Indenture and (b) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the Parent to the Holders of Securities and to the Trustee pursuant to the Guarantee and the Indenture are expressly set forth in Article 12 of the Indenture, and reference is hereby made to the Indenture for the precise terms of the Guarantee.

Capitalized terms used but not defined herein have the meanings given to them in the Indenture.

HARAH'S ENTERTAINMENT, INC.,  
as Parent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Contact: Daniel Foley – Investors  
Harrah’s Entertainment, Inc.  
(702) 407-6370**

**David Strow — Media  
Harrah’s Entertainment, Inc.  
(702) 407-6530**

## Harrah’s Operating Company Announces Expiration of Consent Solicitation

LAS VEGAS, July 25, 2005 – Harrah’s Operating Company, Inc., a subsidiary of Harrah’s Entertainment, Inc. (NYSE:HET) announced today that it has received the required consents from noteholders to execute supplemental indentures amending the indentures governing the following series of notes in the aggregate principal amount outstanding of \$3,525,000,000 (the “Notes”):

- 8.50% Senior Notes due 2006 (CUSIP No: 700690AE0);
- 7.50% Senior Notes due 2009 (CUSIP No: 700690AN0);
- 7.0% Senior Notes due 2013 (CUSIP No: 700690AS9);
- 7.875% Senior Subordinated Notes due 2005 (CUSIP No: 700690AB6);
- 9.375% Senior Subordinated Notes due 2007 (CUSIP No: 700690AH3);
- 8.875% Senior Subordinated Notes due 2008 (CUSIP No: 700690AJ9);
- 7.875% Senior Subordinated Notes due 2010 (CUSIP No: 700690AQ3);
- 8.125% Senior Subordinated Notes due 2011 (CUSIP Nos: 700690AL4/700690AK6); and
- Floating Rate Contingent Convertible Senior Notes due 2024 (CUSIP Nos: 127687AB7/127687AA9).

The consents were obtained pursuant to Harrah’s Operating Company’s consent solicitation, which commenced July 8, 2005. The consent solicitation expired at 5:00 p.m., New York City time, on July 22, 2005.

The supplemental indentures will be executed by Harrah’s Operating Company, Harrah’s Entertainment and each trustee under the indentures and will amend the indentures to allow the consolidated annual audited financial statements of Harrah’s Entertainment and its subsidiaries, and the periodic and other reports filed by Harrah’s Entertainment with the Securities and Exchange Commission, to satisfy the requirement for Harrah’s Operating Company to deliver consolidated annual audited financial statements and such periodic and other reports to the respective trustees. The supplemental indentures will also effect Harrah’s Entertainment’s full and unconditional guarantee of the Notes.

The terms and conditions of the consent solicitation are set forth in the consent solicitation statement dated July 8, 2005.

Deutsche Bank Securities Inc. acted as the solicitation agent and Global Bondholder Services Corporation acted as the information agent in connection with the consent solicitation.

This announcement is not an offer to purchase, a solicitation of an offer to purchase, or a solicitation of consents with respect to any securities. The consent solicitation is being made solely by the consent solicitation statement and is subject to the terms and conditions stated therein.

Harrah’s Entertainment is the world’s largest provider of branded casino entertainment. Since its beginning in Reno, Nevada 67 years ago, Harrah’s has grown through development of new properties, expansions and acquisitions. On June 13, 2005, Harrah’s Entertainment acquired Caesars Entertainment, Inc. and now owns or manages through various subsidiaries more than 40 casinos in three countries, primarily under the Harrah’s, Caesars and Horseshoe brand names. With nearly 4 million square feet of casino space, more than 40,000 hotel rooms and nearly 100,000 employees, the Harrah’s portfolio is the most diverse in the gaming industry. Harrah’s Entertainment is focused on building loyalty and value with its customers through a unique combination of great service, excellent products, unsurpassed distribution, operational excellence and technology leadership.

More information about Harrah’s is available at its Web site - [www.harrahs.com](http://www.harrahs.com).

This release includes “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. You can identify these statements by the fact that they do not relate strictly to historical or current facts. These statements contain words such as “may,” “will,” “project,” “might,” “expect,” “believe,” “anticipate,” “intend,” “could,” “would,” “estimate,” “continue” or “pursue,” or the negative or other variations thereof or comparable terminology. In particular, they include statements relating to, among other things, future actions, strategies, future performance and future financial results of Harrah’s. These forward-looking statements are based on current expectations and projections about future events.

Investors are cautioned that forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties that cannot be predicted or quantified and, consequently, the actual performance of Harrah’s may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to, the following factors as well as other factors described from time to time in our reports filed with the Securities and Exchange Commission (including the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained therein): financial community and rating agency perceptions of Harrah’s; the effects of economic, credit and capital market conditions on the economy in general, and on gaming and hotel companies in particular; construction factors, including delays, zoning issues, environmental restrictions, soil and water conditions, weather and other hazards, site access matters and building permit issues; the effects of environmental and structural building conditions relating to our properties; the ability to timely and cost-effectively integrate into Harrah’s operations the companies that it acquires, including with respect to its acquisition of Caesars; access to available and feasible financing on a timely basis; changes in laws (including increased tax rates), regulations or accounting standards, third-party relations and approvals, and decisions of courts, regulators and governmental bodies; litigation outcomes and judicial actions, including gaming legislative action, referenda and taxation; the ability of our customer-tracking, customer loyalty and yield-management programs to continue to increase customer loyalty and same store sales; our ability to recoup costs of capital investments through higher revenues; acts of war or terrorist incidents; abnormal gaming holds; and the effects of competition, including locations of competitors and operating and market competition.

