As filed with the Securities and Exchange Commission on January 31, 2008
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

HARRAH'S ENTERTAINMENT, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**62-1411755**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

One Caesars Palace Drive
Las Vegas, Nevada 89109
(Address of Registrant's Principal Executive Offices)

HARRAH'S ENTERTAINMENT, INC. EMPLOYEE EQUITY INVESTMENT PROGRAM

(Full Title of the Plans)

Stephen H. Brammell
Senior Vice President and General Counsel
Harrah's Entertainment, Inc.
Las Vegas, NV 89109
702-407-6000
(Name, Address, and Telephone Number, Including Area Code, of Agent for Service)

CALCULATION OF REGISTRATION FEE

Title Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Share (1)	Proposed Maximum Aggregate Offering Price	Amount Of Registration Fee
Non-Voting Common Stock, $.01 par value per share (the "Non-Voting Common Stock") offered under the Harrah's Entertainment, Inc. Employee Equity Investment Program (the "Investment Program")	335,769.40 shares	$100 per share	$33,576,940.00	$1,319.57
Non-Voting Preferred Stock, $.01 par value per share (the "Non-Voting Preferred Stock") offered under the Investment Program	164,230.57 shares	$100 per share	$16,423,057.00	$645.43

(1) With respect to the Non-Voting Common Stock and the Non-Voting Preferred Stock offered under the Investment Program, calculated pursuant to Rule 457(h) under the Securities Act of 1933, as amended (the "Securities Act") based on the offering price of the shares of Non-Voting Common Stock and Non-Voting Preferred Stock.

Part I

As permitted by Rule 428 under the Securities Act, this Registration Statement omits the information specified in Part I of Form S-8. The documents containing the information specified in Part I will be delivered to the participants in the Investment Program as required by Rule 428(b). Such documents are not being filed with the Securities and Exchange Commission (the "Commission") as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424(b) under the Securities Act.

Part II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents, which have been previously filed with the Commission by Harrah's Entertainment, Inc. (the "Company" or the "Registrant"), shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof:

(i) the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, as filed with the Commission on March 1, 2007 (the "Annual Report"); and

(ii) all documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), since the end of the fiscal year covered by the Annual Report.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Registration Statement and prior to the filing of a post-effective amendment to this Registration Statement which indicates that all securities offered hereby have been sold or which deregisters all securities remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated herein by reference, or contained in this Registration Statement, shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 4. Description of Securities.

Non-Voting Common Stock

Except as specifically required by the Delaware General Corporation Law ("DGCL") and except as described in the immediately following paragraph, the holders of Non-Voting Common Stock do not have any voting rights. Subject to the rights of holders of preferred stock (including Non-Voting Preferred Stock), when, as and if dividends are declared on the Company's Voting Common Stock, whether payable in cash, in property or in securities of the Company, the

holders of Non-Voting Common Stock will be entitled to share equally, share for share, in such dividends. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, holders of Non-Voting Common Stock will receive a pro rata distribution of any remaining assets after payment of or provision for liabilities and the liquidation preference on preferred stock (including the Non-Voting Preferred Stock), if any. The Non-Voting Common Stock has no subscription rights. Except as described in the immediately following paragraph, the Non-Voting Common Stock has no conversion rights. Except as described under "Management Investor Rights Agreement," the Non-Voting Common Stock has no preemptive rights. There are no redemption or sinking fund provisions applicable to the Non-Voting Common Stock. All outstanding shares of Non-Voting Common Stock are fully paid and non-assessable, and the shares of Non-Voting Common Stock to be issued pursuant to the Investment Program will be fully paid and non-assessable.

If there is an Initial Public Offering (as defined below) of the Company, if every holder of Non-Voting Common Stock will beneficially own less than 5% of the Company's common stock and preferred stock, on a combined basis, then the shares of Non-Voting Common Stock outstanding at such time will automatically be designated, without cost, as "Common Stock," will be entitled to the rights such shares had prior to such designation and will be entitled to one vote per share on all matters to be voted on by the stockholders of the Company. Notwithstanding the foregoing, the rights of each holder of Non-Voting Common Stock to be designated as "Common Stock" pursuant to the prior sentence will be subject at all times to compliance with all gaming and other statutes, laws, rules and regulations applicable to the Company and such holder at that time. "Initial Public Offering" means the Company's first bona fide firm commitment underwritten public offering of shares of common stock pursuant to an effective registration statement under the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, and in which the shares of common stock are listed on the New York Stock Exchange, the NASDAQ Stock Market or another internationally recognized stock exchange.

The rights, preferences and privileges of holders of Non-Voting Common Stock are subject to the rights of the holders of shares of any series of preferred stock, including the Non-Voting Preferred Stock, that the Company may designate and issue in the future.

Non-Voting Preferred Stock

Stated Value. The shares of Non-Voting Preferred Stock have a stated value of $100.00 per share (the "Non-Voting Stated Value").

Voting Rights. The holders of shares of Non-Voting Preferred Stock will have no voting rights and their consent will not be required for the taking of any corporate action, except as otherwise required by the DGCL; provided, however, that the Company will not, without the consent or affirmative vote of the holders of at least a majority of the outstanding shares of Non-Voting Preferred Stock, voting separately as a class: (i) authorize, create or issue, or increase the authorized amount of, any class or series, or any shares of any class or series, of capital stock of the Company having any preference or priority (either as to dividends or upon redemption, liquidation, dissolution, or winding up) over Non-Voting Preferred Stock; (ii) amend, alter or repeal any provision of the Certificate of Inc orporation or the By-laws of the Company, if the

amendment, alteration or repeal alters or changes the powers, preferences or special rights of the Non-Voting Preferred Stock so as to affect them adversely; or (iii) authorize or take any other action if such action would be inconsistent with the foregoing.

Ranking. The shares of Non-Voting Preferred Stock will, with respect to dividend and other distribution rights, preference or other rights on redemption, liquidation, dissolution or winding-up of the Company or otherwise, rank (i) *pari passu* with any class of capital stock or series of preferred stock hereafter created which expressly provides that it ranks *pari passu* with the Non-Voting Preferred Stock as to dividends, other distributions, liquidation preference and otherwise and (ii) senior to the Voting Common Stock (as defined in the Certificate of Incorporation), the Non-Voting Common Stock and any other class of capital stock or series of preferred stock hereafter created which does not expressly provide that it ranks senior to or *pari passu* with the Non-Voting Preferred Stock as to dividends, other distributions, liquidation preference and otherwise.

Dividends. Shares of Non-Voting Preferred Stock will accumulate dividends at a rate per annum that will be fixed within sixty days of the date of issuance of the Non-Voting Preferred Stock.

Conversion. With the consent of the holders of a majority of the Non-Voting Preferred Stock, the Non-Voting Preferred Stock may be converted in whole (but not in part) into shares of Non-Voting Common Stock, with each share of Non-Voting Preferred Stock being converted into a number of shares of Non-Voting Common Stock equal to (i) the Non-Voting Stated Value plus unpaid dividends accrued thereon, divided by (ii) the fair market value per share of Non-Voting Common Stock.

Liquidation. In the event of a liquidation, dissolution or winding up of the Company, the holder of each share of Non-Voting Preferred Stock will be entitled, before distribution of any assets of the Company to the holders of Voting Common Stock and Non-Voting Common Stock to the Non-Voting Stated Value, plus any accrued dividends.

Units; Transferability. The Non-Voting Preferred Stock will be evidenced in units (“Units”), each of which will consist of 2.0445 shares of Non-Voting Common Stock and one share of Non-Voting Preferred Stock (the “Unit Ratio”); provided that the Unit Ratio will be subject to adjustment. Individual shares of Non-Voting Preferred Stock and individual shares of Non-Voting Common Stock will not be transferable. Shares are transferable only as Units.

Miscellaneous. The Non-Voting Preferred Stock has no subscription rights. Except as described under “Management Investor Rights Agreement,” the Non-Voting Preferred Stock has no preemptive rights. There are no redemption or sinking fund provisions applicable to the Non-Voting Preferred Stock. All outstanding shares of Non-Voting Preferred Stock are fully paid and non-assessable, and the shares of Non-Voting Preferred Stock to be issued pursuant to the Investment Program will be fully paid and non-assessable.

Management Investor Rights Agreement

The Non-Voting Common Stock and the Non-Voting Preferred Stock (together, the "Non-Voting Stock") held by employees of the Company and their permitted transferees (the "management stockholders") are subject to a Management Investor Rights Agreement (the "MIRA") that governs certain aspects of the Company's relationship with its management stockholders. Among other things, the MIRA:

- restricts the ability of management stockholders to transfer shares of Non-Voting Stock, with certain exceptions, prior to a qualified public offering;
- allows the Company's controlling stockholders to require management stockholders to participate in sale transactions in which the controlling stockholders sell more than 40% of their shares of Non-Voting Stock;
- allows management stockholders to participate in sale transactions in which the controlling stockholders sell shares of Non-Voting Stock, subject to certain exceptions;
- allows management stockholders to participate in registered offerings in which the controlling stockholders sell their shares of Non-Voting Stock, subject to certain limitations;
- allows management stockholders below the level of senior vice president to require the Company to repurchase shares of Non-Voting Stock acquired pursuant to the Investment Program in the event that such employee experiences an economic hardship prior to an initial public offering, subject to annual limits on the Company's repurchase obligations;
- provides preemptive rights to a select group of management stockholders;
- allows management stockholders to require the Company to repurchase shares of Non-Voting Stock acquired pursuant to the Investment Program upon termination of employment without cause or for good reason; and
- allows the Company to repurchase, subject to applicable laws, all or any portion of the Company's Non-Voting Stock held by management stockholders upon the termination of their employment with the Company or its affiliates, in certain circumstances.

In general, the key provisions of the MIRA will terminate upon the occurrence of a qualified initial public offering of the Company's common stock.

Item 5. Interests of Named Experts and Counsel.

Michael Cohen, Vice President, Associate General Counsel and Corporate Secretary of the Registrant, who has rendered the opinion attached hereto as Exhibit 5.1, is also eligible to participate in the Investment Program.

Item 6. Indemnification of Directors and Officers.

Section 145 of the DGCL empowers each of the Company and Harrah's Operating Company, Inc. ("Harrah's Operating") to indemnify, subject to the standards set forth therein, any person who is a party in any action in connection with any action, suit or proceeding brought or threatened by reason of the fact that the person was a director, officer, employee or agent of such company, or is or was serving as such with respect to another entity at the request of such company. The DGCL also provides that the Company and Harrah's Operating may purchase insurance on behalf of any of their respective directors, officers, employees or agents.

Article X of the Certificate of Incorporation of the Company provides for indemnification of the officers and directors of the Company to the full extent permitted by the DGCL.

The Company has entered into indemnification agreements with its executive officers and certain other officers. Generally, the indemnification agreements provide that the Company will indemnify such persons against any and all expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect to such expenses, judgments, fines, penalties or amounts paid in settlement) of any Claim by reason of (or arising in part out of) an Indemnifiable Event. "Claim" is defined as any threatened, pending or completed action, suit or proceeding or any inquiry or investigation, whether conducted by the Company or any other party, that the indemnitee in good faith believes might lead to the institution of any such action, suit or proceeding, whether civil, criminal, administrative, investigative or other. "Indemnifiable Event" is defined as any event or occurrence related to the fact that indemnitee is or was a director, officer, employee, trustee, agent or fiduciary of the Company, or is or was serving at the request of the Company or a director, officer, employee, trustee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, or by reason of anything done or not done by indemnitee in any such capacity. The Company is obligated to advance expenses incurred by an officer or director in connection with any Indemnifiable Event, provided, that, to the extent required by law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the officer to repay all amounts advanced if it should be ultimately determined that he or she is not entitled to indemnification under applicable law, the Certificate of Incorporation, any agreement or otherwise. In addition, pursuant to indemnification agreements, certain officers are entitled to expense advancement of reasonable expenses incurred by the officer in pursuing an action to enforce the right of advancement.

The Company carries insurance policies which cover its individual directors and officers for legal liability and which would pay on the Company's behalf for expenses of indemnifying directors and officers in accordance with the Company's Certificate of Incorporation.

Section 102(b)(7) of the DGCL enables a Delaware corporation to provide in its certificate of incorporation for the elimination or limitation of the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. However, no provision can eliminate or limit a director's liability: for any breach of the director's duty of loyalty to the corporation or its stockholders; for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; under Section 174 of the DGCL, which imposes liability on directors for unlawful payment of dividends or unlawful stock purchase or redemption; or for any transaction from which the director derived an improper personal benefit. Article X of the Company's Certificate of Incorporation eliminates the liability of a director of the Company to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director to the full extent permitted by the DGCL.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

The following documents are filed with or incorporated by reference into this Registration Statement:

4.1	Amended and Restated Certificate of Incorporation of Harrah's Entertainment, Inc.
4.2	Management Investor Rights Agreement.
4.3	Harrah's Entertainment, Inc. Employee Equity Investment Program.
4.4	Certificate of Designation of Non-Voting Perpetual Preferred Stock of Harrah's Entertainment, Inc.
5.1	Opinion of Counsel regarding the validity of securities being registered.
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.
23.2	Consent of Counsel (included in Exhibit 5.1).
24	Power of Attorney (included on signature page).

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate;

represent a fundamental change in the information set forth in the Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or 15(d) of the Exchange Act that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant’s annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of the employee benefit plan’s annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(h) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Las Vegas, state of Nevada, on this 31st day of January, 2008.

HARRAH'S ENTERTAINMENT, INC.

/s/ Gary W. Loveman

Name: Gary W. Loveman

Title: Chairman, Chief Executive Officer and President

POWER OF ATTORNEY

Each person whose signature appears below on this Registration Statement hereby constitutes and appoints Gary W. Loveman, Stephen H. Brammell and Michael Cohen, and each of them, with full power to act without the other, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities (unless revoked in writing) to sign any and all amendments (including post-effective amendments thereto) to this Registration Statement to which this power of attorney is attached, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as full to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that such attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated, on this 31st day of January, 2008.

Signature	Title
/s/ Gary W. Loveman Gary W. Loveman	Chairman, Chief Executive Officer and President
/s/ Jonathan Halkyard Jonathan Halkyard	Senior Vice President, Chief Financial Officer and Treasurer (principal financial officer)
/s/ Anthony McDuffie Anthony McDuffie	Senior Vice President, Controller and Chief Accounting Officer (principal accounting officer)
/s/ Jeffrey Benjamin Jeffrey Benjamin	Director
/s/ David Bonderman David Bonderman	Director
/s/ Anthony Civale Anthony Civale	Director
/s/ Jonathan Coslet Jonathan Coslet	Director
/s/ Kelvin Davis Kelvin Davis	Director
/s/ Karl Peterson Karl Peterson	Director
/s/ Eric Press Eric Press	Director
/s/ Marc Rowan Marc Rowan	Director

EXHIBIT INDEX

Exhibit No.	Description	Method of Filing	Page
4.1	Amended and Restated Certificate of Incorporation of Harrah's Entertainment, Inc.	Filed herewith	
4.2	Management Investor Rights Agreement	Filed herewith	
4.3	Harrah's Entertainment, Inc. Employee Equity Investment Program	Filed herewith	
4.4	Certificate of Designation of Non-Voting Perpetual Preferred Stock of Harrah's Entertainment, Inc.	Filed herewith	
5.1	Opinion of the counsel regarding the validity of securities being registered	Filed herewith	
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm	Filed herewith	
23.2	Consent of counsel (included in 5.1)	Filed herewith	
24	Power of Attorney (included on signature page)	Filed herewith	

EXHIBIT 4.1

AMENDED

CERTIFICATE OF INCORPORATION

OF

HARRAH'S ENTERTAINMENT, INC.

ARTICLE I.
NAME OF THE CORPORATION

The name of the corporation (the "Corporation") is: Harrah's Entertainment, Inc.

ARTICLE II.
REGISTERED OFFICE; REGISTERED AGENT

The address of the registered office of the Corporation in the State of Delaware is: 2711 Centerville Road, Suite 400, Wilmington, New Castle County, DE 19808. The name of the registered agent of the Corporation at such address is Corporation Service Company.

ARTICLE III.
PURPOSE

The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "DGCL").

ARTICLE IV.
CAPITAL STOCK

Section 4.1. Authorized Shares. The total number of shares of stock which the Corporation shall have authority to issue is (a) 120,000,020 shares of stock, consisting of 20 shares of Voting Common Stock, par value $.01 per share (the "Voting Common Stock"), and 80,000,000 shares of Non-Voting Common Stock, par value $.01 per share (the "Non-Voting Common Stock" and, together with the Voting Common Stock, the "Common Stock") and (b) 40,000,000 shares of Preferred Stock, par value $.01 per share (the "Preferred Stock").

Section 4.2. Preferred Stock. The Board of Directors is expressly authorized to provide for the issuance of all or any shares of the Preferred Stock in one or more classes or series, to fix the number of shares constituting such series, and to increase or decrease the number of shares of any such series (but not below the number of shares thereof then outstanding) and to fix for each such class or series such voting powers, full or limited, or no voting powers, and such distinctive designations, powers, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such class or series including, without limitation, the authority to provide that any such class or series may be (a) subject to redemption at such time or times and

at such price or prices; (b) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series; (c) entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Corporation; or (d) convertible into, or exchangeable for, shares of any other class or classes of stock, or of any other series of the same or any other class or classes of stock, of the Corporation at such price or prices or at such rates of exchange and with such adjustments, all as may be stated in such resolution or resolutions. Notwithstanding the foregoing, the rights of each holder of Preferred Stock shall be subject at all times to compliance with all gaming and other statutes, laws, rules and regulations applicable to the Corporation and such holder at that time.

Section 4.3. Common Stock.

(a) Economic Interest. Except as provided in this Section 4.3, the Voting Common Stock shall have no economic rights or privileges, including rights in liquidation.

(b) Dividends. The holders of Voting Common Stock shall have no right to receive dividends or any other distributions. Subject to the rights of holders of Preferred Stock, when, as and if dividends are declared on the Common Stock, whether payable in cash, in property or in securities of the Corporation, the holders of Non-Voting Common Stock shall be entitled to share equally, share for share, in such dividends.

(c) Liquidation or Dissolution. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, holders of Non-Voting Common Stock shall receive a pro rata distribution of any remaining assets after payment of or provision for liabilities and the liquidation preference on Preferred Stock, if any.

(d) Voting Rights. The holders of Voting Common Stock shall be entitled to one vote per share on all matters to be voted on by the stockholders of the Corporation, and except as otherwise required by the DGCL, the holders of the Non-Voting Common Stock shall have no right to vote on any matter to be voted on by the stockholders of the Corporation (including, without limitation, any election or removal of the directors of the Corporation) and the Non-Voting Common Stock shall not be included in determining the number of shares voting or entitled to vote on such matters.

(e) Consideration for Shares. The Common Stock and Preferred Stock authorized by this Article shall be issued for such consideration as shall be fixed, from time to time, by the Board of Directors.

(f) Assessment of Stock. The capital stock of the Corporation, after the amount of the subscription price has been fully paid in, shall not be assessable for any purpose, and no stock issued as fully paid shall ever be assessable or assessed. No stockholder of the Corporation is individually liable for the debts or liabilities of the Corporation.

(g) Cumulative Voting for Directors. No stockholder of the Corporation shall be entitled to cumulative voting of his shares for the election of directors.

(h) Preemptive Rights. No stockholder of the Corporation shall have any preemptive rights.

(i) Conversion. If there shall be an Initial Public Offering (as defined below) of the Company, if every holder of Non-Voting Common Stock shall beneficially own less than 5% of shares of Common Stock and Preferred Stock, on a combined basis, then the shares of Voting Common Stock outstanding at such time shall be redeemed at the subscription price of such shares, and the shares of Non-Voting Common Stock outstanding at such time shall automatically be designated, without cost, as "Common Stock" and shall be entitled to the rights such shares had prior to such designation plus shall have the voting rights described in this Certificate with respect to Voting Common Stock (including, without limitation, as set forth in Section 4.3(d) of this Article IV and in Article VI). Notwithstanding the foregoing, the rights of each holder of Non-Voting Common Stock to be designated as "Common Stock" pursuant to the prior sentence shall be subject at all times to compliance with all gaming and other statutes, laws, rules and regulations applicable to the Corporation and such holder at that time.

"Initial Public Offering" means the Corporation's first *bona fide* firm commitment underwritten public offering of shares of Common Stock pursuant to an effective registration statement under the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, and in which the shares of Common Stock are listed on the New York Stock Exchange, the NASDAQ Stock Market or another internationally recognized stock exchange.

ARTICLE V.
REGULATORY MATTERS

Notwithstanding anything to the contrary contained in this certificate of formation (this "Certificate") of the Corporation, this Certificate shall be deemed to include all provisions required by the Casino Control Act, N.J.S.A. 5:12-1 et seq., as amended and as may hereafter be amended from time to time (the "Casino Control Act") and to the extent that anything contained herein or in the operating agreement of the Corporation is inconsistent with the Casino Control Act, the provisions of such Act shall govern. All provisions of the Casino Control Act, to the extent required by law to be stated in this certificate, are herewith incorporated by reference.

This Certificate shall be generally subject to the provisions of the Casino Control Act and the rules and regulations of the New Jersey Casino Control Commission (the "Commission") promulgated thereunder. Specifically, and in accordance with the provisions of Section 82(d)(7) of the Casino Control Act, N.J.S.A. 5:12-82(d)(7), the Commission shall have the right of prior approval with regard to transfers of membership interests and other interests in the Corporation and any membership interests in the Corporation are held subject to the condition that if a holder thereof is found to be disqualified by the Commission pursuant to the provisions of the Casino Control Act, such holder will dispose of his interest in the Corporation; provided, however, that, notwithstanding any other provision of law to the contrary, nothing herein contained shall be deemed to require a certificate evidencing that any interest in the Corporation bear any legend to this effect. Specifically, and in accordance with the provisions of Section 82(d)(8) of the Casino Control Act, N.J.S.A. 5:12-82(d)(8), the Corporation shall have the absolute right to repurchase, at the market price or the purchase price, whichever is less, any membership interest or other interest in the Corporation, in the event that the Commission disapproves a transfer of such interest in accordance with the provisions of the Casino Control Act. Disqualified holders shall not be entitled (i) to receive any distributions or interest upon any membership interests and other interests in the Corporation; (ii) to exercise, directly or through any trustee or nominee, any right conferred by membership interests and other interests in the

Corporation; or (iii) to receive any remuneration in any form from the Corporation for services rendered or otherwise.

ARTICLE VI.
MEETINGS; BOOKS AND RECORDS

Meetings of stockholders may be held within or without the State of Delaware, as the By-Laws may provide. Any action to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding Voting Common Stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of Voting Common Stock entitled to vote thereon were present and voted and shall be delivered to the Corporation.

The books of the Corporation may be kept (subject to any provision contained in the DGCL) outside of the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation.

ARTICLE VII.
AMENDMENTS

The Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE VIII.
BY-LAWS

In furtherance and not in limitation of the powers conferred by statute, the By-Laws of the Corporation may be made, altered, amended or repealed by the stockholders or by a majority of the entire board of directors of the Corporation (the "Board").

ARTICLE IX.
ELECTIONS

Unless and except to the extent that the By-Laws of the Corporation shall so require, elections of directors need not be by written ballot.

ARTICLE X.
INDEMNIFICATION; EXCULPATION

(a) Right to Indemnification. The Corporation shall indemnify and hold harmless to the fullest extent permitted under and in accordance with the laws of the State of Delaware, as the same exists or may hereafter be amended (but, in the case of any such amendment, to the fullest extent permitted by law, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) (hereinafter a "proceeding") by reason of the fact that the person is or was a

director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, against all expenses and loss (including attorneys' fees, judgments, fines, amounts paid or to be paid in settlement, and excise taxes or penalties arising under the Employee Retirement Income Security Act of 1974) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in paragraph (c) hereof, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board.

(b) The Corporation shall indemnify and hold harmless any person who was or is a party or is threatened to be made a party to any threatened, pending or completed proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise including service with respect to employee benefit plans, whether the basis of such proceeding is alleged proceeding in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, against all expenses and loss (including attorneys' fees, judgments, fines, amounts paid or to be paid in settlement, and excise taxes or penalties arising under the Employee Retirement Income Security Act of 1974), reasonably incurred or suffered by such person in connection with the defense or settlement of such proceeding and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in paragraph (c) hereof, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board; provided, further, that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

(c) Right of Claimant to Bring Suit. If a claim under paragraph (a) or (b) of this Section is not paid in full by the Corporation within thirty (30) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such proceeding (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the DGCL for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such

defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such proceeding that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the proceeding or create a presumption that the claimant has not met the applicable standard of conduct.

(d) Expenses. Expenses incurred in defending a civil or criminal action, suit or proceeding shall (in the case of any action, suit or proceeding against a director of the Corporation) or may (in the case of any action, suit or proceeding against an officer, trustee, employee or agent) be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board upon receipt of an undertaking by or on behalf of the indemnified person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article X.

(e) Non-Exclusivity of Rights. The indemnification and other rights set forth in this Article X shall not be exclusive of any provisions with respect thereto in any statute, provision of the Certificate of Incorporation, the By-Laws of the Corporation or any other contract or agreement between the Corporation and any officer, director, employee or agent of the Corporation.

(f) Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise, against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

(g) Amendment. Neither the amendment nor repeal of this Article X, nor the adoption of any provision of this Certificate inconsistent with Article X, shall eliminate or reduce the effect of this Article X in respect of any matter occurring before such amendment, repeal or adoption of an inconsistent provision or in respect of any cause of action, suit or claim relating to any such matter which would have given rise to a right of indemnification or right to receive expenses pursuant to this Article X if such provision had not been so amended or repealed or if a provision inconsistent therewith had not been so adopted.

(h) Exculpation. No director shall be personally liable to the Corporation or any stockholder for monetary damages for breach of fiduciary duty as a director; provided, however, that the foregoing shall not eliminate or limit the liability of a director:

(i) for any breach of the director’s duty of loyalty to the Corporation or its stockholders;

(ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

(iii) under Section 174 of the DGCL; or

(iv) for any transaction from which the director derived an improper personal benefit.

If the DGCL is amended after the date hereof to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a director of the Corporation existing hereunder with respect to any act or omission occurring prior to such repeal or modification.

ARTICLE XI.
NO CONFLICT

Neither any contract or other transaction between the Corporation and any other corporation, partnership, limited liability company, joint venture, firm, association, or other entity (an "Entity"), nor any other acts of the Corporation with relation to any other Entity will, in the absence of fraud, in any way be invalidated or otherwise affected by the fact that any one or more of the directors or officers of the Corporation are pecuniarily or otherwise interested in, or are directors, officers, partners, or members of, such other Entity (such directors, officers, and Entities, each a "Related Person"). Any Related Person may be a party to, or may be pecuniarily or otherwise interested in, any contract or transaction of the Corporation; provided that the fact that person is a Related Person is disclosed or is known to the Board or a majority of directors present at any meeting of the Board at which action upon any such contract or transaction is taken; and any director of the Corporation who is also a Related Person may be counted in determining the existence of a quorum at any meeting of the board of directors during which any such contract or transaction is authorized and may vote thereat to authorize any such contract or transaction, with like force and effect as if such person were not a Related Person. Any director of the Corporation may vote upon any contract or any other transaction between the Corporation and any subsidiary or affiliated corporation without regard to the fact that such person is also a director or officer of such subsidiary or affiliated corporation.

Any contract, transaction or act of the Corporation or of the directors that is ratified at any annual meeting of the stockholders of the Corporation, or at any special meeting of the stockholders of the Corporation called for such purpose, will, insofar as permitted by applicable law, be as valid and as binding as though ratified by every stockholder of the Corporation; provided, however, that any failure of the stockholders to approve or ratify any such contract, transaction or act, when and if submitted, will not be deemed in any way to invalidate the same or deprive the Corporation, its directors, officers or employees, of its or their right to proceed with such contract, transaction or act.

Subject to any express agreement that may from time to time be in effect, (x) any director or officer of the Corporation who is also an officer, director, employee, managing director or other affiliate of either Apollo Management VI, L.P., on behalf of its investment funds ("Apollo"), and/or TPG Capital, L.P. ("TPG") or any of their respective affiliates (collectively, the "Managers") and (y) the Managers and their affiliates, may, and shall have no duty not to, in each case on behalf of the Managers or their affiliates (the persons and entities in clauses (x) and (y), each a "Covered Manager Person"), (i) carry on and conduct, whether directly, or as a partner in any partnership, or as a joint venturer in any joint venture, or as an

officer, director or stockholder of any corporation, or as a participant in any syndicate, pool, trust or association, any business of any kind, nature or description, whether or not such business is competitive with or in the same or similar lines of business as the Corporation, (ii) do business with any client, customer, vendor or lessor of any of the Corporation or its affiliates, and (iii) make investments in any kind of property in which the Corporation may make investments. To the fullest extent permitted by Section 122(17) of the DGCL, the Corporation hereby renounces any interest or expectancy of the Corporation to participate in any business of the Managers or their affiliates, and waives any claim against a Covered Manager Person and shall indemnify a Covered Manager Person against any claim that such Covered Manager Person is liable to the Corporation or its stockholders for breach of any fiduciary duty solely by reason of such person's or entity's participation in any such business.

In the event that a Covered Manager Person acquires knowledge of a potential transaction or matter which may constitute a corporate opportunity for both (x) the Covered Manager Person, in his or her Apollo-related capacity or TPG-related capacity, as the case may be, or Apollo or TPG, as the case may be, or its affiliates and (y) the Corporation, the Covered Manager Person shall not have any duty to offer or communicate information regarding such corporate opportunity to the Corporation. To the fullest extent permitted by Section 122(17) of the DGCL, the Corporation hereby renounces any interest or expectancy of the Corporation in such corporate opportunity and waives any claim against each Covered Manager Person and shall indemnify a Covered Manager Person against any claim, that such Covered Manager Person is liable to the Corporation or its stockholders for breach of any fiduciary duty solely by reason of the fact that such Covered Manager Person (i) pursues or acquires any corporate opportunity for its own account or the account of any affiliate, (ii) directs, recommends, sells, assigns, or otherwise transfers such corporate opportunity to another person or (iii) does not communicate information regarding such corporate opportunity to the Corporation, provided, however, in each case, that any corporate opportunity which is expressly offered to a Covered Manager Person in writing solely in his or her capacity as an officer or director of the Corporation shall belong to the Corporation.

Any person or entity purchasing or otherwise acquiring any interest in any shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article XI.

This Article XI may not be amended, modified or repealed without the prior written consent of each of the Managers.

EXECUTION COPY

MANAGEMENT INVESTOR RIGHTS AGREEMENT dated as of January 28, 2008 (this "Agreement"), among Harrah's Entertainment, Inc., a Delaware corporation (the "Company"), Apollo Hamlet Holdings, LLC, a Delaware limited liability company, Apollo Hamlet Holdings B, LLC, a Delaware limited liability company, TPG Hamlet Holdings, LLC, a Delaware limited liability company, TPG Hamlet Holdings B, LLC, a Delaware limited liability company, Hamlet Holdings LLC, a Delaware limited liability company, and the **STOCKHOLDERS** that are parties hereto.

WHEREAS, each Stockholder deems it to be in the best interest of the Company and the Stockholders that provision be made for the continuity and stability of the business and policies of the Company, and, to that end, the Company and the Stockholders hereby set forth herein their agreement with respect to the Company Shares and Options now owned or hereafter owned by them.

NOW, THEREFORE, in consideration of the premises and of the mutual consents and obligations hereinafter set forth, the parties hereto hereby agree as follows:

Section 1. Definitions.

As used in this Agreement:

"Actual Ownership Percentage" of a Preemptive Optionee on the date of a Preemptive Notice shall mean a fraction expressed as a percentage and calculated as if the Preferred Shares had been converted into Non-Voting Shares on the date of such calculation and in accordance with the terms of such Preferred Shares (a) the numerator of which is the number of Company Shares plus Company Shares underlying Options or other securities convertible or exchangeable into Company Shares held by such Stockholder as of such time and (b) the denominator of which is all outstanding Company Shares plus all Company Shares underlying outstanding Options or other securities convertible or exchangeable into Company Shares on such date.

"Affiliate" means:

(a) in the case of the Company or a Stockholder that is not an individual, a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company or such Stockholder, as applicable. For the avoidance of doubt, the term "Affiliate" as applied to the Sponsors, shall not include at any time any portfolio companies of the Sponsors and their respective investment fund affiliates.

(b) in the case of a Person that is an individual: (i) any "family member" (as defined in Form S-8 under the Securities Act) of the Person; the parents, siblings, spouse, or children (including those by adoption) of such family member, and in any such case any trust whose

primary beneficiary is such individual Stockholder or one or more members of such immediate family and/or such Stockholder's lineal descendants; (ii) the legal representative or guardian of such individual Stockholder or of any such immediate family member in the event such individual Stockholder or any such immediate family member becomes mentally incompetent; and (iii) any Person controlling, controlled by or under common control with a Stockholder.

As used in this definition, the term "control," including the correlative terms "controlling," "controlled by" and "under common control with," means possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise) of a Person.

"Applicable Preemptive Shares" has the meaning ascribed to such term in Section 3.5(a).

"Apollo" means Apollo Hamlet Holdings, LLC, Apollo Hamlet Holdings B, LLC and any Affiliate thereof investing directly or indirectly in the Company.

"Asset Sale" means any sale of assets of the Company, including the sale of all or substantially all of the assets of the Company and its subsidiaries on a consolidated basis.

"Board" means the Board of Directors of the Company and any duly authorized committee thereof. All determinations by the Board required pursuant to the terms of this Agreement to be made by the Board shall be binding and conclusive.

"business day" means any day other than a Saturday, Sunday or a day on which commercial banks located in New York, New York are required or authorized by law to be closed.

"Buy-Out Note" shall mean an unsecured promissory note of the Company, or a direct or indirect subsidiary thereof, which shall have a stated maturity of (a) two (2) years or (b) if at the end of such period there exists, or payment of such note would result in the violation of the terms or provisions of, or result in a default or event of default under, any guarantee, financing or security agreement or document entered into by the Company or any of its Affiliates and in effect on such date, the first date on which such event of default ceases to exist or would cease to be a result. The Buy-Out Note shall accrue interest at the prime rate of JPMorgan Chase & Co. in effect on the date of the Buy-Out Note, which interest shall be calculated on the basis of a 365 day year and the actual number of days elapsed during the period from the date on which the Purchase Price would have been paid but for the delay in payment to the date on which such payment is actually made. The Buy-Out Note shall be pre-payable at the option of the Company or such subsidiary at any time, in whole or in part, at its principal amount plus any accrued and unpaid interest.

"Call Notice" has the meaning ascribed to such term in Section 5(e).

"Cause" has the meaning ascribed to such term in the relevant Management Stockholder's employment agreement in effect with the Company or its Affiliates, but if the

relevant Management Stockholder does not have an employment agreement in effect with the Company or its Affiliates that contains a definition of cause, it shall mean:

(a) The willful failure of such Management Stockholder to substantially perform such Management Stockholder's duties with the Company or to follow a lawful, reasonable directive from the Board or the chief executive officer of the Company ("CEO") or such other executive officer to whom such Management Stockholder reports (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to such Management Stockholder by the Board (or the CEO, as applicable) which specifically identifies the manner in which the Board (or the CEO, as applicable) believes that such Management Stockholder has willfully not substantially performed such Management Stockholder's duties or has willfully failed to follow a lawful, reasonable directive and such Management Stockholder is given a reasonable opportunity (not to exceed thirty (30) days) to cure any such failure to substantially perform, if curable;

(b) (i) Any willful act of fraud, or embezzlement or theft, by such Management Stockholder, in each case, in connection with such Management Stockholder's duties with the Company or its Affiliates or in the course of such Management Stockholder's employment with the Company and its Affiliates or (ii) such Management Stockholder's admission in any court, or conviction of, or plea of nolo contendere to, a felony;

(c) Such Management Stockholder being found unsuitable for or having a gaming license denied or revoked by the gaming regulatory authorities in any jurisdiction in which the Company or its Affiliates conducts gaming operations; or

(d) Such Management Stockholder's willful and material violation of, or noncompliance with, any securities laws or stock exchange listing rules, including, without limitation, the Sarbanes-Oxley Act of 2002, provided that such violation or noncompliance resulted in material economic harm to the Company, or a final judicial order or determination prohibiting such Management Stockholder from service as an officer pursuant to the Exchange Act or the rules of the New York Stock Exchange or other national securities exchange.

No act or failure to act, on the part of such Management Stockholder, shall be considered "willful" unless it is done, or omitted to be done, by such Management Stockholder in bad faith and without reasonable belief that such Management Stockholder's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by such Management Stockholder in good faith and in the best interests of the Company.

"Closing Date" shall mean January 28, 2008.

"Company" has the meaning ascribed to such term in the introductory paragraph hereof.

"Company Shares" means Non-Voting Shares and Preferred Shares. The term "Company Shares" when used in determining the Pro Rata Portion at any time shall refer to either the Non-Voting Shares or the Preferred Shares as the context may require.

"Competitor" means:

(a) for purposes of Section 3.1, any Person, other than the Company and its subsidiaries, that engages, directly or indirectly, in the casino business (or any hotel or resort that operates a casino business) anywhere in the world.

(b) for purposes of Section 5(a), any Person, other than the Company and its subsidiaries, engaged in the casino business (or any hotel or resort that operates a casino business) in the United States, Canada or Mexico or any other geographic location in which the Company or its Affiliates is engaged in the casino business at the time the relevant Management Stockholder's employment ends; provided, however, that for purposes of Section 5(a), Competitor shall not include (i) any Person engaged in the hotel/resort business that does not engage in the casino business and is not Affiliated with a Person engaged in the casino business or (ii) any division, subsidiary or Affiliate of a hotel or resort that engages in the casino business, provided that, with respect to this clause (ii), (A) the casino business represents less than 20% of the revenues of any such entity on a consolidated basis, and (B) the relevant Management Stockholder does not provide services (other than de minimis services) to, or have any responsibilities regarding, the division, subsidiary or Affiliate that engages in the casino business.

"Deemed Held Shares" has the meaning ascribed to such term in Section 2(a)(ii).

"Delay Period" has the meaning ascribed to such term in Section 3.5(d).

"Delayed Notice" has the meaning ascribed to such term in Section 3.5(d).

"Drag Along Option" has the meaning ascribed to such term in Section 2(b)(i).

"Drag Along Shares" has the meaning ascribed to such term in Section 2(b)(ii).

"Economic Hardship" means an economic hardship as determined based on criteria established by senior management of the Company and approved by the human resources committee of the Board with the input of senior management of the Company.

"Economic Hardship Event" means the occurrence of an event or events with respect to a Management Stockholder below the senior vice president level that constitute(s) an Economic Hardship.

"Economic Hardship Put Request" has the meaning ascribed to such term in Section 5(c).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"Excluded Offering" has the meaning ascribed to such term in Section 3.5(e).

"Fair Market Value" means as of any date (a) prior to the existence of a public market for the Company Shares, the value per Company Share determined pursuant to a valuation made in good faith by the Board and based upon an independent third party appraisal that has been completed within twelve (12) months of the determination date, including an appraisal conducted

on behalf of either Sponsor in connection with its regular valuation obligations with respect to its investors; or (b) on which a public market for the Company Shares exists, (i) the closing price on such day of a Company Share as reported on the principal securities exchange on which Company Shares are then listed or admitted to trading or (ii) if not so reported, the average of the closing bid and ask prices on such day as reported on the National Association of Securities Dealers Automated Quotation System or (iii) if not so reported, as furnished by any member of the National Association of Securities Dealers, Inc. ("NASD") selected by the Board. The Fair Market Value of a Company Share as of any such date on which the applicable exchange or inter-dealer quotation system through which trading in the Company Shares regularly occurs is closed shall be the Fair Market Value determined pursuant to the preceding sentence as of the immediately preceding date on which the Company Shares are traded, a bid and ask price is reported or a trading price is reported by any member of NASD selected by the Board. In the event that the price of a Company Share shall not be so reported or furnished, the Fair Market Value shall be determined by the Board in good faith to reflect the fair market value of a Company Share and shall be determined in accordance with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Good Reason" has the meaning ascribed to such term in the relevant Management Stockholder's employment agreement in effect with the Company or its Affiliates, but if the relevant Management Stockholder does not have an employment agreement in effect with the Company or its Affiliates that contains a definition of good reason, it shall mean the occurrence, described in a written notice of termination of employment to the Company from such Management Stockholder, of any of the following circumstances without such Management Stockholder's express written consent, unless such circumstances are fully corrected within (30) days of the written notice:

(a) A reduction by the Company in such Management Stockholder's annual base salary, other than a reduction in base salary that applies to a similarly situated class of employees of the Company or its Affiliates;

(b) The Company's requiring such Management Stockholder to be based anywhere more than fifty (50) miles from such Management Stockholder's primary business location on the date of this Agreement (except for required travel on the Company's business to an extent substantially consistent with such Management Stockholder's present business travel obligations); or

(c) The failure by the Company to pay to such Management Stockholder any material portion of such Management Stockholder's then-current base salary within thirty (30) days of the date such base salary is due, except pursuant to a compensation deferral election by such Management Stockholder.

"Group" has the meaning ascribed to such term in Section 13(d)(3) of the Exchange Act.

"Initial Notice" has the meaning ascribed to such term in Section 4(a).

"Initial Sponsor Company Shares" means the Company Shares issued to the Sponsors on or before the Closing Date as well as the Company Shares issued to the Sponsors after the

Closing Date in accordance with Section 3.5(e)(viii), adjusted to reflect any stock, securities or other property or interests received by the Sponsors in respect of such shares in connection with any stock dividend or other similar distribution, stock split or combination of shares, recapitalization, conversion, reorganization, consolidation, split-up, spin-off, combination, merger, exchange of stock or other transaction or event that effects the Company's capital stock occurring after the date of issuance.

"Management Equity Incentive Plan" means the Harrah's Entertainment, Inc. Management Equity Incentive Plan, as adopted by the Company, as it may be amended, supplemented, restated or otherwise modified from time to time.

"Management Representative" has the meaning ascribed to such term in Section 7(e).

"Management Stockholder" means a Stockholder other than a Sponsor or a Sponsor Affiliate who is employed by, or serves as a consultant or director to, the Company or any of its subsidiaries at the time such Person acquired Company Shares or Options and such Stockholder's permitted Transferees.

"Maximum Number" has the meaning ascribed to such term in Section 2(a)(iii).

"Non-Compete Period" means (a) with respect to a Management Stockholder that has an effective employment agreement (containing non-compete provisions) with the Company or its Affiliates, the period of such Management Stockholder's active employment with the Company and, following the termination of such active employment for any reason, the period during which such Management Stockholder would not be permitted to compete with the Company as set forth in such employment agreement if such Management Stockholder's employment were terminated by the Management Stockholder for Good Reason, and (b) with respect to a Management Stockholder without an effective employment agreement (containing non-compete provisions) with the Company or its Affiliates, the six month period following his or her termination of employment with the Company and its Affiliates.

"Non-Voting Shares" means the non-voting common stock of the Company.

"Option" means an option issued to a Management Stockholder pursuant to the Management Equity Incentive Plan, as it is amended, supplemented, restated or otherwise modified from time to time, or any other option to purchase Non-Voting Shares issued by the Company to a Management Stockholder.

"Original Cost" means the price per share paid by the Management Stockholder for its Company Shares on the Original Issue Date (which, in the case of Company Shares acquired upon the exercise of an Option, shall be the exercise price paid to exercise such Option), subject to appropriate adjustment by the Board for stock splits, stock dividends or other distributions, combinations and similar transactions.

"Original Issue Date" means, with respect to any Company Shares or Options issued to the Sponsors or a Management Stockholder, the date of issuance of such Company Shares or Options to the Sponsors or such Management Stockholder, as applicable.

"Person" shall be construed broadly and shall include an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"Piggyback Notice" has the meaning ascribed to such term in Section 4(a).

"Piggyback Registration Right" has the meaning ascribed to such term in Section 4(a).

"Preemptive Shares" has the meaning ascribed to such term in Section 3.5(a).

"Preemptive Notice" has the meaning ascribed to such term in Section 3.5(a).

"Preemptive Optionees" has the meaning ascribed to such term in Section 3.5(a).

"Preferred Shares" means the Company's Non-Voting Perpetual Preferred Stock, par value $0.01 per share, and any shares of capital stock of the Company issued or issuable with respect to the Preferred Shares by way of a stock dividend or distribution payable thereon or stock split, reverse stock split, recapitalization, reclassification, reorganization, exchange, subdivision or combination thereof; provided, however, that if Non-Voting Shares are issued with respect to the Preferred Shares by way of a stock dividend or distribution payable on the Preferred Shares such Non-Voting Shares shall constitute Non-Voting Shares, not Preferred Shares.

"Pro Rata Portion" means:

(a) for purposes of Section 2(a) (with respect to each class of Company Shares to be Transferred pursuant to a Tag-Along Transaction), a number of such class of Company Shares determined by multiplying (i) the aggregate number of such class of Company Shares held by any Management Stockholder (including, if such class is Non-Voting Shares, Deemed Held Shares), by (ii) a fraction, the numerator of which is the number of such class of Company Shares that the Selling Sponsors propose to sell in the applicable Tag-Along Transaction and the denominator of which is the aggregate number of such class of Company Shares held by all Stockholders (including, if such class is Non-Voting Shares, Deemed Held Shares).

(b) for purposes of Section 2(b) (with respect to each class of Company Shares to be Transferred pursuant to the Drag Along Option), a number of such class of Company Shares determined by multiplying (i) the aggregate number of such class of Company Shares held by any Management Stockholder, by (ii) a fraction, the numerator of which is the number of such class of Company Shares that the Sponsors propose to sell in such Drag Along transaction and the denominator of which is the aggregate number of such class of Company Shares held by the Sponsors.

"Proportionate Percentage" means, (a) with respect to any Stockholder at the time of any Tag-Along Transaction and with respect to each class of Company Shares to be Transferred pursuant to a Tag-Along Transaction, a fraction (expressed as a percentage) the numerator of

which is the total number of such class of Company Shares held by such Stockholder as of such time (including, if such class is Non-Voting Shares, Deemed Held Shares) and the denominator of which is the total number of such class of Company Shares outstanding at the time of determination (including, if such class is Non-Voting Shares, Deemed Held Shares) and (b) for purposes of the last sentence of Section 3.1, with respect to any Management Stockholder and with respect to each class of Company Shares with respect to which Transfer restrictions shall lapse, a fraction (expressed as a percentage) the numerator of which is the total number of such class of Company Shares (including, if such class is Non-Voting Shares, Deemed Held Shares) held by such Management Stockholder and the denominator of which is the total number of such class of Company Shares outstanding at the time of determination (including, if such class is Non-Voting Shares, Deemed Held Shares).

"Public Sale" means any sale, occurring simultaneously with or after an initial public offering, of Company Shares to the public pursuant to an offering registered under the Securities Act, to the public pursuant to Rule 144(k) promulgated thereunder or to the public in the manner described by the provisions of Rule 144(f) promulgated thereunder, other than an offering relating to employee incentive plans.

"Purchase Price" means:

(a) (i) in the case where a Management Stockholder is terminated by the Company for Cause and (ii) in the case of a Management Stockholder with an effective employment agreement (containing non-compete provisions) with the Company or its Affiliates, the Management Stockholder violates the non-compete provisions of such employment agreement during the Non-Compete Period and (iii) in the case of a Management Stockholder who is not subject to non-compete provisions with respect to the Company under an effective employment agreement with the Company or its Affiliates, the Management Stockholder voluntarily resigns and joins a Competitor within the Non-Compete Period (for each of clauses (i), (ii) and (iii)) (x) for the Rollover Shares owned by such Management Stockholder, Fair Market Value and (y) for the Company Shares (other than Rollover Shares) owned by the Management Stockholder, the lower of Original Cost and Fair Market Value; and

(b) in all other cases, the Fair Market Value.

"Put Notice" has the meaning ascribed to such term in Section 5(e).

"Qualified Public Offering" means an underwritten public offering of Company Shares by the Company or any selling securityholders pursuant to an effective registration statement filed by the Company with the U.S. Securities and Exchange Commission (other than (a) a registration relating solely to an employee benefit plan or employee stock plan, a dividend reinvestment plan, or a merger or a consolidation, including a registration statement relating to the Rollover Shares or the Management Equity Incentive Plan), (b) a registration incidental to an issuance of securities under Rule 144A of the Securities Act, (c) a registration on Form S-4 under the Securities Act or any successor form under the Securities Act, or (d) a registration on Form S-8 under the Securities Act or any successor form under the Securities Act), pursuant to which the aggregate amount of Company Shares for which a registration filing is made (together with the aggregate amount of Company Shares registered from any prior such offerings) is at

least 10% of the total then-outstanding equity interests in the Company. For purposes of clarification, the parties acknowledge and agree that the fact that the Company has a class of equity securities registered under the Exchange Act from and after the Closing Date does not constitute a Qualified Public Offering.

"Registrable Securities" has the meaning ascribed to such term in Section 4(h).

"Registration Statement" means any registration statement of the Company filed with, or to be filed with, the U.S. Securities and Exchange Commission under the rules and regulations promulgated under the Securities Act, including the related prospectus, amendments and supplements to such registration statement, including pre- and post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement.

"Regulatory Laws" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or any other applicable antitrust, competition, fair trade or any federal, state, local or foreign law, statute, ordinance, rule, regulation, permit, consent, registration, finding of suitability, approval, license, judgment, order, decree, injunction or other authorization (including any condition or limitation placed thereon and including liquor laws) governing or relating to the current or contemplated casino, hotel and gaming activities and operations of the Company (including all laws relating to related activities such as liquor, cabaret and the like) or regulations.

"Repurchase Date" has the meaning ascribed to such term in Section 5(a).

"Repurchase Event" means, with respect to a Management Stockholder, such Management Stockholder's termination of employment with the Company and its subsidiaries for any reason.

"Required Voting Percentage" means a majority of the Company Shares outstanding owned by the Management Stockholders as of the date the vote is taken (calculated as if the Preferred Shares had been converted into Non-Voting Shares on the date of such calculation and in accordance with the terms of such Preferred Shares).

"Rollover Shares" means those Company Shares held by Management Stockholders as a result of (a) contributing to the Company prior to the Closing Date common stock or options of Harrah's Entertainment, Inc. held by such Management Stockholders or (b) purchasing Company Shares for cash, in the case of each of clauses (a) and (b) pursuant to a subscription agreement or other documentation reasonably acceptable to the Company.

"Sale Notice" has the meaning ascribed to such term in Section 2(a)(i).

"Securities" means, with respect to any Person, such Person's "securities" as defined in Section 2(1) of the Securities Act and includes such Person's capital stock or other equity interests or any options, warrants or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, such Person's capital stock or other equity or equity-linked interests, including phantom stock and stock appreciation rights.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

“Selling Sponsors” has the meaning ascribed to such term in Section 2(a)(i).

“Senior Management Team” means the Management Stockholders listed on ***Annex I*** and such additional Management Stockholders as shall be designated by the Board or the human resources committee of the Board from time to time.

“Sponsors” means each of TPG and Apollo.

“Stockholders” means the holders of securities of the Company who are parties hereto, including Apollo, TPG, Co-Invest Hamlet Holdings, Series LLC, Co-Invest Hamlet Holdings B, LLC, Hamlet Holdings LLC and the Management Stockholders.

“Tag-Along Stockholder” has the meaning ascribed to such term in Section 2(a)(ii).

“Tag-Along Notice” has the meaning ascribed to such term in Section 2(a)(ii).

“Tag-Along Transaction” has the meaning ascribed to such term in Section 2(a)(i).

“Termination Event” means, in relation to any Management Stockholder, the termination of such Management Stockholder’s employment by the Company without Cause or the termination of such Management Stockholder’s employment by such Management Stockholder for Good Reason.

“Termination Put Request” has the meaning ascribed to such term in Section 5(b).

“TPG” means TPG Hamlet Holdings, LLC, TPG Hamlet Holdings B, LLC and any Affiliate thereof investing directly or indirectly in the Company.

“Transfer” means any direct or indirect transfer, sale, conveyance, exchange, assignment, gift, pledge, hypothecation or other encumbrance, or any other encumbrance or disposition, of Company Shares (or any interest therein or right thereto) associated with the Company Shares (or any interest therein) whatsoever, or any other transfer of beneficial ownership of Company Shares whether voluntary, involuntary or by operation of law, including, (a) as a part of any liquidation of a Management Stockholder’s assets or (b) as a part of any reorganization of a Management Stockholder pursuant to the United States, state, foreign or other bankruptcy law or other similar debtor relief laws. “Transferred”, “Transferee” and “Transferability” shall each have a correlative meaning.

“Underwritten Offering” has the meaning ascribed to such term in Section 4(h).

Other Interpretive Provisions. The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms:

(a) The words “hereof”, “herein”, “hereunder” and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection,

Section, Exhibit, Schedule and Annex references are to this Agreement unless otherwise specified.

(b) The term "including" is not limiting and means "including without limitation."

(c) The word "or" is not exclusive.

(d) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

Section 2. Certain Transfers.

(a) Tag-Along Transaction..

(i) Subject to the provisions of Section 2(b), prior to the consummation of a Qualified Public Offering, if one or both Sponsors desire(s) to effect any Transfer of any of their Company Shares (the "Selling Sponsors") (including by virtue of a Transfer of equity interests in a Person that owns Company Shares, with respect to which this Section 2(a) shall apply) (other than in a Qualified Public Offering and other than a Sponsor's distribution or dividend of Company Shares to its stockholders, members or partners, with respect to each of which this Section 2(a) shall not apply) to any third party that is not an Affiliate of the Sponsors and the Selling Sponsors do not exercise the Drag Along Option (a "Tag-Along Transaction"), they shall give written notice to the Management Stockholders offering such Management Stockholders the option to participate in such Tag-Along Transaction (a "Sale Notice"). The Sale Notice shall set forth the material terms of the proposed Tag-Along Transaction and identify the contemplated Transferee or Group. Such written notice shall include (A) the consideration to be received by the Selling Sponsors, (B) the identity of the purchaser, (C) other material terms and conditions of the proposed Transfer and (D) the date of the proposed Transfer. For the avoidance of doubt, if only one Sponsor desires to effect a sale or Transfer of its Company Shares, the term "Selling Sponsors" shall refer only to such Sponsor engaging in such sale or Transfer.

(ii) Each of the Management Stockholders may, by written notice to the Selling Sponsors (a "Tag-Along Notice") delivered within ten (10) days after the date of receipt of the Sale Notice (each such Management Stockholder delivering such timely notice being a "Tag-Along Stockholder"), elect to sell in such Tag-Along Transaction the Company Shares held by such Management Stockholder, provided that the number of shares to be sold by such Management Stockholder will not exceed its Pro Rata Portion. The Company Shares to be sold by a Tag-Along Stockholder in a Tag-Along Transaction may include Deemed Held Shares. "Deemed Held Shares" means Company Shares which a Stockholder may obtain by exercising any Options held by such Stockholder that are vested and exercisable as of the relevant measurement date or which would vest and become exercisable in connection with the applicable transaction.

(iii) If none of the Management Stockholders delivers a timely Tag-Along Notice, then the Selling Sponsors may thereafter consummate the Tag-Along Transaction, at the same sale price and on substantially the same other terms and conditions as are described in the Sale Notice (including, the number of Company Shares being sold), for a period of ninety (90) days thereafter (subject to extension in the event of required regulatory approvals not having been obtained by such date but in any event no later than two hundred seventy (270) days after receipt of the Tag-Along Notice). If one or more of the Management Stockholders gives the Selling Sponsors a timely Tag-Along Notice, then the Selling Sponsors shall use reasonable efforts to cause the prospective Transferee or Group to agree to acquire all Company Shares identified in all timely Tag-Along Notices, upon the same terms and conditions as are applicable to the Company Shares held by the Selling Sponsors. If such prospective Transferee or Group is unable or unwilling to acquire all Company Shares proposed to be included in the Tag-Along Transaction upon such terms, then the Selling Sponsors may elect either to cancel such Tag-Along Transaction or to allocate the maximum number of shares that such prospective Transferee or Group is willing to purchase (the "Maximum Number") among the Selling Sponsors and the Tag-Along Stockholders in the proportion that the Proportionate Percentage of each Selling Sponsor and each such Tag-Along Stockholder bears to the total Proportionate Percentages of the Selling Sponsors and the Tag-Along Stockholders and each other holder of securities of the Company exercising "tag along" or similar rights with respect to Company Shares. In connection with the Tag-Along Transaction, each Tag-Along Stockholder must agree to make to the proposed Transferee such representations, warranties, covenants, indemnities and escrow agreements as those made by the Selling Sponsors (other than provisions relating to non-competition), on a pro rata basis with respect to representations and warranties relating to the Company, but on a full basis with respect to matters relating to such Tag-Along Stockholder's (1) ownership of and title to Company Shares, (2) organization, (3) authority and (4) conflicts and consents, it being understood that all such representations, warranties, covenants, indemnities and agreements shall be made severally and not jointly; provided, however, that no Tag-Along Stockholder shall be liable for more than the total proceeds received by such Stockholder for his or her Company Shares in such Tag-Along Transaction. The foregoing notwithstanding, (A) a Tag-Along Stockholder shall not be responsible for the gross negligence or fraud of the Selling Sponsor(s) or any other Tag-Along Stockholder or (B) for any indemnification obligations and liabilities (including through escrow or holdback arrangements) for breaches of representations and warranties and related escrow or holdback claims made by the Selling Sponsor(s) or any other Tag-Along Seller made with respect to such other seller's (1) ownership of and title to Company Shares, (2) organization, (3) authority or (4) conflicts and consents and any other matter concerning such other seller, or for breaches of any covenant made by the Selling Sponsor(s) or any other Tag-Along Stockholder. In addition, in connection with the Tag-Along Transaction, each Tag-Along Stockholder shall bear a pro rata portion of the total costs incurred by the Selling Sponsors in connection with such Tag-Along Transaction based on the number of Company Shares sold in such Tag-Along Transaction to the extent not paid or reimbursed by the prospective Transferee or the Company, and shall take the actions referred to in the second sentence of Section 2(b)(ii) (as such actions would relate to a Tag-Along Transaction).

(iv) Notwithstanding any other provision of this Section 2(a), until the second anniversary of the Closing Date, the Selling Sponsors may make Transfers of an aggregate amount of up to 10% of the outstanding Company Shares as of the date hereof (calculated as if the Preferred Shares had been converted into Non-Voting Shares on the date of such calculation and in

accordance with the terms of such Preferred Shares) without complying with the other provisions of this Section 2(a).

(v) For the avoidance of doubt, other than with respect to the 10% threshold which shall be calculated in accordance with Section 2(a)(iv), the tag-along rights exercisable pursuant to this Section 2(a) shall be determined separately with respect to each class of Company Shares (*i.e.*, (x) the Transfer of Preferred Shares shall give rise to tag-along rights with respect to Preferred Shares only, (y) the Transfer of Non-Voting Shares shall give rise to tag-along rights with respect to Non-Voting Shares only and (z) the Transfer of Preferred Shares and Non-Voting Shares shall give rise to tag-along rights with respect to each of the Preferred Shares and the Non-Voting Shares, but determinations with respect to the number of shares entitled to the tag along right shall be determined on a class by class basis) including with respect to the determination of any Pro Rata Portion, Maximum Number and Proportionate Percentage.

(b). <u>Drag Along Option</u>.

(i) If the Selling Sponsors desire to sell or Transfer more than 40% of the Initial Sponsor Company Shares (calculated as if the Preferred Shares had been converted into Non-Voting Shares on the date of such calculation and in accordance with the terms of such Preferred Shares) to a third party that is not an Affiliate of either Sponsor in one transaction or in a series of related transactions, then in lieu of complying with the requirements of Section 2(a), at the Selling Sponsors' option (the "<u>Drag Along Option</u>"), the Selling Sponsors may require all Management Stockholders to sell their Pro Rata Portion to the Transferee or Group selected by the Selling Sponsors, at the same price per share and on the same terms and conditions as apply to those sold by the Selling Sponsors. For the avoidance of doubt, if only one Sponsor desires to effect a sale or Transfer of its Company Shares, the term "Selling Sponsors" shall refer only to such Sponsor engaging in such sale or Transfer.

(ii) Each Management Stockholder shall consent to and raise no objections against the Drag Along Option, and if the Drag Along Option is structured as (A) a merger or consolidation of the Company or an Asset Sale, each Management Stockholder shall vote in favor of the transaction, take such other action as may be required to effect such transaction and waive any dissenters rights, appraisal rights or similar rights in connection with such merger, consolidation or Asset Sale, or (B) a sale of all the capital stock of the Company, the Management Stockholders shall vote in favor of the transaction, take such other action as may be required to effect such transaction and agree to sell all their Company Shares which are the subject of the Drag Along Option (including their Deemed Held Shares) (the "<u>Drag Along Shares</u>"). The Management Stockholders shall take all necessary and desirable actions reasonably requested by the Selling Sponsors in connection with the consummation of the Drag Along Option, including the execution of such agreements and such instruments and the taking of such other actions as are reasonably necessary, in each case, to provide the same representations, warranties, indemnities and escrow arrangements as those provided by the Selling Sponsors relating to such Drag Along Option (other than provisions relating to non-competition); <u>provided</u>, <u>however</u>, that any obligations under such agreements applicable to any Management Stockholder (other than with respect to such Management Stockholder's representations and warranties regarding (1) ownership of and title to Drag Along Shares, (2) organization, (3) authority or (4) conflicts and consents, with respect to which such

Management Stockholder shall be fully responsible) shall be applicable (x) in the case of a transaction structured as a merger or consolidation of the Company or Asset Sale, to all security holders of the Company and (y) in the case of a transaction structured as a sale of the capital stock of the Company, to all security holders of the Company selling shares in such transaction, in each case set forth in (x) and (y), on a pro rata basis, determined by reference to the aggregate amount of Drag Along Shares subject to the transaction. In no event shall a Management Stockholder be liable for more than the total proceeds received by such Management Stockholder in the transaction giving rise to the Drag Along Option. It is understood and agreed that the Selling Sponsors may exercise more than one Drag Along Option.

(iii) For the avoidance of doubt, other than with respect to the 40% trigger which shall be calculated in accordance with Section 2(b)(i), the Drag Along Option exercisable pursuant to this Section 2(b) shall be determined separately with respect to each class of Company Shares (*i.e.*, (x) the Transfer of Preferred Shares shall give rise to a Drag Along Option with respect to Preferred Shares only, (y) the Transfer of Non-Voting Shares shall give rise to a Drag Along Option with respect to Non-Voting Shares only and (z) the Transfer of Preferred Shares and Non-Voting Shares shall give rise to Drag Along Options with respect to each of the Preferred Shares and the Non-Voting Shares, but determinations with respect to the number of shares subject to the Drag Along Option shall be determined on a class by class basis) including with respect to the determination of any Pro Rata Portion.

(c) The Company and each Management Stockholder shall cooperate in causing any Deemed Held Shares of such Management Stockholder that are ultimately included in a Drag Along Option or a Tag Along Transaction, as the case may be, to be delivered to the Management Stockholder immediately prior to the closing of such Drag Along Option or Tag Along Transaction in order that the Management Stockholder may exercise his rights under Section 2(a) or that the Selling Sponsors may exercise their rights under Section 2(b), as the case may be.

(d) Upon the closing of the sale of any Company Shares (including any Deemed Held Shares) pursuant to this Section 2, the Stockholders shall deliver at such closing, against payment of the purchase price therefor, certificates representing their Company Shares to be sold, duly endorsed for Transfer or accompanied by duly endorsed stock powers, and evidence of the absence of liens, encumbrances and adverse claims with respect thereto and of such other matters as are deemed necessary by the Company for the proper Transfer of such shares on the books of the Company.

Section 3. Transfers; Additional Parties.

3.1 Restrictions; Permitted Transfers.

Except as set forth herein, without the prior written consent of the Company, no Management Stockholder shall make any Transfer, directly or indirectly, through an Affiliate or otherwise. The preceding sentence shall apply with respect to all Company Shares held at any time by a Management Stockholder (including all Options and all Company Shares that may be acquired or received upon the exercise or settlement of any Option), regardless of the manner in which such Management Stockholder initially acquired such Company Shares. Notwithstanding

the foregoing, the following Transfers by a Management Stockholder shall be permitted at any time:

(a) Transfers pursuant to Section 4 (Piggyback Rights);

(b) any Transfer after a Qualified Public Offering;

(c) any Transfer to such Management Stockholder's estate upon the death of such Management Stockholder or pursuant to a domestic relations order in settlement of marital property rights;

(d) any Transfer permitted pursuant to Section 2(a) or required pursuant to Section 2(b); and

(e) with the prior written consent of the Company (such consent not to be unreasonably withheld or delayed, provided that the withholding of consent in order to avoid registration requirements under applicable securities laws shall be deemed reasonable per se), (1) to a trust or other entity controlled by the Management Stockholder for estate planning purposes, (2) to family members (as defined in Form S-8 under the Securities Act) of the Management Stockholder and (3) solely with respect to the Senior Management Team, for charitable giving purposes;

provided, however, that in the case of each of clauses (a), (b), (c) and (e) above, each such Transfer complies with the terms of this Agreement and applicable securities laws and the terms of any underwriting agreement, rules and regulations in effect at the time of the Transfer, and that in no event will Transfers by a Management Stockholder to a Competitor be permitted; provided, further, however, that in the case of each of clauses (a), (b), (c) and (e) above, no Transfer shall be permitted at any time unless the Company is reasonably satisfied that such Transfer would not violate applicable Regulatory Laws or cause or result in any Stockholder or other Person (other than the Sponsors and their Transferees) to have a greater than a 4.9% direct or indirect ownership interest in the Company. Notwithstanding anything to the contrary contained in this Agreement, in the event that a Sponsor makes a distribution or dividend of Company Shares to its stockholders, members or partners, then the Transfer restrictions contained in this Section 3.1 shall lapse with respect to a Proportionate Percentage of each Management Stockholder's Company Shares held on the date of such distribution, except that the limitations set forth in the provisos contained in the immediately preceding sentence shall continue to apply without limitation, it being understood that the lapse right described in this sentence shall be determined and shall apply separately with respect to each class of Company Shares (*e.g.*, (x) a dividend or distribution of Preferred Shares shall give rise to a lapse right with respect to Preferred Shares only, (y) a dividend or distribution of Non-Voting Shares shall give rise to a lapse right with respect to Non-Voting Shares only and (z) a dividend or distribution of Preferred Shares and Non-Voting Shares shall give rise to lapse rights with respect to each of the Preferred Shares and the Non-Voting Shares, but determinations with respect to the number of shares subject to the lapse right shall be determined on a class by class basis) including with respect to the determination of any Proportionate Percentage.

3.2 Additional Parties.

(a) As a condition to the Company's obligation to effect a Transfer of Company Shares permitted by this Agreement on the books and records of the Company (other than a Transfer to the Sponsors or of any of the Sponsors' Affiliates, the Company or any subsidiary of the Company), the Transferee shall be required to become a party to this Agreement by executing (together with such Person's spouse, if applicable) an Adoption Agreement in substantially the form of ***Exhibit A*** hereto or in such other form that is reasonably satisfactory to the Company.

(b) In the event that any Person acquires Company Shares, other than in connection with a Public Sale, from (i) a Management Stockholder or any Affiliate of a Management Stockholder or member of such Management Stockholder's Group or (ii) any direct or indirect Transferee of a Management Stockholder, such Person shall be subject to any and all obligations and restrictions of such Management Stockholder hereunder, as if such Person was such Management Stockholder named herein. Additionally, other than in connection with a Public Sale, whenever a Management Stockholder makes a Transfer of Company Shares, such Company Shares shall contain a legend so as to inform any Transferee that such Company Shares were held originally by a Management Stockholder and are subject to repurchase pursuant to Section 5 below based on the employment of or events relating to such Management Stockholder. Such legend shall not be placed on any Company Shares acquired from a Management Stockholder by the Company, the Sponsors or any of their Affiliates.

3.3 Securities Restrictions; Legends.

(a) No Company Shares shall be transferable except upon the conditions specified in this Section 3.3, which conditions are intended to insure compliance with the provisions of the Securities Act.

(b) Each certificate representing Company Shares shall (unless otherwise permitted by the provisions of paragraph (d) below) be stamped or otherwise imprinted with a legend in substantially the following form:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES OR BLUE SKY LAWS. THESE SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SAID ACT OR LAWS.
>
> THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE ALSO SUBJECT TO A MANAGEMENT INVESTOR RIGHTS AGREEMENT DATED AS OF JANUARY 28, 2008 AMONG THE ISSUER OF SUCH SECURITIES (THE "COMPANY"), AND THE OTHER PARTIES NAMED

THEREIN. THE TERMS OF SUCH MANAGEMENT INVESTOR RIGHTS AGREEMENT INCLUDE, AMONG OTHER THINGS, RESTRICTIONS ON TRANSFER. A COPY OF SUCH AGREEMENT WILL BE FURNISHED WITHOUT CHARGE BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST."

(c) The holder of any Company Shares by acceptance thereof agrees, prior to any Transfer of any such shares, to give written notice to the Company of such holder's intention to effect such Transfer and to comply in all other respects with the provisions of this Section 3.3. Each such notice shall describe the number of shares to be Transferred and the proposed Transferee. The requirement to include the first paragraph of the legend referred to above shall cease and terminate as to any particular Company Shares when, in the reasonable opinion of counsel for the Company, such restriction is no longer required in order to assure compliance with the Securities Act and the state securities or "blue sky" laws. The requirement to include the second paragraph of the legend referred to above shall cease and terminate as to any particular Company Shares when, in the reasonable opinion of counsel for the Company, the provisions of this Agreement are no longer applicable to such shares or this Agreement shall have terminated in accordance with its terms.

(d) Notwithstanding the foregoing provisions of this Section 3.3, the restrictions imposed by this Section 3.3 upon the Transferability of any Company Shares shall cease and terminate when (i) any such shares are sold or otherwise Transferred pursuant to an effective Registration Statement under the Securities Act, or (ii) after a Qualified Public Offering, the holder of such shares has met the requirements for Transfer of such shares pursuant to Rule 144 under the Securities Act. Whenever the restrictions imposed by this Section 3 shall terminate, the holder of any shares as to which such restrictions have terminated shall be entitled to receive from the Company, without expense, a new certificate not bearing the restrictive legend set forth in paragraph (b) above and not containing any other reference to the restrictions imposed by this Section 3.3.

3.4 Improper Transfers. Any Transfer or attempted Transfer in breach of this Agreement shall be void *ab initio* and of no effect. In connection with any attempted Transfer in breach of this Agreement, the Company may hold and refuse to Transfer any Company Shares or any certificate therefor, in addition to and without prejudice to any and all other rights or remedies which may be available to it or the Stockholders.

3.5 Preemptive Rights.

(a) Prior to a Qualified Public Offering, if the Company proposes to issue or sell for cash any newly issued shares of capital stock of the Company or securities convertible into or exchangeable or exercisable for shares of capital stock (the "Preemptive Shares"), excluding any Excluded Offering, then the Company shall provide each member of the Senior Management Team and each other Stockholder that is not a Management Stockholder (the "Preemptive Optionees") with written notice (a "Preemptive Notice") thereof at least ten (10) business days prior to the closing thereof and offer each Preemptive Optionee the opportunity to purchase on the same terms and for the same consideration as other purchasers of Preemptive

Shares at the closing of such transaction a number of such Preemptive Shares as will enable such Preemptive Optionee to maintain its Actual Ownership Percentage immediately following such transaction (such Preemptive Optionee's "Applicable Preemptive Shares").

(b) Each Preemptive Optionee shall have a period of ten (10) business days after delivery of the Preemptive Notice to elect to purchase its Applicable Preemptive Shares or a portion thereof having an aggregate value of not less than $50,000, such election to be made by delivery of written notice to the Company.

(c) If a Preemptive Optionee makes the election referred to in clause (b) above, such Preemptive Optionee shall enter into such agreements concerning the sale and purchase of its Applicable Preemptive Shares to which a Preemptive Notice relates as are entered into by the other purchasers of the Preemptive Shares to which such Preemptive Notice relates. The closing of all the purchases of all the Preemptive Shares shall take place simultaneously.

(d) Notwithstanding the foregoing, the Company shall not be required to provide the advance notice described in clause (a) above and instead may effect a transaction otherwise subject to this Section 3.5 without complying with such provisions, provided that the Company sets aside for the Delay Period (as defined below) the maximum number of Preemptive Shares as would be purchasable by the Preemptive Optionee under this Section 3.5 if a Preemptive Notice had been given with respect to such transaction in accordance with Section 3.5(a). Prior to or after but no later than ten 10 business days after the closing of such transaction, the Company shall notify (a "Delayed Notice") each Preemptive Optionee that it may exercise preemptive rights under this Section 3.5 for its Applicable Preemptive Shares in amounts calculated in accordance with Section 3.5(a) for a fifteen (15) business day period after the giving of the Delayed Notice (the "Delay Period"). If such rights are exercised by a Preemptive Optionee by delivery of a notice to the Company prior to the end of the Delay Period, the provisions of Section 3.5(c) shall apply to such Preemptive Optionee's purchase of such Applicable Preemptive Shares, provided that the closing of such Applicable Preemptive Shares shall take place on such date as is set by the Company within fifteen (15) business days after the Delay Period.

(e) Notwithstanding anything in Section 3.5(a) to the contrary, preemptive rights will not apply to securities (i) issued upon the exercise of options warrants or convertible securities, (ii) granted under any employee benefit plan or other option or compensation plan approved by the Board, (iii) issued to a strategic investor, (iv) issued in connection with any reorganization, reclassification, merger, business combination or similar event, (v) issued in connection with a debt financing transaction, (vi) issued in connection with a Qualified Public Offering, (vii) in order to fund an acquisition or property development project by the Company or its Affiliates or an entity in which the Company or its Affiliates holds a direct or indirect interest or (viii) issued to the Sponsors or their Affiliates in the form of Company Shares in an aggregate amount of up to ten percent (10%) of the outstanding Company Shares, issued in exchange for a cash reimbursement of the cash used by the Company to pay a portion of the merger consideration on the Closing Date, within sixty (60) days of the Closing Date (subject to reasonable delays in the event of late receipt of required regulatory approvals) at the same price,

on a per share basis, as the Non-Voting Shares issued to each Stockholder on the Closing Date (each, an "Excluded Offering").

Section 4. Piggyback Registration Rights.

(a) Participation. Subject to Section 4(b), if the Company files a Registration Statement (i) in connection with the exercise of any demand rights by the Sponsors, or (ii) in connection with which the Sponsors are selling stockholders (other than a registration on Form S-4 or S-8 under the Securities Act or any successor form to such Forms or any registration of securities as it relates to an offering and sale to management of the Company pursuant to any employee stock plan or other employee benefit plan arrangement) with respect to an offering that includes any Company Shares, then the Company shall give prompt notice (the "Initial Notice") to the Management Stockholders and the Management Stockholders shall be entitled to include in such Registration Statement the Registrable Securities (as defined in Section 4(h)) held by them; provided, however, that the Management Stockholders shall only have such rights to include their Registrable Securities in the Registration Statement with respect to a Qualified Public Offering in which a Sponsor is participating as a selling stockholder. If the Management Stockholders elect to include any or all of their Registrable Securities in such Registration Statement, then the Company shall give prompt notice (the "Piggyback Notice") to each Stockholder (excluding the Management Stockholders) and each such Stockholder shall be entitled to include in such Registration Statement the Registrable Securities held by it. The Initial Notice and Piggyback Notice shall offer the Management Stockholders and the Stockholders, respectively, the right, subject to Section 4(b) (the "Piggyback Registration Right"), to register such number of Registrable Securities as each Management Stockholder and each Stockholder may request and shall set forth (i) the anticipated filing date of such Registration Statement and (ii) the number of Company Shares that is proposed to be included in such Registration Statement. Subject to Section 4(b), the Company shall include in such Registration Statement such Registrable Securities for which it has received written requests to register within fifteen (15) days after the Initial Notice and seven (7) days after the Piggyback Notice has been given. Notwithstanding anything to the contrary set forth in this Section 4(a), if the managing underwriter for the initial Underwritten Offering reasonably advises the Company that the inclusion of the number of Company Shares proposed to be included in any registration by any Management Stockholder who constitutes a key employee of the Company or its subsidiaries would interfere with the successful marketing (including pricing) of such shares to be offered thereby, then the number of such shares proposed to be included in such registration by such Management Stockholder shall be reduced to the lower of the number of such shares that the managing underwriter advises that such Management Stockholder may sell in the initial Underwritten Offering and the number of such shares calculated pursuant to the foregoing.

(b) Underwriters' Cutback. Notwithstanding the foregoing, if a registration pursuant to this Section 4 involves an Underwritten Offering (as defined in Section 4(h)(ii)) and the managing underwriter or underwriters of such proposed Underwritten Offering informs the Company in writing that, in its opinion, the number of securities which such Stockholders and any other Persons intend to include in such offering would be reasonably likely to adversely affect the price, timing or distribution of the securities offered in such offering, then the number of securities proposed to be included in such registration shall be included in the following order:

(i) first, 100% of the securities proposed to be sold in such registration by the Company or any Person (other than a Stockholder) exercising a contractual right to demand Registration, as the case may be, proposes to sell, and (ii) second, and only if all the securities referred to in clause (i) have been included, the number of Registrable Securities that, in the opinion of such managing underwriter or underwriters, can be sold without having such adverse effect, with such number to be allocated pro rata among the Stockholders and any other holders of securities of the Company that have requested to participate in such registration based on the relative number of Registrable Securities then held by each such Stockholder (provided that any securities thereby allocated to a Stockholder that exceed such Stockholder's request shall be reallocated among the remaining requesting Stockholders and any other holders of securities of the Company in like manner) and (iii) third, and only if all of the Registrable Securities referred to in clause (ii) have been included in such Registration, any other securities eligible for inclusion in such registration.

(c) Lock-up. If the Company at any time shall register Company Shares under the Securities Act for sale to the public, no Management Stockholder shall sell publicly, make any short sale of, grant any option for the purchase of, or otherwise dispose publicly of, any capital stock of the Company without the prior written consent of the Company, for the period of time in which the Sponsors have similarly agreed with the underwriters in writing not to sell publicly, make any short sale of, grant any option for the purchase of, or otherwise dispose publicly of, any capital stock of the Company. In addition, if requested by the managing underwriter(s), in connection with the initial public offering, all Stockholders shall enter into a customary lock-up agreement with the managing underwriter(s) for such period as may be required by the managing underwriter(s), subject to customary exceptions in the Company's discretion, provided that such lock-up agreement (with comparable terms and conditions) shall have also been executed by each Sponsor. This Section 4(c) shall terminate with respect to Management Stockholders who are not Affiliates or executive officers of the Company upon the first anniversary of the Qualified Public Offering, provided, that, at such time, the Company Shares held by such Management Stockholder shall cease to be Registrable Securities.

(d) Company Control. The Company may decline to file a Registration Statement after giving the Initial Notice or the Piggyback Notice, or withdraw a Registration Statement after filing and after such Piggyback Notice, but prior to the effectiveness of the Registration Statement, provided that the Company shall promptly notify each Stockholder in writing of any such action and provided further that the Company shall bear all reasonable expenses incurred by such Stockholder or otherwise in connection with such withdrawn Registration Statement. Except as provided in Section 4(f), notwithstanding any other provision herein, the Company shall have sole discretion to select any and all underwriters that may participate in any Underwritten Offering.

(e) Participation in Underwritten Offerings. No Person may participate in any Underwritten Offering hereunder unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Persons entitled to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, lock-ups and other documents required for such underwriting arrangements. Nothing in this Section 4(e) shall be construed to create any

additional rights regarding the piggyback registration of Registrable Securities in any Person otherwise than as set forth herein.

(f) Expenses. The Company will pay all registration fees and other customary and reasonable expenses in connection with each registration of Registrable Securities requested pursuant to this Section 4, provided that each Stockholder shall pay all applicable underwriting fees, discounts and similar charges (pro rata based on the securities sold) and shall be responsible for its own legal fees.

(g) Indemnification.

(i) Indemnification by the Company. The Company agrees to indemnify and hold harmless, to the full extent permitted by law, each selling Stockholder, its officers, directors, employees and representatives and each Person who controls (within the meaning of the Securities Act) such selling Stockholder against any losses, claims, damages, liabilities and expenses caused by any untrue or alleged untrue statement of a material fact contained in any Registration Statement, prospectus or preliminary prospectus or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statement therein not misleading, except insofar as the same may be caused by or contained in any information furnished to the Company by such selling Stockholder for use therein; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any such preliminary prospectus if (A) such selling Stockholder failed to deliver or cause to be delivered a copy of the prospectus to the Person asserting such loss, claim, damage, liability or expense after the Company has furnished such selling Stockholder with a sufficient number of copies of the same and (B) the prospectus completely corrected in a timely manner such untrue statement or omission; and provided, further, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission in the prospectus, if such untrue statement or alleged untrue statement, omission or alleged omission is completely corrected in an amendment or supplement to the prospectus and the selling Stockholder thereafter fails to deliver such prospectus as so amended or supplemented prior to or concurrently with the sale of the securities to the Person asserting such loss, claim, damage, liability or expense after the Company had furnished such selling Stockholder with a sufficient number of copies of the same. The Company will also indemnify underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, their officers and directors and each Person who controls such Persons (within the meaning of the Securities Act) to the same extent as provided above with respect to the indemnification of the selling Stockholder, if requested.

(ii) Indemnification by Selling Stockholders. Each selling Stockholder agrees to indemnify and hold harmless, to the full extent permitted by law, the Company, its directors, officers, employees and representatives and each Person who controls the Company (within the meaning of the Securities Act) against any losses, claims, damages or liabilities and expenses caused by any untrue or alleged untrue statement of a material fact contained in any Registration Statement or any omission or alleged omission to state therein a material fact required

to be stated therein or necessary to make the statements therein not misleading, to the extent, but only to the extent, that such untrue statement or omission is contained in any information or affidavit so furnished by such selling Stockholder to the Company for inclusion in such Registration Statement, prospectus or preliminary prospectus and has not been corrected in a subsequent writing prior to or concurrently with the sale of the securities to the Person asserting such loss, claim, damage, liability or expense. In no event shall the liability of any selling Stockholder hereunder be greater in amount than the dollar amount of the proceeds received by such selling Stockholder upon the sale of the securities giving rise to such indemnification obligation. The Company and the selling Stockholders shall be entitled to receive indemnities from underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, to the same extent as provided above with respect to information so furnished in writing by such Persons for inclusion in any prospectus or Registration Statement.

(iii) Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder will (i) give prompt (but in any event within 30 days after such Person has actual knowledge of the facts constituting the basis for indemnification) written notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided, however, that any delay or failure to so notify the indemnifying party shall relieve the indemnifying party of its obligations hereunder only to the extent, if at all, that the indemnifying party is actually prejudiced by reason of such delay or failure; provided, further, however, that any Person entitled to indemnification hereunder shall have the right to select and employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person unless (a) the indemnifying party has agreed in writing to pay such fees or expenses, or (b) the indemnifying party shall have failed to assume the defense of such claim within a reasonable time after receipt of notice of such claim from the Person entitled to indemnification hereunder and employ counsel reasonably satisfactory to such Person or (c) in the reasonable judgment of any such Person, based upon advice of counsel, a conflict of interest may exist between such Person and the indemnifying party with respect to such claims (in which case, if the Person notifies the indemnifying party in writing that such Person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such Person). If such defense is not assumed by the indemnifying party, the indemnifying party will not be subject to any liability for any settlement made without its consent (but such consent will not be unreasonably withheld), provided that an indemnified party shall not be required to consent to any settlement involving the imposition of equitable remedies or involving the imposition of any material obligations on such indemnified party other than financial obligations for which such indemnified party will be indemnified hereunder. No indemnifying party will be required to consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation. Whenever the indemnified party or the indemnifying party receives a firm offer to settle a claim for which indemnification is sought hereunder, it shall promptly notify the other of such offer. If the indemnifying party refuses to accept such offer within 20 business days after receipt of such offer (or of notice thereof), such claim shall continue to be contested and, if such claim is within the scope of the indemnifying party's indemnity contained herein, the indemnified party shall be indemnified pursuant to the terms hereof. If the indemnifying party notifies the indemnified party in writing that

the indemnifying party desires to accept such offer, but the indemnified party refuses to accept such offer within 20 business days after receipt of such notice, the indemnified party may continue to contest such claim and, in such event, the total maximum liability of the indemnifying party to indemnify or otherwise reimburse the indemnified party hereunder with respect to such claim shall be limited to and shall not exceed the amount of such offer, plus reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees and disbursements) to the date of notice that the indemnifying party desires to accept such offer, provided that this sentence shall not apply to any settlement of any claim involving the imposition of equitable remedies or to any settlement imposing any material obligations on such indemnified party other than financial obligations for which such indemnified party will be indemnified hereunder. An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim in any one jurisdiction, unless in the written opinion of counsel to the indemnified party, reasonably satisfactory to the indemnifying party, use of one counsel would be expected to give rise to a conflict of interest between such indemnified party and any other of such indemnified parties with respect to such claim, in which even the indemnifying party shall be obligated to pay the fees and expenses of each additional counsel.

(iv) Other Indemnification. Indemnification similar to that specified in this Section 4(g) (with appropriate modifications) shall be given by the Company and each selling Stockholder with respect to any required registration or other qualification of securities under Federal or state law or regulation of governmental authority other than the Securities Act.

(v) Contribution. If for any reason the indemnification provided for in the preceding clauses g(i) and g(ii) is unavailable to an indemnified party or insufficient to hold it harmless as contemplated by the preceding clauses g(i) and g(ii), then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by the indemnified party and the indemnifying party, but also the relative fault of the indemnified party and the indemnifying party, as well as any other relevant equitable considerations, provided that no selling Stockholder shall be required to contribute in an amount greater than the dollar amount of the proceeds received by such selling Stockholder with respect to the sale of any securities under this Section 4. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(h) Certain Definitions. For purposes of this Section 4:

(i) "Registrable Securities" shall mean Company Shares and any security issued or distributed in respect thereof, provided that any Registrable Securities shall cease to be Registrable Securities when (A) a registration statement with respect to the sale of such Registrable Securities has been declared effective under the Securities Act and such Registrable Securities have been or may be disposed of in accordance with the plan of distribution set forth in such registration statement, (B) such Registrable Securities have been disposed of in reliance upon Rule 144 (or any similar provision then in force) under the Securities Act or (C) such Registrable Securities shall have been otherwise Transferred and new certificates for them not bearing a legend restricting further

Transfer under the Securities Act shall have been delivered by the Company; and provided, further, that any securities that have ceased to be Registrable Securities shall not thereafter become Registrable Securities and any security that is issued or distributed in respect of securities that have ceased to be Registrable Securities is not a Registrable Security. Notwithstanding any other provision of this Section 4(h)(i), with respect to any Registration Statement that registers Non-Voting Shares, "Registrable Securities" shall only include Non-Voting Shares and with respect to any Registration Statement that registers only Preferred Shares, "Registrable Securities" shall only include Preferred Shares.

(ii) "Underwritten Offering" means a sale of Company Shares to an underwriter for reoffering to the public.

Section 5. Repurchase Rights.

(a) Company Repurchase Right. From and after a Repurchase Event with respect to any Management Stockholder, the Company and its subsidiaries shall have the right, but not the obligation, to repurchase all or any portion of the Company Shares held by such Management Stockholder in accordance with this Section 5 for the Purchase Price; provided, however, that the Company's right to repurchase Rollover Shares shall apply only if (i) the Management Stockholder's employment is terminated for Cause or (ii) in the case of a Management Stockholder with an effective employment agreement (containing non-compete provisions) with the Company or its Affiliates, the Management Stockholder violates the non-competition provisions of such employment agreement during the Non-Compete Period, or (iii) in the case of a Management Stockholder who is not subject to non-competition provisions under an effective employment agreement with the Company or its Affiliates, the Management Stockholder voluntarily resigns and joins a Competitor during the Non-Compete Period. The Company or any of its subsidiaries may exercise its right to purchase such Company Shares until the date (the "Repurchase Date") that is (i) with respect to Company Shares held by such Management Stockholder on such Repurchase Event (including, only with respect to a for Cause termination, the Rollover Shares), ninety (90) days after the termination of employment, and (ii) with respect to Company Shares acquired upon the exercise of Options that were unexercised Options on such Repurchase Event, the later of (x) the one-hundred and eighty-first (181st) day after the date such Options have been exercised by the applicable Management Stockholder or such Management Stockholder's successors, assigns or representatives and (y) ninety (90) days after the termination of employment; provided, however, that with respect to each of clauses (i) and (ii) of this Section 5(a), in the case of a Management Stockholder who (1) voluntarily resigns and joins a Competitor or (2) violates the non-compete provisions of an effective employment agreement with the Company or its Affiliates during the applicable Non-Compete Period, the Company shall have until ninety (90) days following the expiration of the applicable Non-Compete Period) to exercise its repurchase right.

(b) Management Stockholder Put Request. If, prior to the consummation of a Qualified Public Offering, a Termination Event occurs, then such Management Stockholder or such Management Stockholder's legal representative or trustee, as the case may be, shall have the right to require (a "Termination Put Request") that the Company purchase all or a portion of such Management Stockholder's Rollover Shares at Fair Market Value; provided, however, that

in no event shall the Company be obligated to honor a Termination Put Request made after the date which is ninety (90) days after the Termination Event.

(c) Economic Hardship Put Request. If, prior to the consummation of a Qualified Public Offering, an Economic Hardship Event occurs with respect to a Management Stockholder, then such Management Stockholder or such Management Stockholder's legal representative or trustee, as the case may be, shall have the right to require (an "Economic Hardship Put Request") that the Company purchase all or a portion of such Management Stockholder's Rollover Shares at Fair Market Value; provided, however, that in no event shall the Company be obligated to honor an Economic Hardship Put Request made after the date which is ninety (90) days following the end of the fiscal year in which the event or events constituting the Economic Hardship Event occur(s). In addition to the other restrictions in this Section 5(c), all Economic Hardship Put Requests shall be subject to the following limitations: (i) the maximum value of Rollover Shares which any Management Stockholder will be permitted to sell to the Company in the aggregate (taking into account any prior exercises of the Economic Hardship Put Request by such Management Stockholder) shall not exceed 75% of the Management Stockholder's total original invested capital in the Company (in each case, with such maximum value determined based on the Fair Market Value of the Rollover Shares at the time of the proposed sale) and (ii) the Company shall not be required to purchase Rollover Shares (A) for each fiscal year that ends prior to the fifth anniversary of the Closing Date, in excess of an aggregate maximum value (for all Management Stockholders taken together) of $5 million per fiscal year, (B) for each fiscal year that ends after the fifth anniversary of the Closing Date but prior to the seventh anniversary of Closing Date, in excess of an aggregate maximum value (for all Management Stockholders taken together) of $20 million per fiscal year and (C) for each fiscal year that ends after the seventh anniversary of the Closing Date, in excess of an aggregate maximum value (for all Management Stockholders taken together) of $30 million per fiscal year (in the case of each of clauses (A), (B) and (C), with such maximum value determined based on the Fair Market Value of the Rollover Shares at the time of the proposed sale).

(d) The Sponsors' Repurchase Right. The Company or a subsidiary thereof shall give written notice to the Sponsors stating whether the Company or any subsidiary will exercise its purchase rights pursuant to Section 5(a) above. If such notice states that the Company and its subsidiaries will not exercise their purchase rights for all or a portion of the Company Shares then subject thereto, the Sponsors shall have the right to purchase such Company Shares not purchased by the Company or its subsidiaries on the same terms and conditions as the Company and its subsidiaries until the later of (i) the 30th day following the receipt of such notice or (ii) the occurrence of the Repurchase Date (in the case of a repurchase pursuant to clause (a)(i) above).

(e) Closing. The Company shall exercise its repurchase right pursuant to Section 5(a) and the Sponsors shall exercise their repurchase right pursuant to Section 5(d) by delivering to the applicable Management Stockholder a written notice specifying its intent to purchase Company Shares held by the Management Stockholder (the "Call Notice"), the date as of which such right is to be exercised and the number of Company Shares to be purchased. A Management Stockholder shall exercise its Termination Put Request pursuant to Section 5(b) or its Economic Hardship Put Request pursuant to Section 5(c), as applicable, by delivering to the

Company a written notice (the "Put Notice") specifying the number of Company Shares to be purchased. The purchase and sale pursuant to this Section 5(e) shall occur on such date as the Company (or its designated assignee) or the Sponsors shall specify, which date shall not be later than thirty (30) days after the date of the Call Notice or the Put Notice, as applicable. The Company, one of its subsidiaries, or the Sponsors, as applicable, will pay for the Company Shares purchased by them pursuant to this Section 5 by delivery of a check or wire transfer of funds, in exchange for the delivery by the Management Stockholder of the certificates representing such Company Shares, duly endorsed for transfer to the Company, such subsidiary or the Sponsors, as applicable; provided, however, that in the event the Company reasonably determines that such payment will result in the violation of the terms or provisions of, or result in a default or event of default under, any guarantee, financing or security agreement or document entered into by the Company or any of its Affiliates and in effect on such date, the Company shall fund any amount not so permitted to be paid in cash with a Buy-Out Note, and provided further that the Company shall use commercially reasonable efforts to obtain a waiver of any such violation, default or event of default. The Company shall have the right to record such purchase on its books and records without the consent of the Management Stockholder. The determination date for purposes of determining the Fair Market Value under this Section 5 shall be the date of the applicable Put Notice or Call Notice.

(f) Withholding. The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation, or may permit a Management Stockholder to elect to pay the Company any such required withholding taxes. If such Management Stockholder so elects, the payment by such Management Stockholder of such taxes shall be a condition to the receipt of amounts payable to such Management Stockholder under this Agreement. The Company shall, to the extent permitted or required by law, have the right to deduct any such taxes from any payment otherwise due to such Management Stockholder.

Section 6. Notices. In the event a notice or other document is required to be sent hereunder to the Company or to any Stockholder or the spouse or legal representative of a Stockholder, such notice or other document, if sent by mail, shall be sent by registered mail, return receipt requested (and by air mail in the event the addressee is not in the continental United States), to the party entitled to receive such notice or other document at the address set forth on ***Annex II*** hereto. Any such notice shall be effective and deemed received three (3) days after proper deposit in the mails, but actual notice shall be effective however and whenever received. The Company, any Stockholder or any spouse or legal representative of a Stockholder may effect a change of address for purposes of this Agreement by giving notice of such change to the Company, and the Company shall, upon the request of any party hereto, notify such party of such change in the manner provided herein. Until such notice of change of address is properly given, the addresses set forth on ***Annex II*** shall be effective for all purposes.

Section 7. Miscellaneous Provisions.

(a) Each Management Stockholder that is an entity that was formed for the sole purpose of acquiring Company Shares or that has no substantial assets other than the Company Shares or interests in Company Shares agrees that (i) certificates of shares of its

common stock or other instruments reflecting equity interests in such entity (and the certificates for shares of common stock or other equity interests in any similar entities controlling such entity) will note the restrictions contained in this Agreement on the Transfer of Company Shares as if such common stock or other equity interests were Company Shares and (ii) no such shares of common stock or other equity interests may be Transferred to any Person other than in accordance with the terms and provisions of this Agreement as if such shares or equity interests were Company Shares.

(b) No Management Stockholder shall enter into any stockholder agreements or arrangements of any kind with any Person with respect to any Securities of the Company on terms inconsistent with the provisions of this Agreement (whether or not such agreements or arrangements are with other Stockholders or with Persons that are not parties to this Agreement), including agreements or arrangements with respect to the acquisition or Transfer of any Securities of the Company in a manner inconsistent with this Agreement.

(c) THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE TO BE APPLIED. IN FURTHERANCE OF THE FOREGOING, THE INTERNAL LAW OF THE STATE OF DELAWARE WILL CONTROL THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT, EVEN IF UNDER SUCH JURISDICTION'S CHOICE OF LAW OR CONFLICT OF LAW ANALYSIS, THE SUBSTANTIVE LAW OF SOME OTHER JURISDICTION WOULD ORDINARILY APPLY.

(d) This Agreement (including the rights and obligations of each party hereto) shall be binding upon the Company, the Sponsors, the Management Stockholders, any spouses of the Management Stockholders, and their respective heirs, executors, administrators and permitted successors and assigns.

(e) This Agreement may be amended or waived from time to time by an instrument in writing signed by the Company and the Sponsors; provided, however, that the consent of the Management Representative (as defined below) shall be required for (i) any amendment or waiver (except as set forth below) that, in any material respect, discriminates against or could reasonably be expected to have an adverse effect on the rights of Management Stockholders under this Agreement or (ii) any amendment or waiver to this sentence. By signing this Agreement, each Management Stockholder irrevocably authorizes and appoints the Management Representative as his or her sole and exclusive agent, attorney-in-fact and representative for the approval of Amendments described in the first sentence of this Section 7(e). The consent of the Management Stockholders representing the Required Voting Percentage shall be required for any amendment or waiver to Section 5 that adversely affects the rights of Management Stockholders under Section 5 in any material respect. Notwithstanding the foregoing, if the Company issues a new class of capital stock, the Company may in good faith amend the terms of this Agreement to reflect such issuance and apply the terms of this Agreement to such new class of capital stock. "Management Representative" shall initially mean Gary W. Loveman; provided, however, that the Management Stockholders may replace the

Management Representative by the consent of Management Stockholders representing the Required Percentage so long as notice of such replacement is provided in accordance with Section 6.

(f) This Agreement shall terminate automatically upon the dissolution of the Company (unless the Company continues to exist after such dissolution as a limited liability company or in another form, whether incorporated in Delaware or another jurisdiction); provided, however, that if Registrable Securities have been registered pursuant to Section 4 prior to such termination, Section 4(g) shall survive such termination. In addition, upon the occurrence of a Qualified Public Offering, the provisions of Sections 2, 3 and 5 hereof shall terminate; provided, however, that Section 3 shall survive to the extent necessary to comply with applicable securities laws.

(g) Any Stockholder who Transfers of all of his, her or its Company Shares in conformity with the terms of this Agreement shall cease to be a party to this Agreement and shall have no further rights hereunder other than rights to indemnification under Section 4(g), if applicable.

(h) The spouses of the individual Management Stockholders are fully aware of, understand and fully consent and agree to the provisions of this Agreement and its binding effect upon any community property interests or similar marital property interests in the Company Shares or other Company securities they may now or hereafter own, and agree that the termination of their marital relationship with any Management Stockholder for any reason shall not have the effect of removing any Company Shares or other securities of the Company otherwise subject to this Agreement from the coverage of this Agreement and that their awareness, understanding, consent and agreement are evidenced by their signing this Agreement. Furthermore, each individual Management Stockholder agrees to cause his or her spouse (and any subsequent spouse) to execute and deliver, upon the request of the Company, a counterpart of this Agreement, or an Adoption Agreement substantially in the form of Exhibit A or in a form satisfactory to the Company.

(i) Each party to this Agreement acknowledges that a remedy at law for any breach or attempted breach of this Agreement will be inadequate, agrees that each other party to this Agreement shall be entitled to specific performance and injunctive and other equitable relief in case of any such breach or attempted breach and further agrees to waive (to the extent legally permissible) any legal conditions required to be met for the obtaining of any such injunctive or other equitable relief (including posting any bond in order to obtain equitable relief).

(j) This Agreement may be executed simultaneously in two or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. The failure of any Stockholder to execute this Agreement does not make it invalid as against any other Stockholder.

(k) Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this

Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, and such invalid, illegal or otherwise unenforceable provisions shall be null and void as to such jurisdiction. It is the intent of the parties, however, that any invalid, illegal or otherwise unenforceable provisions be automatically replaced by other provisions which are as similar as possible in terms to such invalid, illegal or otherwise unenforceable provisions but are valid and enforceable to the fullest extent permitted by law.

(l) Each party hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments, and other documents as any other party hereto reasonably may request in order to carry out the provisions of this Agreement and the consummation of the transactions contemplated hereby.

(m) The parties to this Agreement agree that jurisdiction and venue in any action brought by any party hereto pursuant to this Agreement shall exclusively and properly lie in the Delaware State Chancery Court located in Wilmington, Delaware, or (in the event that such court denies jurisdiction) any federal or state court located in the State of Delaware. By execution and delivery of this Agreement each party hereto irrevocably submits to the jurisdiction of such courts for himself or herself and in respect of his or her property with respect to such action. The parties hereto irrevocably agree that venue for such action would be proper in such court, and hereby waive any objection that such court is an improper or inconvenient forum for the resolution of such action. The parties further agree that the mailing by certified or registered mail, return receipt requested, of any process required by any such court shall constitute valid and lawful service of process against them, without necessity for service by any other means provided by statute or rule of court.

(n) No course of dealing between the Company, or its subsidiaries, and the Stockholders (or any of them) or any delay in exercising any rights hereunder will operate as a waiver of any rights of any party to this Agreement. The failure of any party to enforce any of the provisions of this Agreement will in no way be construed as a waiver of such provisions and will not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

(o) BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM, THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO ENFORCE OR DEFEND ANY RIGHT OR REMEDIES UNDER THIS AGREEMENT OR ANY DOCUMENTS ENTERED INTO IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREIN.

(p) Except as otherwise expressly provided herein, this Agreement sets forth the entire agreement of the parties hereto as to the subject matter hereof and supersedes all previous agreements among all or some of the parties hereto, whether written, oral or otherwise, as to such subject matter. Unless otherwise provided herein, any consent required by the Company may be withheld by the Company in its sole discretion.

(q) Except as otherwise expressly provided herein, no Person not a party to this Agreement, as a third party beneficiary or otherwise, shall be entitled to enforce any rights or remedies under this Agreement.

(r) If, and as often as, there are any changes in the Company Shares by way of stock split, stock dividend, combination or reclassification, or through merger, consolidation, reorganization or recapitalization, or by any other means, appropriate adjustment shall be made in the provisions of this Agreement, as may be required, so that the rights, privileges, duties and obligations hereunder shall continue with respect to the Company Shares as so changed.

(s) No director of the Company shall be personally liable to the Company or any Stockholder as a result of any acts or omissions taken under this Agreement in good faith.

(t) In the event additional Company Shares are issued by the Company to a Stockholder at any time during the term of this Agreement, either directly or upon the exercise or exchange of securities of the Company exercisable for or exchangeable into shares or Company Shares, such additional Company Shares, as a condition to their issuance, shall become subject to the terms and provisions of this Agreement.

(u) Neither the ownership of Company Shares or grant of Options nor any provision contained in this Agreement shall entitle the Management Stockholder to obtain employment with or remain in the employment of the Company or any of its subsidiaries or Affiliates or affect any right the Company or any subsidiary or Affiliate of the Company may have to terminate the Management Stockholder’s employment, pursuant to an applicable employment agreement or otherwise for any reason. This Agreement is subject and without prejudice to the Management Equity Incentive Plan or any employment agreement, consulting arrangement or other contractual arrangement binding on a Management Stockholder.

* * * * *

This Agreement is executed by the Company, the Sponsors, and by each Management Stockholder and spouse of each Management Stockholder to be effective as of the date first above written.

HARRAH'S ENTERTAINMENT, INC.

By: ____________________________
Name:
Title:

HAMLET HOLDINGS LLC

By: ____________________________
Name:
Title:

APOLLO HAMLET HOLDINGS, LLC

By: ____________________________
Name:
Title:

APOLLO HAMLET HOLDINGS B, LLC

By: ____________________________
Name:
Title:

TPG HAMLET HOLDINGS, LLC

By: ____________________________
Name:
Title:

TPG HAMLET HOLDINGS B, LLC

By: ____________________________
Name:
Title:

STOCKHOLDERS (as evidenced by their execution of an Adoption Agreement attached hereto as Exhibit A)

EXHIBIT A

ADOPTION AGREEMENT

This Adoption Agreement ("Adoption") is executed pursuant to the terms of the Management Investor Rights Agreement dated as of ____________ 2008, a copy of which is attached hereto (the "Management Investor Rights Agreement"), by the transferee ("Transferee") executing this Adoption. By the execution of this Adoption, the Transferee agrees as follows:

1. Acknowledgement. Transferee acknowledges that Transferee is acquiring or receiving certain Company Shares of Harrah's Entertainment, Inc. a Delaware corporation (the "Company"), subject to the terms and conditions of the Management Investor Rights Agreement, among the Company and the Stockholders party thereto. Capitalized terms used herein without definition are defined in the Management Investor Rights Agreement and are used herein with the same meanings set forth therein.

2. Agreement. Transferee (i) agrees that the Company Shares acquired or received by Transferee, and certain other Company Shares that may be acquired by Transferee in the future, shall be bound by and subject to the terms of the Management Investor Rights Agreement, pursuant to the terms thereof, (ii) hereby adopts the Management Investor Rights Agreement with the same force and effect as if he were originally a party thereto, and (iii) hereby agrees that Transferee shall be deemed a "Management Stockholder" or "Stockholder", as applicable, for purposes of the Management Investor Rights Agreement .

3. Notice. Any notice required as permitted by the Management Investor Rights Agreement shall be given to Transferee at the address listed beside Transferee's signature below.

4. Law. THIS ADOPTION WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF DELAWARE OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE TO BE APPLIED. IN FURTHERANCE OF THE FOREGOING, THE INTERNAL LAW OF THE STATE OF DELAWARE WILL CONTROL THE INTERPRETATION AND CONSTRUCTION OF THIS ADOPTION, EVEN IF UNDER SUCH JURISDICTION'S CHOICE OF LAW OR CONFLICT OF

LAW ANALYSIS, THE SUBSTANTIVE LAW OF SOME OTHER JURISDICTION WOULD ORDINARILY APPLY.

5. Joinder. The spouse of the undersigned Transferee, if applicable, executes this Adoption to acknowledge its fairness and that it is in such spouse's best interest, and to bind such spouse's community interest, if any, in the Company Shares and other securities referred to above and in the Management Investor Rights Agreement, to the terms of the Management Investor Rights Agreement.

_________________________	_________________________
Name of Transferee	Name of Spouse
_________________________	_________________________
Signature	Signature
_________________________	_________________________
Date	Date

ANNEX I

1. Gary Loveman
2. Charles L. Atwood
3. Jonathan S. Halkyard
4. Timothy Stanley
5. Carlos J. Tolosa
6. Mary Thomas
7. David W. Norton
8. Anthony D. McDuffie
9. Janis L. Jones
10. Stephen H. Brammell
11. Thomas Jenkin
12. John Payne

ANNEX II

If to the Company, to:

Harrah's Operating Company, Inc.
One Caesars Palace Drive
Las Vegas, NV 89109
Attn: General Counsel

and

Hamlet Merger Inc.
c/o Apollo Management VI, L.P.
9 West 57th Street
43rd Floor
New York, New York 10019
Attention: Eric L. Press
Facsimile: 212.515.3288

and

c/o Texas Pacific Group
301 Commerce Street, Suite 3300
Forth Worth, TX 76102
Attention: Clive Bode
Facsimile: 817.850.4651

with a copy (which shall not constitute notice) to each of:

Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, New York 10006
Attention: Michael L. Ryan, Esq.
Paul J. Shim, Esq.
Facsimile: 212.225.3999

and

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Steven A. Cohen, Esq.
Gregory E. Ostling, Esq.
Facsimile: 212.403.2000

If to Apollo, to:

Apollo Management VI, L.P.
9 West 57th Street
43rd Floor
New York, New York 10019
Attention: Eric L. Press
Facsimile: 212.515.3288

with a copy (which shall not constitute notice) to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Steven A. Cohen, Esq.
Gregory E. Ostling, Esq.
Facsimile: 212.403.2000

If to TPG, to:

Texas Pacific Group
301 Commerce Street, Suite 3300
Forth Worth, TX 76102
Attention: Clive Bode
Facsimile: 817.850.4651

with a copy (which shall not constitute notice) to:

Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, New York 10006
Attention: Michael L. Ryan, Esq.
Paul J. Shim, Esq.
Facsimile: 212.225.3999

If to a Management Stockholder, to the address set forth with respect to such Management Stockholder in the Company's records.

EXHIBIT 4.3

HARRAH'S ENTERTAINMENT, INC.

February [__], 2008

Re: Opportunity to Acquire Shares

Dear Harrah's Employee,

As you know, Harrah's Entertainment, Inc. ("Harrah's") recently underwent a change in control, as contemplated by the Agreement and Plan of Merger, dated as of December 19, 2006, among Hamlet Holdings LLC ("Holdings"), Hamlet Merger Inc. and Harrah's Entertainment, Inc. (the "Merger Agreement"). The closing of the merger (the "Closing") occurred on January 28, 2008.

"Harrah's" is the surviving entity from the merger, and it will continue its corporate existence, however, Harrah's outstanding shares are no longer publicly traded on a securities exchange. We are pleased to offer you the opportunity to invest in shares of non-voting common stock and non-voting preferred stock of Harrah's (collectively, the "Shares") on the terms and conditions set out below. The Shares are being offered in a ratio of 2.0445:1, which means that for every 2.0445 shares of non-voting common stock you purchase, you will be required to purchase approximately one share of non-voting preferred stock. You may not elect to purchase only non-voting common stock or only non-voting preferred stock, you may only purchase Shares in the ratio described above.

You are being offered the opportunity to invest by making a cash contribution (your "Cash Contribution") as set forth in Section 1 and the acceptance form attached hereto (the "Acceptance Form").

1. Form of Consideration. You may acquire Shares by making a Cash Contribution. In exchange for your Cash Contribution, you will receive a number of Shares equal to the amount of your investment as indicated on the Acceptance Form attached hereto, divided by the price per Share. The price per Share will be equal to $100 per Share of common stock and $100 per Share of preferred stock, the amount per share paid by the Majority Holders (as defined below) at the Closing. You will be the holder of record of the Shares in which you invest as of the Closing, whether or not Harrah's issues physical certificates to you for such Shares.

2. Minimum Permissible Investment. If you choose to invest in the Shares, (a) you must commit to invest a minimum of $50,000 and (b) you must satisfy your investment by making your Cash Contribution. **Your Cash Contribution must be received by check or wire transfer by no later than 5:00 p.m. (Five p.m., Eastern Standard Time) on [INSERT DATE] (wire information is included in the Acceptance Form).**

3. Acceptance; Conditions. You may accept this offer and the terms of this Agreement by completing and returning the Acceptance Form attached hereto, in which case the closing of your acquisition of the Shares will occur on [INSERT CLOSING DATE FOR SHARE PURCHASE].

4. Limitation. Harrah's, in its discretion, may limit the number of Shares that you may purchase, and therefore may choose not to accept the full amount of your investment election.

5. Vesting. Your Shares when issued will be fully vested.

6. Stockholders' Agreement. By completing and returning the Acceptance Form below, you agree to become a party to the Management Investor Rights Agreement, as may be amended from time to time in accordance with its terms (the "Stockholders' Agreement") and you will be subject to the terms and conditions thereof with respect to your Shares. The Stockholders' Agreement is enclosed. Harrah's agrees that it will, and that it will cause the Majority Holders (as defined below) to, also become a party to the Stockholders' Agreement. Your receipt of any Shares pursuant to this Agreement is conditioned upon your execution of the Stockholders' Agreement. You further acknowledge and agree that the assignment and transferability of the Shares shall be permitted only in accordance with applicable law and the terms of the Stockholders' Agreement and that the Stockholders' Agreement provides for additional obligations of you with respect to the Shares.

7. Representations; Acknowledgements of Subscribor. By signing below and completing and returning the Acceptance Form, you hereby represent and warrant to Harrah's and Holdings that:

(a) you have the requisite power, authority and capacity to execute this Agreement and to deliver or cause to be delivered the Cash Contributions, to perform your obligations under this Agreement and to consummate the transactions contemplated hereby;

(b) the Acceptance Form has been duly and validly executed and delivered by you and constitutes your legal, valid and binding obligation, enforceable against you in accordance with its terms, except to the extent that such validly binding effect and enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium and other laws relating to or affecting creditors' rights generally;

(c) the Shares are being acquired for your own account, for investment purposes only and not with a view to or in connection with any distribution, reoffer, resale, public offering or other disposition thereof not in compliance with the Securities Act of 1933, as amended (the "Securities Act"), as may be amended from time to time, or any applicable United States federal or state securities laws or regulations;

(d) you understand and have carefully considered the risks relating to Harrah's and this investment opportunity including that (i) an investment in the Shares involves a high degree of risk, and you may lose the entire amount of your investment, (ii) Harrah's does not expect to pay dividends for the foreseeable future, (iii) the Shares are illiquid, and you must bear the economic risk of an investment in the Shares for an indefinite period of time, (iv) there is no existing public or other market for the Shares, and there can be no assurance as to when, or whether, any such market will develop, or that you will be able to sell or dispose of its Shares;

(e) you (i) have adequate means of providing for your current needs and possible contingencies, and you have no need for liquidity in your investment in Harrah's, and (ii) can bear the economic risk of losing your entire investment in Harrah's;

(f) prior to making your investment decision you (i) have had access to all of the information and individuals with respect to the Shares and your investment that you

deem necessary to make a complete evaluation thereof, and (ii) have been afforded the opportunity to ask such questions as you deemed necessary, and to receive answers from, representatives of Harrah's concerning the merits and risks of investing in the Shares, including, without limitation, the restrictive and other provisions of the Stockholders' Agreement;

(g) no representations or warranties, oral or otherwise, have been made to you or any party acting on your behalf that are inconsistent with the written materials which have been supplied to you by Harrah's;

(h) you have had an opportunity to consult an independent tax and legal advisor and your decision to acquire the Shares for investment has been based solely upon your evaluation; and

(i) you are aware that the Stockholders' Agreement provides significant restrictions on your ability to dispose of the Shares.

You acknowledge and agree that if, following the date you purchase Shares pursuant to this Agreement, we determine that any of the representations made by you under this Section 7 is inaccurate, the sale of Shares to you pursuant to this Agreement shall be rescinded and the transfer of such Shares to you shall be deemed null and void.

The "Majority Holders" shall mean, collectively or individually as the context requires, Apollo Management VI, L.P., TPG Capital, L.P. and their respective affiliates.

8. Representations; Acknowledgements of Holdings and Harrah's. By providing this Agreement to you, Holdings and Harrah's hereby represent and warrant to you that:

(a) Harrah's and Holdings each are duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite power and authority to carry on its business as is now being conducted and to deliver or cause to be delivered this Agreement and the Stockholders' Agreement and to consummate the transaction contemplated hereby;

(b) Each of Harrah's and Holdings has taken all corporate action required to authorize the execution and delivery of this Agreement and the Stockholders' Agreement and to authorize the issuance of the Shares and, with respect to Holdings, all shares of Holdings to be issued to Harrah's on the Closing Date;

(c) The Shares issued hereunder and upon delivery of the consideration therefor, will be duly authorized, validly issued, fully paid and non-assessable, and issued free and clear of restrictions on transfer, other than those set forth in the Stockholders' Agreement and applicable federal and state securities laws.

9. Governing Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule that would cause the application of the laws of any jurisdiction other than the State of Delaware.

10. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

11. Notices. All notices or other communications given or made hereunder shall be in writing and shall be delivered or mailed by registered or certified mail, return receipt requested, postage prepaid, to (i) Harrah's, at One Caesars Palace Drive, Las Vegas, Nevada, 89109, Attention: General Counsel, and (ii) you, at the address set forth on the signature page hereto.

* * * * *

[Signature Page Follows]

Please sign your name on the space(s) provided below and please indicate whether and how you would like to invest in Harrah's by completing and executing the Acceptance Form attached to the end of this Agreement. Please return an executed copy of this Agreement and the Acceptance Form in original form or by FAX or email no later than 5 p.m. (Five p.m., Eastern Standard Time) on [INSERT DATE] to the attention of Donnie Rogers (DORogers@harrahs.com) or Linda Hinton (LHinton@harrahs.com). The fax number is (901) 537-3443. (If you fax or email your election form on [INSERT DATE], the original should be delivered Attention: Donnie Rogers and Linda Hinton no later than [INSERT DATE] via Overnight Express or U.S. Mail (indicate "CONFIDENTIAL") to:

Harrah's Entertainment, Inc.
Shareholder Services-Memphis
ATTN: Donnie Rogers
1023 Cherry Road
Memphis TN 38117-5423

Sincerely,

____
By: ___________________
Title: __________________

Agreed to and Accepted by:

____
Signature

Please print your name(s) and address(es):

____
____
____
____

Acceptance of Offer to Acquire Shares of Harrah's (the "Acceptance Form")

Pursuant to the terms and conditions set forth in the letter to me dated [INSERT DATE], I, _______________________, hereby elect make an investment in Harrah's and purchase Shares in the total amount indicated below:

$____________, which will be satisfied by a Cash Contribution funded as follows:

$____________ Wire transfer (wire instructions set forth below)

$____________ Check (attached)

____
Signature

____
Date

****

WIRE TRANSFER INSTRUCTIONS:

Bank:	***First Tennessee Bank (Memphis, TN)***
ABA #:	***084000026***
Account Number #:	***XXXXXXXXX***
Account Name:	***Harrah's Operating Company, Inc. Clearing Account***
Reference:	***[Your Name]***

Please make sure that your name is referenced in the wire instructions to properly segregate your investment.

Harrah's Entertainment, Inc.

February [__], 2008

Dear Harrah's Employee:

As you know, in connection with the merger of Harrah's Entertainment, Inc. ("Harrah's") and a company controlled by Apollo Management and TPG Capital (the "Investors"), certain members of management will have the opportunity to invest cash to purchase shares in Harrah's on a going forward basis. Because you are a key contributor to Harrah's success, you are being offered the opportunity to invest.

In considering your decision to invest, it is important to recognize that highly leveraged companies, such as the new Harrah's, bring with them a number of investment risks. I urge you to read carefully the enclosed disclosure materials and the annexes thereto (including each of the agreements described in the prospectus) before deciding whether to invest. The prospectus provides detailed information about the shares of Harrah's common and preferred stock you will hold should you choose to invest and the agreements to which you will become a party as a condition to such investment. The prospectus also describes the risks inherent in our business and in the investment you are considering.

As we have said before, only certain members of management will have the opportunity to participate in this investment program. Because of this, please do not discuss the program with other Harrah's employees or with people outside of Harrah's, other than personal financial and tax advisors, lawyers or your immediate family.

You are being offered the opportunity to make a cash investment to purchase shares. The procedures for making this investment are described below. This may be your only opportunity to make a direct investment in Harrah's in connection with the merger, other than through the exercise of stock options you may receive.

You must make your investment decision on or before [INSERT DATE]. **ALL DOCUMENTS AND DELIVERABLES DISCUSSED IN THIS LETTER MUST BE RECEIVED BY THE APPROPRIATE PARTIES NO LATER THAN 5 PM EST ON [INSERT DATE].** If you elect to purchase shares for cash, you must ensure that such cash is wired to the account set forth below no later than 5 pm EST on [INSERT DATE] or that a check is included with your investment documents, which must be returned no later than 5 pm EST on [INSERT DATE]. **Other than the opportunity described in this letter (and in the documents referred to herein), you will not have the opportunity to make a direct investment in the new Harrah's, other than through the exercise of stock options you may receive.**

In order to participate in this investment opportunity, you must first:

- Read the enclosed prospectus, and all annexes provided with this letter; and

  - Sign and return (i) the omnibus signature page attached as Schedule A hereto, (ii) the Form W-9 attached as Schedule B hereto (or, if you are not a United States citizen and are otherwise ineligible to use Form W-9, Form W-8BEN), (iii) the signature page to the Investment Agreement including the Acceptance Form; and (iv) the signature page to the Management Investor Rights Agreement, in each case such that the forms are received at the following address no later than 5 pm EST on [INSERT DATE] (via Federal Express or UPS (indicate "CONFIDENTIAL")):

    Harrah's Entertainment, Inc.
    Shareholder Services Memphis
    1023 Cherry Road
    Memphis, TN 38117-5423
    Tel: 901-537-3340
    Fax: 901-537-3443
    Attention: Donnie Rogers

  - Send the funds to make your investment. You may send funds via wire transfer. If you choose to do this, you must ensure that such cash is wired to the account at First Tennessee Bank, set up to facilitate the cash investments, set forth below no later than 5 pm EST on [INSERT DATE]. The instructions are set forth below.

    Bank: First Tennessee Bank (Memphis, TN)
    ABA #: 084000026
    Account Number #: XXXXXXXXX
    Account Name: Harrah's Operating Company, Inc. Clearing Account
    Reference: Your Name

You may also send a check, payable to Harrah's Entertainment, Inc. Checks must be received at the following address no later than 5 pm EST on [INSERT DATE].

Harrah's Entertainment, Inc.
Shareholder Services Memphis
1023 Cherry Road
Memphis, TN 38117-5423
Tel: 901-537-3340
Fax: 901-537-3443
Attention: Donnie Rogers

Sincerely,

Nizar E. Jabara
Vice President, Compensation
Benefits & HRSS

Schedule A

MANAGEMENT STOCKHOLDER OMNIBUS SIGNATURE PAGE

Name of Management Stockholder: Address:	

TOTAL INVESTMENT AMOUNT:*

*** Please note that the total amount of your investment must be equal to or greater than $50,000.**

IN WITNESS WHEREOF, I hereby agree to be a party to each of the following agreements as a "Stockholder," as applicable, as of the date of such agreements and to execute original signature pages to such agreements at the time such agreements are presented to me for execution:

1. Investment Agreement; and

2. Management Investor Rights Agreement.

Signature: _________________________

CERTIFICATE OF DESIGNATION OF
NON-VOTING PERPETUAL PREFERRED STOCK
OF HARRAH'S ENTERTAINMENT, INC.

Pursuant to Section 151 of the General
Corporation Law of the State of Delaware

Harrah's Entertainment, Inc. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "DGCL"), in accordance with the provisions of Section 151(g) thereof, hereby certifies on January 28, 2008 as follows:

FIRST: The Amended Certificate of Incorporation of the Corporation (as amended from time to time, the "Certificate of Incorporation") authorizes the issuance of up to 40,000,000 shares of Preferred Stock of the Corporation (the "Preferred Stock"), par value $0.01 per share, in one or more classes and/or series, pursuant to a resolution providing for such issue adopted by the Board of Directors of the Corporation (the "Board"), and further authorizes the Board to determine the powers, designations, preferences, rights and qualifications, limitations or restrictions granted to or imposed upon any such class and/or series of Preferred Stock.

SECOND: On January 28, 2008, the Board adopted the following resolution authorizing the creation and issuance of a series of Preferred Stock to be known as the Non-Voting Perpetual Preferred Stock:

Designation of Cumulative Preferred Stock of the Corporation

NOW, THEREFORE BE IT RESOLVED, that pursuant to the authority vested in the Board in accordance with the provisions of the Certificate of Incorporation of the Corporation, a series of preferred stock of the Corporation, designated as Non-Voting Perpetual Preferred Stock, par value $0.01 per share (the "Non-Voting Preferred Stock"), be, and it hereby is, created, and that the powers, designations, preferences, rights and qualifications, limitations or restrictions granted to or imposed upon such series of Non-Voting Perpetual Preferred Stock are as set forth below:

Section 1. Designation; Amount. The shares of such series shall be designated as the Non-Voting Perpetual Preferred Stock and the number of shares constituting such series shall be 20,000,000, which number may be decreased by a resolution of the Board without a vote of stockholders; provided that such number may not be decreased below the aggregate number of shares of Non-Voting Preferred Stock then outstanding. The date on which the Corporation initially issues any share of Non-Voting Preferred Stock will be deemed the "Date of Issuance" regardless of the number of times transfer of such share is made on the stock records of the Corporation and regardless of the number of certificates which may be issued to evidence such share.

Section 2. Stated Value. The shares of Non-Voting Preferred Stock shall have a stated value of $100.00 per share (the "Non-Voting Stated Value").

Section 3. Ranking. The shares of Non-Voting Preferred Stock shall, with respect to dividend and other distribution rights, preference or other rights on redemption, liquidation, dissolution or winding-up of the Corporation or otherwise, rank (i) *pari passu* with any class of capital stock or series of preferred stock hereafter created which expressly provides that it ranks *pari passu* with the Non-Voting Preferred Stock as to dividends, other distributions, liquidation preference and otherwise (collectively, the "Non-Voting Parity Stock") and (ii) senior to the Voting Common Stock (as defined in the Certificate of Incorporation), Non-Voting Common Stock (as defined in the Certificate of Incorporation) and any other class of capital stock or series of preferred stock hereafter created which does not expressly provide that it ranks senior to or *pari passu* with the Non-Voting Preferred Stock as to dividends, other distributions, liquidation preference and otherwise (collectively, the "Junior Stock").

Section 4. Restrictive Covenants; Voting Rights.

(a) The holders of shares of Non-Voting Preferred Stock shall have no voting rights and their consent shall not be required for the taking of any corporate action, except as otherwise required by the DGCL; provided that the Corporation shall not, without the consent or affirmative vote of the holders of at least a majority of the outstanding shares of Non-Voting Preferred Stock, voting separately as a class: (i) authorize, create or issue, or increase the authorized amount of, any class or series, or any shares of any class or series, of capital stock of the Corporation having any preference or priority (either as to dividends or upon redemption, liquidation, dissolution, or winding up) over Non-Voting Preferred Stock; (ii) amend, alter or repeal any provision of the Certificate of Incorporation or the By-laws of the Corporation, if the amendment, alteration or repeal alters or changes the powers, preferences or special rights of the Non-Voting Preferred Stock so as to affect them adversely; or (iii) authorize or take any other action if such action would be inconsistent with the foregoing.

(b) The Corporation shall not, from and after the date of the Date of Issuance of any share of the Non-Voting Preferred Stock, enter into any agreement, amend or modify any existing agreement or obligation, or issue any security that prohibits, conflicts or is inconsistent with, or would be breached by, the Corporation's performance of its obligations hereunder.

Section 5. Dividends.

(a) Shares of Non-Voting Preferred Stock shall accumulate dividends at a rate per annum set by the Board of the Corporation within 60 days after the Date of Issuance such that the Board of the Corporation determines, in its sole discretion, that the value of shares of Non-Voting Preferred Stock on the Date of Issuance shall be equivalent to the Non-Voting Stated Value. Such rate shall be referred to as the "Dividend Rate."

(b) Dividends shall be computed and paid or accrued quarterly on the 15th day of April, July, October and January of each year (in respect of the quarterly periods ending March 31, June 30, September 30 and December 31), or if any such date is not a Business Day (as defined below), on the Business Day next preceding such day (each such date, regardless of

whether any dividends have been paid or declared and set aside for payment on such date, a "Dividend Payment Date"), to holders of record as they appear on the stock record books of the Corporation on the fifteenth day prior to the relevant Dividend Payment Date; provided, however, that the Corporation expressly elects to make any dividend payment due hereunder on any Dividend Payment Date and has received all relevant approvals from gaming regulators. In the event that the Corporation does not elect to make a dividend payment due hereunder on any Dividend Payment Date, any such amount then due in respect of dividends shall constitute an Arrearage (as defined below).

(c) Dividends shall be paid only when, as and if declared by the Board out of funds at the time legally available for the payment of dividends, subject to compliance with all gaming and other statutes, laws, rules and regulations applicable to the Corporation and any holder of Non-Voting Preferred Stock at that time, and subject to receipt of approvals by all relevant gaming regulators. Dividends shall begin to accumulate on outstanding shares of Non-Voting Preferred Stock from the Date of Issuance and shall be deemed to accumulate from day to day whether or not earned or declared until paid. Dividends shall accumulate on the basis of a 360-day year consisting of twelve 30-day months (four 90-day quarters) and the actual number of days elapsed in the period for which payable.

(d) Dividends on the Non-Voting Preferred Stock shall be cumulative, and from and after January 15 of each year, if any dividends have accumulated or been deemed to have accumulated through such date has not been paid in full in respect of such Dividend Payment Date and the preceding three Dividend Payment Dates, additional dividends shall accumulate in respect of the amount of such unpaid dividends or unpaid liquidation payment (such amount, the "Arrearage") at the Dividend Rate. Such additional dividends in respect of any Arrearage shall be deemed to accumulate from day to day whether or not earned or declared until the Arrearage is paid, shall be calculated as of such successive Dividend Payment Date and shall constitute an additional Arrearage from and after any Dividend Payment Date to the extent not paid on such Dividend Payment Date. References herein to dividends that have accumulated or that have been deemed to have accumulated with respect to the Non-Voting Preferred Stock shall include the amount, if any, of any Arrearage together with any dividends accumulated or deemed to have accumulated on such Arrearage pursuant to the immediately preceding two sentences. Additional dividends in respect of any Arrearage may be declared and paid at any time, in whole or in part, without reference to any regular Dividend Payment Date, to the holders of record as they appear on the stock record books of the Corporation on such record date as may be fixed by the Board (which record date shall be no less than 10 days prior to the corresponding payment date), subject to approval by relevant gaming regulators.

(e) Dividends paid on the shares of Non-Voting Preferred Stock in an amount less than the total amount of such dividends at the time accumulated and payable on all outstanding shares of Non-Voting Preferred Stock shall be allocated pro rata on a share-by-share basis among all such shares then outstanding. Notwithstanding the provisions of Section 5(d), any such partial payment shall be made in cash. Dividends that are declared and paid in an amount less than the full amount of dividends accumulated on the Non-Voting Preferred Stock (and on any Arrearage) shall be applied first to the earliest dividend which has not theretofore been paid. All cash payments of dividends on the shares of Non-Voting Preferred Stock shall be

made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

(f) For so long as any shares of Non-Voting Preferred Stock shall be outstanding, (i) no dividend or distribution, whether in cash, stock or other property, shall be paid, declared or set apart for payment or made on any date on or in respect of the Junior Stock and (ii) no payment on account of the redemption, purchase or other acquisition or retirement for value by the Corporation shall be made on any date of shares of any Junior Stock, unless, in each case, the full amount of unpaid dividends accrued on all outstanding shares of Non-Voting Preferred Stock shall have been paid or contemporaneously are declared and paid.

Section 6. Optional Conversion.

(a) Upon written notice from the holders of a majority of the outstanding Non-Voting Preferred Stock to the Corporation and to each holder of Non-Voting Preferred Stock (the date of such notice, the "Notice Date"), the Corporation shall convert each share of Non-Voting Preferred Stock then outstanding into that number of shares of Non-Voting Common Stock equal to the quotient obtained by dividing (i) the Non-Voting Stated Value of such share and any Arrearage, plus all other accumulated dividends as of such date by (ii) the "fair market value" (calculated pursuant to Section 6(b)) of the Non-Voting Common Stock as of the Conversion Date (the "Conversion Rate").

(b) The determination of the "fair market value" of the Non-Voting Common Stock for purposes of this Section 6 shall be made in good faith by the Board, applying U.S. generally accepted accounting principles and the following principles:

(i) the value to be arrived at should represent the present cash value in U.S. dollars of the Non-Voting Common Stock (net of actual and contingent associated liabilities and estimated costs of sale), without regard to temporary market fluctuations or aberrations and assuming a plan of orderly disposition which does not involve unreasonable delays in cash realization;

(ii) if the Non-Voting Common Stock (or Voting Common Stock into which such Non-Voting Common Stock may be converted pursuant to and in accordance with the Certificate of Incorporation) is publicly traded prior to the date of determination of value, the determination of value shall take into account the average of the daily closing prices for the 10 consecutive trading days immediately prior to the date of determination; the closing price for each day shall be (x) if the Non-Voting Common Stock (or Voting Common Stock into which such Non-Voting Common Stock may be converted pursuant to and in accordance with the Certificate of Incorporation) is listed or admitted to trading on a national securities exchange, the closing price on the New York Stock Exchange or (ii) if the Non-Voting Common Stock (or Voting Common Stock into which such Non-Voting Common Stock may be converted pursuant to and in accordance with the Certificate of Incorporation) is not listed or admitted to trading on any such exchange, the closing price, if reported, or, if the closing price is not reported, the average of the closing bid and asked prices as reported by The Nasdaq Stock Market, or (iii) if bid and asked prices for the Non-Voting Common Stock (or Voting Common Stock into which such

Non-Voting Common Stock may be converted pursuant to and in accordance with the Certificate of Incorporation) on each such day shall not have been reported through The Nasdaq Stock Market, the average of the bid and asked prices for such date as furnished by any three New York Stock Exchange member firms regularly making a market in the Non-Voting Common Stock (or Voting Common Stock into which such Non-Voting Common Stock may be converted pursuant to and in accordance with the Certificate of Incorporation) and not affiliated with the Corporation selected for such purpose by the Board;

(iii) the determination of value shall take into account the effect, if any, of any transaction of the type described in Section 6(e) or Section 6(f); and

(iv) all valuations shall be made taking into account all other factors which might reasonably affect the sales price of the Non-Voting Common Stock, including, without limitation, if and as appropriate, the existence of a control block, the lack of a market for such shares, the appropriateness of a discount with respect to the disposition of significant positions of Non-Voting Common Stock and the impact on present value of factors such as the length of time before any such sales may become possible and the cost and complexity of any such sales.

(c) The Corporation will pay any and all issue and other taxes (other than taxes based on income) that may be payable in respect of any issue or delivery of shares of Non-Voting Common Stock on conversion of Non-Voting Preferred Stock pursuant hereto; provided, however, that if a holder of Non-Voting Preferred Stock wishes to specify a name or names in which such holder wishes the certificate or certificates for shares of Non-Voting Common Stock to be issued other than that of such holder, such holder shall provide written notice not less than 1 Business Day following the Conversion Date, and such notice shall be accompanied by payment of all transfer taxes payable upon the issuance of shares of Non-Voting Common Stock in such name or names. As promptly as practical, and in any event within five Business Days after the Conversion Date, the Corporation shall take all action to certificate or reflect in book-entry form the number of shares of Non-Voting Common Stock to which each such holder shall be entitled. Such conversion shall be deemed to have occurred at the close of business on the Notice Date (the "Conversion Date") so that as of such time the rights of the holder thereof as to the shares being converted shall cease and the person entitled to receive the shares of Non-Voting Common Stock shall be treated for all purposes as having become the holder of such shares of Non-Voting Common Stock at such time.

(d) The Corporation shall at all times reserve and keep available for issuance upon the conversion of the Non-Voting Preferred Stock in accordance with the terms hereof, such number of its authorized but unissued shares of Non-Voting Common Stock as will from time to time be sufficient to permit the conversion of all outstanding shares of Non-Voting Preferred Stock, and shall take all action required to increase the authorized number of shares of Non-Voting Common Stock if necessary to permit the conversion of all outstanding shares of Non-Voting Preferred Stock.

(e) The Conversion Rate shall be subject to adjustment as follows:

(i) If the Corporation shall (1) declare or pay a dividend on its outstanding Non-Voting Common Stock in shares of Non-Voting Common Stock or make a distribution to holders of its Non-Voting Common Stock in shares of Non-Voting Common Stock (other than a distribution of rights), (2) subdivide its outstanding shares of Non-Voting Common Stock into a greater number of shares of Non-Voting Common Stock, (3) combine its outstanding shares of Non-Voting Common Stock into a smaller number of shares of Non-Voting Common Stock or (4) issue by reclassification of its shares of Non-Voting Common Stock other securities of the Corporation, then the Conversion Rate in effect immediately prior thereto shall be adjusted so that a holder of any shares of Non-Voting Preferred Stock thereafter converted shall be entitled to receive the number and kind of shares of Non-Voting Common Stock or other securities that such holder of Non-Voting Preferred Stock would have owned or been entitled to receive after the happening of any of the events described above had such shares of Non-Voting Preferred Stock been converted immediately prior to the happening of such event or any record date with respect thereto. An adjustment made pursuant to this Section 6(e)(i) shall become effective on the date of the dividend payment, subdivision, combination or issuance retroactive to the record date with respect thereto, if any, for such event. Such adjustment shall be made successively.

(ii) If the Corporation shall issue any shares of Non-Voting Common Stock, or any rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase shares of Non-Voting Common Stock, at a price per share that is lower than the then current fair market value (calculated pursuant to Section 6(b)) per share of Non-Voting Common Stock, the Conversion Rate shall be adjusted in accordance with the following formula:

$$AC = C \times (O + ((N \times P) / M) / (O + N))$$

where

AC = the adjusted Conversion Rate

C = the current Conversion Rate

O = the number of shares of Non-Voting Common Stock outstanding on the record date

N = the number of additional shares of Non-Voting Common Stock offered

P = the offering price per share of the additional shares of Non-Voting Common Stock offered

M = the current fair market value (calculated pursuant to Section 6(b)) per share of Non-Voting Common Stock on the record date

The adjustment shall be made successively whenever any such rights, options, warrants or convertible or exchangeable securities are issued, and shall become effective

immediately after the record date for the determination of stockholders entitled to receive the rights, options, warrants or convertible or exchangeable securities.

(iii) Upon the expiration of any rights, options, warrants or convertible or exchangeable securities issued by the Corporation to all holders of its Non-Voting Common Stock which caused an adjustment to the Conversion Rate pursuant to Section 6(e)(ii), if any of such rights, options, warrants or convertible or exchangeable securities in whole or in part shall not have been exercised, then the Conversion Rate shall be increased by the amount of the initial adjustment of the Conversion Rate pursuant to Section 6(e)(ii) in respect of such expired rights, options, warrants or convertible or exchangeable securities.

(iv) If the Corporation shall distribute to all holders of its outstanding Non-Voting Common Stock any shares of capital stock of the Corporation (other than Non-Voting Common Stock) or evidences of indebtedness or assets (excluding ordinary cash dividends and dividends or distributions referred to in Sections 6(e)(i) and (ii) above) or rights or warrants to subscribe for or purchase any of its securities (excluding those referred to in Section 6(e)(ii) above) (any of the foregoing being hereinafter in this Section 6(e)(iv) called the "Securities or Assets"), then in each such case, unless the Corporation elects to reserve shares or other units of such Securities or Assets for distribution to the holders of Non-Voting Preferred Stock upon the conversion of the shares of Non-Voting Preferred Stock so that a holder converting shares of Non-Voting Preferred Stock will receive upon such conversion, in addition to the shares of the Non-Voting Common Stock to which such holder of Non-Voting Preferred Stock is entitled, the amount and kind of such Securities or Assets which such holder of Non-Voting Preferred Stock would have received if such holder had, immediately prior to the record date for the distribution of the Securities or Assets, converted its shares of Non-Voting Preferred Stock into Non-Voting Common Stock, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the date of such distribution by a fraction of which the numerator shall be the current fair market value (calculated pursuant to Section 6(b)) per share of the Non-Voting Common Stock on the record date mentioned below less the then fair market value (as determined by the Board in good faith) of the portion of the capital stock or assets or evidences of indebtedness so distributed or of such rights or warrants applicable to one share of Non-Voting Common Stock, and of which the denominator shall be the current fair market value (calculated pursuant to Section 6(b)) per share of the Non-Voting Common Stock on such record date; provided, however, that if the then fair market value (as so determined) of the portion of the Securities or Assets so distributed applicable to one share of Non-Voting Common Stock is equal to or greater than the current fair market value (calculated pursuant to Section 6(b)) per share of the Non-Voting Common Stock on the record date mentioned above, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of shares of Non-Voting Preferred Stock shall have the right to receive, in addition to the shares of Non-Voting Common Stock to which such holder is entitled, the amount and kind of Securities or Assets such holder would have received had such holder converted each such share of Non-Voting Preferred Stock immediately prior to the record date for the distribution of

the Securities or Assets. Such adjustment shall become effective immediately after the record date for the determination of stockholders entitled to receive such distribution.

(v) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% of such price; provided, however, that any adjustments which by reason of this Section 6(e)(v) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 6(e) shall be made to the nearest one-hundredth of a cent or to the nearest one-hundredth of a share, as the case may be.

(vi) If the Corporation shall be a party to any transaction, including without limitation a merger, consolidation, sale of all or substantially all of the Corporation's assets, reorganization, liquidation or recapitalization of the Non-Voting Common Stock (each of the foregoing being referred to as a "Transaction"), in each case as a result of which shares of Non-Voting Common Stock shall be converted into the right to receive stock, securities or other property (including cash or any combination thereof) (other than Voting Common Stock into which such Non-Voting Common Stock may be converted pursuant to and in accordance with the Certificate of Incorporation), each share of Preferred Stock shall, at and after the consummation of the Transaction, be convertible into the kind and amount of shares of stock and other securities and property receivable (including cash) upon the consummation of such Transaction by a holder of that number of shares of Non-Voting Common Stock into which one share of Non-Voting Preferred Stock was convertible immediately prior to such Transaction. The Corporation shall not be a party to any Transaction unless the terms of such Transaction are consistent with the provisions of this Section 6(e)(vi) and it shall not consent or agree to the occurrence of any Transaction unless (x) the Corporation has entered into an agreement with the successor or purchasing entity, as the case may be, for the benefit of the holders of Non-Voting Preferred Stock, which shall contain a provision enabling the holders of Non-Voting Preferred Stock to convert at their option into the consideration received by holders of Non-Voting Common Stock at the Conversion Rate immediately after such Transaction and (y) the Non-Voting Preferred Stock shall remain outstanding as preferred stock of the successor or purchasing entity in the Transaction, with the seniority as to dividends, distributions and liquidation to which the Non-Voting Preferred Stock was entitled immediately prior to the Transaction. In connection with any Transaction, lawful provision shall be made so that, except as set forth in this Section 6(e)(vi), the terms of the Non-Voting Preferred Stock (or any stock issued in such transaction in consideration therefor) shall remain substantially unchanged to the extent practicable. The provisions of this Section 6(e)(vi) shall similarly apply to successive Transactions.

(vii) Notwithstanding the provisions of this Section 6(e), the applicable Conversion Rate shall not be adjusted upon the issuance of any shares of Non-Voting Common Stock (and any associated rights) (including upon the exercise of options or rights) or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan, program or practice of or assumed by the Corporation or any of its Subsidiaries or upon the issuance of Voting Common Stock into which the Non-Voting Common Stock may be converted pursuant to and in accordance with the Certificate of Incorporation.

(viii) For the purposes of this Section 6(e), the term "shares of Non-Voting Common Stock" shall mean (x) the class of stock designated as the Non-Voting Common Stock of the Corporation at the date hereof or (y) any other class of stock resulting from successive changes or reclassifications of such shares consisting solely of changes in par value, or from no par value to par value. If at any time, as a result of an adjustment or other transaction pursuant to Section 6(e)(i), (iv) or (vi) above, the holders of Non-Voting Preferred Stock shall become entitled to receive any securities other than shares of Non-Voting Common Stock (or Voting Common Stock into which such Non-Voting Common Stock may be converted pursuant to and in accordance with the Certificate of Incorporation), thereafter the number of such other securities so issuable upon conversion of the shares of Non-Voting Preferred Stock 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 the shares of Non-Voting Preferred Stock contained in this Section 6(e).

(ix) Notwithstanding the foregoing, in any case in which this Section 6(e) provides that an adjustment shall become effective immediately after a record date for an event, the Corporation may defer until the occurrence of such event issuing to the holder of any share of Non-Voting Preferred Stock converted after such record date and before the occurrence of such event the additional shares of Non-Voting Common Stock issuable upon such conversion before giving effect to such adjustment.

(x) If the Corporation shall take any action affecting the Non-Voting Common Stock, other than any action described in this Section 6(e), which in the reasonable opinion of the Board would materially adversely affect the conversion rights of the holders of Non-Voting Preferred Stock, the Conversion Rate for the Non-Voting Preferred Stock shall be adjusted, to the extent permitted by law, in such manner, if any, and at such time, as the Board may determine in good faith to be equitable in the circumstances.

(f) If (i) the Corporation shall declare a dividend on its outstanding Non-Voting Common Stock (excluding ordinary cash dividends) or make a distribution to holders of its Non-Voting Common Stock; (ii) the Corporation shall authorize the granting to the holders of the Non-Voting Common Stock of rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase any shares of Non-Voting Common Stock or any of its securities (other than as contemplated under Section 6(e)(vii)); or (iii) there shall be any reclassification of the Non-Voting Common Stock or any consolidation or merger to which the Corporation is a party and for which approval of any stockholders of the Corporation is required, or the sale or transfer of all or substantially all of the assets of the Corporation; then the Corporation shall cause to be mailed to the holders of Non-Voting Preferred Stock at their addresses as shown on the stock books of the Corporation, as promptly as possible, but at least fifteen (15) 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 or distribution, or, if a record is not to be taken, the date as of which the holders of Non-Voting Common Stock of record to be entitled to such dividend or distribution are to be determined or (y) the date on which such reclassification, consolidation, merger, sale or transfer is expected to become effective, and the date as of which it is expected that holders of Non-Voting Common Stock of record shall be

entitled to exchange their shares of Non-Voting Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale or transfer.

(g) If any event similar to or of the type contemplated by the provisions of Section 6(e) or Section 6(f), but not expressly provided for by such provisions, occurs, then the Board of the Corporation, will make an appropriate and equitable adjustment in the Conversion Rate so as to protect the rights of the holders of Non-Voting Preferred Stock; provided that no such adjustment will decrease the number of shares of Non-Voting Common Stock issuable upon conversion of the Non-Voting Preferred Stock.

Section 7. Liquidation Rights.

a) Preference for Non-Voting Preferred. Upon the occurrence of any Liquidation Event (as defined below), (i) each holder of Non-Voting Preferred Stock shall have the right to require the Corporation to repurchase each outstanding share of Non-Voting Preferred Stock, but only out of funds legally available therefor, by paying in cash, in respect of each share of Non-Voting Preferred Stock, an amount equal to the Non-Voting Stated Value of such share and any Arrearage, plus all other accumulated dividends as of the repurchase date before any payment or distribution shall be made to the holders of Non-Voting Common Stock, Voting Common Stock or any other Junior Stock and (ii) no distribution shall be made to the holders of Non-Voting Parity Stock unless the holders of shares of Non-Voting Preferred Stock shall have received distributions ratably with the holders of No n-Voting Parity Stock in proportion to the total amount to which the holders of all such shares of Non-Voting Preferred Stock and Non-Voting Parity Stock are entitled upon such Liquidation Event. If, upon any such Liquidation Event, the assets of the Corporation available for distribution to stockholders shall be insufficient to provide for the payment in full of the preference accorded to the Non-Voting Preferred Stock hereunder, then such assets shall be distributed ratably among the shares of Non-Voting Preferred Stock. Within thirty (30) days following any Liquidation Event, the Corporation shall mail a notice to each holder of Non-Voting Preferred Stock describing the transaction or transactions that constitute the Liquidation Event and offering to repurchase each share of Non-Voting Preferred Stock on the date specified in such notice, which date shall be no earlier than thirty (30) days and no later than sixty (60) days from the date such notice is mailed. The Corporation shall comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended, and any other applicable securities laws and regulations thereunder. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 7(a), the Corporation shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations hereunder by virtue thereof.

(b) In the event of a liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, (i) the holders of issued and outstanding shares of Non-Voting Preferred Stock shall be entitled to receive for each such share, out of the assets of the Corporation available for distribution to stockholders, before any payment or distribution shall be made to the holders of Non-Voting Common Stock, Voting Common Stock or any other Junior Stock, an amount per share of Non-Voting Preferred Stock, in cash, equal to the sum of the Non-Voting Stated Value of such share and any Arrearage, plus all other accumulated dividends as of the date of final distribution and (ii) no distribution shall be made to the holders

of Non-Voting Parity Stock unless the holders of shares of Non-Voting Preferred Stock shall have received distributions ratably with the holders of Non-Voting Parity Stock in proportion to the total amount to which the holders of all such shares of Non-Voting Preferred Stock and Non-Voting Parity Stock are entitled upon such dissolution, liquidation or winding-up of the Corporation. If, upon any such dissolution, liquidation or winding up of the Corporation, the assets of the Corporation available for distribution to stockholders shall be insufficient to provide for the payment in full of the preference accorded to the Non-Voting Preferred Stock hereunder, then such assets shall be distributed ratably among the shares of Non-Voting Preferred Stock.

(c) "Liquidation Event" means:

(A) any consolidation or merger of the Corporation in which the Corporation is not the surviving entity, to the extent that (x) in connection therewith, the holders of Voting Common Stock and/or Non-Voting Common Stock of the Corporation receive as consideration, whether in whole or in part, for such Voting Common Stock and/or Non-Voting Common Stock, as applicable, (1) cash, (2) notes, debentures or other evidences of indebtedness or obligations to pay cash or (3) preferred stock of the surviving entity (whether or not the surviving entity is the Corporation) which ranks on a parity with or senior to the preferred stock received by holders of the Non-Voting Preferred Stock with respect to liquidation or dividends or (y) the holders of the Non-Voting Preferred Stock do not receive preferred stock of the surviving entity with rights, powers and preferences equal to (or more favorable to the holders than) the rights, powers and preferences of the Non-Voting Preferred Stock;

(B) the sale, lease, transfer or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, except where such sale, lease, transfer or other disposition is to a wholly-owned subsidiary of the Corporation;

(C) any Person (as defined below), or group of Persons acting in concert, other than the holders on the Date of Issuance becoming the beneficial owner, directly or indirectly, of in excess of 50% of the total voting power or equity interest in the Corporation or any successor thereto. As used in the preceding sentence, "voting power" in any Person shall mean the right to vote for the election of directors or other equivalent managing body of such Person or, if there are no such directors or managing body, the right to make material business decisions with respect to such Person; or

(D) the first underwritten public offering and sale of the equity securities of the Corporation for cash pursuant to an effective registration statement (other than on Form S-4, Form S-8 or a comparable form) under the Securities Act of 1933, as amended.

(d) Preferences are not Participating. After the payment to the holders of the shares of Non-Voting Preferred Stock of the full preferential amounts provided for in this Section 6, the holders of shares of Non-Voting Preferred Stock shall have no right or claim to any of the remaining assets of the Corporation solely by virtue of holding shares of Non-Voting Preferred Stock.

Section 8. Pro Rata Distribution and Payments. For so long as any shares of Non-Voting Preferred Stock shall be outstanding, (i) no dividend or distribution, whether in cash, stock or other property, shall be paid, declared or set apart for payment or made (any such dividend or distribution, or payment thereof, or setting apart for payment therefor or declaration thereof, for purposes of this Certificate of Designations, a "Distribution") on any date on or in respect of any Non-Voting Parity Stock and (ii) no payment shall be made by the Corporation on any date in respect of the redemption, purchase or other acquisition or retirement for value of shares of any Non-Voting Parity Stock (any such payment, for purposes of this Certificate of Designations, a "Payment") unless, in each case, the holders of shares of Non-Voting Preferred Stock shall have received, where clause (i) applies, a corresponding Distribution and, where clause (ii) applies, a corresponding Payment, ratably with the holders of Non-Voting Parity Stock in proportion to the total amount to which the holders of all such shares of Non-Voting Preferred Stock and Non-Voting Parity Stock are entitled upon any such Distribution or Payment.

Section 9. Transferability; Unit Certificates.

(a) The Non-Voting Preferred Stock shall be evidenced in units ("Units"), each of which shall consist of 2.0445 shares of Non-Voting Common Stock (or such number of shares of Non-Voting Common Stock as may exist after any adjustment pursuant to transactions described in Section 6(e)(i)) and 1 share of Non-Voting Preferred Stock (the "Unit Ratio"). The shares of Non-Voting Preferred Stock and shares of Non-Voting Common Stock underlying the Units shall be transferable only in Units. The Non-Voting Preferred Stock may be certificated by the Board in the form of a Unit Certificate comprised of Non-Voting Common Stock and Non-Voting Preferred Stock in the aforementioned ratio. The form of the Unit Certificate shall be as prescribed by the Board from time to time.

(b) A conversion pursuant to Section 6 or a repurchase for cash pursuant to Section 7(a) of any shares of Non-Voting Preferred Stock shall be effected through a recapitalization (within the meaning of section 368(a)(1)(E) of the Internal Revenue Code), pursuant to which any such shares of Non-Voting Preferred Stock and the shares of Non-Voting Common Stock with which they are represented by a Unit, shall be exchanged for shares of Non-Voting Common Stock to be certificated or reflected in book-entry form (representing the shares of Non-Voting Common Stock previously represented by a Unit) and the cash and/or property, if any, provided for under Section 7. The Non-Voting Preferred Stock and the Non-Voting Common Stock with which it is represented by a Unit will be treated, for tax purposes, as a single class of common stock with a preference on dividends and liquidation.

(c) Upon any conversion under Section 6 or repurchase under Section 7(a), each holder of shares of Non-Voting Preferred Stock shall surrender to the Corporation at the place designated in the notice under Section 6, Section 7(a) or Section 7(d) (as the case may be) the

Units (if certificated) evidencing shares of Non-Voting Preferred Stock to be repurchased (each a "Surrendered Unit"). As promptly as practical, and in any event within five Business Days after receipt by the Corporation of the Surrendered Units pursuant to the preceding sentence, the Corporation shall take all the necessary actions to certificate or reflect in book-entry form the number of shares of Non-Voting Common Stock to which each such holder shall be entitled, which number shall be equal to the number of shares of Non-Voting Common Stock that were certificated or reflected in book-entry form in the Surrendered Units delivered by such holder.

Section 10. Definitions.

As used herein, the following terms shall have the following meanings:

"Business Day" means any day other than a Saturday, Sunday, or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"Person" shall mean an individual, corporation, limited liability company, partnership, association, trust, estate, unincorporated organization or other entity or organization.

IN WITNESS WHEREOF, the undersigned has duly executed this Certificate of Designation as of this ___ day of January, 2008.

HARRAH'S ENTERTAINMENT, INC.

By:____________________________________

Name Michael Cohen

Title: Vice President, Associate General Counsel and Corporate Secretary

EXHIBIT 5.1

Harrah's Entertainment, Inc.
One Caesars Palace Drive
Las Vegas, Nevada 89109

Attn: Board of Directors

Re: Registration Statement on Form S-8

Gentlemen:

I have acted as counsel to Harrah's Entertainment, Inc. in connection with the registration of 335,769.40 shares of the Company's Non-Voting Common Stock, par value $0.01 per share (the "Common Stock") and 164,230.57 shares of the Company's Non-Voting Preferred Stock, par value $0.01 per share (the "Preferred Stock" and, together with the Common Stock, the "Shares"), to be issued pursuant to the Harrah's Entertainment, Inc. Employee Equity Investment Program (the "Program") under the Securities Act of 1933, as amended, by Harrah's Entertainment, Inc., a Delaware corporation (the "Company"), on Form S-8 to be filed with the Securities and Exchange Commission (the "Registration Statement").

I have examined such matters of fact and questions of law as I have considered necessary and appropriate for purposes of rendering the opinion expressed below.

In rendering this opinion, I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as originals, and the conformity to authentic original documents of all documents submitted to me as copies. I have also assumed the legal capacity for all purposes relevant hereto of all natural persons and, with respect to all parties to agreements or instruments relevant hereto, other than the Company, that such parties had the requisite power and authority (corporate or otherwise) to execute deliver and perform such agreements or instruments, that such agreements or instruments have been duly authorized by all requisite action (corporate or otherwise), executed and delivered by such parties and that such agreements or instruments are the valid, legal, binding and enforceable obligations of such parties.

I express no opinion herein as to any laws other than the Delaware General Corporation Law (including the applicable provisions of the Delaware Constitution and the applicable reported judicial decisions related thereto) and the Federal laws of the United States.

Subject to the foregoing and in reliance thereon, it is my opinion that, upon the issuance, sale and payment for the Shares in the manner contemplated by the Registration Statement and in accordance with the terms of the Program, the Shares will be validly issued, fully paid and nonassessable securities of the Company.

I consent to your filing this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ Michael Cohen

By: Michael Cohen
Title: Vice President, Associate General Counsel and Corporate Secretary

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-8 relating to the Harrah's Entertainment, Inc. Employee Equity Investment Program of our reports dated March 1, 2007, relating to the consolidated financial statements and financial statement schedule of Harrah's Entertainment, Inc. (which report expresses an unqualified opinion and includes an explanatory paragraph relating to Harrah's Entertainment, Inc.'s change in 2006 in its method of accounting for stock-based employee compensation costs to conform to Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment*) and management's report on the effectiveness of internal control over financial reporting appearing in the Annual Report on Form 10-K of Harrah's Entertainment, Inc. for the year ended December 31, 2006.

/s/ Deloitte & Touche LLP

Las Vegas, Nevada
January 29, 2008