

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)
June 14, 1995

The Promus Companies Incorporated
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	1-10410 (Commission File Number)	62-1411755 (I.R.S. Employer Identification No.)
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1023 Cherry Road Memphis, Tennessee (Address of principal executive offices)	38117 (Zip Code)
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Registrant's telephone number, including area code: (901) 762- 8600

Not Applicable

(Former name or former address, if changed since last report)

ITEM 5. Other Events.

The Promus Companies Incorporated ("Promus") intends to distribute (the "Distribution") in the form of a special dividend to all holders of Promus's outstanding shares of common stock, on a one-for-two basis, all outstanding shares of common stock, and the associated stockholders' rights, of Promus Hotel Corporation ("PHC"), an indirect wholly-owned subsidiary of Promus. The Distribution will separate Promus's hotel business (the "Hotel Business") from its casino entertainment business (the "Casino Business"). Prior to the Distribution, Promus will transfer to PHC the stock of certain subsidiaries principally engaged in the Hotel Business, and consummate certain other transfers intended to allocate assets and liabilities relating to the Hotel Business to PHC and assets and liabilities relating to the Casino Business to Promus. After the Distribution, PHC will operate and develop the Hotel Business and Promus will operate and develop the Casino Business. In addition, upon consummation of the Distribution, Promus will change its name to "Harrah's Entertainment, Inc."

On May 26, 1995, stockholders of Promus approved the Distribution and Promus's Board of Directors declared a dividend of shares of common stock of PHC conditioned upon the occurrence of four events prior to June 19, 1995. On June 14, 1995, Promus announced that the four events had occurred and that the conditions to the dividend had been satisfied.

The Distribution will occur on June 30, 1995. On that date, Embassy Suites, Inc., a wholly-owned subsidiary of Promus and the sole stockholder of PHC, will distribute to Promus all of the outstanding shares of common stock of PHC and the associated stockholders' rights. Substantially concurrently therewith, Promus will make the Distribution to stockholders of record of Promus as of June 21, 1995. Each stockholder will receive one share of common stock of PHC for every two shares of common stock of Promus held by such stockholder. Fractional shares will be aggregated and, after the Distribution, sold in the public market and the aggregate net cash proceeds

will be distributed ratably to those stockholders of record otherwise entitled to fractional interests.

ITEM 7. Financial Statements and Exhibits

(c) Exhibits.

No.

- 4(1) First Supplemental Indenture dated as of June 2, 1995, with respect to the 8 3/4% Senior Subordinated Notes due 2000, among Embassy Suites, Inc., as issuer, The Promus Companies Incorporated, as guarantor, and The Bank of New York, as trustee.
- 4(2) First Supplemental Indenture dated as of June 2, 1995, with respect to the 10 7/8% Senior Subordinated Notes due 2002, among Embassy Suites, Inc., as issuer, The Promus Companies Incorporated, as guarantor, and The Bank of New York, as trustee.
- 10(1) Form of Plan of Reorganization and Distribution Agreement, dated June __, 1995, between The Promus Companies Incorporated and Promus Hotel Corporation.
- 10(2) Credit Agreement, dated as of June 1, 1995, among The Promus Companies Incorporated, Embassy Suites, Inc., various banks and Bankers Trust Company, as Administrative Agent.
- 10(3) Tranche A Credit Agreement, dated as of June 7, 1995, among Embassy Suites, Inc., as Initial Borrower, Promus Hotels, Inc., as the Subsequent Borrower, certain subsidiaries and related parties from time to time party thereto, as guarantors, the several lenders from time to time party thereto, and NationsBank, N.A. (Carolinas), as Agent. (1)
- 10(4) Tranche B Credit Agreement, dated as of June 7, 1995, among Embassy Suites, Inc., as Initial Borrower, Promus Hotels, Inc., as the Subsequent Borrower, certain subsidiaries and related parties from time to time party thereto, as guarantors, the several lenders from time to time party thereto, and NationsBank, N.A. (Carolinas), as Agent. (1)
- 10(5) Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, among The Promus Companies Incorporated, Embassy Suites, Inc., certain subsidiaries of Embassy Suites, Inc., various banks, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent.
- 10(6) Credit Agreement, dated as of June 9, 1995, among The Promus Companies Incorporated, Embassy Suites, Inc., certain subsidiaries of Embassy Suites, Inc., various banks, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent.
- 10(7) Form of Employee Benefits and Other Employment Matters Allocation Agreement, dated June __, 1995, between The Promus Companies Incorporated and Promus Hotel Corporation.
- 10(8) Form of Risk Management Allocation Agreement, dated June __, 1995, between The Promus Companies Incorporated and Promus Hotel Corporation.
- 10(9) Form of Tax Sharing Agreement, dated June __, 1995, between The Promus Companies Incorporated and Promus Hotel Corporation.
- 10(10) Amendment, dated May 26, 1995, to The Promus Companies Incorporated Executive Deferred Compensation Plan.
- 10(11) Amendment, dated May 26, 1995, to The Promus Companies Incorporated Deferred Compensation Plan.
- 10(12) Amendment, dated as of June 7, 1995, to Escrow Agreement among The Promus Companies Incorporated, certain subsidiaries thereof and NationsBank.
- 10(13) Form of Severance Agreement, dated _____, 1995, to be entered into with Bradford W. Morgan.
- 99(1) Press Release, dated June 14, 1995, announcing the satisfaction of the final conditions to the Distribution.

FOOTNOTES

- (1) Incorporated by reference from the Current Report on Form 8-K of Promus Hotel Corporation, filed June 15, 1995, File No. 1-11463.

SIGNATURES

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

THE PROMUS COMPANIES INCORPORATED

E.O. ROBINSON, JR.

E.O. Robinson, Jr.
Senior Vice President, General Counsel
and Secretary

Dated: June 15, 1995

EXHIBIT INDEX

EXHIBIT NO. -----	Description -----
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- (1) Incorporated by reference from the Current Report on Form 8-K of Promus Hotel Corporation, filed June 15, 1995, File No. 1-11463.

FIRST SUPPLEMENTAL INDENTURE

dated as of June 2, 1995

EMBASSY SUITES, INC.,
Issuer

THE PROMUS COMPANIES
INCORPORATED,
Guarantor

and

THE BANK OF NEW YORK,
Trustee

\$200,000,000

8 3/4% Senior Subordinated Notes Due 2000

THIS FIRST SUPPLEMENTAL INDENTURE, entered into as of June 2, 1995, among Embassy Suites, Inc., a Delaware corporation ("Embassy"), The Promus Companies Incorporated, a Delaware corporation ("Promus"), and The Bank of New York, a corporation organized and existing under the laws of the State of New York, as trustee (the "Trustee").

WHEREAS, Embassy, Promus and the Trustee (collectively, the "Parties") entered into an Indenture, dated as of August 1, 1993 (as amended from time to time, the "Indenture"), with respect to Embassy's 8 3/4% Senior Subordinated Notes due 2000 (the "Securities");

WHEREAS, pursuant to a resolution of the Board of Directors of Embassy and in accordance with the Indenture, Embassy issued the Securities;

WHEREAS, Embassy desires to distribute (the "Embassy Distribution") to Promus all outstanding shares of common stock ("PHC Stock") of Promus Hotel Corporation, a Delaware corporation, and Promus desires to distribute, in the form of a special dividend to all holders of Promus's outstanding shares of common stock, all outstanding shares of PHC Stock (the "Distribution" and, together with the "Embassy Distribution," the "Distributions");

WHEREAS, Promus and Embassy proposed to amend the Indenture to modify the definition of "Restricted Payments" to permit the Embassy Distribution (the "Proposed Amendment");

WHEREAS, the Trustee has received the consent of the Holders (as defined in the Indenture) of not less than a majority in aggregate principal amount of the Outstanding (as defined in the Indenture) Securities to the Proposed Amendment; and

WHEREAS, the Parties desire to enter into this First Supplemental Indenture to give effect to the Proposed Amendment.

NOW, THEREFORE, Embassy, Promus and the Trustee agree as follows:

Section 1. Capitalized terms used herein and not otherwise defined herein are used as defined in the Indenture.

Section 2. The definition of "Restricted Payments" contained in Section 101 of the Indenture is hereby deleted and replaced with a new definition which reads in its entirety as follows:

"Restricted Payments" means, with respect to any Person, (i) any dividend or other distribution on shares of Capital Stock of the Guarantor, the Company or any Subsidiary of either, (ii) any payment on account of the purchase, redemption or other acquisition or retirement for value of any shares of Capital Stock of the Guarantor, the Company or any Subsidiary of either, (iii) any defeasance, redemption, repurchase or other acquisition or retirement for value, in whole or in part, of any Junior Debt and (iv) any loan or any advance to or investment in the Guarantor; provided, however, that the term "Restricted Payment" does not include (i) any dividend, distribution or other payment on account of shares of Capital Stock of an issuer payable solely in shares of Capital Stock of such issuer that is at least as junior in ranking as the Capital Stock on which such dividend, distribution or other payment is to be made, (ii) any dividend, distribution or other payment to the Company, or any of its directly or indirectly owned Subsidiaries, by any of its directly or indirectly owned Subsidiaries, by any of the Company's Subsidiaries, (iii) any defeasance, redemption, repurchase or other acquisition or retirement for value, in whole or in part, of any Junior Debt of an issuer payable solely in shares of Capital Stock or Junior Debt of such issuer, (iv) any payment made by the Guarantor, the Company or any Subsidiary of either pursuant to the Credit Documents (as defined in the Credit Agreement, as amended from time to time), or (v) the distribution of the outstanding shares of Common Stock, par value \$0.10 (and any associated stockholders' rights) and the assets and liabilities of Promus Hotel Corporation, a wholly-owned subsidiary of the Company, to the Guarantor, on the date to be established by the

Company's Board of Directors following the 1995 Annual Meeting of the Guarantor's stockholders, and any asset transfers, payments, distributions, purchases, redemptions or acquisitions related thereto."

Section 3. This First Supplemental Indenture may be executed in any number of counterparts all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute the instrument by signing any such counterpart.

Section 4. The effectiveness of the First Supplemental Indenture is conditioned upon (i) the consummation of the Distributions, and (ii) subject to waiver by Embassy, the absence of any law or regulation which would, and the absence of any injunction or action or other proceeding (pending or threatened) which (in the case of any action or proceeding, if adversely determined) would, make unlawful or invalid or enjoin the implementation or the Proposed Amendment, the entering into of this First Supplemental Indenture or the making of any payments to the registered holders of the Securities who submitted (and did not revoke) valid consents to the Proposed Amendment, or question the legality or validity thereof, or otherwise adversely affect the Distributions. If either or both of the Distributions are not consummated, this First Supplemental Indenture shall not be effective. This First Supplemental Indenture will terminate by its terms if the foregoing conditions are not satisfied by September 30, 1995.

Section 5. This First Supplemental Indenture and the rights, powers, trusts, duties and obligations of the Parties hereunder shall be governed by the laws of the State of New York (without regard to its conflicts of laws principles).

IN WITNESS WHEREOF, each of the Parties hereto has caused this First Supplemental Indenture to be duly executed by one of its authorized officers hereunto duly authorized.

EMBASSY SUITES, INC.

By: _____
Name:
Title:

Attest:

By: _____
Name:
Title:

THE PROMUS COMPANIES INCORPORATED

By: _____
Name:
Title:

Attest:

By: _____
Name:
Title:

THE BANK OF NEW YORK

By: _____
Name:
Title:

Attest:

By: _____
Name:
Title:

FIRST SUPPLEMENTAL INDENTURE

dated as of June 2, 1995

EMBASSY SUITES, INC.,
Issuer

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Section 3. This First Supplemental Indenture may be executed in any number of counterparts all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute the instrument by signing any such counterpart.

Section 4. The effectiveness of the First Supplemental Indenture is conditioned upon (i) the consummation of the Distributions, and (ii) subject to waiver by Embassy, the absence of any law or regulation which would, and the absence of any injunction or action or other proceeding (pending or threatened) which (in the case of any action or proceeding, if adversely determined) would, make unlawful or invalid or enjoin the implementation or the Proposed Amendment, the entering into of this First Supplemental Indenture or the making of any payments to the registered holders of the Securities who submitted (and did not revoke) valid consents to the Proposed Amendment, or question the legality or validity thereof, or otherwise adversely affect the Distributions. If either or both of the Distributions are not consummated, this First Supplemental Indenture shall not be effective. This First Supplemental Indenture will terminate by its terms if the foregoing conditions are not satisfied by September 30, 1995.

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IN WITNESS WHEREOF, each of the Parties hereto has caused this First Supplemental Indenture to be duly executed by one of its authorized officers hereunto duly authorized.

EMBASSY SUITES, INC.

By: _____
Name:
Title:

Attest:

By: _____
Name:
Title:

THE PROMUS COMPANIES INCORPORATED

By: _____
Name:
Title:

Attest:

By: _____
Name:
Title:

THE BANK OF NEW YORK

By: _____
Name:
Title:

Attest:

By: _____
Name:
Title:

PLAN OF REORGANIZATION
AND
DISTRIBUTION AGREEMENT

between

THE PROMUS COMPANIES INCORPORATED
and
PROMUS HOTEL CORPORATION

dated as of
June __, 1995

TABLE OF CONTENTS

Page

ARTICLE I - DEFINITIONS	2
-----------------------------------	---

Section 1.01.	General	2
Section 1.02.	Terms Defined Elsewhere in Agreement	13
ARTICLE II - TRANSFER OF ASSETS		14
Section 2.01.	Transfer of Assets to PRH; Harrah's Mergers	14
Section 2.02.	Transfers Not Effected Prior to the Distribution	16
Section 2.03.	Cooperation Re: Assets	17
Section 2.04.	No Representations or Warranties; Consents	17
Section 2.05.	Conveyancing and Assumption Instruments	19
Section 2.06.	Cash Allocation	20
Section 2.07.	Financing	22
ARTICLE III - ASSUMPTION AND SATISFACTION OF LIABILITIES		22
Section 3.01.	Assumption and Satisfaction of Liabilities	22
ARTICLE IV - THE DISTRIBUTION		23
Section 4.01.	Cooperation Prior to the Distribution	23
Section 4.02.	Promus Board Action; Conditions Precedent to the Distribution	24
Section 4.03.	The Distribution	26
Section 4.04.	Cash in Lieu of Fractional Shares	26
ARTICLE V - INDEMNIFICATION		27
Section 5.01.	Indemnification by Promus	27
Section 5.02.	Indemnification by PRH	27
Section 5.03.	Insurance Proceeds	28
Section 5.04.	Procedure for Indemnification	29
Section 5.05.	Remedies Cumulative	33
Section 5.06.	Survival of Indemnities	33

	Page

ARTICLE VI - CERTAIN ADDITIONAL MATTERS	33
Section 6.01. PRH Board	33
Section 6.02. Resignations; Promus Board	34
Section 6.03. Certificate and Bylaws	34
Section 6.04. Certain Post-Distribution Transactions	34
Section 6.05. Corporate Name	36
Section 6.06. PRH Rights Plan	36
ARTICLE VII - ACCESS TO INFORMATION AND SERVICES	37
Section 7.01. Provision of Corporate Records	37
Section 7.02. Access to Information	37
Section 7.03. Production of Witnesses	38
Section 7.04. Reimbursement	39
Section 7.05. Retention of Records	39
Section 7.06. Confidentiality	39
Section 7.07. Privileged Matters	40
ARTICLE VIII - ADDITIONAL COVENANTS	43
Section 8.01. Non-Competition Agreement	43
Section 8.02. Hiring of Employees	45
Section 8.03. Settlement Agreement	45
ARTICLE IX - MISCELLANEOUS	45
Section 9.01. Complete Agreement; Construction	45
Section 9.02. Expenses	46
Section 9.03. Accounting Adjustments	46
Section 9.04. Governing Law	46
Section 9.05. Notices	46
Section 9.06. Amendments	47
Section 9.07. Successors and Assigns	47
Section 9.08. Termination	47
Section 9.09. Subsidiaries	47
Section 9.10. No Third-Party Beneficiaries	48
Section 9.11. Titles and Headings	48
Section 9.12. Exhibits and Schedules	48
Section 9.13. Legal Enforceability	48
Section 9.14. Arbitration of Disputes	49

EXHIBITS

SCHEDULES

EXHIBITS

Exhibit A:	Employee Benefits Allocation Agreement
Exhibit B-1:	Harrah's Entertainment Pro Forma Balance Sheet
Exhibit B-2:	Harrah's Entertainment Pro Forma Statement of Income
Exhibit C:	Information Technology Agreements
Exhibit C-1:	Data Center Lease
Exhibit C-2:	Marketing Services Agreement
Exhibit C-3:	Satellite Services Agreement
Exhibit C-4:	Software Agreement
Exhibit C-5:	Transitional Service Agreement
Exhibit C-6:	Administrative Systems Services Agreement
Exhibit C-7:	Disaster Recovery Agreement
Exhibit D:	PRH Bylaws
Exhibit E:	PRH Certificate
Exhibit F-1:	PRH Pro Forma Balance Sheet
Exhibit F-2:	PRH Pro Forma Statement of Income
Exhibit G:	Risk Management Allocation Agreement
Exhibit H:	Tax Sharing Agreement
Exhibit I:	Trademark Assignment Agreement
Exhibit J:	Property Tax Services Agreement
Exhibit K:	Opinion of James D. Wolfensohn Incorporated

PLAN OF REORGANIZATION AND DISTRIBUTION AGREEMENT

This PLAN OF REORGANIZATION AND DISTRIBUTION AGREEMENT (this "Agreement") is made as of this ___th day of June, 1995 between The Promus Companies Incorporated, a Delaware corporation ("Promus") and Promus Hotel Corporation, a Delaware corporation and an indirect wholly-owned subsidiary of Promus ("PRH").

RECITALS

WHEREAS, Promus, through subsidiaries, develops, manages and owns a hotel business consisting of the Embassy Suites, Hampton Inn, Hampton Inn and Suites and Homewood Suites hotel brands (the "PRH Business") and the Harrah's casino entertainment business (the "Casino Business");

WHEREAS, the Board of Directors of Promus has determined that it is in the best interests of Promus and the stockholders of Promus to separate the Casino Business, on the one hand, and the PRH Business, on the other hand, and, in order to effect such separation, to transfer (or to cause its subsidiaries to transfer) to PRH or its Subsidiaries the stock of certain Promus subsidiaries principally engaged in the PRH Business and certain other assets relating principally to the PRH Business (the "Asset Transfers"), and thereafter to cause Embassy Suites, Inc., a wholly-owned subsidiary of Promus ("Embassy"), to distribute all of the outstanding shares of common stock, par value \$0.10 per share, of PRH to Promus (the "Embassy Distribution") and thereafter to cause Promus to distribute such PRH common stock to the holders of Promus common stock (the "Distribution");

WHEREAS, Promus has already effected certain preliminary transfers and corporate restructurings, which transactions are not contingent upon consummation of the Distribution and will not be undone if the Distribution does not occur; and

WHEREAS, in connection with the Distribution, Promus and PRH have determined that it is necessary and desirable to set forth the principal corporate transactions required to effect the Asset Transfers and the Distribution, and to set forth the agreements that will govern certain matters following the Distribution.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. General. As used in this Agreement, the following

terms shall have the following meanings:

Action: Any action, claim, suit, arbitration, inquiry,

proceeding or investigation by or before any court, any governmental or other regulatory or administrative agency or commission or any arbitration tribunal.

Affiliate: Means with respect to any specified Person, any other

Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, such specified Person. For purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing. Notwithstanding the foregoing, (i) the Affiliates of Promus shall not include

PRH, the PRH Subsidiaries or any other Person which would be an Affiliate of Promus by reason of Promus's ownership of the capital stock of PRH prior to the Distribution or the fact that any officer or director of PRH or any of the PRH Subsidiaries shall also serve as an officer or director of Promus or any of the Retained Subsidiaries, and (ii) the Affiliates of PRH shall not include Promus, the Retained Subsidiaries or any other Person which would be an Affiliate of PRH by reason of Promus's ownership of the capital stock of PRH prior to the Distribution or the fact that any officer or director of PRH or any of the PRH Subsidiaries shall also serve as an officer or director of Promus or any of the Retained Subsidiaries.

Agent: The distribution agent appointed by Promus to distribute

the PRH Common Stock and cash in lieu of fractional shares pursuant to the Distribution.

Annual Meeting: The 1995 Annual Meeting of Stockholders of

Promus held on May 26, 1995, at which the Distribution and certain other matters relating to the Distribution were ratified and approved by the holders of a majority of the outstanding shares of Promus Common Stock.

Code: The Internal Revenue Code of 1986, as amended.

Commission: The Securities and Exchange Commission.

Conveyancing and Assumption Instruments: Collectively, the

various agreements, instruments and other documents to be entered into to effect the Asset Transfers and the assumption of Liabilities in the manner contemplated by this Agreement and the Related Agreements.

Distribution Date: The date determined by the Promus Board as

the date on which the Distribution shall be effected, which Distribution Date is contemplated by the Promus Board to occur on or about June 30, 1995.

Distribution Record Date: The date established by the Promus

Board as the date for taking a record of the Holders of Promus Common Stock entitled to participate in the Distribution, which Distribution Record Date has been established as June 21, 1995, subject to the fulfillment on or before June 18, 1995 of certain conditions to the Distribution as provided in Section 4.02.

Employee Benefits Allocation Agreement: The Benefits and Other

Employment Matters Allocation Agreement between Promus and PRH, which agreement shall be entered into on or prior to the Distribution Date in substantially the form of Exhibit A attached hereto.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Existing Management and Lease Agreements: The existing

management or lease agreements with hotel property owners (including those entities in which Promus or its Subsidiaries are a partner or hold an equity interest) to which Promus and its Subsidiaries are parties, pursuant to which Promus or its Subsidiaries lease, manage or operate lodging properties.

Existing Promus Credit Facilities: The credit facilities of

Promus set forth on Schedule 1.01(a).

Financing Obligations: All (i) indebtedness for borrowed money,

(ii) obligations evidenced by bonds, notes, debentures or similar instruments, (iii) obligations under capitalized leases and deferred purchase arrangements, (iv) reimbursement or other

obligations relating to letters of credit or similar arrangements, and (v) obligations to guarantee, directly or indirectly, any of the foregoing types of obligations on behalf of others.

Franchise Agreements: All license, franchise or other agreements

or commitments to which Promus or any of its Subsidiaries is a party pursuant to which Promus (either directly or through any such Subsidiary) has granted franchise rights with respect to the operation of hotel properties, and all other franchise rights either granted or received by Promus or any of its Subsidiaries relating to the PRH Business.

Harrah's: Harrah's, a Nevada corporation.

Harrah's Club: Harrah's Club, a Nevada corporation.

Harrah's Entertainment Pro Forma Balance Sheet: The Pro Forma

Consolidated Balance Sheet for Harrah's Entertainment, Inc. as of March 31, 1995 attached hereto as Exhibit B-1.

Harrah's Entertainment Pro Forma Statement of Income: The Pro

Forma Consolidated Statement of Income for Harrah's Entertainment, Inc. as of March 31, 1995 attached hereto as Exhibit B-2.

Holders: The holders of record of Promus Common Stock as of the

Distribution Record Date.

Information Technology Agreements: The agreements to be entered

into between Promus and PRH on or prior to the Distribution Date, providing for certain matters related to information technology after the Distribution Date, in substantially the forms of the following: Data Center Lease attached as Exhibit C-1, Marketing Services Agreement attached as Exhibit C-2, Satellite Services Agreement attached as Exhibit C-3, Software

Agreement attached as Exhibit C-4, Transitional Service Agreement attached as Exhibit C-5, Administrative Systems Services Agreement attached as Exhibit C-6, and Disaster Recovery Agreement attached as Exhibit C-7.

Insurance Proceeds: Those moneys (i) received by an insured from

an insurance carrier or (ii) paid by an insurance carrier on behalf of the insured, in either case net of any applicable premium adjustment, retrospectively-rated premium, deductible, retention, cost or reserve paid or held by or for the benefit of such insured.

IRS: The Internal Revenue Service.

Liabilities: Any and all debts, liabilities and obligations,

absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, including all costs and expenses relating thereto, and including, without limitation, those debts, liabilities and obligations arising under any law, rule, regulation, Action, threatened Action, order or consent decree of any governmental entity or any award of any arbitrator of any kind, and those arising under any contract, agreement, commitment or undertaking.

Meeting Record Date: The record date established by the Promus

Board for determining stockholders of Promus entitled to vote at the Annual Meeting.

NYSE: The New York Stock Exchange.

Person: Any individual, corporation, partnership, limited

liability company, association, trust, estate or other entity or
organization, including any governmental entity or authority.

PHI: Promus Hotels, Inc., a Delaware corporation and a wholly-

owned subsidiary of PRH.

Pre-Paid Transaction Expenses: Amounts paid by Promus prior to

the allocation of cash pursuant to Section 2.06 for legal, investment
banking, accounting, filing, printing and related expenses incurred by
Promus in connection with the Distribution.

PRH Board: The Board of Directors of PRH.

PRH Books and Records: The books and records (including

computerized records) of PRH and the PRH Subsidiaries and all books and
records owned by Promus and its Subsidiaries which relate to the PRH
Business or are necessary to operate the PRH Business including, without
limitation, all such books and records relating to PRH Employees, all files
relating to any Action being assumed by PRH as part of the PRH Liabilities,
original corporate minute books, stock ledgers and certificates and
corporate seals, and all licenses, leases, agreements and filings, relating
to PRH, the PRH Subsidiaries or the PRH Business (but not including the
Promus Books and Records, provided that PRH shall have access to, and have
the right to obtain duplicate copies of, the Promus Books and Records in
accordance with the provisions of Article VII).

PRH Business: The businesses conducted by PRH and the PRH

Subsidiaries and the businesses conducted pursuant to or utilizing the PRH
Assets, including without limitation the management, operation and
franchising of hotels, including all hotels in the

"Embassy Suites," "Hampton Inn," "Homewood Suites," and "Hampton Inn and Suites" hotel chains.

PRH Bylaws: The Bylaws of PRH, substantially in the form of

Exhibit D, to be in effect at the Distribution Date.

PRH Certificate: The Restated Certificate of Incorporation of

PRH, substantially in the form of Exhibit E, to be in effect at the
Distribution Date.

PRH Common Stock: The common stock, par value \$0.10 per share,

of PRH (together with any PRH Rights issued pursuant to the PRH Rights
Plan).

PRH Credit Agreement: The Credit Agreement between NationsBank,

N.A., Embassy, PHI, the Guarantors and the Several Lenders referred to
therein, dated as of June 7, 1995, and all documents evidencing or securing
such Credit Agreement or executed and delivered by the parties to such
Credit Agreement in connection therewith.

PRH Employees: The meaning specified in the Employee Benefits

Allocation Agreement.

PRH Group: PRH and the PRH Subsidiaries, collectively.

PRH Liabilities: (i) All of the Liabilities of the PRH Group

under, or to be retained or assumed by PRH or any of the PRH Subsidiaries
pursuant to, this Agreement or any of the Related Agreements, including
those set forth on Schedule 1.01(b), (ii) all of the Liabilities under the
PRH Credit Agreement, (iii) all Liabilities for payment of outstanding
drafts of Promus attributable to the PRH Business existing as of the
Distribution Date, and (iv) all other Liabilities (excluding Embassy
liabilities with respect to the Excluded Assets) arising out of or in
connection with any of the PRH Assets or the PRH Business, determined on a
basis consistent with the determination of the Liabilities of PRH included
on the PRH

Pro Forma Balance Sheet (as reflected in the "Distribution Pro Forma column") (including, without limitation, any liabilities arising out of or related to the transfer to PRH or its Affiliates of the PRH Assets or the PRH Business).

PRH Pro Forma Balance Sheet: The Pro Forma Consolidated Balance

Sheet for PRH as of March 31, 1995 attached hereto as Exhibit F-1.

PRH Pro Forma Statement of Income: The Pro Forma Combined

Statement of Income for PRH as of March 31, 1995 attached hereto as Exhibit F-2.

PRH Subsidiaries: The Transferred Subsidiaries and all

Subsidiaries of PRH or the Transferred Subsidiaries at the time of the Distribution.

Privileges: All privileges regarding Information or use of

lawyers, accountants or other service providers that may be asserted under applicable law including, without limitation, privileges or rights arising under or relating to the attorney-client relationship (including but not limited to the attorney-client and work product privileges and waivers of conflicts of interest), the accountant-client privilege, and privileges relating to internal valutive processes.

Privileged Information: All Information as to which Promus, PRH

or any of their Subsidiaries are entitled to assert the protection of a Privilege.

Promus Board: The Board of Directors of Promus.

Promus Books and Records: The books and records (including

computerized records) of Promus and the Retained Subsidiaries and all books and records owned by Promus and its Subsidiaries which relate to the Retained Business, are necessary to operate the Retained Business, or are required by law to be retained by Promus, including, without limitation, all such books and records relating to Retained Employees, all files relating to any

Action pertaining to the Retained Liabilities, all records required to be maintained by Promus under the Settlement Agreement, original corporate minute books, stock ledgers and certificates and corporate seals, and all licenses, leases, agreements and filings, relating to Promus, the Retained Subsidiaries or the Retained Business (but not including the PRH Books and Records, provided that Promus shall have access to, and shall have the right to obtain duplicate copies of, the PRH Books and Records in accordance with the provisions of Article VII).

Promus Common Stock: The common stock, par value \$0.10 per

share, of Promus.

Promus Group: Promus and the Retained Subsidiaries,

collectively.

Property Tax Services Agreement: The Property Tax Services

Agreement between PRI and Embassy, which agreement shall be entered into on or prior to the Distribution Date in substantially the form of Exhibit J attached hereto.

Proxy Statement: The proxy statement dated April 25, 1995

provided to the holders of Promus Common Stock as of the Meeting Record Date in connection with the Annual Meeting.

Related Agreements: All of the agreements, contracts,

instruments, understandings, assignments or other arrangements which are entered into in connection with the transactions contemplated hereby and which are set forth in a writing, including, without limitation: the Conveyancing and Assumption Instruments, the Employee Benefits Allocation Agreement, the Tax Sharing Agreement, the Trademark Assignment Agreement, the Information Technology Agreements, the Risk Management Allocation Agreement, and the Property Tax Services Agreement.

Retained Assets: The assets of Promus other than the PRH Assets,

including without limitation (i) the capital stock of the Retained Subsidiaries, (ii) the Retained Real Property, (iii) assets relating to the Retained Business, determined on a basis consistent with

the determination of assets included on the Harrah's Entertainment Pro Forma Balance Sheet (as reflected in the "Distribution Pro Forma" column), (iv) all of the assets expressly allocated to Promus or any of the Retained Subsidiaries under this Agreement or the Related Agreements, including those set forth on Schedule 1.01(c), (v) any other assets of Promus and its Affiliates relating to the Retained Business, and (vi) the Excluded Assets set forth on Schedule 2.01(a).

Retained Business: The businesses conducted by Promus and its

Affiliates other than the PRH Business, including without limitation, the Casino Business.

Retained Employees: The meaning specified in the Employee

Benefits Allocation Agreement.

Retained Liabilities: (i) All of the Liabilities arising out of

or in connection with the Retained Assets or the Retained Business determined on a basis consistent with the determination of the Liabilities of Promus included on the Harrah's Entertainment Pro Forma Consolidated Balance Sheet (as reflected in the "Distribution Pro Forma" column), (ii) all of the Liabilities of Promus under, or to be retained or assumed by Promus or any of the Retained Subsidiaries pursuant to, this Agreement or any of the Related Agreements, including those set forth on Schedule 1.01(d), (iii) any Financing Obligations not constituting PRH Liabilities (including, without limitation, the Existing Promus Credit Facilities identified on Schedule 1.01(a)), (iv) all Liabilities for the payment of outstanding drafts of Promus attributable to the Retained Business existing as of the Distribution Date, (v) all debts, liabilities or other obligations, including any related claims that may be asserted, whether prior to or after the Distribution Date, arising from the Settlement Agreement and (vi) all other Liabilities of Promus not constituting PRH Liabilities.

Retained Real Property: The ownership interests of Promus and

its Affiliates in real property that is not Transferred Real Property,
including the real property identified on Schedule 1.01(e).

Retained Subsidiaries: All Subsidiaries of Promus, except PRH

and the PRH Subsidiaries.

Risk Management Allocation Agreement: The Risk Management

Allocation Agreement between Promus and PRH, which agreement shall be
entered into on or prior to the Distribution Date in substantially the form
of Exhibit G hereto.

Securities Act: the Securities Act of 1933, as amended.

Senior Subordinated Notes: The 10-7/8% Senior Subordinated Notes

due 2002 and the 8-3/4% Senior Subordinated Notes due 2000 of Embassy.

Settlement Agreement: The Settlement Agreement dated March 17,

1995, whereby Plaintiff and defendant settled the litigation styled Bass

Public Limited Company, Bass International Holdings N.V., (U.S.A.)

Incorporated, Holiday Corporation and Holiday Inns, Inc. v. The Promus

Companies Incorporated formerly pending in the United States District Court

for the Southern District of New York (92 Civ. 0969).

Subsidiary: With respect to any Person, (a) any corporation of

which at least a majority in interest of the outstanding voting stock
(having by the terms thereof voting power under ordinary circumstances to
elect a majority of the directors of such corporation, irrespective of
whether or not at the time stock of any other class or classes of such
corporation shall have or might have voting power by reason of the
happening of any contingency) is at the time, directly or indirectly, owned
or controlled by such Person, by one or more Subsidiaries of such Person,
or by such Person and one or more of its

Subsidiaries, or (b) any non-corporate entity in which such Person, one or more Subsidiaries of such Person, or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof, has at least majority ownership interest.

Tax Sharing Agreement: The Tax Sharing Agreement between PRH and

Promus, which agreement shall be entered into on or prior to the Distribution Date in substantially the form of Exhibit H attached hereto.

Trademark Assignment Agreement: The Trademark Assignment

Agreement between Promus and PRH, pursuant to which Promus will convey certain intellectual property rights to PRH, which agreement shall be entered into on or prior to the Distribution Date in substantially the form of Exhibit I attached hereto.

Transferred Joint Venture Interests: The partnership and joint

venture interests and minority equity interests identified on Schedule 1.01(f).

Transferred Real Property: The real property identified on

Schedule 1.01(g).

Transferred Subsidiaries: The Subsidiaries identified on

Schedule 1.01(h).

Transferred Subsidiary Stock: All of the issued and outstanding

capital stock of the Transferred Subsidiaries.

Section 1.02. Terms Defined Elsewhere in Agreement.

Each of the following terms is defined in the Section set forth opposite such term:

Term ----	Section -----
Asset Transfers	Recitals
Consents	4.01
Distribution	Recitals
Embassy Distribution	Recitals
Form 10 Registration Statement	4.02
Indemnifiable Loss	5.01
Indemnifying Party	5.03
Indemnatee	5.03
Information	7.02
Promus	Recitals
Promus Indemnitees	5.02
PRH	Recitals
PRH Assets	2.01
PRH Indemnitees	5.01
PRH Rights	6.06
PRH Rights Plan	6.06
Third-Party Claim	5.04

ARTICLE II

TRANSFER OF ASSETS

Section 2.01. Transfer of Assets to PRH; Harrah's Mergers.

(a) Prior to the Distribution Date, Promus shall take or cause to be taken all actions necessary to cause the transfer, assignment, delivery and conveyance to PRH or its Subsidiaries (as directed by PRH) of all of Promus's and its Subsidiaries' right, title and interest in the PRH Assets. The "PRH Assets" shall consist of the following assets:

- (i) the Transferred Subsidiary Stock;
- (ii) the trademarks, service marks, goodwill and other intangible properties and rights to be conveyed to PRH pursuant to the Trademark Assignment Agreement;

- (iii) the Existing Management and Lease Agreements;
- (iv) the Franchise Agreements;
- (v) the Transferred Real Property;
- (vi) the Transferred Joint Venture Interests;
- (vii) the PRH Books and Records;
- (viii) all licenses and permits relating to the PRH Business;
- (ix) the two U.S. Dollar Swap Transactions between Embassy and NationsBank, N.A., each with the notional amount of \$50 million, effective on March 20, 1995 and January 26, 1995, respectively;
- (x) all of the other assets to be assigned to PRH under this Agreement or the Related Agreements; and
- (xi) all other assets relating to the PRH Business, determined on a basis consistent with the determination of the assets included on the PRH Pro Forma Combined Balance Sheet (as reflected in the "Distribution Pro Forma" column);

provided, that the PRH Assets shall exclude any rights of Embassy pursuant

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to the agreements set forth on Schedule 2.01(a).

(b) Following the consummation of the Asset Transfers described in Section 2.01(a) and prior to the Distribution Date, Promus shall take or cause to be taken all actions necessary to cause Casino Holding Company to be merged with and into Harrah's Club (with Harrah's Club as the surviving corporation) and to cause Embassy to contribute to

the capital of Harrah's (which shall in turn contribute to the capital of Harrah's Club) all of Embassy's right, title and interest in its Northern Nevada and Las Vegas casino properties.

Section 2.02. Transfers Not Effected Prior to the Distribution.

To the extent that any transfers contemplated by this Article II shall not have been fully effected on the Distribution Date, the parties shall cooperate to effect such transfers as promptly as shall be practicable following the Distribution Date. Nothing herein shall be deemed to require the transfer of any assets or the assumption of any Liabilities which by their terms or operation of law cannot be transferred or assumed; provided, however, that Promus and PRH and their respective

Subsidiaries and Affiliates shall cooperate in seeking to obtain any necessary consents or approvals for the transfer of all assets and Liabilities contemplated to be transferred pursuant to this Article II. In the event that any such transfer of assets or Liabilities has not been consummated effective as of the Distribution Date, the party retaining such asset or Liability shall thereafter hold such asset in trust for the use and benefit of the party entitled thereto (at the expense of the party entitled thereto) and retain such Liability for the account of the party by whom such Liability is to be assumed pursuant hereto, and take such other actions as may be reasonably required in order to place the parties, insofar as reasonably possible, in the same position as would have existed had such asset been transferred or such Liability been assumed as contemplated hereby. As and when any such asset or Liability becomes transferable, such transfer and assumption shall be effected forthwith. The parties agree that, except as set forth in this subsection (a), as of the Distribution Date, each party hereto shall be deemed to have acquired complete and sole beneficial ownership over all of the assets, together with all

rights, powers and privileges incidental thereto, and shall be deemed to have assumed in accordance with the terms of this Agreement all of the Liabilities, and all duties, obligations and responsibilities incidental thereto, which such party is entitled to acquire or required to assume pursuant to the terms of this Agreement.

Section 2.03. Cooperation Re: Assets.

In the case that at any time after the Distribution Date, PRH reasonably determines that any of the Retained Assets (other than the assets set forth on Schedule 2.01(a)) are essential for the conduct of the PRH Business, or Promus reasonably determines that any of the PRH Assets are essential for the conduct of the Retained Business, and the nature of such assets makes it impracticable for PRH or Promus, as the case may be, to obtain substitute assets or to make alternative arrangements on commercially reasonable terms to conduct their respective businesses, and reasonable provisions for the use thereof are not already included in the Related Agreements, then PRH (with respect to the PRH Assets) and Promus (with respect to the Retained Assets) shall cooperate to make such assets available to the other party on commercially reasonable terms, as may be reasonably required for such party to maintain normal business operations (provided that such assets shall be required to be made available only until such time as the other party may reasonably obtain substitute assets or make alternative arrangements on commercially reasonable terms to permit it to maintain normal business operations).

Section 2.04. No Representations or Warranties; Consents. Each

of the parties hereto understands and agrees that no party hereto is, in this Agreement or in any other agreement or document contemplated by this Agreement or otherwise, representing or

warranting in any way (i) as to the value or freedom from encumbrance of, or any other matter concerning, any assets of such party or (ii) as to the legal sufficiency to convey title to any asset transferred pursuant to this Agreement or any Related Agreement, including, without limitation, any Conveyancing or Assumption Instruments. It is also agreed and understood that there are no warranties whatsoever, express or implied, given by either party to the Agreement, as to the condition, quality, merchantability or fitness of any of the assets, businesses or other rights either transferred to or retained by the parties, as the case may be, and all such assets, businesses or other rights shall be "as is, where is" and "with all faults" (provided, however, that the absence of warranties given by the parties shall not negate the allocation of Liabilities under this Agreement and shall have no effect on any manufacturers', sellers', or other third parties' warranties which are intended to be transferred with such assets). Similarly, each party hereto understands and agrees that no party hereto is, in this Agreement or in any other agreement or document contemplated by this Agreement or otherwise, representing or warranting in any way that the obtaining of any consents or approvals, the execution and delivery of any amendatory agreements and the making of any filings or applications contemplated by this Agreement will satisfy the provisions of any or all applicable laws or judgments or other instruments or agreements relating to such assets. Notwithstanding the foregoing, the parties shall use their good faith efforts to obtain all consents and approvals, to enter into all reasonable amendatory agreements and to make all filings and applications which may be reasonably required for the consummation of the transactions contemplated by this Agreement, and shall take all such further actions as shall be deemed reasonably necessary to preserve for each of the PRH Group and the Promus

Group, to the greatest extent reasonably feasible, consistent with this Agreement, the economic and operational benefits of the allocation of assets and Liabilities provided for in this Agreement. In case at any time after the Distribution Date any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of each party to this Agreement shall take all such necessary or desirable action, provided, that any financial cost shall be borne by the party

receiving the benefit of the action.

Section 2.05. Conveyancing and Assumption Instruments. In

connection with the Asset Transfers and the assumptions of Liabilities contemplated by this Agreement, the parties shall execute or cause to be executed by the appropriate entities the Conveyancing and Assumption Instruments in such forms as the parties shall reasonably agree, including the transfer of the Transferred Real Property with deeds as may be appropriate, the assignment of trademarks and franchise rights and the assignment and assumption of the Existing Management and Lease Agreements, Transferred Joint Venture Interests, and the Franchise Agreements. The transfer of capital stock shall be effected by means of delivery of stock certificates and executed stock powers and notation on the stock record books of the corporation or other legal entities involved and, to the extent required by applicable law, by notation on public registries.

Section 2.06. Cash Allocation.

(a) Cash Allocation on the Distribution Date.

The allocation between Promus and PRH of all domestic and international cash bank balances and short-term investments ("cash") of Promus and its Subsidiaries recorded per the books of Promus and its Subsidiaries as of the close of business on the Distribution Date (the "Pre-Distribution Cash Balance") shall be in accordance with the following:

- (i) all petty cash accounts of hotel properties on the Distribution Date shall be transferred to PRH;
- (ii) all cash received in and deposits made to the local deposit accounts for business activities relating to the PRH Business to and including the Distribution Date which has not previously been transferred to Promus shall be remitted to Promus no later than five business days following the Distribution Date; and
- (iii) all Liabilities for payment of outstanding drafts drawn on accounts allocated to PRH shall be paid by PRH (except that, with respect to outstanding drafts relating to Existing Management and Lease Agreements, including Transferred Joint Venture Interests, Promus shall reimburse PRH for such outstanding drafts net of any corresponding receivable transferred to PRH).

(b) Cash Management After the Distribution Date. PRH shall

establish and maintain a separate cash management system and accounting records with respect to the PRH

Business effective as of 12:01 a.m. on the day following the Distribution Date; thereafter, (i) any payments by Promus or its Retained Subsidiaries on behalf of PRH or the PRH Subsidiaries in connection with the PRH Business (including, without limitation, any such payments in respect of Liabilities or other obligations of PRH or the PRH Subsidiaries under the Employee Benefits Allocation Agreement) shall be recorded in the accounts of the PRH Group as a payable from the PRH Group to the Promus Group; (ii) any payments by PRH or the PRH Subsidiaries on behalf of Promus or its Retained Subsidiaries in connection with the Retained Business (including, without limitation, any such payments in respect to Liabilities or other obligations of Promus or its Retained Subsidiaries under the Employee Benefits Allocation Agreement) shall be recorded in the accounts of the Promus Group as a payable from the Promus Group to the PRH Group; (iii) any cash payments received by Promus and the Retained Subsidiaries relating to the PRH Business or the PRH Assets shall be recorded in the accounts of the Promus Group as a payable from the Promus Group to the PRH Group; (iv) any cash payments received by PRH or the PRH Subsidiaries relating to the Retained Business or the Retained Assets shall be recorded in the accounts of the PRH Group as a payable from the PRH Group to the Promus Group; (v) PRH and Promus shall make adjustments for late deposits, checks returned for not sufficient funds and other post-Distribution Date transactions as shall be reasonable under the circumstances consistent with the purpose and intent of this Agreement; and (vi) the net balance due to the Promus Group or the PRH Group, as the case may be, in respect of the aggregate amounts of clauses (i), (ii), (iii), (iv) and (v) shall be paid by PRH or Promus, as appropriate, as promptly as practicable. For purposes of this Section 2.06(b), the parties contemplate that the Retained

Business and the PRH Business, including but not limited to the administration of accounts payable and accounts receivable, will be conducted in the normal course.

(c) All transactions contemplated in this Section 2.06 shall be subject to audit by the parties, and any dispute thereunder shall be resolved by Arthur Andersen LLP ("Arthur Andersen") (or, if Arthur Andersen is not available, by such other independent firm of certified public accounts mutually acceptable to Promus and PRH), whose decision shall be final and unappealable.

Section 2.07. Financing.

Prior to the Asset Transfers and other transactions described in this Article II, Embassy shall enter into the PRH Credit Agreement and shall borrow \$215 million in cash under the PRH Credit Agreement. Embassy shall use the net proceeds of the borrowings under the PRH Credit Agreement to retire a portion of its indebtedness outstanding under the Existing Promus Credit Facilities.

ARTICLE III

ASSUMPTION AND SATISFACTION OF LIABILITIES

Section 3.01. Assumption and Satisfaction of Liabilities.

(a) Except as set forth in the Employee Benefits Allocation Agreement, the Tax Sharing Agreement or other Related Agreements, effective as of and after the Distribution Date, (i) PRH shall, and/or shall cause the PRH Subsidiaries to, assume, pay, perform, and discharge in due course all of the PRH Liabilities and (ii) Promus shall, and/or shall cause the Retained Subsidiaries to, pay, perform and discharge in due course all of the Retained Liabilities.

(b) Effective as of and after the Distribution Date, PRH shall cause Embassy to be released and discharged from any and all Liabilities under the PRH Credit Agreement.

ARTICLE IV

THE DISTRIBUTION

Section 4.01. Cooperation Prior to the Distribution.

(a) Promus and PRH shall cooperate in preparing, filing with the Commission and causing to become effective any registration statements or amendments thereof which are appropriate to reflect the establishment of, or amendments to, any employee benefit plans and other plans contemplated by the Employee Benefits Allocation Agreement.

(b) Promus and PRH shall take all such action as may be necessary or appropriate under the securities or blue sky laws of states or other political subdivisions of the United States in connection with the transactions contemplated by this Agreement and the Related Agreements.

(c) Promus and PRH shall use all reasonable efforts to obtain any third-party consents or approvals necessary or desirable in connection with the transactions contemplated hereby ("Consents").

(d) Promus and PRH will use all reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary or desirable under applicable law, to consummate the transactions contemplated under this Agreement.

Section 4.02. Promus Board Action; Conditions Precedent to the

Distribution. The Promus Board shall, in its discretion, establish any

appropriate procedures in connection with the Distribution. In no event shall the Distribution occur unless the following conditions shall have been satisfied:

- (i) each of the Distribution Proposals (as defined in the Proxy Statement) having been approved by Promus's stockholders;
- (ii) the Promus Board having received an opinion from Latham & Watkins to the effect that the Embassy Distribution and the Distribution will qualify as a tax-free transaction under Section 355 of the Code;
- (iii) the transfers of assets and Liabilities contemplated by this Agreement having been consummated in all material respects;
- (iv) the PRH Common Stock and associated PRH Rights having been approved for listing on the New York Stock Exchange subject to official notice of issuance;
- (v) the PRH Board, comprised as contemplated by Section 6.01, having been elected by Embassy, as sole stockholder of PRH, and the PRH Certificate and the PRH Bylaws, as each will be in effect after the Distribution, having been adopted and being in effect;
- (vi) PRH having entered into the PRH Credit Agreement;

- (vii) the Registration Statement on Form 10 with respect to the PRH Common Stock (the "Form 10 Registration Statement") having become effective under the Exchange Act;
- (viii) all third party consents to the transactions contemplated by the Distribution Proposals having been obtained (including, without limitation, consents having been obtained from holders of the Senior Subordinated Notes to certain amendments to the covenants contained in such Notes), except for those the failure of which to obtain would not have a material adverse effect on PRH or Harrah's Entertainment;
- (ix) Embassy having obtained from its lenders under the Existing Promus Credit Facilities consents to the transactions contemplated by the Distribution Proposals; and
- (x) James D. Wolfensohn Incorporated having delivered an updated opinion to the Promus Board, dated as of the Distribution Date, in substantially the same form as the opinion set forth in Exhibit K;

provided, however, that (i) any such condition may be waived by the Promus

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Board in its sole discretion, and (ii) the satisfaction of such conditions shall not create any obligation on the part of Promus or any other party hereto to effect the Distribution or in any way limit Promus's power of termination set forth in Section 9.07 or alter the consequences of any such termination from those specified in such Section.

Section 4.03. The Distribution. On the Distribution Date,

subject to the conditions and rights of termination set forth in this Agreement, PRH shall issue and deliver to Embassy, and Embassy shall assign and deliver to Promus, and Promus shall endorse in blank and deliver to the Agent, a share certificate for PRH Common Stock representing a number of such shares which, when taken together with the shares of PRH Common Stock already owned by Embassy, will result in Embassy owning one share of PRH Common Stock for each two shares of Promus Common Stock issued and outstanding on the Distribution Record Date. Promus shall instruct the Agent to distribute, on or as soon as practicable following the Distribution Date, to the Holders one share of the PRH Common Stock for each two shares of Promus Common Stock held by such Holders and cash in lieu of fractional shares of PRH Common Stock as provided in Section 4.04. PRH agrees to provide all share certificates that the Agent shall require in order to effect the Distribution.

Section 4.04. Cash in Lieu of Fractional Shares.

No certificate or scrip representing fractional shares of PRH Common Stock shall be issued as part of the Distribution and in lieu thereof, each holder of PRH Common Stock who would otherwise be entitled to receive a fractional share of the PRH Common Stock will receive cash for such fractional share. Promus shall instruct the Agent to determine the number of whole shares and fractional shares of PRH Common Stock allocable to each holder of record of the Promus Common Stock as of the Distribution Record Date. Promus shall instruct the Agent to aggregate all such fractional shares into whole shares and sell the whole shares obtained thereby in the open market as soon as practicable following the Distribution Date at then prevailing prices on behalf of Holders who otherwise would be

entitled to receive fractional share interests and to distribute to each such Holder such Holder's ratable share of the proceeds of such sale as soon as practicable after the Distribution Date. Promus shall bear the costs of commissions incurred in connection with such sales.

ARTICLE V

INDEMNIFICATION

Section 5.01. Indemnification by Promus. Except as otherwise

expressly set forth in a Related Agreement, Promus shall indemnify, defend and hold harmless PRH and each of the PRH Subsidiaries, and each of their respective directors, officers, employees, agents and Affiliates and each of the heirs, executors, successors and assigns of any of the foregoing (the "PRH Indemnitees") from and against the Retained Liabilities and any and all losses, Liabilities and damages, including, without limitation, the costs and expenses of any and all Actions, threatened Actions, demands, assessments, judgments, settlements and compromises relating thereto and attorneys' fees and any and all expenses whatsoever reasonably incurred in investigating, preparing or defending against any such Actions or threatened Actions (collectively, "PRH Indemnifiable Losses" and, individually, a "PRH Indemnifiable Loss") of the PRH Indemnitees arising out of or due to the failure or alleged failure of Promus or any of its Affiliates (i) to pay, perform or otherwise discharge in due course any of the Retained Liabilities, or (ii) comply with the provisions of Section 6.04.

Section 5.02. Indemnification by PRH. Except as otherwise

expressly set forth in a Related Agreement (other than a deed giving effect to a transfer of the Transferred Real Property), PRH shall indemnify, defend and hold harmless Promus and each of the Retained Subsidiaries, and each of their directors, officers, employees, agents

and Affiliates and each of the heirs, executors, successors and assigns of any of the foregoing (the "Promus Indemnitees") from and against the PRH Liabilities and any and all losses, Liabilities, damages, including, without limitation, the costs and expenses of any and all Actions, threatened Actions, demands, assessments, judgments, settlements and compromises relating thereto and attorneys' fees and any and all expenses whatsoever reasonably incurred in investigating, preparing or defending against any such Actions or threatened Actions (collectively, "Promus Indemnifiable Losses" and, individually, a "Promus Indemnifiable Loss") of the Promus Indemnitees arising out of or due to the failure or alleged failure of PRH or any of its Affiliates to (i) pay, perform or otherwise discharge in due course any of the PRH Liabilities or (ii) comply with the provisions of Section 6.04. The "PRH Indemnifiable Losses" and the "Promus Indemnifiable Losses" are collectively referred to as the "Indemnifiable Losses."

Section 5.03. Insurance Proceeds. The amount which any party

(an "Indemnifying Party") is or may be required to pay to any other Person (an "Indemnitee") pursuant to Section 5.01 or Section 5.02 shall be reduced (including, without limitation, retroactively) by any Insurance Proceeds or other amounts actually recovered by or on behalf of such Indemnitee in reduction of the related Indemnifiable Loss. If an Indemnitee shall have received the payment required by this Agreement from an Indemnifying Party in respect of an Indemnifiable Loss and shall subsequently actually receive Insurance Proceeds, or other amounts in respect of such Indemnifiable Loss as specified above, then such Indemnitee shall pay to such Indemnifying Party a sum equal to the amount of such Insurance Proceeds or other amounts actually received.

Section 5.04. Procedure for Indemnification.

(a) Except as may be set forth in a Related Agreement, if an Indemnatee shall receive notice or otherwise learn of the assertion by a Person (including, without limitation, any governmental entity) who is not a party to this Agreement or to any of the Related Agreements of any claim or of the commencement by any such Person of any Action (a "Third-Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification pursuant to this Agreement, such Indemnatee shall give such Indemnifying Party written notice thereof promptly after becoming aware of such Third-Party Claim; provided, that the failure of any

Indemnatee to give notice as required by this Section 5.04 shall not relieve the Indemnifying Party of its obligations under this Article V, except to the extent that such Indemnifying Party is prejudiced by such failure to give notice. Such notice shall describe the Third-Party Claim in reasonable detail, and shall indicate the amount (estimated if necessary) of the Indemnifiable Loss that has been or may be sustained by such Indemnatee.

(b) An Indemnifying Party may elect to defend or to seek to settle or compromise, at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Third-Party Claim, provided that the Indemnifying Party must confirm in writing that it agrees that the Indemnatee is entitled to indemnification hereunder in respect of such Third-Party Claim. Within 30 days of the receipt of notice from an Indemnatee in accordance with Section 5.04(a) (or sooner, if the nature of such Third-Party Claim so requires), the Indemnifying Party shall notify the Indemnatee of its election whether to assume responsibility for such Third-Party Claim (provided that if the Indemnifying Party

does not so notify the Indemnatee of its election within 30 days after receipt of such notice from the Indemnatee, the Indemnifying Party shall be deemed to have elected not to assume responsibility for such Third-Party Claim), and such Indemnatee shall cooperate in the defense or settlement or compromise of such Third-Party Claim. After notice from an Indemnifying Party to an Indemnatee of its election to assume responsibility for a Third-Party Claim, such Indemnifying Party shall not be liable to such Indemnatee under this Article V for any legal or other expenses (except expenses approved in advance by the Indemnifying Party) subsequently incurred by such Indemnatee in connection with the defense thereof; provided, that if the defendants or parties against which relief is sought - -----

in any such claim include both the Indemnifying Party and one or more Indemnitees and in such Indemnitees' reasonable judgment a conflict of interest between such Indemnitees and such Indemnifying Party exists in respect of such claim, such Indemnitees shall have the right to employ separate counsel and in that event the reasonable fees and expenses of such separate counsel (but not more than one separate counsel reasonably satisfactory to the Indemnifying Party) shall be paid by such Indemnifying Party. If an Indemnifying Party elects not to assume responsibility for a Third-Party Claim (which election may be made only in the event of a good faith dispute that a claim was inappropriately tendered under Section 5.01 or 5.02, as the case may be) such Indemnatee may defend or (subject to the following sentence) seek to compromise or settle such Third-Party Claim. Notwithstanding the foregoing, an Indemnatee may not settle or compromise any claim without prior written notice to the Indemnifying Party, which shall have the option within ten days following the receipt of such notice (i) to disapprove the settlement and assume all past and future responsibility for the claim,

including reimbursing the Indemnatee for prior expenditures in connection with the claim, or (ii) to disapprove the settlement and continue to refrain from participation in the defense of the claim, in which event the Indemnifying Party shall have no further right to contest the amount or reasonableness of the settlement if the Indemnatee elects to proceed therewith, or (iii) to approve the amount of the settlement, reserving the Indemnifying Party's right to contest the Indemnatee's right to indemnity, or (iv) to approve and agree to pay the settlement. In the event the Indemnifying Party makes no response to such written notice from the Indemnatee, the Indemnifying Party shall be deemed to have elected option (ii).

(c) If an Indemnifying Party chooses to defend or to seek to compromise any Third-Party Claim, the Indemnatee shall make available to such Indemnifying Party any personnel and any books, records or other documents within its control or which it otherwise has the ability to make available that are necessary or appropriate for such defense or compromise.

(d) Notwithstanding anything else in this Section 5.04 to the contrary, an Indemnifying Party shall not settle or compromise any Third-Party Claim unless such settlement or compromise contemplates as an unconditional term thereof the giving by such claimant or plaintiff to the Indemnatee of a written release from all liability in respect of such Third-Party Claim (and provided further that such settlement may not provide for any non-monetary relief by Indemnatee without the written consent of Indemnatee) and unless such settlement or compromise does not involve any new or additional contractual or other burdens on the Indemnatee. In the event the Indemnatee shall notify the Indemnifying Party in writing that such Indemnatee declines to accept any such settlement or compromise, such

Indemnatee may continue to contest such Third-Party Claim, free of any participation by such Indemnifying Party, at such Indemnatee's sole expense. In such event, the obligation of such Indemnifying Party to such Indemnatee with respect to such Third-Party Claim shall be equal to (i) the costs and expenses of such Indemnatee prior to the date such Indemnifying Party notifies such Indemnatee of the offer to settle or compromise (to the extent such costs and expenses are otherwise indemnifiable hereunder) plus ----
(ii) the lesser of (A) the amount of any offer of settlement or compromise which such Indemnatee declined to accept and (B) the actual out-of-pocket amount such Indemnatee is obligated to pay subsequent to such date as a result of such Indemnatee's continuing to pursue such Third-Party Claim.

(e) Any claim on account of an Indemnifiable Loss which does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnatee to the applicable Indemnifying Party. Such Indemnifying Party shall have a period of 15 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 15-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such 15-day period or rejects such claim in whole or in part, such Indemnatee shall be free to pursue such remedies as may be available to such party under applicable law or under this Agreement.

(f) In addition to any adjustments required pursuant to Section 5.03, if the amount of any Indemnifiable Loss shall, at any time subsequent to the payment required by this Agreement, be reduced by recovery, settlement or otherwise, the amount of such

reduction, less any expenses incurred in connection therewith, shall promptly be repaid by the Indemnitee to the Indemnifying Party.

(g) In the event of payment by an Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right or claim.

Section 5.05. Remedies Cumulative. The remedies provided in -----
this Article V shall be cumulative and shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

Section 5.06. Survival of Indemnities. The obligations of each -----
of PRH and Promus under this Article V shall survive the sale or other transfer by it of any assets or businesses or the assignment by it of any Liabilities, with respect to any Indemnifiable Loss of the other related to such assets, businesses or Liabilities.

Section 5.07. After-Tax Indemnification Payments. Except as -----
otherwise expressly provided herein or in a Related Agreement, any indemnification payment made by either party under this Article V shall give effect to, and be reduced by the value of, any and all applicable deductions, losses, credits, offsets or other items for Federal, state or other tax purposes attributable to the payment of the indemnified liability by the Indemnitee in a matter consistent with the treatment of tax indemnity payments under the Tax Sharing Agreement.

Section 5.08. Characterization of Payments. Any payment (other -----
than interest thereon) made by either party under this Article V shall be treated by all parties for tax purposes to the extent permitted by law, and for accounting purposes to the extent permitted by generally accepted accounting principles, as non-taxable dividend distributions or capital contributions made prior to the close of business on the Closing Date.

ARTICLE VI
CERTAIN ADDITIONAL MATTERS

Section 6.01. PRH Board. PRH and Promus shall take all actions -----
which may be required to constitute, effective as of the Distribution Date,

the following persons as the directors of PRH: Michael D. Rose, Ronald
Terry, Ben C. Peterzell, Raymond E. Schultz,

David Sullivan, U. Bertram Ellis, Jr., Debra J. Fields, Christopher W. Hart, C. Warren Neel, Michael I. Roth, and Jay Stein.

Section 6.02. Resignations; Promus Board. PRH shall cause all

of its directors and PRH Employees to resign, effective as of the Distribution Date, from all boards of directors or similar governing bodies of Promus or any of its Retained Subsidiaries on which they serve, and from all positions as officers or employees of Promus or any of its Retained Subsidiaries in which they serve, except that (i) Michael D. Rose shall serve as a director and Chairman of Promus and as a director and Chairman of PRH, and (ii) Ben C. Peterzell shall serve as an executive officer of Promus (as well as an officer of Embassy) and as a director of PRH. Promus shall cause all of its directors and the Retained Employees to resign from all boards of directors or similar governing bodies of PRH or any of its subsidiaries on which they serve, and from all positions as officers or employees of PRH or any of its subsidiaries in which they serve, except to the extent specified in the preceding sentence.

Section 6.03. Certificate and Bylaws. On or prior to the

Distribution Date, PRH shall adopt the PRH Certificate and the PRH Bylaws, and shall file the PRH Certificate with the Secretary of State of the State of Delaware.

Section 6.04. Certain Post-Distribution Transactions.

(a) PRH. (i) PRH shall, and shall cause each of the PRH

Subsidiaries to, comply with each representation and statement made, or to be made, to Latham & Watkins in connection with its tax opinion or any other opinion obtained, or to be obtained, by Promus and PRH acting together, from any tax counsel with respect to any transaction

contemplated by this Agreement and (ii) until the second anniversary of the Distribution Date, neither PRH nor any of its subsidiaries shall (A) liquidate, merge with any other corporation or sell or otherwise dispose of a material portion of its assets, except in the ordinary course of business and except for contributions of hotel real estate to ventures or entities in which PRH will continue to own an equity interest and with respect to which hotel real estate PRH retains a contractual right to serve as manager or franchisor, (B) repurchase or issue any PRH capital stock (other than stock issued pursuant to employee plans), or (C) cease the active conduct of a material portion of its business independently, with its own employees and without material change, unless, in each of cases (A), (B) and (C), in the opinion of counsel to PRH, which opinion shall be reasonably satisfactory to Promus, or pursuant to a favorable IRS ruling letter reasonably satisfactory to Promus, such act or omission would not adversely affect the tax consequences of the Distribution to Promus or the stockholders of Promus, as set forth in any tax opinion issued by Latham & Watkins; and PRH has no present intention to take any such actions.

(b) Promus. (i) Promus shall, and shall cause each of its

subsidiaries to, comply with each representation and statement made, or to be made, to Latham & Watkins in connection with its tax opinion or any other opinion obtained, by Promus and PRH acting together, from any tax counsel with respect to any transaction contemplated by this Agreement; and (ii) until the second anniversary of the Distribution Date, neither Promus nor any of its subsidiaries shall (A) liquidate, merge with any other corporation or sell or otherwise dispose of a material portion of its assets (other than the PRH Assets), except in the ordinary course of business, (B) repurchase or issue any capital stock of Promus (other than stock issued pursuant to employee plans), or (C) cease the active conduct of a material portion of its business independently, with its own employees and without material change, unless, in each of cases (A), (B) and (C), in the opinion of counsel to Promus, which opinion

shall be reasonably satisfactory to PRH, or pursuant to a favorable IRS ruling letter reasonably satisfactory to PRH, such act or omission would not adversely affect the tax consequences of the Distribution to PRH or the stockholders of PRH, as set forth in any opinion issued by Latham & Watkins; and Promus has no present intention to take any such actions.

Section 6.05. Corporate Name. Effective as of the Distribution

Date, Promus shall change its corporate name to "Harrah's Entertainment, Inc." and Embassy shall change its corporate name to "Harrah's Operating Company, Inc." All references to Promus and Embassy herein shall be references to each such corporation both before and after such corporate name change.

Section 6.06. PRH Rights Plan. Prior to the Distribution Date,

the PRH Board may elect, in its sole discretion, to recommend that PRH adopt a stockholder rights plan (the "PRH Rights Plan"). The PRH Rights Plan will provide for the distribution of preferred share purchase rights ("PRH Rights") with respect to each share of PRH Common Stock. The PRH Rights will be attached to the PRH Common Stock and will not be exercisable, or transferable apart from the PRH Common Stock, unless and until certain events occur. If certain events occur relating to the acquisition by an acquiring person of PRH Common Stock, or a merger or other combination of PRH with an acquiring person, the PRH Rights will entitle holders (other than the acquiring person) to purchase either PRH Common Stock or common stock of the acquiring person at a discount. The specific terms of the PRH Rights will be determined by the Board of Directors of PRH consistent with the description thereof in the Proxy Statement.

ARTICLE VII

ACCESS TO INFORMATION AND SERVICES

Section 7.01. Provision of Corporate Records.

(a) Except as may otherwise be provided in a Related Agreement, Promus shall arrange as soon as practicable following the Distribution Date, to the extent not previously delivered in connection with the transactions contemplated in Article II, for the transportation (at PRH's cost) to PRH of the PRH Books and Records in its possession, except to the extent such items are already in the possession of PRH or a PRH Subsidiary. Such PRH Books and Records shall be the property of PRH, but shall be available to Promus for review and duplication until Promus shall notify PRH in writing that such records are no longer of use to Promus or until the 10th anniversary of this Agreement.

(b) Except as otherwise provided in a Related Agreement, PRH shall arrange as soon as practicable following the Distribution Date, to the extent not previously delivered in connection with the transactions contemplated in Article II, for the transportation (at Promus's cost) to Promus of the Promus Books and Records in its possession, except to the extent such items are already in the possession of Promus. The Promus Books and Records shall be the property of Promus, but shall be available to PRH for review and duplication until PRH shall notify Promus in writing that such records are no longer of use to PRH or until the 10th anniversary of this Agreement.

Section 7.02. Access to Information. Except as otherwise

provided in a Related Agreement, from and after the Distribution Date, Promus shall afford to PRH and its authorized accountants, counsel and other designated representatives reasonable access

(including using reasonable efforts to give access to persons or firms possessing information) and duplicating rights during normal business hours to all records, books, contracts, instruments, computer data and other data and information relating to pre-Distribution operations (collectively, "Information") within Promus's possession insofar as such access is reasonably required by PRH for the conduct of its business, subject to appropriate restrictions for confidential or Privileged Information. Similarly, except as otherwise provided in a Related Agreement, PRH shall afford to Promus and its authorized accountants, counsel and other designated representatives reasonable access (including using reasonable efforts to give access to persons or firms possessing information) and duplicating rights during normal business hours to Information within PRH's possession, insofar as such access is reasonably required by Promus for the conduct of its business, subject to appropriate restrictions for confidential or Privileged Information. Information may be requested under this Article VII for the legitimate business purposes of either party, including without limitation, audit, accounting, claims (including claims for indemnification hereunder), litigation and tax purposes, as well as for purposes of fulfilling disclosure and reporting obligations and for performing this Agreement and the transactions contemplated hereby.

Section 7.03. Production of Witnesses. At all times from and

after the Distribution Date, each of PRH and Promus shall use reasonable efforts to make available to the other, upon written request, its and its subsidiaries' officers, directors, employees and agents as witnesses to the extent that such persons may reasonably be required in connection with any Action.

Section 7.04. Reimbursement. Except to the extent otherwise

contemplated in any Related Agreement, a party providing Information or witness services to the other party under this Article VII shall be entitled to receive from the recipient, upon the presentation of invoices therefor, payments of such amounts, relating to supplies, disbursements and other out-of-pocket expenses (at cost) and direct and indirect expenses of employees who are witnesses or otherwise furnish assistance (at cost), as may be reasonably incurred in providing such Information or witness services.

Section 7.05. Retention of Records. Except as otherwise

required by law or agreed to in a Related Agreement or otherwise in writing, each of Promus and PRH may destroy or otherwise dispose of any of the Information, which is material Information and is not contained in other Information retained by Promus or PRH, as the case may be, at any time after the 10th anniversary of this Agreement, provided that, prior to such destruction or disposal, (a) it shall provide no less than 90 or more than 120 days prior written notice to the other, specifying in reasonable detail the Information proposed to be destroyed or disposed of and (b) if a recipient of such notice shall request in writing prior to the scheduled date for such destruction or disposal that any of the Information proposed to be destroyed or disposed of be delivered to such requesting party, the party proposing the destruction or disposal shall promptly arrange for the delivery of such of the Information as was requested at the expense of the party requesting such Information.

Section 7.06. Confidentiality. Each of Promus and its

Subsidiaries on the one hand, and PRH and its Subsidiaries on the other hand, shall hold, and shall cause its consultants and advisors to hold, in strict confidence, all Information concerning the other in

its possession or furnished by the other or the other's representatives pursuant to this Agreement (except to the extent that such Information has been (i) in the public domain through no fault of such party or (ii) later lawfully acquired from other sources by such party), and each party shall not release or disclose such Information to any other person, except its auditors, attorneys, financial advisors, rating agencies, bankers and other consultants and advisors, unless compelled to disclose by judicial or administrative process or by other requirements of law or regulation, or unless such Information is reasonably required to be disclosed in connection with (x) any litigation with any third parties or litigation between the Promus Group and the PRH Group, (y) any contractual agreement to which the Promus Group or the PRH Group are currently parties, or (z) in exercise of either party's rights hereunder.

Section 7.07. Privileged Matters. Promus and PRH recognize that -----

legal and other professional services that have been and will be provided prior to the Distribution Date have been and will be rendered for the benefit of both the Promus Group and the PRH Group and that both the Promus Group and the PRH Group should be deemed to be the client for the purposes of asserting all Privileges. To allocate the interests of each party in the Privileged Information, the parties agree as follows:

(a) Promus shall be entitled, in perpetuity, to control the assertion or waiver of all Privileges in connection with Privileged Information which relates solely to the Retained Business, whether or not the Privileged Information is in the possession of or under the control of Promus or PRH. Promus shall also be entitled, in perpetuity, to control the assertion or waiver of all Privileges in connection with Privileged Information that relates

solely to the subject matter of any claims constituting Retained Liabilities, now pending or which may be asserted in the future, in any lawsuits or other proceedings initiated against or by Promus, whether or not the Privileged Information is in the possession of or under the control of Promus or PRH.

(b) PRH shall be entitled, in perpetuity, to control the assertion or waiver of all Privileges in connection with Privileged Information which relates solely to the PRH Business, whether or not the Privileged Information is in the possession of or under the control of Promus or PRH. PRH shall also be entitled, in perpetuity, to control the assertion or waiver of all Privileges in connection with Privileged Information which relates solely to the subject matter of any claims constituting PRH Liabilities, now pending or which may be asserted in the future, in any lawsuits or other proceedings initiated against or by PRH, whether or not the Privileged Information is in the possession of PRH or under the control of Promus or PRH.

(c) Promus and PRH agree that they shall have a shared Privilege, with equal right to assert or waive, subject to the restrictions in this Section 7.07, with respect to all Privileges not allocated pursuant to the terms of Sections 7.07(a) and (b). All Privileges relating to any claims, proceedings, litigation, disputes, or other matters which involve both Promus and PRH in respect of which Promus and PRH retain any responsibility or liability under this Agreement, shall be subject to a shared Privilege.

(d) No party may waive any Privilege which could be asserted under any applicable law, and in which the other party has a shared Privilege, without the consent of the other party, except to the extent reasonably required in connection with any litigation

with third parties or as provided in subsection (e) below. Consent shall be in writing, or shall be deemed to be granted unless written objection is made within 20 days after notice upon the other party requesting such consent.

(e) In the event of any litigation or dispute between a member of the Promus Group and a member of the PRH Group, either party may waive a Privilege in which the other party has a shared Privilege, without obtaining the consent of the other party, provided that such waiver of a shared Privilege shall be effective only as to the use of Information or counsel with respect to the litigation or dispute between the Promus Group and the PRH Group, and shall not operate as a waiver of the shared Privilege with respect to third parties.

(f) If a dispute arises between the parties regarding whether a Privilege should be waived to protect or advance the interest of either party, each party agrees that it shall negotiate in good faith, shall endeavor to minimize any prejudice to the rights of the other party, and shall not unreasonably withhold consent to any request for waiver by the other party. Each party specifically agrees that it will not withhold consent to waiver for any purpose except to protect its own legitimate interests.

(g) Upon receipt by any party of any subpoena, discovery or other request which arguably calls for the production or disclosure of Information subject to a shared Privilege or as to which the other party has the sole right hereunder to assert a Privilege, or if any party obtains knowledge that any of its current or former directors, officers, agents or employees have received any subpoena, discovery or other requests which arguably calls for the production or disclosure of such Privileged Information, such party shall promptly notify

the other party of the existence of the request and shall provide the other party a reasonable opportunity to review the Information and to assert any rights it may have under this Section 7.07 or otherwise to prevent the production or disclosure of such Privileged Information.

(h) The transfer of the PRH Books and Records and the Promus Books and Records and other Information between Promus and its Subsidiaries and PRH and its Subsidiaries, is made in reliance on the agreement of Promus and PRH, as set forth in Sections 7.06 and 7.07, to maintain the confidentiality of Privileged Information and to assert and maintain all applicable Privileges with respect to third parties. The access to information being granted pursuant to Sections 7.01 and 7.02 hereof, the agreement to provide witnesses and individuals pursuant to Section 7.03 hereof and the transfer of Privileged Information between Promus and its Subsidiaries and PRH and its Subsidiaries pursuant to this Agreement shall not be deemed a waiver of any Privilege that has been or may be asserted under this Agreement or otherwise.

ARTICLE VIII

ADDITIONAL COVENANTS

Section 8.01. Non-Competition Agreement.

(a) PRH. Until 5 years after the Distribution Date, PRH and its

Affiliates shall not, without the express written consent of Harrah's Entertainment, compete with the Casino Business of Harrah's Entertainment, provided (i) that two years after the Distribution Date and for the
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remaining term of this covenant, such restrictions shall not prevent PRH or any of its Affiliates from competing with the Casino Business in geographic areas where Harrah's Entertainment is prohibited, by law or by contract, from operating casino facilities

(or any additional casino facilities) and (ii) that such restrictions shall not prevent PRH or any of its Affiliates from operating the Hotel Business in competition with Harrah's Entertainment's casino facilities or from operating a limited scale casino (no more than 10,000 square feet or 300 gaming positions) in a predominantly hotel facility. In the event that PRH or any of its Affiliates determines to operate a limited scale casino as described above, PRH shall offer to Harrah's Entertainment the right to provide management or consulting services to PRH in connection therewith. In the event that PRH determines not to accept such services on the terms specified by Harrah's Entertainment, then PRH and its Affiliates shall not enter into any management or consulting agreement with any other person on terms and conditions that are less favorable to PRH than the terms offered by Harrah's Entertainment, without first offering such terms to Harrah's Entertainment.

(b) Harrah's Entertainment. Until 5 years after the

Distribution Date, Harrah's Entertainment and its Affiliates shall not, without the express written consent of PRH, compete with the Hotel Business of PRH, provided that such restrictions shall not prevent or impair the operation or ownership by Harrah's Entertainment or any of its Affiliates of any hotel facility related to or supporting a casino facility as such hotel facility may be operated presently or in the future.

(c) As used in this Section 8.01, the term "Affiliates" includes any entity in which PRH or Harrah's Entertainment owns a 20% or greater interest, but excludes any entity owning a controlling or other interest in either company (now or in the future). PRH and Harrah's Entertainment will not be permitted to unreasonably withhold their consent to transactions involving Affiliates that are not controlled by the other Company.

Section 8.02. Hiring of Employees. 8.02(ii) In order to provide

opportunities for increased line-level responsibility and career growth to field operations employees of Promus and PRH at the manager, director and vice-president officer levels, Promus and PRH and their respective Affiliates may employ any employee of the other company in the following categories:

- (1) General manager or assistant general manager of any Embassy Suites, Hampton Inn, Hampton Inn and Suites or Homewood Suites hotel.
- (2) Manager, director or vice president of any Harrah's casino operation.

Section 8.03. Settlement Agreement. PRH and Promus shall

cooperate with each other in respect of the Settlement Agreement by making available to each other such documents or other information and facilities which, in the reasonable opinion of the party requesting such documents or other information and facilities, may be necessary. PRH shall promptly advise Promus upon receipt of any notices or other communications related to the Settlement Agreement. Promus agrees to pay all of the out-of-pocket expenses (including any reasonable fees of legal counsel) of PRH related to such cooperation. PRH agrees that the defense or prosecution of the claims pursuant to the Settlement Agreement shall be solely under the direction and control of Promus; provided that, without PRH's consent, Promus may not

settle any claims or enter into any agreements in connection therewith if doing so would prejudice PRH in a manner not adequately compensated by the indemnification provided in Section 5.01.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Complete Agreement; Construction. This Agreement,

including the Schedules and Exhibits and the Related Agreements and other agreements and documents

referred to herein or delivered pursuant hereto, shall constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter.

Notwithstanding any other provisions in this Agreement to the contrary, in the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of the Related Agreements, then the Related Agreements shall control; provided, however, that this Agreement shall control in the event of any conflict between the provisions of this Agreement and the deeds which effect the transfer of the Transferred Real Property.

Section 9.02. Expenses. Except as otherwise set forth in this

Agreement or any Related Agreement, all costs and expenses incurred through the Distribution Date in connection with the preparation, execution, delivery and implementation of this Agreement, the Distribution and with the consummation of the transactions contemplated by this Agreement shall be charged to Promus (other than the costs and expenses of the PRH Credit Agreement, which shall be charged to PRH). Except as otherwise set forth in this Agreement or any Related Agreement, all costs and expenses incurred following the Distribution Date in connection with implementation of the transactions contemplated in this Agreement shall be charged to the party for whose benefit the expenses are incurred, with any expenses which cannot be allocated on such basis to be split equally between the parties.

Section 9.03. Accounting Adjustments. Except as otherwise set

forth in this Agreement or any Related Agreement, Promus and PRH agree (i) after the Distribution Date, to cooperate in finalizing any adjustments required to finalize accounting allocations and entries made to account for the transactions contemplated by this Agreement and the Related Agreements, and (ii) that any such adjustments shall be finalized by December 31, 1995. Subsequent to December 31, 1995, any accounting

required to adjust either PRH's or Promus's books and records shall be the responsibility of the respective companies and no adjustments will be made to account for the transactions contemplated by this Agreement and the Related Agreements. This Section 9.03 is not intended to impact any other sections of this Agreement or any of the Related Agreements.

Section 9.04. Governing Law. This Agreement shall be governed

by and construed in accordance with the laws of the State of Tennessee, without regard to the principles of conflicts of laws thereof.

Section 9.05. Notices. All notices and other communications

hereunder shall be in writing and shall be delivered by hand or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and shall be deemed given on the date on which such notice is received:

To PRH:

Promus Hotel Corporation
6800 Poplar Avenue, Suite 200
Memphis, TN 38138
Attention: Ralph B. Lake
General Counsel

To Promus:

The Promus Companies Incorporated
1023 Cherry Road
Memphis, Tennessee 38117
Attention: Corporate Secretary

Section 9.06. Amendments. This Agreement may not be modified or

amended except by an agreement in writing signed by the parties.

Section 9.07. Successors and Assigns. This Agreement and all of

the provisions hereof shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

Section 9.08. Termination. This Agreement may be terminated and

the Distribution abandoned at any time prior to the Distribution Date by and in the sole discretion of the Promus Board without the approval of PRH or of Promus's stockholders. In the event of such termination, no party shall have any liability to any other party pursuant to this Agreement.

Section 9.09. Subsidiaries. Each of the parties hereto shall

cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any Subsidiary of such party which is contemplated to be a Subsidiary of such party on and after the Distribution Date.

Section 9.10. No Third-Party Beneficiaries. This Agreement is

solely for the benefit of the parties hereto and their respective Subsidiaries and Affiliates and should not be deemed to confer upon third parties any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 9.11. Titles and Headings. Titles and headings to

sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 9.12. Exhibits and Schedules. The Exhibits and

Schedules shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

Section 9.13. Legal Enforceability. Any provision of this

Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without prejudice to any rights or remedies otherwise available to any party hereto, each party hereto acknowledges that damages would be an inadequate remedy for any breach of the provisions of this Agreement and agrees that the obligations of the parties hereunder shall be specifically enforceable.

Section 9.14. Arbitration of Disputes. (a) Any controversy or

claim arising out of this Agreement, or any breach of this Agreement, including any controversy relating to a determination of whether specific assets constitute PRH Assets or Retained Assets or whether specific Liabilities constitute PRH Liabilities or Retained Liabilities, but excluding any controversy relating to the matters set forth in Section 2.06, shall be settled by arbitration in accordance with the Rules of the American Arbitration Association then in effect, as modified by this Section 9.13 or by the further agreement of the parties.

(b) Such arbitration shall be conducted in Memphis, Tennessee.

(c) Any judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The arbitrators shall not, under any

circumstances, have any authority to award punitive, exemplary or similar damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Agreement.

(d) Nothing contained in this Section 9.13 shall limit or restrict in any way the right or power of a party at any time to seek injunctive relief in any court and to litigate the issues relevant to such request for injunctive relief before such court (i) to restrain the other party from breaching this Agreement or (ii) for specific enforcement of this Section 9.13. The parties agree that any legal remedy available to a party with respect to a breach of this Section 9.13 will not be adequate and that, in addition to all other legal remedies, each party is entitled to an order specifically enforcing this Section 9.13.

(e) The Parties hereby consent to the jurisdiction of the federal courts located in Memphis, Tennessee for all purposes.

(f) Neither party nor the arbitrators may disclose the existence or results of any arbitration under this Agreement or any evidence presented during the course of the arbitration without the prior written consent of both parties, except as required to fulfill applicable disclosure and reporting obligations, or as otherwise required by law.

(g) Each party shall bear its own costs incurred in the arbitration. If either party refuses to submit to arbitration any dispute required to be submitted to arbitration pursuant to this Section 9.13, and instead commences any other proceeding, including, without limitation, litigation, then the party who seeks enforcement of the obligation to arbitrate shall be entitled to its attorneys' fees and costs incurred in any such proceeding.

IN WITNESS WHEREOF, the parties have caused this Agreement to be
duly executed as of the day and year first above written.

THE PROMUS COMPANIES INCORPORATED,
a Delaware corporation

By: _____
Name: _____
Title: _____

PROMUS HOTEL CORPORATION,
a Delaware corporation

By: _____
Name: _____
Title: _____

SCHEDULES

1.01(a)	Existing Promus Credit Facilities
1.01(b)	PRH Liabilities
1.01(c)	Retained Assets
1.01(d)	Retained Liabilities
1.01(e)	Retained Real Property
1.01(f)	Transferred Joint Venture Interest
1.01(g)	Transferred Real Property
1.01(h)	Transferred Subsidiaries
2.01(a)	Excluded Assets

Schedule 1.01(a)

Existing Promus Credit Facilities

1. Credit Agreement dated as of July 22, 1993 among The Promus Companies Incorporated, Embassy Suites, Inc., Certain Subsidiaries of Embassy Suites, Inc., Various Banks, Bankers Trust Company, The Bank of New York, Credit Lyonnais, Atlanta Agency and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent.

As amended and restated pursuant to: Amended and Restated Credit Agreement dated as of June 9, 1995 among The Promus Companies Incorporated, Embassy Suites, Inc., Certain Subsidiaries of Embassy Suites, Inc., Various Banks, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (to be effective upon the satisfaction of certain conditions set forth therein on or before the Distribution Date)
2. Credit Agreement dated as of June 9, 1995 among The Promus Companies Incorporated, Embassy Suites, Inc., Certain Subsidiaries of Embassy Suites, Inc., Various Banks, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (to be effective upon the satisfaction of certain conditions set forth therein on or before the Distribution Date)
3. Credit Agreement dated as of June 1, 1994 among The Promus Companies Incorporated, Embassy Suites, Inc., Various Banks and Bankers Trust Company as Administrative Agent

Schedule 1.01(b)

PRH Liabilities

1. Capital Leases

Embassy - Tucson	\$	44,350
Embassy - Orlando	\$	31,362
Embassy - Thomas Road	\$	35,072
Embassy - Philadelphia Airport	\$	41,031
Information Technology	\$	1,773,302
Marketing Services Center	\$	68,061

2. Notes

Embassy - DeBanks Henwood	\$	917,641
Hampton - San Francisco land	\$	296,724

3. Guarantees

Meadowlands Land Lease	\$	29,356,749
Chicago Lombard	\$	500,000
Embassy Pacific Partner LP, Embassy Atlanta Buckhead Partners LP and Embassy LaJolla Partners LP	\$	4,000,000
Executive Life Guarantee	[Not to exceed \$8,100,000]	

4. Executive Life Guarantee, based on amounts allocable to PRH employee, not to exceed \$8,100,000

5. Executive Deferred Compensation Plans and Deferred Compensation Plan

6. Commitment to purchase \$25,000,000 of shares in Felcor Suites Hotels, Inc. or units in Felcor Suites Hotels Limited Partnership

7. Indemnity for hotel-related letters of credit issued under Bankers Trust facility

Schedule 1.01

Retained Assets

- - Aircraft
- - Hangar and related facilities at Memphis airport
- - Cherry Road office (including all furniture, fixtures and equipment located thereat or associated therewith)
- - Racquet Club Membership and suite
- - Memphis State Basketball tickets
- - Pyramid Arena Suite
- - Equitable portion of other purchased tickets, memberships, subscriptions and the like
- - Vehicles related principally to the Cherry road offices
- - Antique automobiles
- - Proceeds of Joe Francis life insurance in escrow

Schedule 1.01 (d)

Retained Liabilities

1. Hotel-related letters of credit issued under the Bankers Trust facility and covered by an indemnity agreement from PRH
2. Other hotel-related liabilities covered by an indemnity agreement from PRH

Schedule 1.01(e)

Retained Real Property

1. Casino in Reno, Nevada
2. Casino in Las Vegas, Nevada
3. Casino in Lake Tahoe, Nevada
4. Bill's Casino in Lake Tahoe, Nevada
5. Cherry Road campus in Memphis, Tennessee
6. Chalfonte property in Atlantic City, New Jersey
7. Camelot property in Atlantic City, New Jersey

Schedule 1.01(f)

Transferred Joint Venture Interests

1. Barshop-HII Joint Venture, a Texas general partnership formed

pursuant to that certain Joint Venture Agreement dated January 17, 1984 and amended by that certain Amendment to Joint Venture Agreement dated February 1, 1995 between Embassy Suites, Inc. and PMB Associates, Ltd.
2. Embassy AKERS Venture, a Georgia general partnership formed

pursuant to that certain Joint Venture Agreement dated March 2, 1984 among Embassy Suites, Inc., George H. Johnson, and Charles C. Barton.
3. SES/D.C. Venture, a District of Columbia general partnership

formed pursuant to that certain Amended and Restated Joint Venture Agreement dated April 8, 1988 between Embassy Suites, Inc., CHS/D.C. One Associates and Shuwa Hotel Joint Venture.
4. Embassy/GACL Lombard Venture, an Illinois general partnership

formed pursuant to that certain Joint Venture Agreement dated July 28, 1987 as amended by that certain First Amendment to Joint Venture Agreement of Embassy/GACL Lombard Venture dated June 30, 1992 between Embassy Suites, Inc., Embassy Development Corporation and GACL Lombard, Inc.
5. Embassy Shaw/Parsippany Venture, a New Jersey general

partnership formed pursuant to that certain Joint Venture Agreement dated January 4, 1986 between Embassy Suites, Inc. and CHS Parsippany Associates, L.P.
6. Embassy Shaw/Rochester Venture, a New York general partnership

formed pursuant to that certain Joint Venture Agreement dated April 7, 1989 between Embassy Suites, Inc. and CHS Investment Company, Inc.
7. EPT Atlanta-Perimeter Center Limited Partnership, a Delaware

limited partnership, formed pursuant to that certain Limited Partnership Agreement dated December 3, 1987 among Suite Life, Inc. and APCGEPT Realty Corporation as general partners and Embassy Suites, Inc. and EPT Hotel Equities Ltd. as limited partners.
8. EPT Austin Limited Partnership, a Delaware limited partnership

formed pursuant to that certain Limited Partnership Agreement dated July 11, 1986 as amended by that certain First Amendment to Limited Partnership Agreement dated December 12, 1986 among Suite Life, Inc. and ATEPT Realty Corporation as general partners and Embassy Suites, Inc. and EPT Hotel Equities Ltd. as limited partners.
9. EPT Bloomington Limited Partnership, a Delaware limited

partnership formed pursuant to that certain Limited Partnership Agreement dated July 11, 1986 as amended by that certain First Amendment to Limited Partnership Agreement dated December 12,

1986 among Suite Life, Inc. and BMEPT Realty Corporation as general partners and Embassy Suites, Inc. and EPT Hotel Equities Ltd. as limited partners.

10. EPT Covina Limited Partnership, a Delaware limited partnership

formed pursuant to that certain Limited Partnership Agreement dated July 11, 1986 as amended by that certain First Amendment to Limited Partnership Agreement dated December 12, 1986 among Suite Life, Inc. and CCEPT Realty Corporation as general partners and Embassy Suites, Inc. and EPT Hotel Equities Ltd. as limited partners.
11. EPT Crystal City Land Limited Partnership, a Delaware

limited partnership formed pursuant to that certain Limited Partnership Agreement dated June 27, 1989 among Suite Life, Inc. and CCVEPT Realty Corporation as general partners and Embassy Suites, Inc. and EPT Hotel Equities Ltd. as limited partners.
12. EPT Kansas City Limited Partnership, a Delaware limited

partnership formed pursuant to that certain Limited Partnership Agreement dated July 11, 1986 as amended by that certain First Amendment to Limited Partnership Agreement dated December 12, 1986 among Suite Life, Inc. and KCMEPT Realty Corporation as general partners and Embassy Suites, Inc. and EPT Hotel Equities Ltd. as limited partners.
13. EPT Meadowlands Limited Partnership, a Delaware limited

partnership formed pursuant to that certain Limited Partnership Agreement dated December 3, 1987 among Suite Life, Inc. and MNJEPT Realty Corporation as general partners and Embassy Suites, Inc. and EPT Hotel Equities Ltd. as limited partners.
14. EPT Omaha Limited Partnership, a Delaware limited partnership

formed pursuant to that certain Limited Partnership Agreement dated July 11, 1986 as amended by that certain First Amendment to Limited Partnership Agreement dated December 12, 1986, among Suite Life, Inc. and ONEPT Realty Corporation as general partners and Embassy Suites, Inc. and EPT Hotel Equities Ltd. as limited partners.
15. EPT Overland Park Limited Partnership, a Delaware limited

partnership formed pursuant to that certain Limited Partnership Agreement dated December 3, 1987 among Suite Life, Inc. and OPKEPT Realty Corporation as general partners and Embassy Suites, Inc. and EPT Hotel Equities Ltd. as limited partners.
16. EPT Raleigh Limited Partnership, a Delaware limited partnership

formed pursuant to that certain Limited Partnership Agreement dated December 3, 1987 among Suite Life, Inc. and RNCEPT Realty Corporation as general partners and Embassy Suites, Inc. and EPT Hotel Equities Ltd. as limited partners.
17. EPT San Antonio Limited Partnership, a Delaware limited

partnership formed pursuant to that certain Limited Partnership Agreement dated July 11, 1986 and amended by that certain First Amendment to Limited Partnership Agreement December 12, 1986 among Suite Life, Inc. and SATEPT Realty Corporation as general;

partners and Embassy Suites, Inc. and EPT Hotel Equities Ltd. as limited partners.

18. E.S. Philadelphia Airport Joint Venture, a Pennsylvania general

partnership formed pursuant to that certain Joint Venture Agreement dated February 2, 1989 between Embassy Suites, Inc. and ES/PA, L.P.
19. Granada Royale Hometel-Tucson, an Arizona limited partnership

formed pursuant to that certain Certificate and Agreement of Limited Partnership dated March 3, 1975, amended by that certain Amendment to Certificate and Agreement of Limited Partnership dated August 18, 1975, and amended by that certain Second Amendment to Certificate and Agreement of Limited Partnership on December 10, 1975, among Embassy Suites, Inc. as general partner and certain limited partners.
20. Granada Royale Hometel-West, an Arizona limited partnership,

formed pursuant to that certain Certificate and Agreement of Limited Partnership dated January 1, 1976, amended by that certain Amended, Restated and Refiled Certificate and Agreement of Limited Partnership dated March 30, 1984, and amended by that certain Amendment to Certificate and Agreement of Limited Partnership dated March 28, 1985, among Embassy Suites, Inc. as general partner and certain limited partners.
21. King Street Station Hotel Associates, L.P., a Virginia limited

partnership formed pursuant to that certain Limited Partnership Agreement dated April 28, 1989 among The Oliver Carr Company and Duke Street Partnership L.P. as general partners and Embassy Suites, Inc. as limited partner.
22. MHV Joint Venture, a Texas general partnership formed pursuant

to that certain Joint Venture Agreement dated January 6, 1989 between Embassy Suites, Inc. and Submarin, L.P.
23. Pacific Market Investment Company, a California general

partnership formed pursuant to that certain Joint Venture Agreement dated December 19, 1986 between Harbor Drive Company and Embassy Suites, Inc.
24. Riverview/Embassy Joint Venture, an inactive joint

venture in which Embassy Suites has a 50% interest.
25. Embassy Suites Club No. Two, Inc., a Texas corporation in

which Embassy Suites, Inc. has a 49% ownership interest.

Schedule 1.01(g)

Transferred Real Property

1. Orlando - Lake Buena Vista (fee interest)
2. Phoenix - 24th & Thomas Road (ground lease interest)
3. Dallas - Market Center (leasehold interest)
4. Data Center Building (fee interest)
5. Ridgeway Center Offices - 850 Ridge Lake Boulevard, Memphis, Tennessee (multiple leasehold interests)
6. Ridgeway Center Offices - 860 Ridge Lake Boulevard, Memphis, Tennessee (multiple leasehold interests)
7. Ridgeway Center Offices - 959 Ridgeway Loop, Memphis, Tennessee (multiple leasehold interests)
8. Southwind - 8245 Tournament Drive, Memphis, Tennessee (multiple leasehold interests)
9. Southwind - 3239 Players Club Parkway, Memphis, Tennessee (leasehold interest)
10. 6800 Poplar, Memphis, Tennessee (leasehold interest)

Schedule 1.01(h)

Transferred Subsidiaries

1. Buckleigh, Inc. (100% owned by ESI)
2. ATM Hotels (50% owned by ESI; 50% owned by Pacific Hotels, Inc.)
3. Compass, Inc. (100% owned by ESI)
4. EJP Corporation (100% owned by ESI)
5. Embassy Development Corporation (100% owned by ESI)
6. Embassy Equity Development Corporation (100% owned by ESI)
7. Embassy Memphis Corporation (100% owned by ESI)
8. Embassy Pacific Equity Corporation (100% owned by ESI)
9. Embassy Suites Club No. 1, Inc. (100% owned by ESI)
10. Embassy Suites Club No. Three, Inc. (100% owned by ESI)
11. Embassy Suites De Mexico, S.A., De C.V. (96% owned by ESI)
12. Embassy Suites (Isla Verde), Inc. (100% owned by ESI)
13. Embassy Suites (Puerto Rico), Inc. (100% owned by ESI)
14. Embassy Vacation Resorts, Inc. (100% owned by ESI)
15. EPAM Corporation (100% owned by ESI)
16. ESI Development, Inc. (100% owned by ESI)
17. ESI Mortgage Development Corporation (100% owned by ESI)
18. ESI Mortgage Development Corporation II (100% owned by ESI)
19. E.S. Philadelphia Airport Venture (ESI owns a 90% interest)
20. GOL (Heathrow), Inc. (100% owned by ESI)
21. Granada Royale Hometel-West, a limited partnership (ESI owns a 50.003% interest)
22. Granada Royale Hometel-Tucson, a limited partnership (ESI owns a 65% interest)
23. Hampton Inns, Inc. (100% owned by ESI)
24. Old Town Hotel Corporation (100% owned by ESI)
25. Pacific Hotels, Inc. (100% owned by ESI)

Schedule 2.01(a)

Excluded Assets

Interests in those partnerships necessary to avoid Internal Revenue Code
Section 708 tax terminations.

Exhibit B-1

HARRAH'S ENTERTAINMENT, INC.
 PRO FORMA BALANCE SHEET
 AS OF MARCH 31, 1995
 (UNAUDITED)
 (IN THOUSANDS)

	HISTORICAL	ADJUSTMENTS	PRO FORMA
	-----	-----	-----
ASSETS			
Current assets			
Cash and cash equivalents.....	\$ 71,200	\$ (6,560) (a) 6,560 (b)	\$ 71,200
Receivables, including notes receivable of \$658 and less allowance for doubtful accounts of \$10,417.....	40,932	--	40,932
Deferred income taxes.....	19,363	--	19,363
Prepayments.....	6,494	--	6,494
Supplies.....	11,194	--	11,194
Other.....	16,565	--	16,565
Total current assets.....	165,748	--	165,748
Land, buildings riverboats and equipment.....	1,621,398	--	1,621,398
Less: Accumulated depreciation and amortization.....	(489,919)	--	(489,919)
	1,131,479	--	1,131,479
Net assets of discontinued operations.....	160,332	(5,000) (c) (3,170) (d) (152,162) (e)	--
Investments in and advance to nonconsolidated affiliates.....	111,499	--	111,499
Deferred costs and other.....	174,034	3,170 (d)	177,204
	\$ 1,743,092	\$ (157,162)	\$ 1,585,930
	-----	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable.....	\$ 56,563	\$ --	\$ 56,563
Accrued litigation settlement and related costs.....	1,873	--	1,873
Construction payables.....	2,589	--	2,589
Accrued expenses.....	167,321	(2,752) (a)	164,569
Current portion of long-term debt.....	1,330	--	1,330
Total current liabilities.....	229,676	(2,752)	226,924
Long-term debt.....	758,150	6,560 (b) (5,000) (c)	759,710
Deferred credits and other.....	73,259	--	73,259
Deferred income taxes.....	8,792	--	8,792
	1,069,877	(1,192)	1,068,685
Minority interests.....	20,002	--	20,002
Stockholders' equity			
Common Stock.....	10,252	(5) (f)	10,247
Capital surplus.....	358,456	(755) (f)	357,701
Retained earnings.....	288,676	(5,000) (a) (152,162) (e)	131,514
Deferred compensation related to restricted stock.....	(4,171)	1,192 (a) 760 (f)	(2,219)
Total stockholders' equity.....	653,213	(155,970)	497,243
	\$ 1,743,092	\$ (157,162)	\$ 1,585,930
	-----	-----	-----

See accompanying notes to pro forma financial statements.

HARRAH'S ENTERTAINMENT, INC.
PRO FORMA STATEMENT OF INCOME
FOR THE QUARTER ENDED MARCH 31, 1995
(UNAUDITED)
(IN THOUSANDS)

	HISTORICAL	ADJUSTMENTS	PRO FORMA
	-----	-----	-----
Revenues			
Casino.....	\$ 298,532	\$ --	\$ 298,532
Rooms.....	24,654	--	24,654
Food and beverage.....	41,885	--	41,885
Management fees.....	2,977	--	2,977
Other.....	23,390	--	23,390
Less: casino promotional allowances.....	(34,957)	--	(34,957)
	-----	-----	-----
Total revenues.....	356,481	--	356,481
	-----	-----	-----
Operating expense			
Direct			
Casino.....	(144,550)	--	(144,550)
Rooms.....	(7,640)	--	(7,640)
Food and beverage.....	(18,942)	--	(18,942)
Depreciation of buildings and equipment.....	(18,249)	--	(18,249)
Development costs.....	(4,248)	--	(4,248)
Other.....	(85,049)	(600) (g)	(85,649)
	-----	-----	-----
Total operating expenses.....	(278,678)	(600)	(279,278)
	-----	-----	-----
	77,803	(600)	77,203
Corporate expense.....	(5,382)	288 (g)	(5,094)
	-----	-----	-----
Operating income.....	72,421	(312)	72,109
Interest expense, net of interest capitalized.....	(22,064)	(123) (h)	(22,187)
Other.....	2,033	--	2,033
	-----	-----	-----
Income before income taxes and minority interest.....	52,390	(435)	51,955
Provision for income taxes.....	(20,357)	170 (i)	(20,187)
Minority interest.....	(3,337)	--	(3,337)
	-----	-----	-----
Income from continuing operations.....	\$ 28,696	\$ (265)	\$ 28,431
	-----	-----	-----
Income from continuing operations per share.....	\$ 0.28	\$ --	\$ 0.28
	-----	-----	-----
Average shares outstanding.....	103,014	--	103,014
	-----	-----	-----

See accompanying notes to pro forma financial statements.

HARRAH'S ENTERTAINMENT, INC.
NOTES TO PRO FORMA FINANCIAL STATEMENTS
MARCH 31, 1995

- (a) Reflects estimated incremental costs of the Distribution to be paid by Harrah's Entertainment and reported as a component of income from discontinued hotel operations in the second quarter 1995 consolidated income statement of Harrah's Entertainment and are not included in the pro forma statement of income.
- (b) Reflects additional revolver borrowings incurred to fund payments made in (a).
- (c) Records the allocation of an additional \$5.0 million of existing corporate debt to PRH by Promus prior to the Distribution.
- (d) Records the transfer to Harrah's Entertainment of the March 31, 1995, deferred finance charge balance which had been allocated to PRH.
- (e) Reflects Distribution of PRH Common Stock to Promus' stockholders.
- (f) Reflects cancellation of unvested RSP shares of PRH employees.
- (g) Reflects estimated net incremental operating costs of Harrah's Entertainment of approximately \$0.3 million, before income taxes, expected to be incurred after the Distribution primarily related to information technology and risk management functions.
- (h) Reflects additional interest expense incurred as a result of additional revolver borrowings in (b).
- (i) Reflects income tax effect of the pro forma adjustments to income at a 39.0% marginal tax rate.

PROMUS HOTEL CORPORATION
PRO FORMA BALANCE SHEET
AS OF MARCH 31, 1995
(UNAUDITED)
(IN THOUSANDS)

	HISTORICAL	ADJUSTMENTS	PRO FORMA
	-----	-----	-----
ASSETS			
Current assets			
Cash and cash equivalents.....	\$ 2,087	\$ --	\$ 2,087
Receivables, including notes receivable of \$581, less allowance for doubtful accounts of \$1,272.....	21,650	--	21,650
Deferred income taxes.....	2,863	--	2,863
Prepayments.....	1,464	--	1,464
Supplies.....	3,114	--	3,114
Other.....	197	--	197
	-----	-----	-----
Total current assets.....	31,375	--	31,375
	-----	-----	-----
Land, buildings and equipment.....	441,485	--	441,485
Less: Accumulated depreciation and amortization.....	(94,978)	--	(94,978)
	-----	-----	-----
	346,507	--	346,507
Investments in and advances to nonconsolidated affiliates.....	35,740	--	35,740
Deferred costs and other.....	44,208	(3,170) (a)	44,538
		3,000 (b)	
		500 (c)	
	-----	-----	-----
	\$ 457,830	\$ 330	\$ 458,160
	-----	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable.....	\$ 16,928	\$ --	\$ 16,928
Accrued expenses.....	14,870	--	14,870
Current portion of long-term debt.....	1,073	--	1,073
	-----	-----	-----
Total current liabilities.....	32,871	--	32,871
Long-term debt.....	211,458	3,000 (b)	219,958
		500 (c)	
		5,000 (d)	
Deferred credits and other.....	29,421	--	29,421
Deferred income taxes.....	23,748	--	23,748
	-----	-----	-----
	297,498	8,500	305,998
	-----	-----	-----
Stockholders' equity			
Common Stock.....	--	5,126 (e)	5,131
		5 (f)	
Capital surplus.....	--	147,036 (e)	147,791
		755 (f)	
Retained earnings.....	--	--	--
Deferred compensation related to restricted stock.....	--	(760) (f)	(760)
Parent company investment.....	160,332	(3,170) (a)	--
		(5,000) (d)	
		(152,162) (e)	
	-----	-----	-----
Total stockholders' equity.....	160,332	(8,170)	152,162
	-----	-----	-----
	\$ 457,830	\$ 330	\$ 458,160
	-----	-----	-----

See accompanying notes to pro forma financial statements.

PROMUS HOTEL CORPORATION
PRO FORMA STATEMENT OF INCOME
FOR THE QUARTER ENDED MARCH 31, 1995
(UNAUDITED)
(IN THOUSANDS)

	HISTORICAL	ADJUSTMENTS	PRO FORMA
	-----	-----	-----
Revenues			
Rooms.....	\$ 29,469	\$ --	\$ 29,469
Food and beverage.....	1,892	--	1,892
Franchise and management fees.....	17,496	--	17,496
Other.....	14,361	--	14,361
	-----	-----	-----
Total revenues.....	63,218	--	63,218
	-----	-----	-----
Operating expense			
Direct			
Rooms.....	(13,600)	--	(13,600)
Food and beverage.....	(1,702)	--	(1,702)
Depreciation of buildings and equipment.....	(6,760)	--	(6,760)
Other.....	(15,047)	(714)(g) (25)(h)	(15,786)
	-----	-----	-----
Total operating expenses.....	(37,109)	(739)	(37,848)
	-----	-----	-----
General and administrative.....	26,109	(739)	25,370
Property transactions.....	(868)	(928)(g)	(1,796)
	(298)	--	(298)
	-----	-----	-----
Operating income.....	24,943	(1,667)	23,276
Interest expense, net of interest capitalized.....	(8,407)	4,853 (i) (4,374)(j)	(7,928)
	-----	-----	-----
Other.....	51	--	51
	-----	-----	-----
Income before income taxes.....	16,587	(1,188)	15,399
Provision for income taxes.....	(6,983)	463 (k)	(6,520)
	-----	-----	-----
Income from continuing operations.....	\$ 9,604	\$ (725)	\$ 8,879
	-----	-----	-----
Income from continuing operations per share.....			\$ 0.17

Average shares outstanding.....		51,507 (e)	51,507
		-----	-----

See accompanying notes to pro forma financial statements.

PROMUS HOTEL CORPORATION
NOTES TO PRO FORMA FINANCIAL STATEMENTS
MARCH 31, 1995

- (a) Records the transfer back to Promus through parent company investment of the balance of historical unamortized deferred finance charges allocated by Promus to PRH as of March 31, 1995, based on the percentage of Promus' existing corporate debt expected to be retired using proceeds drawn under the PRH Bank Credit Facilities.
- (b) Records the estimated \$3.0 million of deferred finance charges expected to be incurred at the inception of the PRH Bank Credit Facilities and paid with funds drawn on the Facilities.
- (c) Records the payment by PRH of estimated organization costs using funds drawn under the PRH Bank Credit Facilities.
- (d) Records the allocation of an additional \$5.0 million of existing corporate debt to PRH by Promus prior to the Distribution.
- (e) Records the issuance of 51,259,000 shares of PRH Common Stock at the time of the Distribution.
- (f) Records the issuance of approximately 50,000 shares of restricted stock to PRH employees at the time of the Distribution. These shares replace Promus restricted shares held by these employees immediately prior to and cancelled upon consummation of the Distribution.
- (g) Records the estimated incremental costs, primarily for information technology, insurance programs and administrative support functions, expected to be incurred by PRH to support its stand-alone operations.
- (h) Records amortization of estimated organization costs (see Note (c)) on a straight-line basis over five years.
- (i) Reflects the reversal of historical interest expense allocated by Promus to PRH.
- (j) Reflects a full quarter of interest expense arising from the PRH Bank Credit Facilities, including:
 - i. interest on outstanding balance computed at LIBOR plus 0.55%. The LIBOR rate as of the date of receipt of the PRH Bank Credit Facilities commitment (6.75%) has been used as the basis for computing interest expense for this pro forma income statement.
 - ii. commitment fee on unused revolver balance at 0.20%.
 - iii. amortization of deferred finance charges incurred at inception of the PRH Bank Credit Facilities (see Note (b)) following the interest method over the expected five-year term of the debt.
 - iv. impact on PRH interest expense of the assumption from Promus of two interest rate swaps with a combined notional amount of \$100 million effectively converting a portion of PRH's floating rate bank debt to a fixed rate.
- (k) Reflects income tax effect of the pro forma adjustments to income at the 39% marginal income tax rate.

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CREDIT AGREEMENT

among

THE PROMUS COMPANIES INCORPORATED,

EMBASSY SUITES, INC.,

VARIOUS BANKS

and

BANKERS TRUST COMPANY,
as Administrative Agent

Dated as of June 1, 1995

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TABLE OF CONTENTS

	Page

SECTION 1. Amount and Terms of Credit	1
1.01 The Commitments	1
1.02 Minimum Amount of Each Borrowing	1
1.03 Notice of Borrowing	2
1.04 Disbursement of Funds	2
1.05 Notes	3
1.06 Conversions	4
1.07 Pro Rata Borrowings	4
1.08 Interest	4
1.09 Interest Periods	5
1.10 Increased Costs, Illegality, etc.	6
1.11 Compensation	9
1.12 Change of Lending Office	10
SECTION 2. Fees; Reductions of Revolving Loan	
Commitments.	10
2.01 Fees	10
2.02 Voluntary Termination of Unutilized Revolving Loan	
Commitments	10
2.03 Mandatory Reduction of Revolving Loan Commitments	11
SECTION 3. Prepayments; Payments; Taxes.	11
3.01 Voluntary Prepayments	11
3.02 Mandatory Repayments	12
3.03 Method and Place of Payment; Net Payments	12
SECTION 4. Conditions Precedent to the Effective	
Date and Revolving Loans	13
4.01 Execution of Agreement, Revolving Notes	13
4.02 Officer's Certificate	13
4.03 Opinions of Counsel	13
4.04 Corporate Documents; Proceedings	13
4.05 Adverse Change	14

4.06	Litigation	14
4.07	Approvals	14
4.08	Fees, etc.	15
4.09	No Default; Representations and Warranties	15
4.10	Notice of Borrowing	15

(i)

SECTION 5.	Representations, Warranties and	
	Agreements	16
5.01	Corporate or Partnership Status	16
5.02	Corporate or Partnership Power and Authority	16
5.03	No Violation	17
5.04	Governmental Approvals	17
5.05	Financial Statements; Financial Condition; Undisclosed	
	Liabilities	17
5.06	Litigation	18
5.07	True and Complete Disclosure	19
5.08	Use of Proceeds; Margin Regulations	19
5.09	Tax Returns and Payments	19
5.10	Compliance with ERISA	20
5.11	Properties	20
5.12	Compliance with Statutes, etc.	20
5.13	Investment Company Act	21
5.14	Public Utility Holding Company Act	21
5.15	Environmental Matters	21
5.16	Labor Relations	22
5.17	Patents, Licenses, Franchises and Formulas	22
5.18	Subordinated Debt	23
SECTION 6.	Covenants	23
6.01	Incorporation by Reference	23
SECTION 7.	Events of Default	24
7.01	Payments	24
7.02	Representations, etc.	25
7.03	Covenants	25
7.04	Default Under Other Agreements	25
7.05	Bankruptcy, etc.	26
7.06	ERISA	26
7.07	Judgments	27
7.08	Gaming Authority	27
7.09	Changes of Control	27
SECTION 8.	Definitions	28
SECTION 9.	The Administrative Agent.	33
9.01	Appointment	33
9.02	Nature of Duties	33
9.03	Lack of Reliance on the Administrative Agent	33

	Page

9.04 Certain Rights of the Administrative Agent	34
9.05 Reliance	34
9.06 Indemnification	34
9.07 The Administrative Agent in its Individual Capacity	35
9.08 Holders	35
9.09 Resignation by the Administrative Agent	35
SECTION 10. Miscellaneous	36
10.01 Payment of Expenses, etc.	36
10.02 Right of Setoff	38
10.03 Notices	39
10.04 Benefit of Agreement	39
10.05 No Waiver; Remedies Cumulative	43
10.06 Payments Pro Rata	43
10.07 Calculations; Computations	44
10.08 Governing Law; Submission to Jurisdiction; Venue; Waiver of Jury Trial	44
10.09 Counterparts	45
10.10 Effectiveness	46
10.11 Headings Descriptive	46
10.12 Amendment or Waiver	46
10.13 Survival	47
10.14 Domicile of Loans	47
10.15 Application of Gaming Regulations.	47
10.16 Confidentiality.	48
SCHEDULE I Commitments	
SCHEDULE II Bank Addresses	
EXHIBIT A Form of Notice of Borrowing	
EXHIBIT B Form of Revolving Note	
EXHIBIT C Form of Officers' Certificate	
EXHIBIT D Form of Assignment and Assumption Agreement	

CREDIT AGREEMENT, dated as of June 1, 1995, among THE PROMUS COMPANIES INCORPORATED, a Delaware corporation ("Parent"), EMBASSY SUITES, INC., a Delaware corporation (the "Borrower"), the financial institutions party hereto from time to time (the "Banks"), and Bankers Trust Company, as Administrative Agent (in such capacity, and together with any successor agent, the "Administrative Agent"). Unless otherwise defined herein, all capitalized terms used herein and defined in Section 8 shall have the respective meanings provided in said Section 8, and all other capitalized terms used herein and defined in the Existing Promus/Embassy Credit Agreement (as defined in said Section 8) shall have the respective meanings provided in said Existing Promus/Embassy Credit Agreement.

W I T N E S S E T H :

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WHEREAS, subject to and upon the terms and conditions herein set forth, the Banks are willing to make available to the Borrower the credit facility provided for herein;

NOW, THEREFORE, IT IS AGREED:

SECTION 1. Amount and Terms of Credit.

1.01 The Commitments. Subject to and upon the terms and

conditions set forth herein, each Bank severally agrees to make, from time to time on or after the Effective Date and prior to the Final Maturity Date, a revolving loan or revolving loans (each, a "Revolving Loan" and, collectively, the "Revolving Loans") to the Borrower, which Revolving Loans (i) shall, at the option of the Borrower, be Base Rate Loans or Eurodollar Loans, provided that, except as otherwise specifically provided in Section

1.10(b), all Revolving Loans comprising the same Borrowing shall at all times be of the same Type, (ii) may be repaid and reborrowed in accordance with the provisions hereof and (iii) shall not exceed for any Bank at any time outstanding that aggregate principal amount which equals the Revolving Loan Commitment of such Bank at such time.

1.02 Minimum Amount of Each Borrowing. The aggregate principal

amount of each Borrowing of Revolving Loans shall not be less than \$500,000. More than one Borrowing may

occur on the same date, but at no time shall there be outstanding more than five Borrowings of Eurodollar Loans.

1.03 Notice of Borrowing. Whenever the Borrower desires to make

a Borrowing of Revolving Loans hereunder, it shall give the Administrative Agent at its Notice Office at least one Business Day's prior written notice of each Base Rate Loan and at least three Business Days' prior written notice of each Eurodollar Loan to be made hereunder, provided that any such

notice shall be deemed to have been given on a certain day only if given before 12:00 Noon (New York time) on such day. Each such notice (each a "Notice of Borrowing"), except as otherwise expressly provided in Section 1.10, shall be irrevocable and shall be given by the Borrower in the form of Exhibit A, appropriately completed to specify the aggregate principal amount of the Revolving Loans to be made pursuant to such Borrowing, the date of such Borrowing (which shall be a Business Day), whether the Revolving Loans being made pursuant to such Borrowing are to be initially maintained as Base Rate Loans or Eurodollar Loans and, if Eurodollar Loans, the initial Interest Period to be applicable thereto. The Administrative Agent shall promptly give each Bank notice of such proposed Borrowing, of such Bank's proportionate share thereof and of the other matters required by the immediately preceding sentence to be specified in the Notice of Borrowing.

1.04 Disbursement of Funds. Except as otherwise specifically

provided in the immediately succeeding sentence, not later than 10:00 A.M. (New York time) on the date specified in each Notice of Borrowing, each Bank will make available its pro rata portion of each such Borrowing

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requested to be made on such date. All such amounts shall be made available in Dollars and in immediately available funds at the Payment Office of the Administrative Agent, and the Administrative Agent will make available to the Borrower at the Payment Office the aggregate of the amounts so made available by the Banks. Unless the Administrative Agent shall have been notified by any Bank prior to the date of Borrowing that such Bank does not intend to make available to the Administrative Agent such Bank's portion of any Borrowing to be made on such date, the Administrative Agent may assume that such Bank has made such amount available to the Administrative Agent on such date of Borrowing and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Bank, the Administrative Agent shall be entitled to recover such corresponding amount on demand from

such Bank. If such Bank does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower and the Borrower shall immediately pay such corresponding amount to the Administrative Agent. The Administrative Agent shall also be entitled to recover on demand from such Bank or the Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrower until the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to (i) if recovered from such Bank, at the overnight Federal Funds Rate and (ii) if recovered from the Borrower, the rate of interest applicable to the respective Borrowing, as determined pursuant to Section 1.08. Nothing in this Section 1.04 shall be deemed to relieve any Bank from its obligation to make Revolving Loans hereunder or to prejudice any rights which the Borrower may have against any Bank as a result of any failure by such Bank to make Revolving Loans hereunder.

1.05 Notes. (a) The Borrower's obligation to pay the principal

of, and interest on, the Revolving Loans made by each Bank shall be evidenced by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit B with blanks appropriately completed in conformity herewith (each, a "Revolving Note" and, collectively, the "Revolving Notes").

(b) The Revolving Note issued to each Bank shall (i) be executed by the Borrower, (ii) be payable to the order of such Bank and be dated the Effective Date, (iii) be in a stated principal amount equal to the Revolving Loan Commitment of such Bank and be payable in the principal amount of the outstanding Revolving Loans evidenced thereby, (iv) mature on the Final Maturity Date, (v) bear interest as provided in the appropriate clause of Section 1.08 in respect of the Base Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby, (vi) be subject to voluntary and mandatory repayment as provided in Sections 3.01 and 3.02 and (vii) be entitled to the benefits of this Agreement and the other Credit Documents.

(c) Each Bank will note on its internal records the amount of each Revolving Loan made by it and each payment in respect thereof and will prior to any transfer of any of its Revolving Notes endorse on the reverse side thereof the outstanding principal amount of Revolving Loans evidenced thereby. Failure to make any such notation or any error in

any such notation or endorsement shall not affect the Borrower's obligations in respect of such Revolving Loans.

1.06 Conversions. The Borrower shall have the option to

convert, on any Business Day, all or a portion equal to at least \$500,000 of the outstanding principal amount of Revolving Loans made pursuant to one or more Borrowings of one or more Types of Revolving Loans into a Borrowing of another Type of Revolving Loan, provided that (i) except as otherwise

provided in Section 1.10(b), Eurodollar Loans may be converted into Base Rate Loans only on the last day of an Interest Period applicable to the Revolving Loans being converted and no such partial conversion of Eurodollar Loans shall reduce the outstanding principal amount of such Eurodollar Loans made pursuant to a single Borrowing to less than \$500,000, (ii) Base Rate Loans may only be converted into Eurodollar Loans if no Default or Event of Default is in existence on the date of the conversion and (iii) no conversion pursuant to this Section 1.06 shall result in a greater number of Borrowings of Eurodollar Loans than is permitted under Section 1.02. Each such conversion shall be effected by the Borrower giving the Administrative Agent at its Notice Office prior to 12:00 Noon (New York time) at least three Business Days' prior notice (each a "Notice of Conversion") specifying the Revolving Loans to be so converted, the Borrowing(s) pursuant to which such Revolving Loans were made and, if to be converted into Eurodollar Loans, the Interest Period to be initially applicable thereto. The Administrative Agent shall give each Bank prompt notice of any such proposed conversion affecting any of its Revolving Loans. Upon any such conversion, the proceeds thereof will be deemed to be applied directly on the day of such conversion to prepay the outstanding principal amount of the Revolving Loans being converted.

1.07 Pro Rata Borrowings. All Borrowings of Revolving Loans

under this Agreement shall be incurred from the Banks pro rata on the basis
--- ----
of their Revolving Loan Commitments. It is understood that no Bank shall be responsible for any default by any other Bank of its obligation to make Revolving Loans hereunder and that each Bank shall be obligated to make the Revolving Loans provided to be made by it hereunder, regardless of the failure of any other Bank to make its Revolving Loans hereunder.

1.08 Interest. (a) The Borrower agrees to pay interest in

respect of the unpaid principal amount of each Base Rate Loan from the date the proceeds thereof are made available to the Borrower until the maturity thereof (whether

by acceleration or otherwise) at a rate per annum which shall be equal to the Base Rate in effect from time to time.

(b) The Borrower agrees to pay interest in respect of the unpaid principal amount of each Eurodollar Loan from the date the proceeds thereof are made available to the Borrower until the maturity thereof (whether by acceleration or otherwise) at a rate per annum which shall be equal to the sum of the Applicable Margin plus the Eurodollar Rate for such Interest Period.

(c) Overdue principal and, to the extent permitted by law, overdue interest in respect of each Revolving Loan and any other overdue amount payable hereunder shall, in each case, bear interest at a rate per annum equal to the greater of (x) 2% per annum in excess of the Base Rate in effect from time to time and (y) the rate which is 2% in excess of the rate then borne by such Revolving Loans, in each case with such interest to be payable by the Borrower on demand.

(d) Accrued (and theretofore unpaid) interest shall be payable (i) in respect of each Base Rate Loan, quarterly in arrears on the last Business Day of each March, June, September and December, (ii) in respect of each Eurodollar Loan, on the last day of each Interest Period applicable thereto and (iii) in respect of each Revolving Loan, on any repayment or prepayment (on the amount repaid or prepaid), at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(e) Upon each Interest Determination Date, the Administrative Agent shall determine the Eurodollar Rate for each Interest Period applicable to Eurodollar Loans and shall promptly notify the Borrower and the Banks thereof. Each such determination shall, absent manifest error, be final and conclusive and binding on all parties hereto.

1.09 Interest Periods. At the time the Borrower gives any

Notice of Borrowing or Notice of Conversion in respect of the making of, or conversion into, any Eurodollar Loan (in the case of the initial Interest Period applicable thereto) or on the third Business Day prior to the expiration of an Interest Period applicable to such Eurodollar Loan (in the case of any subsequent Interest Period), the Borrower shall have the right to elect, by giving the Administrative Agent notice thereof, the interest period (each an "Interest Period") applicable to such Eurodollar Loan, which Interest Period shall, at the option of the Borrower, be a one, two or three-month period, provided that:

(i) all Eurodollar Loans comprising a Borrowing shall at all times have the same Interest Period;

(ii) the initial Interest Period for any Eurodollar Loan shall commence on the date of Borrowing of such Eurodollar Loan (including the date of any conversion thereto from a Revolving Loan of a different Type) and each Interest Period occurring thereafter in respect of such Eurodollar Loan shall commence on the day on which the next preceding Interest Period applicable thereto expires;

(iii) if any Interest Period relating to a Eurodollar Loan begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month;

(iv) if any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided, however, that if any Interest

Period for a Eurodollar Loan would otherwise expire on a day which is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day;

(v) no Interest Period may be selected at any time when a Default or an Event of Default is then in existence; and

(vi) no Interest Period shall be selected which extends beyond the Final Maturity Date.

If upon the expiration of any Interest Period applicable to a Borrowing of Eurodollar Loans, the Borrower has failed to elect, or is not permitted to elect, a new Interest Period to be applicable to such Eurodollar Loans as provided above, the Borrower shall be deemed to have elected to convert such Eurodollar Loans into Base Rate Loans effective as of the expiration date of such current Interest Period.

1.10 Increased Costs, Illegality, etc. (a) In the event that

any Bank shall have determined in good faith (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto but, with

respect to clause (i) below, may be made only by the Administrative Agent):

(i) on any Interest Determination Date that, by reason of any changes arising after the date of this Agreement affecting the interbank Eurodollar market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of Eurodollar Rate; or

(ii) at any time, that such Bank shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any Eurodollar Loan because of (x) any change since the date of this Agreement in any applicable law or governmental rule, regulation, order, guideline or request (whether or not having the force of law) or in the interpretation or administration thereof and including the introduction of any new law or governmental rule, regulation, order, guideline or request, such as, for example, but not limited to: (A) a change in the basis of taxation of payment to any Bank of the principal of or interest on such Eurodollar Loan or any other amounts payable hereunder (except for changes in the rate of tax on, or determined by reference to, the net income or profits of such Bank pursuant to the laws of the jurisdiction in which it is organized or in which its principal office or applicable lending office is located or any subdivision thereof or therein) or (B) a change in official reserve requirements, but, in all events, excluding reserves required under Regulation D to the extent included in the computation of the Eurodollar Rate and/or (y) other circumstances since the date of this Agreement affecting such Bank or the interbank Eurodollar market or the position of such Bank in such market; or

(iii) at any time, that the making or continuance of any Eurodollar Loan has been made (x) unlawful by any law or governmental rule, regulation or order, (y) impossible by compliance by any Bank in good faith with any governmental request (whether or not having force of law) or (z) impracticable as a result of a contingency occurring after the date of this Agreement which materially and adversely affects the interbank Eurodollar market;

then, and in any such event, such Bank (or the Administrative Agent, in the case of clause (i) above) shall promptly give notice (by telephone confirmed in writing) to the Borrower

and, except in the case of clause (i) above, to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Banks). Thereafter (x) in the case of clause (i) above, Eurodollar Loans shall no longer be available until such time as the Administrative Agent notifies the Borrower and the Banks that the circumstances giving rise to such notice by the Administrative Agent no longer exist, and any Notice of Borrowing or Notice of Conversion given by the Borrower with respect to Eurodollar Loans which have not yet been incurred (including by way of conversion) shall be deemed rescinded by the Borrower, (y) in the case of clause (ii) above, the Borrower agrees to pay to such Bank, upon written demand therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Bank in its sole discretion shall determine) as shall be required to compensate such Bank for such increased costs or reductions in amounts received or receivable hereunder (a written notice as to the additional amounts owed to such Bank, showing the basis for the calculation thereof, submitted to the Borrower by such Bank in good faith shall, absent manifest error, be final and conclusive and binding on all the parties hereto) and (z) in the case of clause (iii) above, the Borrower shall take one of the actions specified in Section 1.10(b) as promptly as possible and, in any event, within the time period required by law.

(b) At any time that any Eurodollar Loan is affected by the circumstances described in Section 1.10(a)(ii) or (iii) above, the Borrower may (and in the case of a Eurodollar Loan affected by the circumstances described in Section 1.10(a)(iii) above shall) either (x) if the affected Eurodollar Loan is then being made initially or pursuant to a conversion, cancel the respective Borrowing by giving the Administrative Agent telephonic notice (confirmed in writing) on the same date that the Borrower was notified by the affected Bank or the Administrative Agent pursuant to Section 1.10(a)(ii) or (iii) above or (y) if the affected Eurodollar Loan is then outstanding, upon at least three Business Days' written notice to the Administrative Agent, require the affected Bank to convert such Eurodollar Loan into a Base Rate Loan, provided that, if more than one Bank

is affected at any time, then all affected Banks must be treated the same pursuant to this Section 1.10(b).

(c) If at any time any Bank determines that the introduction of or any change in any applicable law or governmental rule, regulation, order, guideline, directive or

request (whether or not having the force of law and including, without limitation, those announced or published prior to the Effective Date) concerning capital adequacy, or any change in interpretation or administration thereof by any governmental authority, central bank or comparable agency, will have the effect of increasing the amount of capital required or expected to be maintained by such Bank or any corporation controlling such Bank based on the existence of such Bank's Revolving Loan Commitment hereunder or its obligations hereunder, then the Borrower agrees to pay to such Bank, upon its written demand therefor, such additional amounts as shall be required to compensate such Bank or such other corporation for the increased cost to such Bank or such other corporation or the reduction in the rate of return to such Bank or such other corporation as a result of such increase of capital. In determining such additional amounts, each Bank will act reasonably and in good faith and will use averaging and attribution methods which are reasonable, provided

that such Bank's reasonable good faith determination of compensation owing under this Section 1.10(c) shall, absent manifest error, be final and conclusive and binding on all the parties hereto. Each Bank, upon determining that any additional amounts will be payable pursuant to this Section 1.10(c), will give prompt written notice thereof to the Borrower, which notice shall show the basis for calculation of such additional amounts.

1.11 Compensation. The Borrower agrees to compensate each Bank,

upon its written request (which request shall set forth the basis for requesting such compensation), for all reasonable losses, expenses and liabilities (including, without limitation, any loss, expense or liability incurred by reason of the liquidation or reemployment of deposits or other funds required by such Bank to fund its Eurodollar Loans but excluding any loss of anticipated profit) which such Bank may sustain: (i) if for any reason (other than a default by such Bank or the Administrative Agent) a Borrowing of, or conversion from or into, Eurodollar Loans does not occur on a date specified therefor in a Notice of Borrowing or Notice of Conversion (whether or not withdrawn by the Borrower or deemed withdrawn pursuant to Section 1.10(a)); (ii) if any repayment (including any repayment made pursuant to Section 3.01 or 3.02 or a result of an acceleration of the Revolving Loans pursuant to Section 7) or conversion of any of its Eurodollar Loans occurs on a date which is not the last day of an Interest Period with respect thereto; (iii) if any prepayment of any of its Eurodollar Loans is not made on any date specified in a notice of prepayment given by the Borrower; or (iv) as a consequence of (x) any other default

by the Borrower to repay Revolving Loans when required by the terms of this Agreement or any Revolving Note held by such Bank or (y) any election made pursuant to Section 1.10(b).

1.12 Change of Lending Office. Each Bank agrees that on the

occurrence of any event giving rise to the operation of
Section 1.10(a)(ii), 1.10(a)(iii), 1.10(c) or 3.03 with respect to such
Bank, it will, if requested by the Borrower, use reasonable efforts
(subject to overall policy considerations of such Bank) to designate
another lending office for any Revolving Loans affected by such event,
provided that such designation is made on such terms that such Bank and its

lending office suffer no economic, legal or regulatory disadvantage, with
the object of avoiding the consequence of the event giving rise to the
operation of such Section. Nothing in this Section 1.12 shall affect or
postpone any of the obligations of the Borrower or the right of any Bank
provided in Sections 1.10 and 3.03.

SECTION 2. Fees; Reductions of Revolving Loan Commitments.

2.01 Fees. (a) The Borrower agrees to pay to the Administrative

Agent for distribution to each Bank a commitment commission (the
"Commitment Commission") for the period from the Effective Date to but
excluding the Final Maturity Date (or such earlier date as the Total
Revolving Loan Commitment shall have been terminated), computed at a rate
for each day equal to the Applicable Commitment Commission Percentage on
the daily average Unutilized Revolving Loan Commitment of such Bank.
Accrued Commitment Commission shall be due and payable quarterly in arrears
on the last Business Day of each March, June, September and December and on
the Final Maturity Date or such earlier date upon which the Total Revolving
Loan Commitment is terminated.

(b) The Borrower shall pay to the Administrative Agent, for its
own account, such fees as have been agreed to in writing by the Borrower
and the Administrative Agent.

2.02 Voluntary Termination of Unutilized Revolving Loan

Commitments. Upon at least two Business Days' prior written notice to the

Administrative Agent at its Notice Office (which notice the Administrative
Agent shall promptly transmit to each of the Banks), the Borrower shall
have the right, at any time or from time to time, without premium or
penalty, to terminate the Total Unutilized Revolving Loan Commitment, in
whole or in part, in integral multiples of \$500,000 in the case of partial
reductions to the Total Un

utilized Revolving Loan Commitment, provided that each such reduction shall

apply proportionately to permanently reduce the Revolving Loan Commitment
of each Bank.

2.03 Mandatory Reduction of Revolving Loan Commitments. (a) The

Total Revolving Loan Commitment (and the Revolving Loan Commitment of each
Bank) shall terminate in its entirety on the Final Maturity Date.

(b) In addition to any other mandatory commitment reductions
pursuant to this Section 2.03, on the 15th day after the date on which any
Change of Control occurs, the Total Revolving Loan Commitment shall be
reduced to zero unless the Required Banks otherwise agree in writing in
their sole discretion.

(c) The Total Revolving Loan Commitment shall be reduced, and
the Revolving Loan Commitment of the respective Former Bank shall be
terminated, in the amount and at the times provided in Section 10.04(d).

SECTION 3. Prepayments; Payments; Taxes.

3.01 Voluntary Prepayments. The Borrower shall have the right

to prepay the Revolving Loans made to it, without premium or penalty, in
whole or in part at any time and from time to time on the following terms
and conditions:

(i) the Borrower shall give the Administrative Agent prior to
12:00 Noon (New York time) at its Notice Office (x) at least one
Business Day's prior written notice (or telephonic notice promptly
confirmed in writing) of its intent to prepay Base Rate Loans and (y)
at least three Business Days' prior written notice (or telephonic
notice promptly confirmed in writing) of its intent to prepay
Eurodollar Loans, the amount of such prepayment and the Types of
Revolving Loans to be prepaid and, in the case of Eurodollar Loans,
the specific Borrowing or Borrowings pursuant to which made, which
notice the Administrative Agent shall promptly transmit to each of the
Banks;

(ii) each prepayment shall be in an aggregate principal amount of
at least \$500,000, provided that, if any partial prepayment of

Eurodollar Loans made pursuant to any Borrowing shall reduce the out-
standing Eurodollar Loans made pursuant to such Borrowing to an amount
less than \$500,000, then such Borrowing may not be continued as a
Borrowing of Eurodollar Loans and any election of

an Interest Period with respect thereto given by the Borrower shall have no force or effect; and

(iii) each prepayment in respect of any Revolving Loans made pursuant to a Borrowing shall be applied pro rata among such Revolving Loans.

3.02 Mandatory Repayments. (a) On any day on which the sum of

the aggregate outstanding principal amount of Revolving Loans exceeds the Total Revolving Loan Commitment as then in effect, there shall be required to be repaid on such date that principal amount of Revolving Loans equal to such excess.

(b) With respect to each repayment of Revolving Loans required by this Section 3.02, the Borrower may designate the Types of Revolving Loans which are to be repaid and, in the case of Eurodollar Loans, the specific Borrowing or Borrowings pursuant to which made, provided that:

(i) repayments of Eurodollar Loans pursuant to this Section 3.02 may only be made on the last day of an Interest Period applicable thereto unless all Eurodollar Loans with Interest Periods ending on such date of required repayment and all Base Rate Loans have been paid in full; (ii) if any repayment of Eurodollar Loans made pursuant to a single Borrowing shall reduce the outstanding Eurodollar Loans made pursuant to such Borrowing to an amount less than \$500,000 such Borrowing shall be converted at the end of the then current Interest Period into a Borrowing of Base Rate Loans; and (iii) each repayment of any Revolving Loans made pursuant to a Borrowing shall be applied pro rata among such Revolving Loans. In the absence

of a designation by the Borrower as described in the preceding sentence, the Administrative Agent shall, subject to the above, make such designation in its sole discretion.

(c) Notwithstanding anything to the contrary contained elsewhere in this Agreement, all then outstanding Revolving Loans shall be repaid in full on the Final Maturity Date.

3.03 Method and Place of Payment; Net Payments. All payments

made by the Borrower hereunder or under any Revolving Note shall be on the same basis as payments by the Borrower are made under Sections 4.03 and 4.04 of the Existing Promus/Embassy Credit Agreement, and the Borrower hereby agrees to pay all increased amounts, and all indemnities, as provided in said Sections, with necessary reference changes to relate to this Agreement, the Revolving Notes and the Revolving Loans hereunder.

SECTION 4. Conditions Precedent to the Effective Date and

Revolving Loans. The occurrence of the Effective Date pursuant to Section

10.10, and the obligation of each Bank to make Revolving Loans hereunder (including Revolving Loans made on the Effective Date) is subject, at the time of the Effective Date and each such Revolving Loan (except as hereinafter indicated), to the satisfaction of the following conditions:

4.01 Execution of Agreement, Revolving Notes. On or prior to

the Effective Date, (i) this Agreement shall have been executed and delivered as provided in Section 10.12 and (ii) there shall have been delivered to the Administrative Agent for the account of each Bank the appropriate Revolving Notes executed by the Borrower, in the amount, maturity and as otherwise provided herein.

4.02 Officer's Certificate. On the Effective Date, the

Administrative Agent shall have received a certificate dated the Effective Date signed on behalf of the Borrower by the President, any Senior Vice President or any Vice President of the Borrower stating that all of the conditions in Sections 4.05, 4.06, 4.07 and 4.09 have been satisfied on such date.

4.03 Opinions of Counsel. On the Effective Date, the Adminis-

trative Agent shall have received (i) from Latham & Watkins, counsel to the Credit Parties, an opinion addressed to the Administrative Agent and each of the Banks and dated the Effective Date, in form and substance satisfactory to the Administrative Agent and the Required Banks and (ii) from E.O. Robinson, Jr., General Counsel to the Credit Parties, an opinion addressed to the Administrative Agent and each of the Banks in form and substance satisfactory to the Administrative Agent and the Required Banks.

4.04 Corporate Documents; Proceedings. (a) On the Effective

Date, the Administrative Agent shall have received a certificate, dated the Effective Date, signed by the President, any Senior Vice President or any Vice President of each Credit Party, and attested to by the Secretary or any Assistant Secretary of such Credit Party, in the form of Exhibit C with appropriate insertions, together with the resolutions of such Credit Party referred to in such certificate, and the foregoing shall be acceptable to the Administrative Agent in its reasonable discretion.

(b) All corporate and legal proceedings and all instruments and agreements in connection with the transac-

tions contemplated by this Agreement shall be satisfactory in form and substance to the Administrative Agent and the Required Banks, and the Administrative Agent shall have received all information and copies of all other documents and papers, including records of corporate proceedings, governmental approvals, good standing certificates and bring-down telegrams, if any, which the Administrative Agent reasonably may have requested in connection therewith, such documents and papers where appropriate to be certified by proper corporate or governmental authorities.

4.05 Adverse Change. On or prior to the Effective Date, nothing

shall have occurred (and the Banks shall have become aware of no facts or conditions not previously known) which the Administrative Agent or the Required Banks shall determine has, or could reasonably be expected to have, a material adverse effect on the rights or remedies of the Administrative Agent or the Banks, or on the ability of any Credit Party to perform its obligations to the Administrative Agent and the Banks or which has, or could reasonably be expected to have, a materially adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

4.06 Litigation. On the Effective Date, no litigation by any

entity (private or governmental) shall be pending or threatened with respect to this Agreement or any documentation executed in connection herewith or the transactions contemplated hereby, or with respect to any material Indebtedness of Parent or any of its Subsidiaries or which the Administrative Agent or the Required Banks shall determine could reasonably be expected to have a materially adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

4.07 Approvals. (a) On or prior to the Effective Date, all

necessary governmental (domestic and foreign) and third party approvals (in any event including all approvals required of Gaming Authorities) in connection with the transactions contemplated by this Agreement and otherwise referred to herein shall be satisfied and no New Jersey or Nevada gaming license, authorization, qualification, waiver or exemption of the Banks is required on or prior to the Effective Date by reason of this Agreement.

(b) Parent, its shareholders and Subsidiaries shall have received any qualifications required under

applicable Gaming Regulations in connection with this Agreement and each Credit Party shall have received all other approvals, authorizations or consents of, or notices to or registrations with any governmental body and required releases and consents from other appropriate Persons in connection with this Agreement and shall have provided copies or other satisfactory evidence of all approvals, authorizations or consents referred to above to the Administrative Agent.

4.08 Fees, etc. On the Effective Date, the Borrower shall have

paid to the Administrative Agent and the Banks all costs, fees and expenses (including, without limitation, legal fees and expenses of counsel to the Administrative Agent only) payable to the Administrative Agent and the Banks to the extent then due.

4.09 No Default; Representations and Warranties. On the

Effective Date and at the time of each Revolving Loan and also after giving effect thereto (i) there shall exist no Default or Event of Default and (ii) all representations and warranties contained herein and in the other Credit Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on the Effective Date and on the date of the making of such Revolving Loans (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such a specified date).

4.10 Notice of Borrowing. Prior to the making of each Revolving

Loan, the Administrative Agent shall have received a Notice of Borrowing meeting the requirements of Section 1.03.

The occurrence of the Effective Date and the incurrence of each Revolving Loan shall constitute a representation and warranty by Parent and the Borrower to the Administrative Agent and each of the Banks that all of the applicable conditions specified in this Section 4 have been satisfied as of that time. All of the Revolving Notes, certificates, legal opinions and other documents and papers referred to in this Section 4, unless otherwise specified, shall be delivered to the Administrative Agent at the Notice Office for the account of each of the Banks and, except for the Revolving Notes, in sufficient counterparts for each of the Banks and shall be in form and substance satisfactory to the Required Banks.

SECTION 5. Representations, Warranties and Agreements. In order

to induce the Banks to enter into this Agreement and to make the Revolving Loans as provided herein, each of Parent and the Borrower makes the following representations, warranties and agreements, all of which shall survive the execution and delivery of this Agreement and the Revolving Notes and the making of the Revolving Loans, with the occurrence of the Effective Date and the incurrence of each Revolving Loan on or after the Effective Date being deemed to constitute a representation and warranty that the matters specified in this Section 5 are true and correct in all material respects on and as of the Effective Date and on the date of the incurrence of each such Revolving Loan (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date).

5.01 Corporate or Partnership Status. Each of Parent and each

of its Subsidiaries (i) is a duly organized and validly existing corporation or partnership in good standing under the laws of the jurisdiction of its organization, (ii) has the corporate or partnership power and authority to own its property and assets and to transact the business in which it is engaged and presently proposes to engage and (iii) is duly qualified and is authorized to do business and is in good standing in each jurisdiction where the ownership, leasing or operation of its property or the conduct of its business requires such qualifications except for failures to be so qualified which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

5.02 Corporate or Partnership Power and Authority. Each Credit

Party has the corporate or partnership power and authority to execute, deliver and perform the terms and provisions of this Agreement and the other Credit Documents to which it is a party and has taken all necessary corporate action to authorize the execution, delivery and performance by it of each of this Agreement and the other Credit Documents to which it is a party. Each Credit Party has duly executed and delivered this Agreement and the other Credit Documents to which it is a party, and this Agreement and the other Credit Documents to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their terms, except to the extent that the enforceability thereof may be limited by applicable bank-

ruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law).

5.03 No Violation. Neither the execution, delivery or

performance by any Credit Party of this Agreement or the other Credit Documents to which it is a party, nor compliance by it with the terms and provisions hereof or thereof, (i) will contravene any provision of any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality, (ii) will conflict with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of Parent or any of its Subsidiaries pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement or loan agreement, or any other material agreement, contract or instrument, to which Parent or any of its Subsidiaries is a party or by which it or any of its property or assets is bound or to which it may be subject or (iii) will violate any provision of the certificate of incorporation, partnership agreement or by-laws of Parent or any of its Subsidiaries.

5.04 Governmental Approvals. No order, consent, approval,

license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made), or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with, (i) the execution, delivery and performance of this Agreement or the other Credit Documents or (ii) the legality, validity, binding effect or enforceability of this Agreement or the other Credit Documents.

5.05 Financial Statements; Financial Condition; Undisclosed

Liabilities. (a) The statements of financial condition of Parent and its

Consolidated Subsidiaries at December 31, 1994 and March 31, 1995, and the related statements of income and cash flow and changes in shareholders' equity of Parent and its Consolidated Subsidiaries for the fiscal year and three-month period ended on such date, and furnished to the Banks prior to the Effective Date present fairly the financial condition of Parent and its Consolidated Subsidiaries at the date of such statements of financial condition and the results of the operations of Parent and its Consolidated Subsidiaries for such fiscal year. All such

financial statements have been prepared in accordance with generally accepted accounting principles and practices consistently applied. Since December 31, 1994, there has been no material adverse change in the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

(b) On and as of the Effective Date, after giving effect to all Indebtedness (including the Revolving Loans) being incurred or assumed by the Credit Parties in connection herewith, (a) the sum of the assets, at a fair valuation, of each of the Borrower and the Borrower and its Subsidiaries taken as a whole will exceed their respective debts; (b) none of the Borrower or the Borrower and its Subsidiaries taken as a whole has incurred, nor do they intend to incur or believe that they will incur, debts beyond their ability to pay such debts as such debts mature; and (c) each of the Borrower and the Borrower and its Subsidiaries taken as a whole will have sufficient capital with which to conduct its respective business. For purposes of this Section 5.05(b), "debt" means any liability on a claim, and "claim" means (i) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured or (ii) right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

(c) Except as fully disclosed in the financial statements delivered pursuant to Section 5.05(a), there were as of the Effective Date no liabilities or obligations with respect to Parent or any of its Subsidiaries of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, either individually or in aggregate, would be material to Parent and its Subsidiaries taken as a whole. As of the Effective Date, neither Parent nor the Borrower knows of any basis for the assertion against Parent or any of its Subsidiaries of any liability or obligation of any nature whatsoever that is not fully disclosed in the financial statements delivered pursuant to Section 5.05(a) which, either individually or in the aggregate, is material to Parent and its Subsidiaries taken as a whole.

5.06 Litigation. There are no actions, suits or proceedings

pending or, to the best knowledge of Parent or

the Borrower, threatened (i) with respect to this Agreement or the other Credit Documents, (ii) with respect to any material Indebtedness of Parent or any of its Subsidiaries or (iii) that could reasonably be expected to materially and adversely affect the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent or any of its Subsidiaries taken as a whole.

5.07 True and Complete Disclosure. All factual information

(taken as a whole) furnished by or on behalf of Parent or the Borrower in writing to the Administrative Agent or any Bank for purposes of or in connection with this Agreement, the other Credit Documents or any transaction contemplated herein or therein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of the Borrower in writing to the Administrative Agent or any Bank will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading in any material respect at such time in light of the circumstances under which such information was provided.

5.08 Use of Proceeds; Margin Regulations. (a) All proceeds of

the Revolving Loans shall be used by the Borrower (i) to pay fees and expenses related to this Agreement and (ii) for the Borrower's and its Subsidiaries' general corporate purposes.

(b) No part of the proceeds of any Revolving Loan will be used to purchase or carry any Margin Stock or to extend credit for the purpose of purchasing or carrying any Margin Stock. Neither the making of any Revolving Loan nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulation G, T, U or X of the Board of Governors of the Federal Reserve System.

5.09 Tax Returns and Payments. Each of Parent and its

Subsidiaries and each Person for whose tax Parent or any of its Subsidiaries could be liable has filed or caused to be filed with the appropriate taxing authority, all Returns required to be filed by it and has paid or caused to be paid (i) all material taxes due for the periods covered thereby and (ii) all taxes pursuant to any assessment received by Parent, any of its Subsidiaries or any such Person, excluding, in each case, any such taxes that have been contested in good faith and for which adequate reserves have been established in accordance with generally accepted accounting principles.

5.10 Compliance with ERISA. Each Plan is in substantial

compliance with ERISA and the Code; no Reportable Event has occurred with respect to a Plan; no Plan is insolvent or in reorganization; no Plan has an Unfunded Current Liability; no Plan has an accumulated or waived funding deficiency, has permitted decreases in its funding standard account or has applied for an extension of any amortization period within the meaning of Section 412 of the Code; neither Parent nor any Subsidiary of Parent nor any ERISA Affiliate has incurred any material liability to or on account of a Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 401(a)(29), 4971 or 4975 of the Code or expects to incur any liability under any of the foregoing Sections with respect to any Plan; no proceedings have been instituted by the PBGC to terminate or appoint a trustee to administer any Plan; no condition exists which presents a material risk to Parent or any Subsidiary of Parent or any ERISA Affiliate of incurring a liability to or on account of a Plan pursuant to the foregoing provisions of ERISA and the Code; no lien imposed under the Code or ERISA on the assets of Parent or any Subsidiary of Parent or any ERISA Affiliate exists or is likely to arise on account of any Plan; and Parent and its Subsidiaries may cease contributions to or terminate any employee benefit plan maintained by any of them without incurring any material liability to any person interested therein other than for accrued benefits; it being understood that any representation or warranty made in this Section 5.10 with respect to any multiemployer plan (labor union) is to the best knowledge of Parent and the Borrower.

5.11 Properties. Parent and each of its Subsidiaries have good

title to all material properties owned by them, free and clear of all Liens, other than Liens permitted by Section 9.01 of the Existing Promus/Embassy Credit Agreement as such Section is incorporated herein by reference.

5.12 Compliance with Statutes, etc. Each of Parent and each of

its Subsidiaries is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls), except such noncompliances as could not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condi-

tion (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

5.13 Investment Company Act. Neither Parent nor any of its

Subsidiaries is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

5.14 Public Utility Holding Company Act. Neither Parent nor any

of its Subsidiaries is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.15 Environmental Matters. (a) Parent and each of its

Subsidiaries have complied with, and on the Effective Date and the date of such Revolving Loan are in compliance with, all applicable Environmental Laws and the requirements of any permits issued under such Environmental Laws. There are no pending or, to the best knowledge of Parent or the Borrower after due inquiry, past or threatened Environmental Claims against Parent or any of its Subsidiaries or any Real Property owned or operated by Parent or any of its Subsidiaries that individually or in the aggregate could reasonably be expected to materially and adversely affect the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole. There are no facts, circumstances, conditions or occurrences on any Real Property owned or operated by Parent or any of its Subsidiaries or, to the best knowledge of Parent or the Borrower after due inquiry, on any property adjoining or in the vicinity of any such Real Property that, to the best knowledge of Parent or the Borrower after due inquiry, could reasonably be expected (i) to form the basis of an Environmental Claim against Parent or any of its Subsidiaries or any such Real Property that individually or in the aggregate could reasonably be expected to materially and adversely affect the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole, or (ii) to cause any such Real Property to be subject to any restrictions on the ownership, occupancy, use or transferability of such Real Property by Parent or any of its Subsidiaries under any applicable Environmental Law.

(b) Hazardous Materials have not at any time been generated, used, treated or stored on, or transported to or from, any Real Property owned or operated by Parent or any of

its Subsidiaries where such generation, use, treatment or storage has violated or could reasonably be expected to violate any Environmental Law. Hazardous Materials have not at any time been Released on or from any Real Property owned or operated by Parent or any of its Subsidiaries where such Release has violated or could reasonably be expected to violate any applicable Environmental Law. There are not now any underground storage tanks located on any Real Property owned or operated by Parent or any of its Subsidiaries which are not in compliance with all Environmental Laws.

(c) Notwithstanding anything to the contrary in this Section 5.15, the representations made in this Section 5.15 shall only be untrue if the aggregate effect of all failures and noncompliances of the types described above could reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

5.16 Labor Relations. Neither Parent nor any of its

Subsidiaries is engaged in any unfair labor practice that could reasonably be expected to have a material adverse effect on Parent and its Subsidiaries taken as a whole. There is (i) no unfair labor practice complaint pending against Parent or any of its Subsidiaries or, to the best knowledge of Parent or the Borrower, threatened against any of them, before the National Labor Relations Board, and no grievance or arbitration proceeding arising out of or under any collective bargaining agreement is so pending against Parent or any of its Subsidiaries or, to the best knowledge of Parent or the Borrower, threatened against any of them, (ii) no strike, labor dispute, slowdown or stoppage pending against Parent or any of its Subsidiaries or, to the best knowledge of Parent or the Borrower, threatened against Parent or any of its Subsidiaries and (iii) to the best knowledge of Parent or the Borrower, no union representation question existing with respect to the employees of Parent or any of its Subsidiaries, except (with respect to any matter specified in clause (i), (ii) or (iii) above, either individually or in the aggregate) such as could not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

5.17 Patents, Licenses, Franchises and Formulas. Each of Parent

and its Subsidiaries own all the patents, trademarks, permits, service marks, trade names, copyrights,

licenses, franchises and formulas, or rights with respect to the foregoing, and has obtained assignments of all leases and other rights of whatever nature, necessary for the present conduct of its business, without any known conflict with the rights of others which, or the failure to obtain which, as the case may be, would result in a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

5.18 Subordinated Debt. The subordination provisions of the

Subordinated Debt are enforceable against the respective borrower or guarantor thereunder, as the case may be, and all Obligations hereunder and under the other Credit Documents are within the definition of "Senior Debt" included in such subordination provisions, as the case may be.

SECTION 6. Covenants. Each of Parent and the Borrower covenants

and agrees that on and after the Effective Date and until the Total Revolving Loan Commitment has terminated and the Revolving Loans and Revolving Notes, together with interest and all other obligations incurred hereunder and thereunder, are paid in full:

6.01 Incorporation by Reference. Each of Parent and the

Borrower will comply with each of the covenants contained in Sections 8.01 through 8.10 of the Existing Promus/Embassy Credit Agreement and Sections 9.01 through 9.15 of the Existing Promus/Embassy Credit Agreement, which Sections, together with all definitions in the Existing Promus/Embassy Credit Agreement applicable to such Sections, are hereby incorporated by reference as if set forth herein in their entirety, provided that:

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- (a) all references to "Parent" therein shall mean and be a reference to "Parent" herein;
 - (b) all references to "the Company" therein shall mean and be a reference to the "Borrower" herein;
 - (c) all references to the "Borrower" or "Borrowers" therein shall mean and be a reference to the "Borrower" herein;
 - (d) all references to "this Agreement," "herein," "hereunder" and words of similar import therein shall mean and be a reference to this "Agreement";

(e) all references to "Parent and the Borrowers" therein shall mean and be a reference to "Parent and the Borrower" herein;

(f) all references to "Parent or any Borrower" therein shall mean and be a reference to "Parent or the Borrower" herein;

(g) all references to the "Administrative Agent" therein shall mean and be a reference to the "Administrative Agent" herein;

(h) all references to any "Bank" or the "Banks" therein shall mean and be a reference to any "Bank" or the "Banks" herein;

(i) all references to the "Required Banks" therein shall mean and be a reference to the "Required Banks" herein;

(j) all references to a "Default" therein shall mean and be a reference to a "Default" herein;

(k) all references to an "Event of Default" therein shall mean and be a reference to an "Event of Default" herein;

(l) Section 9.04 of the Existing Promus/Embassy Credit Agreement as incorporated herein by reference shall include Indebtedness incurred under this Agreement and the Revolving Notes; and

(m) if, and for so long as, the Existing Promus/Embassy Credit Agreement remains in effect, any provision of Section 9.02 or 9.05 of the Existing Promus/Embassy Credit Agreement as incorporated herein by reference which would give rise to a violation of Section 9.11 of the Existing Promus/Embassy Credit Agreement shall be deemed modified to the extent (but only to the extent) that the incorporation by reference of such Sections herein would not give rise to such a violation.

SECTION 7. Events of Default. Upon the occurrence of any of the

following specified events (each an "Event of Default"):

7.01 Payments. The Borrower shall (i) default in the payment

when due of any principal of any Revolving Loan

or any Revolving Note or (ii) default, and such default shall continue unremedied for three or more days, in the payment when due of any interest on any Revolving Loan or Revolving Note, or (iii) default, and such default shall continue unremedied for five or more days after written notice to the Borrower by the Administrative Agent or any Bank, in the payment when due of any other amounts owing hereunder or under any other Credit Document, provided, however, that such notice shall not be required to be given if a

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Default or an Event of Default under Section 7.05 shall have occurred and be continuing; or

7.02 Representations, etc. Any representation, warranty or

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statement made by any Credit Party herein or in any other Credit Document or in any certificate delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or

7.03 Covenants. Any Credit Party shall (i) default in the due

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performance or observance by it of any term, covenant or agreement contained in Section 8.01(e)(i), 8.08 or 9 of the Existing Promus/Embassy Credit Agreement as such Sections are incorporated herein by reference or (ii) default in the due performance or observance by it of any other term, covenant or agreement contained in this Agreement and such default shall continue unremedied for a period of 30 days after written notice to the Borrower by the Administrative Agent or any Bank; or

7.04 Default Under Other Agreements. (i) Parent or any

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Subsidiary of Parent shall (x) default in any payment of any Indebtedness (other than the Revolving Notes) beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created or (y) default in the observance or performance of any agreement or condition relating to any Indebtedness (other than the Revolving Notes) or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Indebtedness to become due prior to its stated maturity, or (ii) any Indebtedness (other than the Revolving Notes) of Parent or any Subsidiary of Parent shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated

maturity thereof, provided that it shall not be a Default or an Event of

Default under this Section 7.04 unless the aggregate principal amount of all Indebtedness as described in preceding clauses (i) and (ii) is at least \$25,000,000; or

7.05 Bankruptcy, etc. Parent or any Subsidiary of Parent shall

commence a voluntary case concerning itself under the Bankruptcy Code; or an involuntary case is commenced against Parent or any Subsidiary of Parent, and the petition is not controverted within 10 days, or is not dismissed within 60 days, after commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of Parent or any Subsidiary of Parent, or Parent or any Subsidiary of Parent commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to Parent or any Subsidiary of Parent, or there is commenced against Parent or any Subsidiary of Parent any such proceeding which remains undismissed for a period of 60 days, or Parent or any Subsidiary of Parent is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or Parent or any Subsidiary of Parent suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of 60 days; or Parent or any Subsidiary of Parent makes a general assignment for the benefit of creditors; or any corporate action is taken by Parent or any Subsidiary of Parent for the purpose of effecting any of the foregoing; or

7.06 ERISA. (a) Any Plan shall fail to satisfy the minimum

funding standard required for any plan year or part thereof or a waiver of such standard or extension of any amortization period is sought or granted under Section 412 of the Code, any Plan shall have had a trustee appointed by the PBGC to administer such Plan, any Plan is, shall have been or is likely to be terminated or to be the subject of termination proceedings under ERISA, any Plan shall have an Unfunded Current Liability, Parent or any Subsidiary of Parent or any ERISA Affiliate has incurred or is likely to incur a liability to or on account of a Plan under Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 401(a)(29), 4971 or 4975 of the Code, or Parent or any Subsidiary of Parent has incurred or is likely to incur liabilities pursuant to one or more employee welfare benefit plans (as defined in Section 3(1) of ERISA) which provide benefits to retired employees (other

than as required by Section 601 of ERISA) or employee pension benefit plans (as defined in Section 3(2) of ERISA); (b) there shall result from any such event or events the imposition of a lien, the granting of a security interest, or a liability or a material risk of incurring a liability; and (c) which lien, security interest or liability, in the opinion of the Required Banks, could reasonably be expected to have a material adverse effect upon the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole; or

7.07 Judgments. One or more judgments or decrees shall be

entered against Parent or any Subsidiary of Parent involving in the aggregate for Parent and its Subsidiaries a liability (not paid or fully covered by a reputable insurance company) and such judgments and decrees either shall be final and non-appealable or shall not be vacated, discharged or stayed or bonded pending appeal for any period of 30 consecutive days, and the aggregate amount of all such judgments exceeds \$10,000,000; or

7.08 Gaming Authority. Any Gaming Authority having jurisdiction

over any Casino Property shall determine that Parent or any of its Subsidiaries that is required to be qualified under the Gaming Regulations does not qualify, or that the qualification or license of any of them with respect to any Casino Property should be revoked, not renewed or suspended for more than 30 days, or any such Gaming Authority shall have appointed a conservator, supervisor or trustee to oversee any of the operations of any of them; or

7.09 Changes of Control. Any Change of Control shall have

occurred;

then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Administrative Agent, upon the written request of the Required Banks, shall by written notice to the Borrower, take any or all of the following actions, without prejudice to the rights of the Administrative Agent, any Bank or the holder of any Revolving Note to enforce its claims against either Credit Party (provided

that, if an Event of Default specified in Section 7.05 shall occur with respect to Parent or the Borrower, the result which would occur upon the giving of written notice by the Administrative Agent to the Borrower as specified in clauses (i) and (ii) below shall occur automatically without the giving of any such notice): (i) declare the Total Revolving Loan Commitment terminated, whereupon the

Revolving Loan Commitment of each Bank shall forthwith terminate immediately; and (ii) declare the principal of and any accrued interest in respect of all Revolving Loans and the Revolving Notes and all Obligations owing hereunder and thereunder to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Credit Party.

SECTION 8. Definitions. The following terms shall have the

meanings herein specified. Such definitions shall be equally applicable to the singular and plural forms of the terms defined.

"Administrative Agent" shall have the meaning provided in the first paragraph of this Agreement.

"Agreement" shall mean this Credit Agreement, as modified, supplemented, amended, restated (including any amendment and restatement thereof), extended, renewed, refinanced or replaced from time to time.

"Applicable Commitment Commission Percentage" shall mean a percentage per annum equal to the Applicable Commitment Commission Percentage in effect from time to time under the Existing Promus/Embassy Credit Agreement.

"Applicable Margin" shall mean a percentage per annum equal to the Applicable Margin in effect from time to time under the Existing Promus/Embassy Credit Agreement.

"Assignment and Assumption Agreement" shall mean the Assignment and Assumption Agreement substantially in the form of Exhibit D (appropriately completed).

"Bank" shall mean each of the financial institutions listed on Schedule I, as well as any Person which becomes a "Bank" hereunder pursuant to Section 10.04(b) or (c).

"Base Rate Loan" shall mean each Revolving Loan designated or deemed designated as such by the Borrower at the time of the incurrence thereof or conversion thereto.

"Borrower" shall have the meaning provided in the first paragraph of this Agreement.

"Borrowing" shall mean the borrowing of one Type of Revolving Loan from all the Banks having Revolving Loan

Commitments on a given date (or resulting from a conversion or conversions on such date) having in the case of Eurodollar Loans the same Interest Period, provided that Base Rate Loans incurred pursuant to Section 1.10(b) shall be considered part of the related Borrowing of Eurodollar Loans.

"Business Day" shall mean (i) for all purposes other than as covered by clause (ii) below, any day except Saturday, Sunday and any day which shall be in New York City a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close and (ii) with respect to all notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, any day which is a Business Day described in clause (i) above and which is also a day for trading by and between banks in the New York inter-bank Eurodollar market.

"Commitment Commission" shall have the meaning provided in Section 2.01(a).

"Credit Documents" shall mean this Agreement and the Revolving Notes.

"Credit Party" shall mean Parent and the Borrower.

"Default" shall mean any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

"Effective Date" shall have the meaning provided in Section 10.10.

"Eurodollar Loan" shall mean each Revolving Loan designated as such by the Borrower at the time of incurrence thereof or conversion thereto.

"Eurodollar Rate" shall mean (a) the offered quotation to first-class banks in the New York interbank Eurodollar market by the Administrative Agent for Dollar deposits of amounts in immediately available funds comparable to the outstanding principal amount of the Eurodollar Loan of the Administrative Agent with maturities comparable to the Interest Period applicable to such Eurodollar Loan commencing two Business Days thereafter as of 10:00 A.M. (New York time) on the date which is two Business Days prior to the commencement of such Interest Period, divided by (b) a percentage equal to 100% minus the then stated maximum rate of all reserve requirements (including, without limitation,

any marginal, emergency, supplemental, special or other reserves required by applicable law) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency funding or liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D).

"Event of Default" shall have the meaning provided in Section 7.

"Existing Promus/Embassy Credit Agreement" shall mean the Credit Agreement, dated as of July 22, 1993, among Parent, the Borrower, certain Subsidiaries of the Borrower, various lenders, Bankers Trust Company, The Bank of New York, Credit Lyonnais, Atlanta Agency, and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent, as such Credit Agreement is in effect on the Effective Date and without giving effect to any amendments, modifications, supplements or terminations thereof or thereto after the Effective Date unless, and to the extent, the Required Banks specifically agree that the respective change will be given effect to for purposes of this Agreement. Notwithstanding anything to the contrary contained above, for purposes of determining whether the Existing Promus/Embassy Credit Agreement remains in effect or has terminated, amendments, modifications, supplements or terminations thereof shall be given effect to.

"Fees" shall mean all amounts payable pursuant to or referred to in Section 2.01.

"Final Maturity Date" shall mean the earlier of (x) the consummation of the Hotel Spin-Off and (y) September 29, 1995.

"Former Bank" shall have the meaning provided in Section 10.04(c).

"Hotel Spin-Off" shall mean the consummation of the spin-off by Parent to its shareholders of the Hotel Business of the Borrower and its Subsidiaries as contemplated by Parent's Schedule 14A as filed with the SEC on March 22, 1995.

"Interest Determination Date" shall mean, with respect to any Eurodollar Loan, the second Business Day prior to the commencement of any Interest Period relating to such Eurodollar Loan.

"Interest Period" shall have the meaning provided in Section 1.09.

"Notice of Borrowing" shall have the meaning provided in Section 1.03.

"Notice of Conversion" shall have the meaning provided in Section 1.06.

"Notice Office" shall mean the office of the Administrative Agent located at 130 Liberty Street, New York, New York 10006, Attention: Patricia Rapisarda, or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"Obligations" shall mean all amounts owing to the Administrative Agent or any Bank pursuant to the terms of this Agreement or any other Credit Document.

"Parent" shall have the meaning provided in the first paragraph of this Agreement.

"Payment Office" shall mean the office of the Administrative Agent located at One Bankers Trust Plaza, New York, New York 10006, or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"Qualified Person" shall mean, with respect to any Bank party to this Agreement on the Effective Date or that becomes a Bank pursuant to Section 10.04(b) or 10.04(c), a banking or other licensed lending institution within the meaning of the New Jersey Gaming Regulations or a financial source or qualifier approved under the Gaming Regulations of the State of New Jersey applicable to lenders (or waived or exempted from the applicable requirements thereof) and which shall not have been found unsuitable under the Gaming Regulations of the State of Nevada applicable to lenders and which meets the requirements of all other jurisdictions regulating the gaming business of Parent and its Subsidiaries to the extent that the Borrower has so notified the Banks of such requirements of such other jurisdiction pursuant to Section 10.04(e).

"Required Banks" shall mean Banks, the sum of whose Revolving Loan Commitments (or after the termination thereof, outstanding Revolving Loans) represent an amount greater than fifty percent of the sum of the Total Revolving Loan

Commitment (or after the termination thereof, the sum of the then total outstanding Revolving Loans).

"Revolving Loan" shall have the meaning provided in Section 1.01.

"Revolving Loan Commitment" shall mean, for each Bank, the amount set forth opposite such Bank's name in Schedule I directly below the column entitled "Revolving Loan Commitment," as the same may be (x) reduced from time to time pursuant to Sections 2.02, 2.03 and/or 7 or (y) adjusted from time to time as a result of assignments to or from such Bank pursuant to Section 10.04.

"Revolving Note" shall have the meaning provided in Section 1.05(a).

"Substitute Bank" shall have the meaning provided in Section 10.04(c).

"Total Revolving Loan Commitment" shall mean, at any time, the sum of the Revolving Loan Commitments of each of the Banks.

"Total Unutilized Revolving Loan Commitment" shall mean, at any time, an amount equal to the remainder of (x) the then Total Revolving Loan Commitment less (y) the sum of the aggregate principal amount of Revolving Loans then outstanding.

"Type" shall mean the type of Revolving Loan determined with regard to the interest option applicable thereto, i.e., whether a Base Rate Loan or a Eurodollar Loan.

"Unutilized Revolving Loan Commitment" with respect to any Bank, at any time, shall mean such Bank's Revolving Loan Commitment at such time less an amount equal to the aggregate outstanding principal amount of all Revolving Loans made by such Bank.

"Withdrawal Period" shall have the meaning provided in Section 10.04(d).

SECTION 9. The Administrative Agent.

9.01 Appointment. The Banks hereby designate Bankers Trust

Company as Administrative Agent to act as specified herein and in the other Credit Documents. Each Bank hereby irrevocably authorizes, and each holder of any Revolving Note by the acceptance of such Revolving Note shall be deemed irrevocably to authorize, the Administrative Agent to take such action on its behalf under the provisions of this Agreement, the other Credit Documents and any other instruments and agreements referred to herein or therein and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of the Administrative Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto. The Administrative Agent may perform any of its duties hereunder by or through its officers, directors, agents or employees.

9.02 Nature of Duties. The Administrative Agent shall not have

any duties or responsibilities except those expressly set forth in this Agreement. Neither the Administrative Agent nor any of its officers, directors, agents or employees shall be liable for any action taken or omitted by it or them hereunder or under any other Credit Document or in connection herewith or therewith, unless caused by its or their gross negligence or willful misconduct. The duties of the Administrative Agent shall be mechanical and administrative in nature; the Administrative Agent shall not have by reason of this Agreement or any other Credit Document a fiduciary relationship in respect of any Bank or the holder of any Revolving Note; and nothing in this Agreement or any other Credit Document, expressed or implied, is intended to or shall be so construed as to impose upon the Administrative Agent any obligations in respect of this Agreement or any other Credit Document except as expressly set forth herein or therein.

9.03 Lack of Reliance on the Administrative Agent. Independ-

ently and without reliance upon the Administrative Agent, each Bank and the holder of each Revolving Note, to the extent it deems appropriate, has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of Parent and its Subsidiaries in connection with the making and the continuance of the Revolving Loans and the taking or not taking of any action in connection herewith and (ii) its own appraisal of the creditworthiness of Parent and its Subsidiaries and, except as expressly provided in this Agreement, the Administrative Agent shall not have any duty or responsibility, either initially

or on a continuing basis, to provide any Bank or the holder of any Revolving Note with any credit or other information with respect thereto, whether coming into its possession before the making of the Revolving Loans or at any time or times thereafter. The Administrative Agent shall not be responsible to any Bank or the holder of any Revolving Note for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, perfection, collectibility, priority or sufficiency of this Agreement or any other Credit Document or the financial condition of Parent or any of its Subsidiaries or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or any other Credit Document, or the financial condition of Parent or any of its Subsidiaries or the existence or possible existence of any Default or Event of Default.

9.04 Certain Rights of the Administrative Agent. If the

Administrative Agent shall request instructions from the Required Banks with respect to any act or action (including failure to act) in connection with this Agreement or any other Credit Document, the Administrative Agent shall be entitled to refrain from such act or taking such action unless and until the Administrative Agent shall have received instructions from the Required Banks; and the Administrative Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Bank or holder of any Revolving Note shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder or under any other Credit Document in accordance with the instructions of the Required Banks.

9.05 Reliance. The Administrative Agent shall be entitled to

rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telex, teletype or telecopier message, cablegram, radiogram, order or other document or telephone message signed, sent or made by any Person that the Administrative Agent believed to be the proper Person, and, with respect to all legal matters pertaining to this Agreement and any other Credit Document and its duties hereunder and thereunder, upon advice of counsel selected by the Administrative Agent.

9.06 Indemnification. To the extent the Administrative Agent is

not reimbursed and indemnified by the Credit Parties, the Banks will reimburse and indemnify the Adminis-

trative Agent, in proportion to their respective "percentages" as used in determining the Required Banks, for and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, costs, expenses or disbursements of whatsoever kind or nature which may be imposed on, asserted against or incurred by the Administrative Agent in performing its duties hereunder or under any other Credit Document, in any way relating to or arising out of this Agreement or any other Credit Document; provided that no Bank shall be liable for any portion of such liabilities,

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obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct.

9.07 The Administrative Agent in its Individual Capacity. With

respect to its obligation to make Revolving Loans under this Agreement, the Administrative Agent shall have the rights and powers specified herein for a "Bank" and may exercise the same rights and powers as though it were not performing the duties specified herein; and the term "Banks," "Required Banks," "holders of Revolving Notes" or any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with any Credit Party or any Subsidiary or Affiliate of any Credit Party as if it were not performing the duties specified herein, and may accept fees and other consideration from any Credit Party for services in connection with this Agreement and otherwise without having to account for the same to the Banks.

9.08 Holders. The Administrative Agent may deem and treat the

payee of any Revolving Note as the owner thereof for all purposes hereof unless and until a written notice of the assignment, transfer or endorsement thereof, as the case may be, shall have been filed with the Administrative Agent. Any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is the holder of any Revolving Note shall be conclusive and binding on any subsequent holder, transferee, assignee or indorsee, as the case may be, of such Revolving Note or of any Revolving Note or Revolving Notes issued in exchange therefor.

9.09 Resignation by the Administrative Agent. (a) The

Administrative Agent may resign from the performance of all its functions and duties hereunder and/or under the

other Credit Documents at any time by giving 15 Business Days' prior written notice to the Borrower and the Banks. Such resignation shall take effect upon the appointment of a successor Administrative Agent pursuant to clauses (b) and (c) below or as otherwise provided below.

(b) Upon any such notice of resignation, the Borrower shall appoint a successor Administrative Agent hereunder or thereunder who shall be a commercial bank or trust company reasonably acceptable to the Required Banks (it being understood and agreed that any Bank is deemed to be acceptable to the Required Banks), provided that, if a Default or an Event of

Default exists at the time of such resignation, the Required Banks shall appoint such successor Administrative Agent.

(c) If a successor Administrative Agent shall not have been so appointed within such 15 Business Day period, the Administrative Agent, with the consent of the Borrower, shall then appoint a successor Administrative Agent who shall serve as Administrative Agent hereunder or thereunder until such time, if any, as the Borrower or Required Banks, as the case may be, appoint a successor Administrative Agent as provided above.

(d) If no successor Administrative Agent has been appointed pursuant to clause (b) or (c) above by the 30th Business Day after the date such notice of resignation was given by the Administrative Agent, the Administrative Agent's resignation shall become effective and the Banks shall thereafter perform all the duties of the Administrative Agent hereunder and/or under any other Credit Document until such time, if any, as the Required Banks appoint a successor Administrative Agent.

SECTION 10. Miscellaneous.

10.01 Payment of Expenses, etc. (a) The Borrower shall: (i)

whether or not the transactions herein contemplated are consummated, pay all reasonable out-of-pocket costs and expenses of the Administrative Agent (including, without limitation, the reasonable fees and disbursements of White & Case) in connection with the preparation, execution and delivery of this Agreement and the other Credit Documents and the documents and instruments referred to herein and therein and any amendment, waiver or consent relating hereto or thereto, of the Administrative Agent in connection with its syndication efforts with respect to this Agreement and of the Administrative Agent and each of

the Banks in connection with the enforcement of this Agreement and the other Credit Documents and the documents and instruments referred to herein and therein (including, without limitation, the reasonable fees and disbursements of counsel (including allocated costs of in-house counsel) for the Administrative Agent and for each of the Banks); (ii) pay and hold each of the Banks harmless from and against any and all present and future stamp, excise and other similar taxes with respect to the foregoing matters and save each of the Banks harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to such Bank) to pay such taxes; and (iii) indemnify the Administrative Agent and each Bank, and each of their respective officers, directors, employees, representatives and agents from and hold each of them harmless against any and all liabilities, obligations (including removal or remedial actions), losses, damages, penalties, claims, actions, judgments, suits, costs, expenses and disbursements (including reasonable attorneys' (including allocated costs of in-house counsel) and consultants' fees and disbursements) incurred by, imposed on or assessed against any of them as a result of, or arising out of, or in any way related to, or by reason of, (a) any investigation, litigation or other proceeding (whether or not the Administrative Agent or any Bank is a party thereto) related to the entering into and/or performance of this Agreement or any other Credit Document or the use of the proceeds of any Revolving Loans or the consummation of any transactions contemplated herein or in the other Credit Documents (including, without limitation, the exercise of any of their rights or remedies provided herein or in the other Credit Documents), or (b) the actual or alleged presence of Hazardous Materials in the air, surface water or groundwater or on the surface or subsurface of any Real Property owned, leased or at any time operated by Parent or any of its Subsidiaries, the Release, generation, storage, transportation, handling or disposal of Hazardous Materials at any location, whether or not owned or operated by Parent or any of its Subsidiaries, the non-compliance of any Real Property with foreign, federal, state and local laws, regulations, and ordinances (including applicable permits thereunder) applicable to any Real Property, or any Environmental Claim relating in any way to Parent or any of its Subsidiaries, their operations, or any Real Property owned, leased or at any time operated by Parent or any of its Subsidiaries, including, in each case, without limitation, the reasonable fees and disbursements of counsel and other consultants incurred in connection with any such investigation, litigation or other proceeding (but excluding any losses, liabilities, claims, damages or expenses to the

extent incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified). To the extent that the undertaking to indemnify, pay or hold harmless the Administrative Agent or any Bank set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, the Borrower shall make the maximum contribution to the payment and satisfaction of each of the indemnified liabilities which is permissible under applicable law.

(b) The Borrower further agrees to pay the reasonable legal fees of gaming counsel for the Administrative Agent in New Jersey and Nevada and any other relevant state and all reasonable costs (including costs of investigation) associated with any qualification (or exemption or waiver therefrom) of any Bank under, or compliance in connection with, the Gaming Regulations in connection with this Agreement and further syndication under this Agreement after the Effective Date, provided that in the event that

any assignee Bank or potential assignee Bank is not already a Qualified Person (before giving effect to any actions taken to become such in connection with this Agreement), then all costs associated with such Person becoming a Qualified Person shall be borne by the respective assignee Bank or potential assignee Bank.

10.02 Right of Setoff. In addition to any rights now or

hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default, each Bank is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to any Credit Party or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other Indebtedness at any time held or owing by such Bank (including, without limitation, by branches and agencies of such Bank wherever located) to or for the credit or the account of the Credit Parties against and on account of the Obligations and liabilities of the Credit Parties to such Bank under this Agreement or under any Revolving Note, including, without limitation, all interests in Obligations purchased by such Bank pursuant to Section 10.06(b), and all other claims of any nature or description arising out of or connected with this Agreement or any such other Credit Document, irrespective of whether or not such Bank shall have made any demand hereunder and although said Obligations, liabilities or claims, or any of them, shall be contingent or unmatured.

10.03 Notices. Except as otherwise expressly provided herein,

all notices and other communications provided for hereunder shall be in writing (including telegraphic, telex, telecopier or cable communication) and mailed, telegraphed, telexed, telecopied, cabled or delivered: if to Parent or the Borrower at such Credit Party's address specified opposite its signature below; if to any Bank, at its address specified opposite its name on Schedule II; and if to the Administrative Agent, at its Notice Office; or, as to Parent, the Borrower or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties hereto and, as to each Bank, at such other address as shall be designated by such Bank in a written notice to the Borrower and the Administrative Agent. All such notices and communications shall, when mailed, telegraphed, telexed, telecopied, or cabled or sent by overnight courier, be effective when deposited in the mails, delivered to the telegraph company, cable company or overnight courier, as the case may be, or sent by telex or telecopier, except that notices and communications to the Administrative Agent and the Borrower shall not be effective until received by the Administrative Agent or the Borrower, as the case may be.

10.04 Benefit of Agreement. (a) This Agreement shall be

binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided, however,

the Borrower may not assign or transfer any of its rights, obligations or interest hereunder or under any other Credit Document without the prior written consent of the Administrative Agent and the Banks and, provided

further, that, although any Bank may transfer, assign or grant participa-

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tions in its rights hereunder, such Bank shall remain a "Bank" for all purposes hereunder (and may not transfer or assign all or any portion of its Revolving Loan Commitments hereunder except as provided in Section 10.04(b)) and the transferee, assignee or participant, as the case may be, shall not constitute a "Bank" hereunder and, provided further, that no Bank

shall transfer or grant any participation under which the participant shall have rights to approve any amendment to or waiver of this Agreement or any other Credit Document except to the extent such amendment or waiver would extend the final scheduled maturity of any Revolving Loan or Revolving Note in which such participant is participating, or reduce the rate or extend the time of payment of interest or Fees thereon (except in connection with a waiver of applicability of any post-default increase in interest rates) or reduce the principal amount thereof, or increase the amount of the

participant's participation over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default or of a mandatory reduction in the Total Revolving Loan Commitment shall not constitute a change in the terms of such participation, and that an increase in any Revolving Loan Commitment or Revolving Loan shall be permitted without the consent of any participant if the participant's participation is not increased as a result thereof). In the case of any such participation, the participant shall not have any rights under this Agreement or any of the other Credit Documents (the participant's rights against such Bank in respect of such participation to be those set forth in the agreement executed by such Bank in favor of the participant relating thereto) and the Borrower shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement and the other Credit Documents and all amounts payable by the Borrower hereunder shall be determined as if such Bank had not sold such participation. Any agreement pursuant to which any Bank may grant such a participation shall be in a form approved by the Administrative Agent and Parent and shall be satisfactory under the Gaming Regulations of the State of New Jersey so as not to require participants to be approved financial sources or qualified under such Gaming Regulations applicable to lenders.

(b) Notwithstanding the foregoing, any Bank (or any Bank together with one or more other Banks) may (x) assign all or a portion of its Revolving Loan Commitments and related outstanding Obligations hereunder to its parent company and/or any affiliate of such Bank which is at least 50% owned by such Bank or its parent company or to one or more Banks or (y) assign all, or if less than all, a portion equal to at least \$5,000,000 in the aggregate for the assigning Bank or assigning Banks, of such Revolving Loan Commitments and related outstanding Obligations hereunder, in either case to one or more Qualified Persons, each of which assignees shall become a party to this Agreement as a Bank by execution of an Assignment and Assumption Agreement, provided that, (i) at such time

Schedule I shall be deemed modified to reflect the Revolving Loan Commitments of such new Bank and of the existing Banks, (ii) new Revolving Notes will be issued to such new Bank and to the assigning Bank upon the request of such new Bank or assigning Bank, such new Revolving Notes to be in conformity with the requirements of Section 1.05 to the extent needed to reflect the revised Revolving Loan Commitments, (iii) the consent of the Administrative Agent shall be required in connection with any assignment (which consent shall not be unreasonably withheld) and (iv) the Adminis-

trative Agent shall receive at the time of each such assignment, from either the assigning or assignee Bank or Banks, the payment of a non-refundable assignment fee of \$3,500 in the case of any assignment to a Qualified Person which is not a Bank immediately prior to such assignment or \$1,000 in the case of any assignment to a then existing Bank. To the extent of any assignment pursuant to this Section 10.04(b), the assigning Bank shall be relieved of its obligations hereunder with respect to its assigned Revolving Loan Commitments. At the time of each assignment pursuant to this Section 10.04(b) to a Person which is not already a Bank hereunder and which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for Federal income tax purposes, the respective assignee Bank shall, to the extent legally entitled to do so, provide to the Borrower in the case of a Bank described in clause (ii) or (iv) of Section 4.04(b) of the Existing Promus/Embassy Credit Agreement, the forms described in such clause (ii) or (iv), as the case may be. To the extent that an assignment of all or any portion of a Bank's Revolving Loan Commitments and related outstanding Obligations pursuant to this Section 10.04(b) would, at the time of such assignment, result in increased costs under Section 1.11, 1.12 or 3.03 from those being charged by the respective assigning Bank prior to such assignment, then the Borrower shall not be obligated to pay such increased costs (although the Borrower shall be obligated to pay any other increased costs of the type described above resulting from changes after the date of the respective assignment).

(c) If the New Jersey Gaming Authorities shall determine that any Bank is not qualified as an approved financial source or otherwise does not meet the standards pursuant to the Gaming Regulations in New Jersey, or the Nevada Gaming Authorities shall determine that any Bank does not meet the Suitability Standards under the Nevada Gaming Regulations or any other Gaming Authority with jurisdiction over the gaming business of Parent and its Subsidiaries shall determine that any Bank does not meet its suitability standards (in any such case, a "Former Bank"), the Administrative Agent or the Borrower shall have the right (but not the duty) to designate a bank or banks (in each case, a "Substitute Bank," which may be any Bank or Banks that agree to become a Substitute Bank) that has agreed to assume the rights and obligations of the Former Bank, subject to receipt by the Administrative Agent of evidence that such Substitute Bank is a Qualified Person. The Substitute Bank shall assume the rights and obligations of the Former Bank under this Agreement pursuant to an Assignment and Assumption Agreement,

which assumption shall be required to comply with, and shall become effective in accordance with, the provisions of Section 10.04(b), provided

that the purchase price to be paid by the Substitute Bank to the Administrative Agent for the account of the Former Bank for such assumption shall equal the sum of (i) the unpaid principal amount of any Revolving Notes held or Revolving Loans made by the Former Bank plus accrued interest thereon plus (ii) such Former Bank's pro rata share of accrued Fees to the

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date of the assumption, and, provided further, the Borrower shall pay all

obligations owing to the Former Bank under the Credit Documents (including all obligations, if any, owing pursuant to Section 1.11, but excluding those amounts in respect of which the purchase price is being paid as provided above). Each Bank agrees that if it becomes a Former Bank, upon payment to it by the Borrower of all such amounts, if any, owing to it under the Credit Documents, it will execute and deliver an Assignment and Assumption Agreement, upon payment of such purchase price.

(d) Notwithstanding the provisions of subsection (c) of this Section 10.04, if any Bank becomes a Former Bank, and if the Administrative Agent or the Borrower fails to find a Substitute Bank pursuant to subsection (c) of this Section within any time period specified by the appropriate Gaming Authority for the withdrawal of a Former Bank (the "Withdrawal Period"), the Borrower shall, immediately (i) prepay in full the outstanding principal amount of each Revolving Note held or Revolving Loan made by such Former Bank, together with accrued interest thereon to the earlier of (x) the date of payment or (y) the last day of any Withdrawal Period, and (ii) if no Default or Event of Default then exists, terminate the Revolving Loan Commitment of such Former Bank.

(e) Subject to the last sentence of this Section 10.04(e), each Bank agrees that all participations and assignments made hereunder shall be subject to, and made in compliance with, all Gaming Regulations applicable to lenders. The Borrower hereby acknowledges that unless the Borrower has provided the Banks with a written opinion of counsel as to the suitability standards applicable to lenders of any relevant Gaming Authority (excluding New Jersey and Nevada except to the extent that the suitability standards set forth in the Gaming Regulations of such States change from those in effect on the Effective Date) with jurisdiction over the Gaming Business of Parent and its Subsidiaries, no Bank shall have the responsibility of determining whether or

not a potential assignee of such Bank would be a Qualified Person under the Gaming Regulations of any such jurisdiction.

(f) Nothing in this Agreement shall prevent or prohibit any Bank from pledging its Revolving Loans and Revolving Notes hereunder to a Federal Reserve Bank in support of borrowings made by such Bank from such Federal Reserve Bank.

10.05 No Waiver; Remedies Cumulative. No failure or delay on

the part of the Administrative Agent or any Bank or any holder of any Revolving Note in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between any Credit Party and the Administrative Agent or any Bank or the holder of any Revolving Note shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights, powers and remedies herein or in any other Credit Document expressly provided are cumulative and not exclusive of any rights, powers or remedies which the Administrative Agent or any Bank or the holder of any Revolving Note would otherwise have. No notice to or demand on any Credit Party in any case shall entitle any Credit Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Administrative Agent or any Bank or the holder of any Revolving Note to any other or further action in any circumstances without notice or demand.

10.06 Payments Pro Rata. (a) Except as otherwise provided in

this Agreement, the Administrative Agent agrees that promptly after its receipt of each payment from or on behalf of the Borrower in respect of any Obligations hereunder, it shall distribute such payment to the Banks (other than any Bank that has consented in writing to waive its pro rata share of

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any such payment) pro rata based upon their respective shares, if any, of
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the Obligations with respect to which such payment was received.

(b) Each of the Banks agrees that, if it should receive any amount hereunder (whether by voluntary payment, by realization upon security, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Credit Documents, or otherwise), which is applicable to the payment of the principal of, or interest on, the Revolving Loans or Commitment

Commission, of a sum which with respect to the related sum or sums received by other Banks is in a greater proportion than the total of such Obligation then owed and due to such Bank bears to the total of such Obligation then owed and due to all of the Banks immediately prior to such receipt, then such Bank receiving such excess payment shall purchase for cash without recourse or warranty from the other Banks an interest in the Obligations of the respective Party to such Banks in such amount as shall result in a proportional participation by all the Banks in such amount; provided that

if all or any portion of such excess amount is thereafter recovered from such Bank, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

10.07 Calculations; Computations. (a) The financial statements

to be furnished to the Banks pursuant hereto shall be made and prepared in accordance with generally accepted accounting principles in the United States consistently applied throughout the periods involved (except as set forth in the notes thereto or as otherwise disclosed in writing by Parent to the Banks); provided that, except as otherwise specifically provided

herein, all computations determining compliance with Sections 9.03 through 9.05, inclusive, and Sections 9.07 through 9.10, inclusive, of the Existing Promus/Embassy Credit Agreement, as such Sections are incorporated herein by reference, shall utilize accounting principles and policies in conformity with those used to prepare the historical financial statements delivered to the Banks pursuant to Section 5.05.

(b) All computations of interest, Commitment Commission and other Fees hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, Commitment Commission or other Fees are payable.

10.08 GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE; WAIVER

OF JURY TRIAL. (a) THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS AND THE

RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH CREDIT PARTY HEREBY IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROP-

ERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH CREDIT PARTY HEREBY FURTHER IRREVOCABLY WAIVES ANY CLAIM THAT ANY SUCH COURTS LACK JURISDICTION OVER SUCH CREDIT PARTY, AND AGREES NOT TO PLEAD OR CLAIM, IN ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT BROUGHT IN ANY OF THE AFORESAID COURTS, THAT ANY SUCH COURT LACKS JURISDICTION OVER SUCH CREDIT PARTY. EACH CREDIT PARTY FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH CREDIT PARTY AT ITS ADDRESS SET FORTH OPPOSITE ITS SIGNATURE BELOW, SUCH SERVICE TO BECOME EFFECTIVE 30 DAYS AFTER SUCH MAILING. EACH CREDIT PARTY HEREBY IRREVOCABLY WAIVES ANY OBJECTION TO SUCH SERVICE OF PROCESS AND FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY ACTION OR PROCEEDING COMMENCED HEREUNDER OR UNDER ANY OTHER CREDIT DOCUMENT THAT SERVICE OF PROCESS WAS IN ANY WAY INVALID OR INEFFECTIVE. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT UNDER THIS AGREEMENT, ANY BANK OR THE HOLDER OF ANY REVOLVING NOTE TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST ANY CREDIT PARTY IN ANY OTHER JURISDICTION.

(b) EACH CREDIT PARTY HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT BROUGHT IN THE COURTS REFERRED TO IN CLAUSE (a) ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

10.09 Counterparts. This Agreement may be executed in any

number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Borrower and the Administrative Agent.

10.10 Effectiveness. This Agreement shall become effective on

the date (the "Effective Date") and at the time on which (i) Parent, the Borrower and the Banks shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered the same to the Administrative Agent at its Notice Office or, in the case of the Banks, shall have given to the Administrative Agent telephonic (confirmed in writing), written or telex notice (actually received) at such office that the same has been signed and mailed to it and (ii) the conditions contained in Section 4 are met to the satisfaction of the Administrative Agent and the Required Banks. Unless the Administrative Agent has received actual notice from any Bank that the conditions contained in Section 4 have not been met to its satisfaction, upon the satisfaction of the condition described in clause (i) of the immediately preceding sentence and upon the Administrative Agent's good faith determination that the conditions described in clause (ii) of the immediately preceding sentence have been met, then the Effective Date shall have been deemed to have occurred, regardless of any subsequent determination that one or more of the conditions thereto had not been met (although the occurrence of the Effective Date shall not release any Credit Party from any liability for failure to satisfy one or more of the applicable conditions contained in Section 4). The Administrative Agent will give Parent, the Borrower and each Bank prompt written notice of the occurrence of the Effective Date.

10.11 Headings Descriptive. The headings of the several

sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

10.12 Amendment or Waiver. Neither this Agreement nor any other

Credit Document nor any terms hereof or thereof may be changed, waived, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the respective Credit Parties party thereto and the Required Banks, provided that no such change, waiver,

discharge or termination shall, without the consent of each Bank (with Obligations being directly affected thereby), (i) extend the final scheduled maturity of any Revolving Loan or Revolving Note, or reduce the rate or extend the time of payment of interest or Fees thereon, or reduce the principal amount thereof, (ii) amend, modify or waive any provision of this Section 10.12, (iii) reduce the percentage specified in the definition of Required Banks (it being understood that, with the consent of the Required Banks, additional extensions of

credit pursuant to this Agreement may be included in the determination of the Required Banks on substantially the same basis as the extensions of Revolving Loan Commitments are included on the Restatement Effective Date) or (iv) consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement; provided further, that no such

change, waiver, discharge or termination shall (x) increase the Revolving Loan Commitment of any Bank over the amount thereof then in effect without the consent of such Bank (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default or of a mandatory reduction in the Total Revolving Loan Commitment shall not constitute an increase of the Revolving Loan Commitment of any Bank, and that an increase in the available portion of any Revolving Loan Commitment of any Bank shall not constitute an increase in the Revolving Loan Commitment of such Bank) or (y) without the consent of the Administrative Agent, amend, modify or waive any provision of Section 9 or any other provision as same relates to the rights or obligations of the Administrative Agent.

10.13 Survival. All indemnities set forth herein including,

without limitation, in Sections 1.10, 1.11, 3.03, 9.06 and 10.01, shall survive the execution, delivery and termination of this Agreement and the Revolving Notes, and the making and repayment of the Revolving Loans.

10.14 Domicile of Loans. Each Bank may transfer and carry its

Revolving Loans at, to or for the account of any office, Subsidiary or Affiliate of such Bank. Notwithstanding anything to the contrary contained herein, to the extent that a transfer of Revolving Loans pursuant to this Section 10.14 would, at the time of such transfer, result in increased costs under Section 1.10, 1.11 or 3.03 (as a result of any of the events set forth in Section 4.04 of the Existing Promus/Embassy Credit Agreement, as such Section is incorporated herein by reference) from those being charged by the respective Bank prior to such transfer, then the Borrower shall not be obligated to pay such increased costs (although the Borrower shall be obligated to pay any other increased costs of the type described above resulting from changes after the date of the respective transfer).

10.15 Application of Gaming Regulations. Parent, the Borrower

and the Banks acknowledge that the consummation of the transactions contemplated by the Credit Documents is subject to the Gaming Regulations (and Parent and the

Borrower represent and warrant that all requisite approvals thereunder have been duly obtained).

10.16 Confidentiality. (a) Subject to the provisions of clause

(b) of this Section 10.16, each Bank agrees that it will use its best effort not to disclose without the prior consent of the Borrower (other than to its employees, auditors or counsel or to another Bank if the Bank or such Bank's holding or parent company in its sole discretion determines that any such party should have access to such information) any information with respect to Parent or any of its Subsidiaries which is now or in the future furnished pursuant to this Agreement or any other Credit Document and which is designated by the Borrower to the Banks in writing as confidential, provided that any Bank may disclose any such information (a)

as has become generally available to the public, (b) as may be required or appropriate in any report, statement or testimony submitted to any municipal, state or Federal regulatory body having or claiming to have jurisdiction over such Bank or to the Federal Reserve Board or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States or elsewhere) or their successors, (c) as may be required or appropriate in respect to any summons or subpoena or in connection with any litigation, (d) in order to comply with any law, order, regulation or ruling applicable to such Bank, and (e) to any prospective or actual transferee or participant in connection with any contemplated transfer or participation of any of the Revolving Notes or Revolving Loan Commitments or any interest therein by such Bank, provided, that such prospective

transferee executes an agreement with such Bank containing provisions substantially identical to those contained in this Section.

(b) The Borrower hereby acknowledges and agrees that each Bank may share with any of its affiliates any information related to Parent or any of its Subsidiaries (including, without limitation, any nonpublic customer information regarding the creditworthiness of Parent and its Subsidiaries).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

ADDRESSES

- - - - -

1023 Cherry Road
Memphis, TN 38117
Tel: (901) 762-8600
Fax: (901) 762-8777
Attn: Treasurer

(with a copy at the
same address to the
Corporate Secretary)

THE PROMUS COMPANIES INCORPORATED

By

Title:

1023 Cherry Road
Memphis, TN 38117
Tel: (901) 762-8600
Fax: (901) 762-8777
Attn: Treasurer

(with a copy at the
same address to the
Corporate Secretary)

EMBASSY SUITES, INC.

By

Title:

BANKERS TRUST COMPANY, Individually
and as Administrative Agent

By

Title:

SCHEDULE I

REVOLVING LOAN COMMITMENTS

Bank - - - - -	Revolving Loan Commitment -----
Bankers Trust Company	\$25,000,000 -----
Total:	\$25,000,000 =====

SCHEDULE II

BANK ADDRESSES

Bankers Trust Company
130 Liberty Street
New York, New York 10006
Attention: Mary Kay Coyle
Telephone No.: (212) 250-9094
Telecopier No.: (212) 250-7218

NOTICE OF BORROWING

[Date]

Bankers Trust Company, as
Administrative Agent for
the Banks party to
the Credit Agreement
referred to below
One Bankers Trust Plaza
New York, New York 10006

Attention: _____

Gentlemen:

The undersigned, Embassy Suites, Inc. (the "Borrower"), refers to the Credit Agreement, dated as of June 1, 1995 (as amended from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among The Promus Companies Incorporated, the Borrower, the financial institutions from time to time party thereto, and you, as Administrative Agent, and hereby gives you notice, irrevocably, pursuant to Section 1.03 of the Credit Agreement, that the undersigned hereby requests a Borrowing of Revolving Loans under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 1.03 of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is
_____, 19__1/
-

(ii) The aggregate principal amount of the Proposed Borrowing is \$_____.

1/ Shall be a Business Day at least one Business Day in
- -

the case of Base Rate Loans and three Business Days in the
case of Eurodollar Rate Loans, in each case, after the date
hereof.

(iii) The Revolving Loans to be made pursuant to the Proposed Borrowing shall be initially maintained as [Base Rate Loans] [Eurodollar Loans].

(iv) The initial Interest Period for the Proposed Borrowing is ____ month(s).^{2/}

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in the Credit Agreement and in the other Credit Documents are and will be true and correct in all material respects, both before and after giving effect to the Proposed Borrowing and to the application of the proceeds thereof, as though made on such date (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date); and

(B) no Default or Event of Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds thereof.

Very truly yours,

EMBASSY SUITES, INC.

By _____
Name:
Title:

^{2/} To be included for a Proposed Borrowing of Eurodollar Loans.

REVOLVING NOTE

\$ _____ New York, New York
_____, 1995

FOR VALUE RECEIVED, EMBASSY SUITES, INC., a Delaware corporation (the "Borrower"), hereby promises to pay to the order of _____ (the "Bank"), in lawful money of the United States of America in immediately available funds, at the office of Bankers Trust Company located at One Bankers Trust Plaza, New York, New York 10006 on the Final Maturity Date (as defined in the Agreement referred to below) the principal sum of _____ DOLLARS (\$_____) or, if less, the then unpaid principal amount of all Revolving Loans (as defined in the Agreement) made by the Bank pursuant to the Agreement.

The Borrower promises also to pay interest on the unpaid principal amount hereof in like money at said office from the date hereof until paid at the rates and at the times provided in Section 1.08 of the Agreement.

This Note is one of the Revolving Notes referred to in the Credit Agreement, dated as of June 1, 1995, among The Promus Companies Incorporated, Embassy Suites, Inc., the financial institutions from time to time party thereto (including the Bank) and Bankers Trust Company, as Administrative Agent (as from time to time in effect, the "Agreement"), and is entitled to the benefits thereof and of the other Credit Documents (as defined in the Agreement). As provided in the Agreement, this Note is subject to voluntary prepayment and mandatory repayment prior to the Final Maturity Date, in whole or in part.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND
BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

EMBASSY SUITES, INC.

By _____
Title:

[NAME OF CREDIT PARTY]

Officers' Certificate

I, the undersigned, [President/Senior Vice President/Vice President] of [Name of Credit Party], a corporation organized and existing under the laws of the State of _____ (the "Company"), do hereby certify that:

1. This Certificate is furnished pursuant to the Credit Agreement, dated as of June 1, 1995, among The Promus Companies Incorporated, Embassy Suites, Inc., the financial institutions from time to time party thereto and Bankers Trust Company, as Administrative Agent (such Credit Agreement, as in effect on the date of this Certificate, being herein called the "Credit Agreement"). Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the Credit Agreement.

2. The individuals named on Exhibit A hereto are elected officers of the Company or Authorized Signatories, and each either holds the office of the Company set forth opposite such officer's name and has held such office at least since _____, 1995, or has been designated an Authorized Signatory pursuant to the resolutions described in paragraph 5 hereof. The signature written opposite the name and title of each such officer or Authorized Signatory is such officer's or Authorized Signatory's correct signature.

3. Attached hereto as Exhibit B is a true and correct copy of resolutions which were duly adopted on _____, 19__ [by unanimous written consent of the Board of Directors of the Company] [by a meeting of the Board of Directors of the Company at which a quorum was present and acting throughout] [as required by the Partnership Agreement], and said resolutions have not been rescinded, amended or modified. Except as attached hereto as Exhibit D, no resolutions have been adopted by [the Board of Directors of] the Company which deal with the execution, delivery or performance of any of the Credit Documents to which the Company is a party.

[4. On the date hereof, all of the conditions in Sections 4.05, 4.06, 4.07 and 4.09 of the Credit Agreement have been satisfied.](1)

[4.][5.] There is no proceeding for the dissolution or liquidation of the Company or threatening its existence.

IN WITNESS WHEREOF, I have hereunto set my hand
this ____ day of _____, 1995.

Name:

Title:

- -----
(1) To be included in the Certificate delivered by Embassy Suites, Inc.

[NAME OF CREDIT PARTY]

I, the undersigned, [Secretary/Assistant Secretary] of the Company, do hereby certify that:

1. [Name of Person making above certifications] is the duly elected and qualified [President/Senior Vice President/Vice President] of the Company and the signature above is his genuine signature.

2. The certifications made by [name of Person making above certifications] in Items 2, 3 and 4 above are true and correct.

IN WITNESS WHEREOF, I have hereunto set my hand
this ____ day of _____, 1995.

Name:
Title:

Exhibit A
to Officers' Certificate

Name(2) -----	Office/ Authorized Signatory -----	Signature -----
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

2 Include name, office and signature of each officer who will sign any Credit Document, including the officer who will sign the certification at the end of this Certificate.

ASSIGNMENT AND ASSUMPTION AGREEMENT

Date _____, 19__

Reference is made to the Credit Agreement described in Item 2 of Annex I hereto (as such Credit Agreement may hereafter be amended, supplemented or otherwise modified from time to time, the "Credit Agreement"). Unless defined in Annex I hereto, terms defined in the Credit Agreement are used herein as therein defined. _____ (the "Assignor") and _____ (the "Assignee") hereby agree as follows:

1. The Assignor hereby sells and assigns to the Assignee without recourse and without representation or warranty (other than as expressly provided herein), and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the Credit Agreement as of the date hereof which represents the percentage interest specified in Item 4 of Annex I hereto (the "Assigned Share") of all of the outstanding rights and obligations under the Credit Agreement relating to the Revolving Loan Commitment of the Assignor, including, without limitation, all rights and obligations with respect to the Assigned Share of the Revolving Loans.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the other Credit Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or the other Credit Documents or any other instrument or document furnished pursuant thereto; and (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of Parent or any of its Subsidiaries or the performance or observance by any Credit Party of any of its respective obligations under the Credit Agreement or the other Credit Documents to which it is a party or any other instrument or document furnished pursuant thereto.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement and the other Credit Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption Agreement; (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the Assignor or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms that it is a Qualified Person; (iv) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Credit Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; [and] (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Bank[]; and (vi) to the extent legally entitled to do so, attaches the forms described in the penultimate sentence of Section 10.04(b) of the Credit Agreement]1/.

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4. Following the execution of this Assignment and Assumption Agreement by the Assignor and the Assignee, an executed original hereof (together with all attachments) will be delivered to the Administrative Agent. The effective date of this Assignment and Assumption Agreement shall be the date of execution hereof by the Assignor and the Assignee and the receipt of the consent of the Administrative Agent and receipt by the Administrative Agent of the administrative fee referred to in such Section 10.04(b), unless otherwise specified in Item 5 of Annex I hereto (the "Settlement Date").

5. Upon the delivery of a fully executed original hereof to the Administrative Agent, as of the Settlement Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Assumption Agreement, have the rights and obligations of a Bank thereunder and under the other Credit Documents and (ii) the Assignor shall, to the extent provided in this Assignment and Assumption Agreement, relinquish its rights and be re-

- -----

1/ Include if the Assignee is organized under the laws of
- -
a jurisdiction outside of the United States.

leased from its obligations under the Credit Agreement and the other Credit Documents.

6. It is agreed that the Assignee shall be entitled to (x) all interest on the Assigned Share of the Revolving Loans at the rates specified in Item 6 of Annex I; and (y) all Commitment Commission on the Assigned Share of the Total Revolving Loan Commitment at the rate specified in Item 7 of Annex I hereto, which, in each case, accrue on and after the Settlement Date; such interest and Commitment Commission to be paid by the Administrative Agent directly to the Assignee. It is further agreed that all payments of principal made on the Assigned Share of the Revolving Loans which occur on and after the Settlement Date will be paid directly by the Administrative Agent to the Assignee. Upon the Settlement Date, the Assignee shall pay to the Assignor an amount specified by the Assignor in writing which represents the Assigned Share of the principal amount of the respective Revolving Loans made by the Assignor pursuant to the Credit Agreement which are outstanding on the Settlement Date, net of any closing costs, and which are being assigned hereunder. The Assignor and the Assignee shall make all appropriate adjustments in payments under the Credit Agreement for periods prior to the Settlement Date directly between themselves.

7. THIS ASSIGNMENT AND ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Assignment and Assumption Agreement, as of the date first above written, such execution also being made on Annex I hereto.

Accepted this ____ day
of _____, 19__

[NAME OF ASSIGNOR]
as Assignor

By _____
Title:

[NAME OF ASSIGNEE]
as Assignee

By _____
Title:

Acknowledged and Agreed:

BANKERS TRUST COMPANY,
as Administrative Agent

By _____
Title:

ANNEX FOR ASSIGNMENT AND ASSUMPTION AGREEMENT

ANNEX I

1. Borrower:

Embassy Suites, Inc.

2. Name and Date of Credit Agreement:

Credit Agreement, dated as of June 1, 1995, among The Promus Companies Incorporated, the Borrower, the Banks party thereto from time to time and Bankers Trust Company, as Administrative Agent.

3. Date of Assignment Agreement:

4. Amounts (as of date of item #3 above):

Revolving
Loan Com-
mitment

a. Aggregate Amount
for all Banks \$_____

b. Assigned Share^{2/} _____%

c. Amount of
Assigned Share \$_____

5. Settlement Date: _____, 199_

6. Rate of Interest to the Assignee: As set forth in Section 1.08
of the Credit Agreement (unless
otherwise agreed to by the Assignor
and the Assignee)^{3/}
-

- - - - -

2/ Percentage taken to 12 decimal places.

- -

3/ The Borrower and the Administrative Agent shall direct

- -

the entire amount of the interest to the Assignee at the
rate set forth in Section 1.08 of the Credit Agreement,

(continued...)

7. Commitment Commission: As set forth in Section 2.01(a) of the Credit Agreement (unless otherwise agreed to by the Assignor and the Assignee)4/

8. Notice:

ASSIGNOR:

Attention:
Telephone:
Telecopier:
Reference:

ASSIGNEE:

Attention:
Telephone:
Telecopier:
Reference:

Payment Instructions:

ASSIGNOR:

Attention:

- - - - -

3/(...continued)

- -

with the Assignor and Assignee effecting the agreed upon sharing of the interest through payments by the Assignee to the Assignor.

4/ The Borrower and the Administrative Agent shall direct

- -

the entire amount of the Commitment Commission to the Assignee at the rate set forth in Section 2.01(a) of the Credit Agreement, with the Assignor and the Assignee effecting the agreed upon sharing of Commitment Commission through payment by the Assignee to the Assignor.

Reference:

ASSIGNEE:

Attention:

Reference:

Accepted and Agreed:

[NAME OF ASSIGNEE]

[NAME OF ASSIGNOR]

By _____

(Print Name and Title)

By _____

(Print Name and Title)

=====

CREDIT AGREEMENT

among

THE PROMUS COMPANIES INCORPORATED (which will be renamed
"HARRAH'S ENTERTAINMENT, INC."),

EMBASSY SUITES, INC. (which will be renamed
"HARRAH'S OPERATING COMPANY, INC."),

CERTAIN SUBSIDIARIES OF EMBASSY SUITES, INC.,

VARIOUS BANKS,

BANKERS TRUST COMPANY,

THE BANK OF NEW YORK,

CIBC INC.,

CREDIT LYONNAIS, ATLANTA AGENCY,

FIRST INTERSTATE BANK
OF CALIFORNIA,

THE LONG-TERM CREDIT
BANK OF JAPAN,
LIMITED, NEW YORK BRANCH,

NATIONSBANK OF GEORGIA, N.A.,

SOCIETE GENERALE

and

THE SUMITOMO BANK, LIMITED,
NEW YORK BRANCH,
as AGENTS

and

BANKERS TRUST COMPANY,
as ADMINISTRATIVE AGENT

Dated as of July 22, 1993
and
Amended and Restated
as of June 9, 1995

=====

TABLE OF CONTENTS

	Page

SECTION 1. Amount and Terms of Credit	1
1.01 The Commitments	1
1.02 Minimum Amount of Each Borrowing	6
1.03 Notice of Borrowing	6

1.04	Disbursement of Funds	7
1.05	Notes	8
1.06	Conversions	9
1.07	Pro Rata Borrowings	10
1.08	Interest	10
1.09	Interest Periods	11
1.10	Increased Costs, Illegality, etc.	12
1.11	Compensation	15
1.12	Change of Lending Office	16
1.13	Replacement of Banks	16
SECTION 2.	Letters of Credit	18
2.01	Letters of Credit	18
2.02	Minimum Stated Amount	20
2.03	Letter of Credit Requests	20
2.04	Letter of Credit Participations	20
2.05	Agreement to Repay Letter of Credit Drawings	24
2.06	Increased Costs	25
2.07	Responsibility of Letter of Credit Issuers; Reimbursement of Expenses and Disclaimer of Liability	26
SECTION 3.	Commitment Commission; Fees; Reductions of Revolving Loan Commitment	28
3.01	Fees	28
3.02	Voluntary Termination of Unutilized Revolving Loan Commit- ments	29
3.03	Mandatory Reduction of Revolving Loan Commitments	30
SECTION 4.	Prepayments; Payments; Taxes	32
4.01	Voluntary Prepayments	32
4.02	Mandatory Repayments.	33
4.03	Method and Place of Payment	35
4.04	Net Payments	35
SECTION 5.	Conditions Precedent to the Restatement	

Effective Date	38
5.01 Execution of Agreement; Notes	38
5.02 Officer's Certificate	39
5.03 Opinions of Counsel	39
5.04 Corporate Documents; Proceedings	39
5.05 Master Collateral Agreement	40
5.06 Pledge Agreements	40
5.07 Security Agreement	40
5.08 Company/Sub Guaranty	41
5.09 Mortgages; Title Insurance; Surveys; etc.	41
5.10 Assignment of Partnership Interests Agreement	42
5.11 Assignment of Leases	42
5.12 Net Lease Agreements	42
5.13 Consent Letter	42
5.14 Adverse Change	42
5.15 Litigation	43
5.16 Hotel Transaction	43
5.17 Approvals, etc.	44
5.18 Solvency Certificate; Evidence of Insurance	45
5.19 Payment of Fees, Etc.	46
5.20 364-Day Credit Agreement.	46
5.21 Schedules.	46
SECTION 6. Conditions Precedent to All Credit Events	47
6.01 No Default; Representations and Warranties	47
6.02 Notice of Borrowing; Letter of Credit Request	47
6.03 Election to Become a Subsidiary Borrower	47
SECTION 7. Representations, Warranties and	
Agreements	49
7.01 Corporate or Partnership Status	50
7.02 Corporate or Partnership Power and Authority	50
7.03 No Violation	50
7.04 Governmental Approvals	51
7.05 Financial Statements; Financial Condition; Undisclosed	
Liabilities; Projections; etc.	51
7.06 Litigation	53
7.07 True and Complete Disclosure	53
7.08 Use of Proceeds; Margin Regulations	53
7.09 Tax Returns and Payments	54
7.10 Compliance with ERISA	54

	Page

7.11 The Collateral Documents	55
7.12 Properties	56
7.13 Capitalization	57
7.14 Subsidiaries	57
7.15 Compliance with Statutes, etc.	57
7.16 Investment Company Act	58
7.17 Public Utility Holding Company Act	58
7.18 Environmental Matters	58
7.19 Labor Relations	59
7.20 Patents, Licenses, Franchises and Formulas	60
7.21 Existing Indebtedness	60
7.22 Hotel Transaction	60
7.23 No Other Ventures	61
SECTION 8. Affirmative Covenants	61
8.01 Information Covenants	61
8.02 Books, Records and Inspections	64
8.03 Maintenance of Property; Insurance	65
8.04 Corporate Franchises	66
8.05 Compliance with Statutes, etc.	67
8.06 Compliance with Environmental Laws	67
8.07 ERISA	68
8.08 End of Fiscal Years; Fiscal Quarters	69
8.09 Performance of Obligations	69
8.10 Payment of Taxes	69
8.11 Registry	69
8.12 Additional Guarantors; Additional Collateral; etc	70
SECTION 9. Negative Covenants	72
9.01 Liens	72
9.02 Consolidation, Merger, Purchase or Sale of Assets, etc.	76
9.03 Dividends	78
9.04 Indebtedness	80
9.05 Advances, Investments and Loans	84
9.06 Transactions with Affiliates	85
9.07 Maximum Leverage Ratio	85
9.08 Consolidated Interest Coverage Ratio	86
9.09 Minimum Consolidated Net Worth	86
9.10 Limitation on Payments and Modifications of Subordinated Debt; Modifications of Certificate of Incorporation, Partnership Agreements and By-Laws.	86
9.11 Limitation on Certain Restrictions on Subsidiaries	88

	Page

9.12 Limitation on Issuance of Capital Stock	88
9.13 Business	89
9.14 Ownership of Subsidiaries	89
9.15 Special Purpose Corporation	89
SECTION 10. Events of Default	89
10.01 Payments	89
10.02 Representations, etc.	90
10.03 Covenants	90
10.04 Default Under Other Agreements	90
10.05 Bankruptcy, etc.	90
10.06 ERISA	91
10.07 Collateral Documents	92
10.08 Guarantees	92
10.09 Judgments	92
10.10 Gaming Authority	92
SECTION 11. Definitions and Accounting Terms	93
11.01 Defined Terms	93
SECTION 12. The Administrative Agent and Agents.	128
12.01 Appointment	128
12.02 Nature of Duties	128
12.03 Lack of Reliance on the Administrative Agent and Agents . . .	129
12.04 Certain Rights of the Administrative Agent	130
12.05 Reliance	130
12.06 Indemnification	130
12.07 The Administrative Agent and the Agents in their Individual Capacities	131
12.08 Holders	131
12.09 Resignation by the Administrative Agent and Agents	131
SECTION 13. Miscellaneous	132
13.01 Payment of Expenses, etc.	132
13.02 Right of Setoff	134
13.03 Notices	135
13.04 Benefit of Agreement	135
13.05 No Waiver; Remedies Cumulative	140
13.06 Payments Pro Rata	140
13.07 Calculations; Computations	141
13.08 GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE; WAIVER OF JURY TRIAL	142
13.09 Counterparts	143

	Page

13.10 Effectiveness	143
13.11 Headings Descriptive	144
13.12 Amendment or Waiver	144
13.13 Survival	146
13.14 Domicile of Loans	146
13.15 Application of Gaming Regulations.	146
13.16 Confidentiality.	147
13.17 Miscellaneous.	147
13.18. Certain Agreements with Respect to Existing Indentures . . .	148
SECTION 14. Parent Guaranty	150
14.01 The Guaranty	150
14.02 Bankruptcy	151
14.03 Nature of Liability	151
14.04 Independent Obligation	152
14.05 Authorization	152
14.06 Reliance	153
14.07 Subordination	153
14.08 Waiver	154
SCHEDULE I Revolving Loan Commitments	
SCHEDULE II Existing Letters of Credit	
SCHEDULE III Tax Matters	
SCHEDULE IV Subsidiaries	
SCHEDULE V Existing Indebtedness	
SCHEDULE VI Joint Ventures	
SCHEDULE VII Insurance	
SCHEDULE VIII Existing Liens	
SCHEDULE IX Hotel Subsidiaries	
EXHIBIT A Notice of Borrowing	
EXHIBIT B-1 Revolving Note	
EXHIBIT B-2 Swingline Note	
EXHIBIT C Letter of Credit Request	
EXHIBIT D Section 4.04(b)(iii) Certificate	
EXHIBIT E Officers' Certificate	
EXHIBIT F First Amendment to the Master Collateral Agreement	
EXHIBIT G-1 First Amendment to the Parent Pledge Agreement	
EXHIBIT G-2 First Amendment to the Company/Sub Pledge Agreement	
EXHIBIT H First Amendment to the Security Agreement	
EXHIBIT I First Amendment to the Company/Sub Guaranty	

EXHIBIT J-1	First Amendment to the Atlantic City Mortgage
EXHIBIT J-2	First Amendment to the Nevada Mortgages
EXHIBIT K	First Amendment to the Assignment of Partnership Interests Agreement
EXHIBIT L	First Amendment to the Assignment of Leases
EXHIBIT M	Consent Letter
EXHIBIT N	Solvency Certificate
EXHIBIT O	364-Day Credit Agreement
EXHIBIT P	Election to Become a Subsidiary Borrower
EXHIBIT Q	Assignment and Assumption Agreement

CREDIT AGREEMENT, dated as of July 22, 1993 and Amended and Restated as of June 9, 1995, among THE PROMUS COMPANIES INCORPORATED (which will be renamed "HARRAH'S ENTERTAINMENT, INC."), a Delaware corporation ("Parent"), EMBASSY SUITES, INC. (which will be renamed "HARRAH'S OPERATING COMPANY, INC."), a Delaware corporation (the "Company"), each Subsidiary Borrower (together with the Company, each a "Borrower" and, collectively, the "Borrowers"), the Banks party hereto from time to time, BANKERS TRUST COMPANY, THE BANK OF NEW YORK, CIBC INC., CREDIT LYONNAIS, ATLANTA AGENCY, FIRST INTERSTATE BANK OF CALIFORNIA, THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED, NEW YORK BRANCH, NATIONSBANK OF GEORGIA, N.A., SOCIETE GENERALE, and THE SUMITOMO BANK, LIMITED, NEW YORK BRANCH, as Agents, and BANKERS TRUST COMPANY, as Administrative Agent (all capitalized terms used herein and defined in Section 11 are used herein as therein defined).

W I T N E S S E T H :
- - - - -

WHEREAS, Parent, the Borrowers, the Banks, the Agents and the Administrative Agent are party to a Credit Agreement, dated as of July 22, 1993 (as the same has been amended, modified or supplemented to, but not including, the Restatement Effective Date, the "Original Credit Agreement");

WHEREAS, the Original Credit Agreement refinanced and replaced the Existing Credit Facilities (as defined in the Original Credit Agreement); and

WHEREAS, the parties hereto wish to amend and restate and refinance the Original Credit Agreement as herein provided;

NOW, THEREFORE, the parties hereto agree that the Original Credit Agreement shall be and hereby is amended and restated in its entirety as follows:

SECTION 1. Amount and Terms of Credit.

1.01 The Commitments. (a) Subject to and upon the terms and conditions set forth herein, each Bank severally agrees, (A) to convert, on the Restatement Effective Date, Original Revolving Loans made by such Bank to the respective Borrowers pursuant to the Original Credit

Agreement and outstanding on the Restatement Effective Date into a Borrowing of Revolving Loans hereunder to such Borrowers (as so converted, together with all Revolving Loans made pursuant to following clause (B), the "Revolving Loans" and each, a "Revolving Loan") and (B) at any time and from time to time on and after the Restatement Effective Date and prior to the Final Maturity Date, to make one or more additional Revolving Loans to one or more Borrowers, all of which Revolving Loans made pursuant to preceding clauses (A) and (B):

(i) shall, at the option of the respective Borrower, be Base Rate Loans or Eurodollar Loans, provided that, except as otherwise

specifically provided in Section 1.10(b), all Revolving Loans comprising the same Borrowing shall at all times be of the same Type;

(ii) may be repaid and reborrowed in accordance with the provisions hereof;

(iii) shall not exceed for any Bank at any time outstanding that aggregate principal amount which, when added to the product of (x) such Bank's Adjusted Percentage and (y) the sum of (I) the aggregate amount of all Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) at such time and (II) the aggregate principal amount of all Swingline Loans (exclusive of Swingline Loans which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) then outstanding, equals (1) if such Bank is a Non-Defaulting Bank, the Adjusted Revolving Loan Commitment of such Bank at such time and (2) if such Bank is a Defaulting Bank, the Revolving Loan Commitment of such Bank at such time;

(iv) shall not exceed for all Non-Defaulting Banks at any time outstanding that aggregate principal amount which, when added to (x) the amount of all Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) at such time and (y) the aggregate principal amount of all Swingline Loans (exclusive of Swingline Loans which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) then out-

standing, equals the Adjusted Total Revolving Loan Commitment at such time;

(v) shall not exceed for all Banks at any time outstanding that aggregate principal amount which, when added to (x) the amount of all Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) at such time and (y) the aggregate principal amount of all Swingline Loans (exclusive of Swingline Loans which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) then outstanding, equals the Total Revolving Loan Commitment at such time; and

(vi) shall not exceed for any Subsidiary Borrower at any time outstanding that aggregate principal amount which, when added to (x) the amount of all Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) of such Subsidiary Borrower at such time and (y) the aggregate principal amount of all Swingline Loans (exclusive of Swingline Loans which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) of such Subsidiary Borrower then outstanding, equals such Subsidiary Borrower's Sub-Limit.

(b) Subject to and upon the terms and conditions set forth herein, BTCO in its individual capacity agrees (A) to convert, on the Restatement Effective Date, Original Swingline Loans made by BTCO to the respective Borrowers pursuant to the Original Credit Agreement and outstanding on the Restatement Effective Date into a Borrowing of Swingline Loans hereunder to such Borrowers (as so converted, together with all Swingline Loans made pursuant to following clause (B), the "Swingline Loans" and each, a "Swingline Loan") and (B) to make at any time and from time to time on and after the Restatement Effective Date and prior to the Swingline Expiry Date, one or more additional Swingline Loans to one or more Borrowers, which Swingline Loans:

(i) shall be made and maintained as Base Rate Loans;

(ii) may be repaid and reborrowed in accordance with the provisions hereof;

(iii) shall not exceed in aggregate principal amount at any time outstanding, when combined with the aggregate principal amount of all Revolving Loans made by Non-Defaulting Banks then outstanding and all Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) at such time, an amount equal to the Adjusted Total Revolving Loan Commitment at such time (after giving effect to any reductions to the Adjusted Total Revolving Loan Commitment on such date);

(iv) shall not exceed for any Subsidiary Borrower at any time outstanding that aggregate principal amount which, when combined with the aggregate principal amount of all Revolving Loans of such Subsidiary Borrower then outstanding and the Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) of such Subsidiary Borrower at such time, equals such Subsidiary Borrower's Sub-Limit; and

(v) shall not exceed in aggregate principal amount at any time outstanding the Maximum Swingline Amount.

Notwithstanding anything to the contrary in this Section 1.01(b), BTCo will not make a Swingline Loan after it has received written notice from the Required Banks stating that a Default or an Event of Default is then in existence and specifically requesting that BTCo not make any Swingline Loans, provided that BTCo may continue making Swingline Loans at such time thereafter as the respective Default or Event of Default has been cured or waived in accordance with the requirements of this Agreement or the Required Banks have withdrawn the written notice described above in this sentence.

(c) On any Business Day, BTCo may, in its sole discretion, give notice to the Banks that its outstanding Swingline Loans shall be funded with one or more Borrowings of Revolving Loans (with the Borrowers thereof being the respective Borrowers of the Swingline Loans) (provided that such notice

shall be deemed to have been automatically given upon the occurrence of an Event of Default under Section 10.05 or upon the exercise of any of the remedies provided in the last paragraph of Section 10), in which case one or more Borrowings of Revolving Loans constituting Base Rate Loans (each such Borrowing, a "Mandatory Borrowing") shall be

funded on the immediately succeeding Business Day by all Banks (without giving effect to any reductions thereto pursuant to the last paragraph of Section 10) pro rata based on each Bank's Adjusted Percentage (determined

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before giving effect to any termination of the Revolving Loan Commitments pursuant to the last paragraph of Section 10) and the proceeds thereof shall be applied directly to BTCo to repay BTCo for such outstanding Swingline Loans. Each Bank hereby irrevocably agrees to make Revolving Loans upon one Business Day's notice pursuant to each Mandatory Borrowing in the amount and in the manner specified in the preceding sentence and on the date specified in writing by BTCo notwithstanding (i) the amount of the Mandatory Borrowing may not comply with the minimum amount for Borrowings otherwise required hereunder, (ii) whether any conditions specified in Section 6 are then satisfied, (iii) whether a Default or an Event of Default then exists, (iv) the date of such Mandatory Borrowing and (v) the Total Revolving Loan Commitment or the Adjusted Total Revolving Loan Commitment at such time. In the event that any Mandatory Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code with respect to any Borrower), then each Bank hereby agrees that it shall forthwith purchase (as of the date the Mandatory Borrowing would otherwise have occurred, but adjusted for any payments received from the respective Borrower on or after such date and prior to such purchase) from BTCo such participations in the outstanding Swingline Loans as shall be necessary to cause the Banks to share in such Swingline Loans ratably based upon their respective Adjusted Percentages (determined before giving effect to any termination of the Revolving Loan Commitments pursuant to the last paragraph of Section 10), provided that

(x) all interest payable on the Swingline Loans shall be for the account of BTCo until the date as of which the respective participation is required to be purchased and, to the extent attributable to the purchased participation, shall be payable to the participant from and after such date and (y) at the time any purchase of participations pursuant to this sentence is actually made, the purchasing Bank shall be required to pay BTCo interest on the principal amount of participation purchased for each day from and including the day upon which the Mandatory Borrowing would otherwise have occurred to but excluding the date of payment for such participation, at the overnight Federal Funds Rate for the first three days and at the rate otherwise applicable to Revolving Loans maintained as Base Rate Loans hereunder for each day thereafter.

(d) Notwithstanding anything to the contrary contained in this Agreement, on the Restatement Effective Date (and concurrently with the repayment of any Original Revolving Loans contemplated by the Hotel Transaction Documents) the Borrowers shall, in coordination with the Administrative Agent and the Banks, repay outstanding Revolving Loans (after giving effect to the conversion of Original Revolving Loans on such date) of certain Banks and, if necessary, incur additional Revolving Loans from other Banks in each case so that the Banks participate in each Borrowing of Revolving Loans pro rata on the basis of their Revolving Loan Commitments.

1.02 Minimum Amount of Each Borrowing. The aggregate principal

amount of each Borrowing of Revolving Loans shall not be less than \$5,000,000 and, if greater, shall be in an integral multiple of \$1,000,000; provided

that Mandatory Borrowings shall be made in the amounts required by Section 1.01(c). The aggregate principal amount of each Borrowing of Swingline Loans shall not be less than \$1,000,000 and, if greater, shall be in an integral multiple of \$500,000. More than one Borrowing may occur on the same date, but at no time shall there be outstanding more than ten Borrowings of Eurodollar Loans.

1.03 Notice of Borrowing. (a) Whenever a Borrower desires to

make a Borrowing of Revolving Loans hereunder (excluding Borrowings of Revolving Loans pursuant to a Mandatory Borrowing), it shall give the Administrative Agent at its Notice Office at least one Business Day's prior notice of each Base Rate Loan and at least three Business Days' prior notice of each Eurodollar Loan to be made hereunder, provided that any such notice

shall be deemed to have been given on a certain day only if given before 12:00 Noon (New York time) on such day. Each such notice (each a "Notice of Borrowing"), except as otherwise expressly provided in Section 1.10, shall be irrevocable and shall be given by such Borrower in the form of Exhibit A, appropriately completed to specify the aggregate principal amount of the Revolving Loans to be made pursuant to such Borrowing, the date of such Borrowing (which shall be a Business Day), whether the Revolving Loans being made pursuant to such Borrowing are to be initially maintained as Base Rate Loans or Eurodollar Loans and, if Eurodollar Loans, the initial Interest Period to be applicable thereto. The Administrative Agent shall promptly give each Bank written notice of such proposed Borrowing, of such Bank's proportionate share thereof and of the other matters required by the immediately

preceding sentence to be specified in the Notice of Borrowing.

(b)(i) Whenever a Borrower desires to make a Borrowing of Swingline Loans hereunder, it shall give BCo not later than 12:00 Noon (New York time) on the date that a Swingline Loan is to be made, written notice or telephonic notice confirmed in writing of each Swingline Loan to be made hereunder. Each such notice shall be irrevocable and specify in each case (A) the date of Borrowing (which shall be a Business Day) and (B) the aggregate principal amount of the Swingline Loans to be made pursuant to such Borrowing.

(ii) Without in any way limiting the obligation of such Borrower to confirm in writing any telephonic notice of such Borrowing of Swingline Loans, BCo may act without liability upon the basis of telephonic notice of such Borrowing, believed by BCo in good faith to be from a President, a Senior Vice President, a Vice President, a Treasurer or an Assistant Treasurer of such Borrower, or any other person designated in writing by any two of the foregoing officers who has appropriate signature cards on file with BCo, prior to BCo's receipt of such written confirmation. In each such case, such Borrower hereby waives the right to dispute BCo's record of the terms of such telephonic notice of such Borrowing of Swingline Loans.

(iii) Mandatory Borrowings shall be made upon the notice specified in Section 1.01(c), with the respective Borrower irrevocably agreeing, by its incurrence of any Swingline Loan, to the making of the Mandatory Borrowings as set forth in Section 1.01(c).

1.04 Disbursement of Funds. Except as otherwise specifically

provided in the immediately succeeding sentence, not later than 10:00 A.M. (New York time) on the date specified in each Notice of Borrowing (or (x) in the case of Swingline Loans, not later than 2:00 P.M. (New York time) on the date specified pursuant to Section 1.03(b)(i) or (y) in the case of Mandatory Borrowings, not later than 12:00 Noon (New York time) on the date specified in Section 1.01(c)), each Bank will make available its pro rata portion of

each such Borrowing requested to be made on such date (or in the case of Swingline Loans, BCo shall make available the full amount thereof). All such amounts shall be made available in Dollars and in immediately available funds at the Payment Office of the Administrative Agent, and the Administrative Agent will make available to the respective Borrower at the Payment Office the aggregate of the amounts so made available

by the Banks. Unless the Administrative Agent shall have been notified by any Bank prior to the date of Borrowing that such Bank does not intend to make available to the Administrative Agent such Bank's portion of any Borrowing to be made on such date, the Administrative Agent may assume that such Bank has made such amount available to the Administrative Agent on such date of Borrowing and the Administrative Agent may, in reliance upon such assumption, make available to the respective Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Bank, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Bank. If such Bank does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the respective Borrower and such Borrower shall immediately pay such corresponding amount to the Administrative Agent. The Administrative Agent shall also be entitled to recover on demand from such Bank or such Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to such Borrower until the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to (i) if recovered from such Bank, the overnight Federal Funds Rate and (ii) if recovered from such Borrower, the rate of interest applicable to the respective Borrowing, as determined pursuant to Section 1.08. Nothing in this Section 1.04 shall be deemed to relieve any Bank from its obligation to make Loans hereunder or to prejudice any rights which the respective Borrower may have against any Bank as a result of any failure by such Bank to make Loans hereunder.

1.05 Notes. (a) Each Borrower's obligation to pay the principal

of, and interest on, the Loans made by each Bank to such Borrower shall be evidenced (i) if Revolving Loans, by a promissory note duly executed and delivered by such Borrower substantially in the form of Exhibit B-1, with blanks appropriately completed in conformity herewith (each a "Revolving Note" and, collectively, the "Revolving Notes") and (ii) if Swingline Loans, by a promissory note duly executed and delivered by such Borrower substantially in the form of Exhibit B-2, with blanks appropriately completed in conformity herewith (each a "Swingline Note" and, collectively, the "Swingline Notes").

(b) The Revolving Note issued by each Borrower to each Bank shall (i) be payable to the order of such Bank and be dated the Restatement Effective Date, (ii) be in a stated

principal amount equal to the Revolving Loan Commitment of such Bank and be payable in the principal amount of the outstanding Revolving Loans evidenced thereby, (iii) mature on the Final Maturity Date, (iv) bear interest as provided in the appropriate clause of Section 1.08 in respect of the Base Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby, (v) be subject to mandatory repayment as provided in Section 4.02 and (vi) be entitled to the benefits of this Agreement and the other Credit Documents.

(c) The Swingline Note issued by each Borrower to BTCo shall (i) be payable to the order of BTCo and be dated the Restatement Effective Date, (ii) be in a stated principal amount equal to the Maximum Swingline Amount and be payable in the principal amount of the outstanding Swingline Loans evidenced thereby from time to time, (iii) mature on the Swingline Expiry Date, (iv) bear interest as provided in the appropriate clause of Section 1.08 in respect of the Base Rate Loans evidenced thereby, (v) be subject to mandatory repayment as provided in Section 4.02 and (vi) be entitled to the benefits of this Agreement and the other Credit Documents.

(d) Each Bank will note on its internal records the amount of each Loan made by it and each payment in respect thereof and will prior to any transfer of any of its Notes endorse on the reverse side thereof the outstanding principal amount of Loans evidenced thereby. Failure to make any such notation (or any error in such notation) shall not affect any Borrower's obligations in respect of such Loans.

1.06 Conversions. Each Borrower shall have the option to convert,

on any Business Day, at least \$5,000,000 of the outstanding principal amount of the Revolving Loans made pursuant to one or more Borrowings of one or more Types of Revolving Loans into a Borrowing of another Type of Revolving Loan, provided that (i) except as otherwise provided in Section 1.10(b), Eurodollar

Loans may be converted into Base Rate Loans only on the last day of an Interest Period applicable to the Revolving Loans being converted and no such conversion of Eurodollar Loans shall reduce the outstanding principal amount of such Eurodollar Loans made pursuant to a single Borrowing to less than \$5,000,000, (ii) unless the Required Banks otherwise agree, Base Rate Loans may only be converted into Eurodollar Loans if no Event of Default is in existence on the date of the conversion and (iii) no conversion pursuant to this Section 1.06 shall result in a greater number of Borrowings of Euro-dollar Loans than is permitted under Section 1.02. Each such

conversion shall be effected by the respective Borrower by giving the Administrative Agent at its Notice Office prior to 12:00 Noon (New York time) at least three Business Days' prior notice (each a "Notice of Conversion") specifying the Revolving Loans to be so converted, the Borrowing(s) pursuant to which such Revolving Loans were made and, if to be converted into Eurodollar Loans, the Interest Period to be initially applicable thereto. The Administrative Agent shall give each Bank prompt written notice of any such proposed conversion affecting any of its Revolving Loans. Upon any such conversion the proceeds thereof will be deemed to be applied directly on the day of such conversion to prepay the outstanding principal amount of the Revolving Loans being converted.

1.07 Pro Rata Borrowings. All Borrowings of Revolving Loans under

this Agreement shall be incurred from the Banks pro rata on the basis of

their Revolving Loan Commitments; provided that all Borrowings of Revolving

Loans made pursuant to a Mandatory Borrowing shall be incurred from the Banks pro rata on the basis of their Adjusted Percentages. It is understood that

no Bank shall be responsible for any default by any other Bank of its obligation to make Revolving Loans hereunder and that each Bank shall be obligated to make the Revolving Loans provided to be made by it hereunder, regardless of the failure of any other Bank to make its Revolving Loans hereunder.

1.08 Interest. (a) Each Borrower agrees to pay interest in

respect of the unpaid principal amount of each Base Rate Loan from the date the proceeds thereof are made available to such Borrower until the maturity thereof (whether by acceleration or otherwise) at a rate per annum which shall be equal to the Base Rate in effect from time to time.

(b) Each Borrower agrees to pay interest in respect of the unpaid principal amount of each Eurodollar Loan from the date the proceeds thereof are made available to such Borrower until the maturity thereof (whether by acceleration or otherwise) at a rate per annum which shall, during each Interest Period applicable thereto, be equal to the sum of the Applicable Margin plus the Eurodollar Rate for such Interest Period.

(c) Overdue principal and, to the extent permitted by law, overdue interest in respect of each Loan and any other overdue amount payable hereunder shall, in each case, bear interest at a rate per annum equal to the greater of (x) 2% per annum in excess of the Base Rate in effect from time

to time and (y) the rate which is 2% in excess of the rate then borne by such Loans, in each case with such interest to be payable on demand.

(d) Accrued (and theretofore unpaid) interest shall be payable (i) in respect of each Base Rate Loan, quarterly in arrears on the last Business Day of each March, June, September and December, (ii) in respect of each Eurodollar Loan, on the last day of each Interest Period applicable thereto and, in the case of an Interest Period in excess of three months, on each date occurring at three month intervals after the first day of such Interest Period and (iii) in respect of each Loan, on any repayment (on the amount repaid), at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(e) Upon each Interest Determination Date, the Administrative Agent shall determine the Eurodollar Rate for each Interest Period applicable to Eurodollar Loans and shall promptly notify the respective Borrower and the Banks thereof. Each such determination shall, absent manifest error, be final and conclusive and binding on all parties hereto.

1.09 Interest Periods. At the time it gives any Notice of

Borrowing or Notice of Conversion in respect of the making of, or conversion into, any Eurodollar Loan (in the case of the initial Interest Period applicable thereto) or on the third Business Day prior to the expiration of an Interest Period applicable to such Eurodollar Loan (in the case of any subsequent Interest Period), each Borrower shall have the right to elect, by giving the Administrative Agent notice thereof, the interest period (each an "Interest Period") applicable to such Eurodollar Loan, which Interest Period shall, at the option of such Borrower, be a one, two, three or six month period, provided that:

(i) all Eurodollar Loans comprising a Borrowing shall at all times have the same Interest Period;

(ii) the initial Interest Period for any Eurodollar Loan shall commence on the date of Borrowing of such Loan (including the date of any conversion thereto from a Loan of a different Type) and each Interest Period occurring thereafter in respect of such Loan shall commence on the day on which the next preceding Interest Period applicable thereto expires;

(iii) if any Interest Period relating to a Eurodollar Loan begins on a day for which there is no numer-

ically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month;

(iv) if any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided, however, that if any Interest Period

for a Eurodollar Loan would otherwise expire on a day which is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day;

(v) unless the Required Banks otherwise agree, no Interest Period may be selected at any time when an Event of Default is then in existence;

(vi) no Interest Period shall be selected which extends beyond the Final Maturity Date; and

(vii) no Interest Period in respect of any Borrowing of Revolving Loans shall be selected which extends beyond any date upon which a mandatory repayment of the Revolving Loans will be required to be made under Section 4.02(a), as a result of reductions to the Total Revolving Loan Commitment pursuant to Section 3.03(b), unless the aggregate principal amount of Revolving Loans which are Base Rate Loans or which have Interest Periods which will expire on or before such date will be sufficient to make such required prepayment.

If upon the expiration of any Interest Period applicable to a Borrowing of Eurodollar Loans, the respective Borrower has failed to elect, or is not permitted to elect, a new Interest Period to be applicable to such Eurodollar Loans as provided above, such Borrower shall be deemed to have elected to convert such Eurodollar Loans into Base Rate Loans effective as of the expiration date of such current Interest Period.

1.10 Increased Costs, Illegality, etc. (a) In the event that any

Bank shall have determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto but, with respect to clause (i) below, may be made only by the Administrative Agent):

(i) on any Interest Determination Date that, by reason of any changes arising after the Restatement Effective Date affecting the interbank Eurodollar market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of Eurodollar Rate; or

(ii) at any time, that such Bank shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any Eurodollar Loan because of (x) any change since the Restatement Effective Date in any applicable law or governmental rule, regulation, order, guideline or request (whether or not having the force of law) or in the interpretation or administration thereof and including the introduction of any new law or governmental rule, regulation, order, guideline or request, such as, for example, but not limited to: (A) a change in the basis of taxation of payment to any Bank of the principal of or interest on the Notes or any other amounts payable hereunder (except for changes in the rate of tax on, or determined by reference to, the net income or profits of such Bank pursuant to the laws of the jurisdiction in which it is organized or in which its principal office or applicable lending office is located or any subdivision thereof or therein) or (B) a change in official reserve requirements, but, in all events, excluding reserves required under Regulation D to the extent included in the computation of the Eurodollar Rate and/or (y) other circumstances since the Restatement Effective Date affecting such Bank or the interbank Eurodollar market or the position of such Bank in such market; or

(iii) at any time, that the making or continuance of any Eurodollar Loan has been made (x) unlawful by any law or governmental rule, regulation or order, (y) impossible by compliance by any Bank in good faith with any governmental request (whether or not having force of law) or (z) impracticable as a result of a contingency occurring after the Restatement Effective Date which materially and adversely affects the interbank Eurodollar market;

then, and in any such event, such Bank (or the Administrative Agent, in the case of clause (i) above) shall promptly give telephonic notice (confirmed in writing) to the respective Borrower and, except in the case of clause (i) above, to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the

other Banks). Thereafter (x) in the case of clause (i) above, Eurodollar Loans shall no longer be available until such time as the Administrative Agent notifies the respective Borrower and the Banks that the circumstances giving rise to such notice by the Administrative Agent no longer exist, and any Notice of Borrowing or Notice of Conversion given by such Borrower with respect to Eurodollar Loans which have not yet been incurred (including by way of conversion) shall be deemed rescinded by such Borrower, (y) in the case of clause (ii) above, the respective Borrower shall pay to such Bank, upon written demand therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Bank in its sole discretion shall determine) as shall be required to compensate such Bank for such increased costs or reductions in amounts received or receivable hereunder (a written notice as to the additional amounts owed to such Bank, showing the basis for the calculation thereof, submitted to such Borrower by such Bank shall, absent manifest error, be final and conclusive and binding on all the parties hereto) and (z) in the case of clause (iii) above, the respective Borrower shall take one of the actions specified in Section 1.10(b) as promptly as possible and, in any event, within the time period required by law.

(b) At any time that any Eurodollar Loan is affected by the circumstances described in Section 1.10(a)(ii) or (iii), the respective Borrower may (and in the case of any Eurodollar Loan affected by the circumstances described in Section 1.10(a)(iii) shall) either (x) if the affected Eurodollar Loan is then being made initially or pursuant to a conversion, cancel the respective Borrowing by giving the Administrative Agent telephonic notice (confirmed in writing) on the same date that such Borrower was notified by the affected Bank or the Administrative Agent pursuant to Section 1.10(a)(ii) or (iii) or (y) if the affected Eurodollar Loan is then outstanding, upon at least three Business Days' written notice to the Administrative Agent, require the affected Bank to convert such Eurodollar Loan into a Base Rate Loan; provided that, if more than one Bank

is affected at any time, then all affected Banks must be treated the same pursuant to this Section 1.10(b).

(c) If at any time any Bank determines that the introduction of or any change in any applicable law or governmental rule, regulation, order, guideline, directive or request (whether or not having the force of law and including, without limitation, those announced or published prior to the Restatement Effective Date) concerning capital

adequacy, or any change in interpretation or administration thereof by any governmental authority, central bank or comparable agency, will have the effect of increasing the amount of capital required or expected to be maintained by such Bank or any corporation controlling such Bank based on the existence of such Bank's Revolving Loan Commitment hereunder or its obligations hereunder, then the Borrowers shall pay (and shall be jointly and severally obligated to pay) to such Bank, upon its written demand therefor, such additional amounts as shall be required to compensate such Bank or such other corporation for the increased cost to such Bank or such other corporation or the reduction in the rate of return to such Bank or such other corporation as a result of such increase of capital. In determining such additional amounts, each Bank will act reasonably and in good faith and will use averaging and attribution methods which are reasonable, provided that

such Bank's determination of compensation owing under this Section 1.10(c) shall, absent manifest error, be final and conclusive and binding on all the parties hereto. Each Bank, upon determining that any additional amounts will be payable pursuant to this Section 1.10(c), will give prompt written notice thereof to the Borrowers, which notice shall show the basis for calculation of such additional amounts.

1.11 Compensation. The respective Borrower shall compensate each

Bank, upon its written request (which request shall (x) set forth the basis for requesting such compensation and (y) absent manifest error, be final and conclusive and binding upon all the parties hereto), for all reasonable losses, expenses and liabilities (including, without limitation, any loss, expense or liability incurred by reason of the liquidation or reemployment of deposits or other funds required by such Bank to fund its Eurodollar Loans) which such Bank may sustain: (i) if for any reason (other than a default by such Bank or the Administrative Agent) a Borrowing of Eurodollar Loans, or conversion from or into Eurodollar Loans, does not occur on a date specified therefor in a Notice of Borrowing or Notice of Conversion (whether or not withdrawn by such Borrower or deemed withdrawn pursuant to Section 1.10(a)); (ii) if any repayment (including any repayment made pursuant to Section 4.01 or 4.02 or a result of an acceleration of the Loans pursuant to Section 10) or conversion of any of its Eurodollar Loans occurs on a date which is not the last day of an Interest Period with respect thereto; (iii) if any prepayment of any of its Eurodollar Loans is not made on any date specified in a notice of prepayment given by such Borrower; or (iv) as a consequence of (x) any other default by such Borrower to repay its Loans when required by the terms of this Agreement or any Note held

by such Bank or (y) any election made pursuant to Section 1.10(b).

1.12 Change of Lending Office. Each Bank agrees that on the

occurrence of any event giving rise to the operation of Section 1.10(a)(ii) or (iii), Section 1.10(c), Section 2.06 or Section 4.04 with respect to such Bank, it will, if requested by the Company, use reasonable efforts (subject to overall policy considerations of such Bank) to designate another lending office for any Loans or Letters of Credit affected by such event, provided

that such designation is made on such terms that such Bank and its lending office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of such Section. Nothing in this Section 1.12 shall affect or postpone any of the obligations of any Borrower or the right of any Bank provided in Sections 1.10, 2.06 and 4.04.

1.13 Replacement of Banks. If any Bank (1) becomes a Defaulting

Bank or otherwise defaults in its obligations to make Loans or fund Unpaid Drawings, (2) is incurring or is reasonably expected to incur costs which are or would be material in amount and are associated with a Gaming Authority's investigation of whether or not such Bank is a Qualified Person or (3) refuses to consent to certain proposed changes, waivers, discharges or terminations with respect to this Agreement which have been approved by the Required Banks as provided in Section 13.12(b), the Company shall have the right, if no Default or Event of Default will exist immediately after giving effect to such replacement, to replace such Bank (the "Replaced Bank") with one or more other Qualified Person or Persons, none of whom shall constitute a Defaulting Bank at the time of such replacement (collectively, the "Replacement Bank"), acceptable to the Administrative Agent and each Letter of Credit Issuer, provided that:

(i) at the time of any replacement pursuant to this Section 1.13, the Replacement Bank shall enter into one or more Assignment and Assumption Agreements pursuant to, and in accordance with the terms of, Section 13.04(b) (and with all fees payable pursuant to said Section 13.04(b) to be paid by the Replacement Bank) pursuant to which the Replacement Bank shall acquire the Revolving Loan Commitment and all outstanding Revolving Loans of, and in each case participations in Letters of Credit by, the Replaced Bank and, in connection

therewith, shall pay to (x) the Replaced Bank in respect thereof an amount equal to the sum of (A) an amount equal to the principal of, and all accrued interest on, all outstanding Revolving Loans of the Replaced Bank, (B) an amount equal to all Unpaid Drawings that have been funded by (and not reimbursed to) such Replaced Bank, together with all then unpaid interest with respect thereto at such time and (C) an amount equal to all accrued, but theretofore unpaid, Fees owing to the Replaced Bank pursuant to Section 3.01, (y) the respective Letter of Credit Issuer an amount equal to such Replaced Bank's Adjusted Percentage (for this purpose, determined as if the adjustment described in clause (y) of the immediately succeeding sentence had been made with respect to such Replaced Bank) of any applicable Unpaid Drawing (which at such time remains an Unpaid Drawing) with respect to Letters of Credit issued by such Letter of Credit Issuer to the extent such amount was not theretofore funded by such Replaced Bank and (z) BCo an amount equal to such Replaced Bank's Adjusted Percentage of any Mandatory Borrowing to the extent such amount was not theretofore funded by such Replaced Bank; and

(ii) all obligations of the Borrowers owing to the Replaced Bank (including all obligations, if any, owing pursuant to Section 1.11, but excluding those obligations specifically described in clause (i) above in respect of which the assignment purchase price has been, or is concurrently being, paid) shall be paid in full to such Replaced Bank concurrently with such replacement.

Upon the execution of the respective Assignment and Assumption Agreements, the payment of amounts referred to in clauses (i) and (ii) above and, if so requested by the Replacement Bank, delivery to the Replacement Bank of the appropriate Revolving Notes executed by the Borrowers, (x) the Replacement Bank shall become a Bank hereunder and the Replaced Bank shall cease to constitute a Bank hereunder, except with respect to indemnification provisions under this Agreement (including, without limitation, Sections 1.10, 1.11, 2.06, 4.04, 13.01 and 13.06), which shall survive as to such Replaced Bank and (y) if such Replaced Bank is a Defaulting Bank, the Adjusted Percentages of the Banks shall be automatically adjusted at such time to give effect to such

replacement (and to give effect to the replacement of a Defaulting Bank with one or more Non-Defaulting Banks).

SECTION 2. Letters of Credit.

2.01 Letters of Credit. (a) Subject to and upon the terms and

conditions set forth herein, any Borrower may request that a Letter of Credit Issuer issue, at any time and from time to time on and after the Restatement Effective Date and prior to the Final Maturity Date, for the account of such Borrower and for the benefit of any holder (or any trustee, agent or other similar representative for any such holder) of L/C Supportable Indebtedness of such Borrower or any of its Subsidiaries, an irrevocable standby letter of credit, in a form customarily used by such Letter of Credit Issuer or in such other form as has been approved by such Letter of Credit Issuer (each such standby letter of credit, a "Letter of Credit") in support of such L/C Supportable Indebtedness. It is hereby acknowledged and agreed that each of the letters of credit which were issued under the Original Credit Agreement prior to the Restatement Effective Date and which remain outstanding on the Restatement Effective Date (the "Existing Letters of Credit") shall, from and after the Restatement Effective Date, constitute a "Letter of Credit" for purposes of this Agreement. Each Existing Letter of Credit and the Stated Amount thereof, together with the account party and beneficiary thereunder, is set forth on Schedule II.

(b) Each Letter of Credit Issuer hereby agrees that it will, at any time and from time to time on or after the Restatement Effective Date and prior to the Final Maturity Date, following its receipt of the respective Letter of Credit Request, issue for the account of the respective Borrower one or more Letters of Credit in support of such L/C Supportable Indebtedness of such Borrower or any of its Subsidiaries as is permitted to remain outstanding without giving rise to a Default or an Event of Default, provided

that no Letter of Credit Issuer shall be under any obligation to issue any Letter of Credit if at the time of such issuance:

(i) any order, judgment or decree of any governmental authority or arbitrator shall purport by its terms to enjoin or restrain such Letter of Credit Issuer from issuing such Letter of Credit or any requirement of law applicable to such Letter of Credit Issuer or any request or directive (whether or not having the force of law) from any governmental authority with jurisdiction over such Letter of Credit Issuer shall prohibit, or request that such Letter of Credit Issuer refrain from,

the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Letter of Credit Issuer with respect to such Letter of Credit any restriction or reserve or capital requirement (for which such Letter of Credit Issuer is not otherwise compensated) not in effect on the date hereof, or any unreimbursed loss, cost or expense which was not applicable, in effect or known to such Letter of Credit Issuer as of the date hereof and which such Letter of Credit Issuer in good faith deems material to it; or

(ii) such Letter of Credit Issuer shall have received notice from the Required Banks prior to the issuance of such Letter of Credit of the type described in the penultimate sentence of Section 2.03(b).

(c) Notwithstanding the foregoing, (i) no Letter of Credit shall hereafter be issued the Stated Amount of which, when added to the Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid on the date of, and prior to the issuance of, the respective Letter of Credit) at such time, would exceed, when added to the aggregate principal amount of all Revolving Loans made by Non-Defaulting Banks and all Swingline Loans then outstanding, an amount equal to the Adjusted Total Revolving Loan Commitment at such time, (ii) no Letter of Credit shall hereafter be issued the Stated Amount of which, when added to the Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid on the date of, and prior to the issuance of, the respective Letter of Credit) at such time, would exceed \$50,000,000, (iii) no Letter of Credit shall hereafter be issued for the account of any Subsidiary Borrower the Stated Amount of which, when added to the sum of (A) the Letter of Credit Outstandings for such Subsidiary Borrower (exclusive of Unpaid Drawings which are repaid on the date of, and prior to the issuance of, the respective Letter of Credit) at such time and (B) the aggregate principal amount of all Revolving Loans and Swingline Loans then outstanding for such Subsidiary Borrower, would exceed such Subsidiary Borrower's Sub-Limit and (iv) each Letter of Credit hereafter issued shall by its terms terminate on or before the earlier of (x) the date which occurs 12 months after the date of the issuance thereof (although any such Letter of Credit may be extendable for successive periods of up to 12 months, but not beyond the Final Maturity Date, on terms acceptable to the respective Letter of Credit Issuer) and (y) the Final Maturity Date.

2.02 Minimum Stated Amount. The Stated Amount of each Letter of

Credit shall be not less than \$500,000 or such lesser amount as is acceptable to the respective Letter of Credit Issuer.

2.03 Letter of Credit Requests. (a) Whenever a Borrower desires

that a Letter of Credit be issued for its account, such Borrower shall give the Administrative Agent and the respective Letter of Credit Issuer at least five Business Days' (or such shorter period as is acceptable to such Letter of Credit Issuer in any given case) written notice thereof. Each notice shall be in the form of Exhibit C (each a "Letter of Credit Request"). The Administrative Agent shall promptly transmit copies of each Letter of Credit Request to each Bank.

(b) The making of each Letter of Credit Request shall be deemed to be a representation and warranty by the respective Borrower that such Letter of Credit may be issued in accordance with, and will not violate the requirements of, Section 2.01(c). Unless the respective Letter of Credit Issuer has received written notice from the Required Banks before it issues a Letter of Credit that one or more of the conditions specified in Section 5 or Section 6 are not then satisfied, or that the issuance of such Letter of Credit would violate Section 2.01(c), then such Letter of Credit Issuer may issue the requested Letter of Credit for the account of the respective Borrower in accordance with such Letter of Credit Issuer's usual and customary practices. Upon its issuance of any Letter of Credit, the respective Letter of Credit Issuer shall promptly notify each Bank of such issuance, which notice shall be accompanied by a copy of the Letter of Credit actually issued.

2.04 Letter of Credit Participations. (a) Immediately upon the

issuance by a Letter of Credit Issuer of any Letter of Credit (or upon the Restatement Effective Date with respect to the Existing Letters of Credit), such Letter of Credit Issuer shall be deemed to have sold and transferred to each Bank, other than such Letter of Credit Issuer (each such Bank, in its capacity under this Section 2.04, a "Participant"), and each such Participant shall be deemed irrevocably and unconditionally to have purchased and received from such Letter of Credit Issuer, without recourse or warranty, an undivided interest and participation, to the extent of such Participant's Adjusted Percentage, in such Letter of Credit, each drawing made thereunder and the obligations of the respective Borrower under this Agreement with respect thereto, and any security therefor or guaranty pertaining

thereto. This Agreement is intended by the parties to effect an immediate purchase by each Participant and sale by the respective Letter of Credit Issuer of such Participant's Adjusted Percentage of such rights and obligations in each Letter of Credit issued hereunder, and it is not to be construed as a loan or a commitment to make a loan by such Participant to such Letter of Credit Issuer, and the relationship between such Participant and such Letter of Credit Issuer shall not be a debtor-creditor relationship. Each Participant hereby absolutely and unconditionally assumes and agrees to pay and discharge when due, ratably in accordance with its Adjusted Percentage, the obligations of each Letter of Credit Issuer under the Letters of Credit issued by it, by paying to such Letter of Credit Issuer in accordance with and to the extent provided by clause (c) of this Section 2.04, its ratable share of all amounts advanced by such Letter of Credit Issuer subsequent to the date hereof in connection with any Letter of Credit issued by it. Upon any change in the Revolving Loan Commitments or Adjusted Percentages of the Banks pursuant to Section 1.13 or 13.04 or as a result of a Bank Default, it is hereby agreed that, with respect to all outstanding Letters of Credit and Unpaid Drawings, there shall be an automatic adjustment to the participations pursuant to this Section 2.04 to reflect the new Adjusted Percentages of the assignor and assignee Bank or of all Banks, as the case may be.

(b) In determining whether to pay under any Letter of Credit, the respective Letter of Credit Issuer shall have no obligation relative to the Participants other than to confirm that any documents required to be delivered under such Letter of Credit appear to have been delivered and that they appear to comply on their face with the requirements of such Letter of Credit. Any action taken or omitted to be taken by the respective Letter of Credit Issuer under or in connection with any Letter of Credit if taken or omitted in the absence of gross negligence or willful misconduct, shall not create for such Letter of Credit Issuer any resulting liability to any Borrower or any Participant.

(c) In the event that any Letter of Credit Issuer makes any payment under any Letter of Credit (including any Existing Letter of Credit) and the respective Borrower shall not have reimbursed such amount in full to such Letter of Credit Issuer pursuant to Section 2.05(a), such Letter of Credit Issuer shall promptly notify the Administrative Agent, which shall promptly notify each Participant of such failure, and each Participant shall absolutely and unconditionally pay to the Administrative Agent for the account of such Letter of

Credit Issuer the amount of such Participant's Adjusted Percentage of such unreimbursed payment. Each Participant required to fund a payment pursuant to the preceding sentence shall do so in Dollars and in same day funds, without reduction for any setoff or counterclaim of any nature whatsoever, on the Business Day on which the Administrative Agent so notified such Participant, if such notice was given before 11:00 A.M. (New York time), or if such notice was not given by such time, on the Business Day next following such notice. If and to the extent such Participant shall not have so made its Adjusted Percentage of the amount of such payment available as aforesaid, such Participant agrees to pay to the Administrative Agent for the account of such Letter of Credit Issuer, forthwith on demand such amount, together with interest thereon, for each day from such date until the date such amount is paid to such Letter of Credit Issuer at the overnight Federal Funds Rate. The failure of any Participant to make available to the respective Letter of Credit Issuer its Adjusted Percentage of any payment under any Letter of Credit shall not relieve any other Participant of its obligation hereunder to make available as aforesaid, its Adjusted Percentage of any Letter of Credit on the date required, as specified above, nor shall any Participant be relieved of its obligations to make such payments by reason of noncompliance by any other party to and with the terms of the other Credit Documents or for any other reason, but no Participant shall be responsible for the failure of any other Participant to make available to such Letter of Credit Issuer such other Participant's Adjusted Percentage of any such payment.

(d) Whenever any Letter of Credit Issuer receives a payment of a reimbursement obligation as to which it has received any payments from any Participant pursuant to clause (c) of this Section 2.04 such Letter of Credit Issuer shall promptly pay such amount in Dollars and in same day funds, less the proportion of such amount due to such Letter of Credit Issuer, to the Administrative Agent for the account of each Participant which has paid its Adjusted Percentage thereof, whereupon the Administrative Agent shall promptly distribute the amount so paid to each such Participant ratably in accordance with its proportion of the aggregate amount theretofore funded by all Participants.

(e) Upon the request of any Participant, the respective Letter of Credit Issuer shall furnish to such Participant copies of any Letter of Credit issued by it and such other documentation as may reasonably be requested by such Participant.

(f) The obligations of the Participants to make payments as provided in clause (c) of this Section 2.04 with respect to Letters of Credit issued by it shall be irrevocable and not subject to any counterclaim, set-off, other defense or any qualification or exception whatsoever and shall be made in accordance with the terms and conditions of this Agreement under all circumstances, including, without limitation, any of the following circumstances:

(i) any lack of validity or enforceability of this Agreement or any of the other Credit Documents;

(ii) the existence of any claim, setoff, defense or other right which the respective Borrower or Participant may have at any time against a beneficiary named in a Letter of Credit, any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), the Administrative Agent, any Participant, or any other Person, whether in connection with this Agreement, any Letter of Credit, the transactions contemplated herein or therein or any unrelated transactions (including any underlying transaction between the respective Borrower and the beneficiary named in any such Letter of Credit);

(iii) any draft, certificate or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) the surrender or impairment of any security for the performance or observance of any of the terms of any of the Credit Documents; or

(v) the occurrence of any Default or Event of Default.

(g) If any Participant shall fail to make any payment required pursuant to this Agreement in respect of any Letter of Credit at the time, in the funds and at the place provided, the respective Letter of Credit Issuer may, but shall not be obligated to, advance funds on behalf of such Participant (the "Defaulting Participant"). Each such advance shall be secured by the Defaulting Participant's interest in all payments and remedies under this Agreement and the other Credit Documents, the respective Letter of Credit Issuer shall be subrogated to the rights of the Defaulting Participant in this Agreement and the other Credit

Documents and, at the request of the respective Letter of Credit Issuer, the Administrative Agent shall cause such advance to be repaid by application of payments which the Defaulting Participant would otherwise be entitled to receive under this Agreement and the other Credit Documents. Notwithstanding clause (c) of this Section 2.04, any amount not paid by the Defaulting Participant to the respective Letter of Credit Issuer as provided herein and each advance made by such Letter of Credit Issuer hereunder shall bear interest for each day from the date each such payment was due or such advance was made until such payment shall be made in full or advance repaid in full at the overnight Federal Funds Rate for the first three days during which the Defaulting Participant is in default, and thereafter at the Prime Lending Rate.

2.05 Agreement to Repay Letter of Credit Drawings. (a) Each

Borrower hereby agrees to reimburse the respective Letter of Credit Issuer, by making payment to the Administrative Agent for the account of such Letter of Credit Issuer in immediately available funds at the Payment Office, for any payment or disbursement made by such Letter of Credit Issuer under any Letter of Credit issued for such Borrower's account (each such amount, so paid until reimbursed, an "Unpaid Drawing"), immediately after, and in any event on the date of, such payment or disbursement, with interest on the amount so paid or disbursed by such Letter of Credit Issuer, to the extent not reimbursed prior to 12:00 Noon (New York time) on the date of such payment or disbursement, from and including the date paid or disbursed to but excluding the date such Letter of Credit Issuer was reimbursed by such Borrower therefor at a rate per annum which shall be the Base Rate in effect from time to time, provided, however, to the extent such amounts are not

reimbursed prior to 12:00 Noon (New York time) on the third Business Day following notice to the Company by the Administrative Agent or the respective Letter of Credit Issuer of such payment or disbursement, interest shall thereafter accrue on the amounts so paid or disbursed by such Letter of Credit Issuer (and until reimbursed by such Borrower) at a rate per annum which shall be the Base Rate in effect from time to time plus 2%, in each such case, with interest to be payable on demand, it being understood and agreed, however, that the notice referred to in the immediately preceding proviso shall not be required to be given if a Bankruptcy Event shall have occurred and be continuing and, in such case, interest shall accrue on and after such third Business Day at the rate provided in such proviso. The respective Letter of Credit Issuer shall give the respective Borrower prompt notice of each Drawing under any Letter of

Credit, provided that the failure to give any such notice shall in no way

affect, impair or diminish such Borrower's obligations hereunder.

(b) The obligations of each Borrower under this Section 2.05 to reimburse the respective Letter of Credit Issuer with respect to Unpaid Drawings (including, in each case, interest thereon) shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which such Borrower may have or have had against any Bank (including in its capacity as issuer of the Letter of Credit or as Participant), including, without limitation, any defense based upon the failure of any drawing under a Letter of Credit (each a "Drawing") to conform to the terms of the Letter of Credit or any nonapplication or misapplication by the beneficiary of the proceeds of such Drawing; provided, however, that

such Borrower shall not be obligated to reimburse such Letter of Credit Issuer for any wrongful payment made by such Letter of Credit Issuer under a Letter of Credit as a result of acts or omissions constituting willful misconduct or gross negligence on the part of such Letter of Credit Issuer.

2.06 Increased Costs. If at any time the introduction of or any

change in any applicable law, rule, regulation, order, guideline or request or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof, or compliance by any Letter of Credit Issuer or any Participant with any request or directive by any such authority (whether or not having the force of law), or any change in generally accepted accounting principles, shall either (i) impose, modify or make applicable any reserve, deposit, capital adequacy or similar requirement against letters of credit issued by such Letter of Credit Issuer or participated in by any Participant, or (ii) impose on such Letter of Credit Issuer or any Participant any other conditions relating, directly or indirectly, to this Agreement or any Letter of Credit; and the result of any of the foregoing is to increase the cost to such Letter of Credit Issuer or any Participant of issuing, maintaining or participating in any Letter of Credit, or reduce the amount of any sum received or receivable by such Letter of Credit Issuer or any Participant hereunder or reduce the rate of return on its capital with respect to Letters of Credit, then, upon demand to the respective Borrower by such Letter of Credit Issuer or any Participant (a copy of which demand shall be sent by such Letter of Credit Issuer or such Participant to the Administrative Agent), such Borrower shall pay (and the Borrowers shall be

jointly and severally obligated to pay) to such Letter of Credit Issuer or such Participant such additional amount or amounts as will compensate such Letter of Credit Issuer or such Participant for such increased cost or reduction in the amount receivable or reduction on the rate of return on its capital. Any Letter of Credit Issuer or any Participant, upon determining that any additional amounts will be payable pursuant to this Section 2.06, will give prompt written notice thereof to the respective Borrower, which notice shall include a certificate submitted to such Borrower by such Letter of Credit Issuer or such Participant (a copy of which certificate shall be sent by such Letter of Credit Issuer or such Participant to the Administrative Agent), setting forth in reasonable detail the basis for the calculation of such additional amount or amounts necessary to compensate such Letter of Credit Issuer or such Participant. The certificate required to be delivered pursuant to this Section 2.06 shall, absent manifest error, be final and conclusive and binding on the respective Borrower.

2.07 Responsibility of Letter of Credit Issuers; Reimbursement of

Expenses and Disclaimer of Liability. (a) Each Letter of Credit Issuer, in

dealing with the participation share granted to any Participant under this Agreement, shall have no duties or responsibilities except for those that are expressly set forth in this Agreement. The duties of each Letter of Credit Issuer shall be ministerial and administrative in nature; no Letter of Credit Issuer shall have by reason of this Agreement or any other agreement a fiduciary relationship with any Participant.

(b) Each Letter of Credit Issuer will handle all matters concerning this Agreement in accordance with its usual practice in managing its own affairs in the ordinary course of business, and will not be liable to any Participant, except for its gross negligence or willful misconduct. Without limiting the generality of the foregoing limitation of liability, and subject to the obligation to handle matters in accordance with the respective Letter of Credit Issuer's usual practice in managing its own affairs in the ordinary course of business, such Letter of Credit Issuer (i) shall not be responsible to any Participant for any statement, representation or warranty made in this Agreement, (ii) shall not be responsible for the due execution, effectiveness, legality, validity, binding effect, enforceability or sufficiency of this Agreement, (iii) shall not be bound to ascertain or inquire as to the performance of any of the terms, provisions or conditions of this Agreement

on the part of any Person, (iv) shall be entitled to rely upon any writing, statement or notice or any telegraph, telex or teletyped message reasonably believed by it to be genuine and correct and believed by it to be signed and sent by the proper person, (v) may consult with legal counsel, independent public accountants, architects and any other experts such Letter of Credit Issuer may select with reasonable care and shall be fully protected in any action taken or omitted to be taken by it in accordance with the advice or opinion of such counsel, accountants, architects or experts, (vi) may employ agents or attorneys-in-fact and shall not be liable for the default or misconduct of any such person selected by such Letter of Credit Issuer with reasonable care and (vii) shall not be responsible for the performance of the repayment obligations under this Agreement, provided that clauses (i), (ii)

and (iii) of this clause (b) shall not be interpreted to relieve any Letter of Credit Issuer of its own responsibility in such matters under this Agreement.

(c) No Letter of Credit Issuer has made nor does it make any express or implied representations or warranties with respect to the past, present or future financial condition of any Credit Party or with respect to the legality, enforceability, validity, genuineness, subsistence, priority or value of the repayment obligations of any Credit Party under (i) this Agreement or any other Credit Document or (ii) any security therefor.

(d) Each Participant will reimburse the respective Letter of Credit Issuer on demand, ratably in accordance with such Participant's Adjusted Percentage, against any and all reasonable costs, losses, liabilities, expenses and disbursements that may be incurred or made by such Letter of Credit Issuer in connection with any action that may be necessary or advisable to be taken by such Letter of Credit Issuer to recover amounts owed with respect to any Letter of Credit issued by such Letter of Credit Issuer or the other Credit Documents for which such Letter of Credit Issuer has not been reimbursed. Each Participant will reimburse the respective Letter of Credit Issuer on demand, ratably in accordance with such Participant's Adjusted Percentage, against any and all reasonable costs, losses, liabilities, expenses and disbursements that may be incurred by such Letter of Credit Issuer in connection with the performance of its duties under this Agreement, provided that no Participant will be liable for any

such costs, losses, liabilities, expenses and disbursements which arise solely out of the

gross negligence or willful misconduct of such Letter of Credit Issuer.

(e) Nothing contained in this Agreement shall confer upon any Letter of Credit Issuer or any Participant any interest in, or subject any Letter of Credit Issuer or any Participant to any liability for, the assets or liabilities of the other parties to the Credit Documents, except as to the transactions referred to in this Agreement. No Letter of Credit Issuer assumes any liability to any Participant for the repayment of its participation except to the extent that such Participant shall be entitled to receive payments in accordance with Section 2.04 of this Agreement.

SECTION 3. Commitment Commission; Fees; Reductions of Revolving

Loan Commitment.

3.01 Fees. (a) The Company agrees to pay to the Administrative

Agent for distribution to each Non-Defaulting Bank a commitment commission (the "Commitment Commission") for the period from the Restatement Effective Date to but excluding the Final Maturity Date (or such earlier date as the Total Revolving Loan Commitment shall have been terminated), computed at a rate for each day equal to the Applicable Commitment Commission Percentage on the daily average Unutilized Revolving Loan Commitment of such Non-Defaulting Bank. Accrued Commitment Commission shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December and on the Final Maturity Date or such earlier date upon which the Total Revolving Loan Commitment is terminated.

(b) The Company agrees to pay to the Administrative Agent for distribution to each Non-Defaulting Bank (based on their respective Adjusted Percentages) a fee in respect of each Letter of Credit issued hereunder, including each Existing Letter of Credit (the "Letter of Credit Fee"), for the period from and including the date of issuance of such Letter of Credit (or, in the case of the Existing Letters of Credit, from the Restatement Effective Date) to and including the termination of such Letter of Credit, computed at a rate per annum equal to the Applicable Margin for Eurodollar Loans, as in effect from time to time, on the daily average Stated Amount of such Letter of Credit. Accrued Letter of Credit Fees shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December and upon the first day on or after the termination of the Total Revolving Loan Commitment upon which no Letters of Credit remain outstanding.

(c) The Company agrees to pay to each Letter of Credit Issuer, for its own account, a facing fee in respect of each Letter of Credit issued by it hereunder, including each Existing Letter of Credit (the "Facing Fee"), for the period from and including the date of issuance of such Letter of Credit (or, in the case of the Existing Letters of Credit, from the Restatement Effective Date) to and including the termination of such Letter of Credit, computed at a rate equal to 1/8 of 1% per annum of the daily average Stated Amount of such Letter of Credit. Accrued Facing Fees shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December and upon the first day on or after the termination of the Total Revolving Loan Commitment upon which no Letters of Credit remain outstanding.

(d) The Company agrees to pay to each Letter of Credit Issuer, upon each drawing under, issuance of, or amendment to, any Letter of Credit issued by such Letter of Credit Issuer, such amount as shall at the time of such event be the administrative charge which such Letter of Credit Issuer is generally imposing in connection with such occurrence with respect to letters of credit.

(e) Each Borrower agrees to pay to the Administrative Agent, for its own account, such other fees as have been agreed to in writing by such Borrower and the Administrative Agent.

3.02 Voluntary Termination of Unutilized Revolving Loan Commit-

ments. (a) Upon at least two Business Days' prior written notice to the

Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Banks), the Company shall have the right, at any time or from time to time, without premium or penalty, to terminate the Total Unutilized Revolving Loan Commitment, in whole or in part, in integral multiples of \$5,000,000 in the case of partial reductions to the Total Unutilized Revolving Loan Commitment, provided that (i) each

such reduction shall apply to reduce the remaining Scheduled Commitment Reductions in direct order of maturity (based upon the amount of each such remaining Scheduled Commitment Reduction), (ii) each such reduction shall apply proportionately to permanently reduce the Revolving Loan Commitment of each Bank and (iii) the reduction to the Total Unutilized Revolving Loan Commitment shall in no case be in an amount which would cause the Revolving Loan Commitment of any Bank to be reduced (as required by preceding clause (ii)) by an amount which exceeds the remainder of (x) the

Unutilized Revolving Loan Commitment of such Bank as in effect immediately before giving effect to such reduction minus (y) such Bank's Adjusted Percentage of the aggregate principal amount of Swingline Loans then outstanding.

(b) In the event of certain refusals by a Bank to consent to certain proposed changes, waivers, discharges or terminations with respect to this Agreement which have been approved by the Required Banks as provided in Section 13.12(b), the Company shall have the right, upon five Business Days' prior written notice to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Banks), to terminate the entire Revolving Loan Commitment of such Bank, so long as all Revolving Loans, together with accrued and unpaid interest, Fees and all other amounts owing to such Bank are repaid concurrently with the effectiveness of such termination (at which time Schedule I shall be deemed modified to reflect such changed amounts), and at such time, such Bank shall no longer constitute a "Bank" for purposes of this Agreement, except with respect to indemnifications under this Agreement (including, without limitation, Sections 1.10, 1.11, 2.06, 4.04, 13.01 and 13.06), which shall survive as to such repaid Bank.

3.03 Mandatory Reduction of Revolving Loan Commitments. (a) In addition to any other mandatory commitment reductions pursuant to this Section 3.03, the Total Revolving Loan Commitment (and the Revolving Loan Commitment of each Bank) shall terminate in its entirety on the Final Maturity Date.

(b) In addition to any other mandatory commitment reductions pursuant to this Section 3.03, but subject to reduction as provided in clause (i) of the proviso set forth in Section 3.02(a), on each date set forth below, the Total Revolving Loan Commitment shall be reduced by the amount set forth opposite such date (each reduction required by this Section 3.03(b), a "Scheduled Commitment Reduction"):

Date ----	Amount -----
July 31, 1998	\$50,000,000
January 31, 1999	\$75,000,000
July 31, 1999	\$75,000,000
January 31, 2000	\$100,000,000

(c) In addition to any other mandatory commitment reductions pursuant to this Section 3.03, on the 15th day after the date on which any Change of Control occurs, the Total Revolving Loan Commitment shall be reduced to zero unless the Required Banks otherwise agree in writing in their sole discretion.

(d) In addition to any other mandatory commitment reductions pursuant to this Section 3.03, on each date after the Restatement Effective Date upon which Parent or any of its Subsidiaries receives any proceeds from any incurrence by Parent or any of its Subsidiaries of Permitted Designated Indebtedness, the Total Revolving Loan Commitment shall be reduced by an amount equal to its Share of the cash proceeds of the respective incurrence of Permitted Designated Indebtedness (net of underwriting or placement discounts and commissions and other reasonable costs associated therewith), provided that in the case of each incurrence of Existing Casino Non-Recourse

Financing, the Total Revolving Loan Commitment shall only be reduced by an amount equal to its Share of the Minimum Proceeds Amount for the respective Casino Property; provided further, to the extent that the 364-Day Banks do not require that their full Share be applied to reduce the Total 364-Day Revolving Loan Commitment, the amount of their Share not so applied shall instead be applied to reduce the Total Revolving Loan Commitment as required by clause (f) of this Section 3.03.

(e) In addition to any other mandatory commitment reductions pursuant to this Section 3.03, on each date after the Restatement Effective Date upon which Parent or any of its Subsidiaries receives proceeds from any sale of assets constituting Collateral (but excluding (i) sales of inventory, materials and equipment in the ordinary course of business and (ii) sales of obsolete, uneconomic or worn-out equipment or materials), the Total Revolving Loan Commitment shall be reduced by an amount equal to its Share of 100% of the Net Sale Proceeds thereof, provided that, in the case of any sale of a Casino Property, the Total Revolving Loan Commitment shall only be reduced by an amount equal to its Share of the Minimum Proceeds Amount for the respective Casino Property or Casino Owner thereof; provided further, to the extent that the 364-Day Banks do not require that their full Share be applied to reduce the Total 364-Day Revolving Loan Commitment, the amount of their Share not so applied instead be applied to reduce the Total Revolving Loan Commitment as required by clause (f) of this Section 3.03.

(f) In addition to any other mandatory commitment reductions pursuant to this Section 3.03, following any mandatory commitment reduction required by Section 3.03(d) or (e) with respect to which the Shares of the various Issues of Senior Debt have been calculated in accordance with clause (A) of the definition of "Share," on the first date thereafter upon which it is subsequently determined that the amount which will actually be required to mandatorily reduce the Total 364-Day Revolving Loan Commitment is less than the Share applicable thereto (whether because the 364-Day Banks elected not to require such reduction or otherwise), then the amount which will not be so required to mandatorily reduce the Total 364-Day Revolving Loan Commitment shall instead be required to reduce the Total Revolving Loan Commitment as required by Section 3.03(d) or (e), as the case may be.

(g) The Total Revolving Loan Commitment shall be reduced, and the Revolving Loan Commitment of the respective Former Bank shall be terminated, in the amount and at the times provided in Section 13.04(d).

(h) Except as otherwise provided in clause (g) of this Section 3.03, each reduction to the Total Revolving Loan Commitment pursuant to this Section 3.03 shall be applied proportionately to reduce the Revolving Loan Commitment of each Bank.

SECTION 4. Prepayments; Payments; Taxes.

4.01 Voluntary Prepayments. Each Borrower shall have the right to

prepay the Loans made to it, without premium or penalty, in whole or in part at any time and from time to time on the following terms and conditions:

(i) such Borrower shall give the Administrative Agent prior to 12:00 Noon (New York time) at its Notice Office (x) at least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing) of its intent to prepay Base Rate Loans (or same day notice in the case of Swingline Loans provided such notice is given prior to 12:00 Noon (New York time) on such Business Day) and (y) at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of its intent to prepay Eurodollar Loans, whether Revolving Loans or Swingline Loans shall be prepaid, the amount of such prepayment and the Types of Loans to be prepaid and, in the case of Eurodollar Loans, the specific Borrowing or Borrowings

pursuant to which made, which notice the Administrative Agent shall promptly transmit to each of the Banks;

(ii) each prepayment shall be in an aggregate principal amount of at least \$5,000,000 (or \$1,000,000 in the case of Swingline Loans), provided that, if any partial prepayment of Eurodollar Loans made

pursuant to any Borrowing shall reduce the outstanding Eurodollar Loans made pursuant to such Borrowing to an amount less than \$5,000,000, then such Borrowing may not be continued as a Borrowing of Eurodollar Loans and any election of an Interest Period with respect thereto given by the Borrower shall have no force or effect;

(iii) each prepayment in respect of any Revolving Loans made pursuant to a Borrowing shall be applied pro rata among such Revolving

Loans, provided that, at the respective Borrower's election in connec-

tion with any prepayment of Revolving Loans pursuant to this Section 4.01, such prepayment shall not be applied to any Revolving Loan of a Defaulting Bank; and

(iv) in the event of certain refusals by a Bank to consent to certain proposed changes, waivers, discharges or terminations with respect to this Agreement which have been approved by the Required Banks as provided in Section 13.12(b), the Borrowers shall have the right, upon five Business Days' prior written notice to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Banks) repay all Revolving Loans, together with accrued and unpaid interest, Fees, and other amounts owing to such Bank in accordance with said Section 13.12(b) so long as (A) the Revolving Loan Commitment of such Bank is terminated concurrently with such repayment (at which time Schedule I shall be deemed modified to reflect the changed Revolving Loan Commitments) and (B) the consents required by Section 13.12(b) in connection with the repayment pursuant to this clause (iv) have been obtained.

4.02 Mandatory Repayments. (a)(i) On any day on which the sum of

the aggregate outstanding principal amount of Revolving Loans made by Non-Defaulting Banks, Swingline Loans and the Letter of Credit Outstandings exceeds the Adjusted Total Revolving Loan Commitment as then in effect, there shall be required to be repaid on such date that principal amount of Swingline Loans and, after all Swingline Loans have been repaid in full, Revolving Loans of Non-

Defaulting Banks in an amount equal to such excess. If, after giving effect to the repayment of all outstanding Swingline Loans and Revolving Loans of Non-Defaulting Banks, the aggregate amount of the Letter of Credit Outstandings exceeds the Adjusted Total Revolving Loan Commitment as then in effect, the Company shall pay to the Administrative Agent at the Payment Office on such date an amount of cash or cash equivalents equal to the amount of such excess (up to a maximum amount equal to the Letter of Credit Outstandings at such time), such cash or cash equivalents to be held as security for all obligations of the Borrowers to Non-Defaulting Banks hereunder in a cash collateral account to be established by the Administrative Agent.

(ii) On any day on which the sum of the aggregate outstanding principal amount of Revolving Loans and Swingline Loans made to any Subsidiary Borrower and the Letter of Credit Outstandings in respect of Letters of Credit issued for the account of such Subsidiary Borrower exceeds such Subsidiary Borrower's Sub-Limit, such Subsidiary Borrower shall repay principal of its Swingline Loans and, after the Swingline Loans have been repaid in full, its Revolving Loans in an amount equal to such excess. If, after giving effect to the repayment of all of its outstanding Swingline Loans and Revolving Loans, the aggregate amount of its Letter of Credit Outstandings exceeds such Subsidiary Borrower's Sub-Limit, such Subsidiary shall pay to the Administrative Agent at the Payment Office on such date an amount of cash or cash equivalents equal to the amount of such excess (up to a maximum amount equal to its Letter of Credit Outstandings at such time), such cash or cash equivalents to be held as security for all obligations of such Subsidiary Borrower hereunder in a cash collateral account to be established by the Administrative Agent.

(iii) On any day on which the aggregate outstanding principal amount of Revolving Loans made by any Defaulting Bank exceeds the Revolving Loan Commitment of such Defaulting Bank, the Borrowers shall repay principal of Revolving Loans of such Defaulting Bank in an amount equal to such excess.

(b) With respect to each repayment of Revolving Loans required by this Section 4.02, the respective Borrower may designate the Types of Revolving Loans which are to be repaid and, in the case of Eurodollar Loans, the specific Borrowing or Borrowings pursuant to which made, provided that:

(i) repayments of Eurodollar Loans pursuant to this Section 4.02 may only be made on the last day of an Interest Period applicable thereto unless all Eurodollar Loans with

Interest Periods ending on such date of required repayment and all Base Rate Loans have been paid in full; (ii) if any repayment of Eurodollar Loans made pursuant to a single Borrowing shall reduce the outstanding Eurodollar Loans made pursuant to such Borrowing to an amount less than \$5,000,000, such Borrowing shall be converted on such day into a Borrowing of Base Rate Loans; (iii) each repayment of any Revolving Loans made by Non-Defaulting Banks pursuant to a Borrowing shall be applied pro rata among such Revolving Loans;

and (iv) each repayment of any Revolving Loans made by Defaulting Banks pursuant to a Borrowing shall be applied pro rata among such Revolving Loans.

In the absence of a designation by any Borrower as described in the preceding sentence, the Administrative Agent shall, upon telephonic notice to the Company and subject to the above, make such designation in its sole discretion.

(c) Notwithstanding anything to the contrary contained elsewhere in this Agreement, (i) all then outstanding Swingline Loans shall be repaid in full on the Swingline Expiry Date and (ii) all then outstanding Revolving Loans shall be repaid in full on the Final Maturity Date.

4.03 Method and Place of Payment. Except as otherwise

specifically provided herein, all payments under this Agreement or under any Note shall be made to the Administrative Agent for the account of the Bank or Banks entitled thereto not later than 12:00 Noon (New York time) on the date when due and shall be made in Dollars in immediately available funds at the Payment Office of the Administrative Agent. Whenever any payment to be made hereunder or under any Note shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension.

4.04 Net Payments. (a) All payments made by any Borrower

hereunder or under any Note, will be made without setoff, counterclaim or other defense. Except as provided in Section 4.04(b), all such payments will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments (but excluding, except as provided in the immediately succeeding sentence, any tax imposed on or measured by the net income or profits of a Bank pursuant to

the laws of the United States and the jurisdiction in which it is organized or in which the principal office or applicable lending office of such Bank is located or any subdivision or taxing authority thereof or therein) and all interest, penalties or similar liabilities with respect thereto (collectively, "Taxes"). If any amounts are payable in respect of Taxes pursuant to the preceding sentence, then the Borrowers agree to reimburse each Bank, upon the written request of such Bank, for taxes imposed on or measured by the net income of such Bank pursuant to the laws of the jurisdiction in which the principal office or applicable lending office of such Bank is located or under the laws of any political subdivision or taxing authority of any such jurisdiction in which the principal office or applicable lending office of such Bank is located and for any withholding of income or similar taxes imposed by the United States of America as such Bank shall determine are payable by, or withheld from, such Bank in respect of such amounts so paid to or on behalf of such Bank pursuant to the preceding sentence and in respect of any amounts paid to or on behalf of such Bank pursuant to this sentence. If any Taxes are so levied or imposed, the Borrowers agree to pay the full amount of such Taxes, and such additional amounts as may be necessary so that every payment of all amounts due under this Agreement or under any Note, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein or in such Note. The Borrowers will furnish to the Administrative Agent within 45 days after the date the payment of any Taxes is due pursuant to applicable law copies of official tax receipts received from the relevant taxing authority evidencing such payment by the Borrowers. The Borrowers agree to indemnify and hold harmless each Bank, and reimburse such Bank upon its written request, for the amount of any Taxes so levied or imposed and paid by such Bank.

(b) Each Bank which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for U.S. Federal income tax purposes agrees (i) in the case of any such Bank that is a "bank" within the meaning of Section 881(c)(3)(A) of the Code and which constitutes a Bank hereunder on the Restatement Effective Date, to provide to the Company and the Administrative Agent within five days after the Restatement Effective Date two original signed copies of Internal Revenue Service Form 4224 or Form 1001 certifying to such Bank's entitlement to an exemption from United States withholding tax with respect to payments to be made under this Agreement and under any Note, (ii) in the case of any such Bank that is a "bank" within the meaning of

Section 881(c)(3)(A) of the Code, that, to the extent legally entitled to do so, (x) with respect to a Bank that is an assignee or transferee of an interest under this Agreement pursuant to Section 1.13 or 13.04 (unless the respective Bank was already a Bank hereunder immediately prior to such assignment or transfer), within five days after such assignment or transfer to such Bank, and (y) with respect to any such Bank, from time to time upon the reasonable written request of the Company or the Administrative Agent after the Restatement Effective Date, such Bank will provide to the Company and the Administrative Agent two original signed copies of Internal Revenue Service Form 4224 or Form 1001 (or any successor forms) certifying to such Bank's entitlement to an exemption from, or reduction in, United States withholding tax with respect to payments to be made under this Agreement and under any Note, (iii) in the case of any such Bank (other than a Bank described in clause (i) or (ii) above) which constitutes a Bank hereunder on the Restatement Effective Date, to provide to the Company and the Administrative Agent, within five days after the Restatement Effective Date (x) a certificate substantially in the form of Exhibit D (any such certificate, a "Section 4.04(b)(iii) Certificate") and (y) two accurate and complete original signed copies of Internal Revenue Service Form W-8, certifying to such Bank's entitlement at the date of such certificate (assuming compliance by the Company with Section 8.11) to an exemption from United States withholding tax under the provisions of Section 881(c) of the Code with respect to payments to be made under this Agreement and under any Note and (iv) in the case of any such Bank (other than a Bank described in clause (i) or (ii) above), to the extent legally entitled to do so, (x) with respect to a Bank that is an assignee or transferee of an interest under this Agreement pursuant to Section 1.13 or 13.04 (unless the respective Bank was already a Bank hereunder immediately prior to such assignment or transfer), within five days after such assignment or transfer to such Bank, and (y) with respect to any such Bank, from time to time upon the reasonable written request of the Company or the Administrative Agent after the Restatement Effective Date, to provide to the Company and the Administrative Agent such other forms as may be required in order to establish the entitlement of such Bank to an exemption from withholding with respect to payments under this Agreement and under any Note. Notwithstanding anything to the contrary contained in Section 4.04(a), but subject to the immediately succeeding sentence, each Borrower shall be entitled, to the extent it is required to do so by law, to deduct or withhold income or similar taxes imposed by the United States (or any political subdivision or taxing authority thereof or therein) from

interest, fees or other amounts payable hereunder (without any obligation to pay the respective Bank additional amounts with respect thereto) for the account of any Bank which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for U.S. Federal income tax purposes and which has not provided to the Company such forms required to be provided to the Company pursuant to the first sentence of this Section 4.04(b). Notwithstanding anything to the contrary contained in the preceding sentence and except as set forth in Section 13.04(b), each Borrower agrees to indemnify each Bank in the manner set forth in Section 4.04(a) in respect of any amounts deducted or withheld by it as described in the immediately preceding sentence as a result of any changes after the Restatement Effective Date in any applicable law, treaty, governmental rule, regulation, guideline or order, or in the interpretation thereof, relating to the deducting or withholding of income or similar Taxes.

(c) If any Borrower pays any additional amount under this Section 4.04 to a Bank and such Bank determines that it has received or realized in connection therewith any refund or any reduction of, or credit against, its Tax liabilities in or with respect to the taxable year in which the additional amount is paid, such Bank shall pay to the respective Borrower an amount that the Bank shall, in its sole discretion, determine is equal to the net benefit, after tax, which was obtained by the Bank in such taxable year as a consequence of such refund, reduction or credit.

SECTION 5. Conditions Precedent to the Restatement Effective Date.

The occurrence of the Restatement Effective Date pursuant to Section 13.10, and the obligation of each Bank to make Loans, and the obligation of any Letter of Credit Issuer to issue Letters of Credit, on the Restatement Effective Date is subject to the satisfaction of the following conditions:

5.01 Execution of Agreement; Notes. On or prior to the

Restatement Effective Date, (i) this Agreement shall have been executed and delivered as provided in Section 13.10 and (ii) there shall have been delivered to the Administrative Agent for the account of each Bank the appropriate Revolving Notes executed by the respective Borrowers, and to BTC the appropriate Swingline Notes executed by such Borrowers, in each case in the amount, maturity and as otherwise provided herein.

5.02 Officer's Certificate. On the Restatement Effective Date,

the Administrative Agent shall have received a certificate dated the Restatement Effective Date signed on behalf of the Company by the President, any Senior Vice President or any Vice President of the Company stating that all of the conditions in Sections 5.14, 5.15, 5.16, 5.17, 5.19, 5.20 and 6.01 have been satisfied on such date.

5.03 Opinions of Counsel. On the Restatement Effective Date, the

Administrative Agent shall have received (i) from Latham & Watkins, counsel to Parent, the Company and the Subsidiary Borrowers, an opinion addressed to the Administrative Agent and each of the Banks and dated the Restatement Effective Date in form and substance satisfactory to the Administrative Agent and the Required Banks, (ii) from E.O. Robinson, Jr., General Counsel to Parent and the Company, an opinion addressed to the Administrative Agent and each of the Banks and dated the Restatement Effective Date in form and substance satisfactory to the Administrative Agent and the Required Banks and (iii) from local counsel reasonably satisfactory to the Administrative Agent, opinions each of which shall be in form and substance satisfactory to the Administrative Agent and the Required Banks and shall cover the New Jersey and Nevada Gaming Regulations and the perfection and priority of the security interests granted pursuant to the Security Agreement and the Mortgages (except that no opinion need be given with respect to the priority of the Lien of any Mortgage) and such other matters incident to the transactions contemplated herein as the Administrative Agent may reasonably request.

5.04 Corporate Documents; Proceedings. (a) On the Restatement

Effective Date, the Administrative Agent shall have received a certificate, dated the Restatement Effective Date, signed by the President, any Senior Vice President or any Vice President of each of the Credit Parties, and attested to by the Secretary or any Assistant Secretary of each such Credit Party, in the form of Exhibit E with appropriate insertions, together with copies of the certificate of incorporation, partnership agreement and by-laws of such Credit Party, as the case may be, and the resolutions of such Credit Party referred to in such certificate, and the foregoing shall be acceptable to the Administrative Agent in its reasonable discretion.

(b) All corporate and legal proceedings and all instruments and agreements in connection with the transactions contemplated by this Agreement, the other Credit Documents and the Hotel Transaction Documents shall be

satisfactory in form and substance to the Administrative Agent and the Required Banks, and the Administrative Agent shall have received true and correct copies of all Hotel Transaction Documents, together with all information and copies of all other documents and papers, including records of corporate proceedings, governmental approvals, good standing certificates and bring-down telegrams, if any, which the Administrative Agent reasonably may have requested in connection therewith, such documents and papers where appropriate to be certified by proper corporate or governmental authorities.

5.05 Master Collateral Agreement. On the Restatement Effective

Date, the Administrative Agent, the Collateral Agent and each Collateral Grantor shall have entered into an amendment to the Master Collateral Agreement in the form of Exhibit F, and the Master Collateral Agreement, as so amended, shall be in full force and effect.

5.06 Pledge Agreements. (a) On the Restatement Effective Date,

the Collateral Agent and Parent shall have entered into an amendment to the Parent Pledge Agreement in the form of Exhibit G-1, and the Parent Pledge Agreement, as so amended, shall be in full force and effect. On the Restatement Effective Date, the Collateral Agent, as Pledgee, shall have in its possession all the Pledged Securities referred to in the Parent Pledge Agreement then owned by Parent, together with executed and undated stock powers.

(b) On the Restatement Effective Date, the Collateral Agent and each Collateral Grantor party to the Company/Sub Pledge Agreement shall have entered into an amendment to the Company/Sub Pledge Agreement in the form of Exhibit G-2, and the Company/Sub Pledge Agreement, as so amended, shall be in full force and effect. On the Restatement Effective Date, the Collateral Agent, as Pledgee, shall have in its possession all the Pledged Securities referred to in the Company/Sub Pledge Agreement then owned by the respective Collateral Grantor, together with executed and undated stock powers.

5.07 Security Agreement. On the Restatement Effective Date, the

Collateral Agent and each Collateral Grantor party to the Security Agreement shall have entered into an amendment to the Security Agreement in the form of Exhibit H, and the Security Agreement, as so amended, shall be in full force and effect. On the Restatement Effective Date, no filings, recordings or registrations (other than those made prior to the Restatement Effective Date) shall be

necessary or required to perfect (or maintain the perfection and priority of) the security interest created under the Security Agreement.

5.08 Company/Sub Guaranty. On the Restatement Effective Date, the

Collateral Agent, the Company and each other Guarantor (other than Parent) shall have entered into an amendment to the Company/Sub Guaranty in the form of Exhibit I, and the Company/Sub Guaranty, as so amended, shall be in full force and effect.

5.09 Mortgages; Title Insurance; Surveys; etc. On the Restatement

Effective Date, the Collateral Agent shall have received:

(i) fully executed counterparts of amendments (each a "Mortgage Amendment" and, collectively, the "Mortgage Amendments") to each of the Mortgages in the form of Exhibit J-1 in the case of the Atlantic City Property and Exhibit J-2 in the case of the other Casino Properties, together with evidence that counterparts of the Mortgage Amendments have been delivered to the title insurance company insuring the Lien of such Mortgages for recording in all places to the extent necessary or desirable, in the judgment of the Collateral Agent, effectively to create or maintain a valid and enforceable first priority mortgage lien on each such Mortgaged Property in favor of the Collateral Agent for the benefit of the Secured Parties;

(ii) endorsements to the Mortgage Policies issued by First American Title Insurance Company or such other title insurers reasonably satisfactory to the Administrative Agent in amounts satisfactory to the Administrative Agent assuring the Administrative Agent that the Mortgages on the Mortgaged Properties are valid and enforceable first priority mortgage liens on the respective Mortgaged Properties, free and clear of all defects and encumbrances except Permitted Encumbrances and such endorsements shall otherwise be in form and substance satisfactory to the Administrative Agent, and shall include, as appropriate, an endorsement for future advances under this Agreement and the Notes and for any other matter that the Administrative Agent in its discretion may reasonably request, shall not include an exception for mechanics' liens, and shall provide for affirmative insurance and such reinsurance as the Administrative Agent in its discretion may reasonably request; and

(iii) either (x) an officer's certificate of the Company with respect to each Mortgaged Property certifying that there has been no material alterations or improvements to such Mortgaged Property, which certificate shall be in form and substance satisfactory to the Administrative Agent or (y) in the case of any Mortgaged Property for which the foregoing certification cannot be made, an updated survey for such Mortgaged Property, in form and substance reasonably satisfactory to the Administrative Agent, certified by a licensed professional surveyor reasonably satisfactory to the Administrative Agent.

5.10 Assignment of Partnership Interests Agreement. On the

Restatement Effective Date, the Collateral Agent, Marina, Harrah's Atlantic City and Harrah's New Jersey shall have entered into an amendment to the Assignment of Partnership Interests Agreement in the form of Exhibit K, and the Assignment of Partnership Interests Agreement, as so amended, shall be in full force and effect.

5.11 Assignment of Leases. On the Restatement Effective Date,

the Collateral Agent and Marina shall have entered into an amendment to the Assignment of Leases in the form of Exhibit L, and the Assignment of Leases, as so amended, shall be in full force and effect.

5.12 Net Lease Agreements. On the Restatement Effective Date,

each of the Net Lease Agreements shall be in full force and effect, provided

that, to the extent the Company transfers its ownership interest in any of the Casino Properties located in Nevada to Harrah's Club as permitted by Section 9.02(a), the Net Lease Agreement with respect to each such Casino Property may be terminated.

5.13 Consent Letter. On the Restatement Effective Date, the

Administrative Agent shall have received a letter from CT Corporation System, presently located at 1633 Broadway, New York, New York 10019, substantially in the form of Exhibit M, indicating its consent to its appointment by each Credit Party as its agent to receive service of process as specified in Section 13.08.

5.14 Adverse Change. On or prior to the Restatement Effective

Date, nothing shall have occurred (and the Banks shall have become aware of no facts or conditions not previously known) which the Administrative Agent or the Required Banks shall determine has, or could reasonably be expected to have, a material adverse effect on the rights or

remedies of the Administrative Agent, the Collateral Agent, or the Banks, or on the ability of Parent or any Borrower or any other Credit Party to perform its obligations to the Administrative Agent, the Collateral Agent and the Banks or which has, or could reasonably be expected to have, a materially adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

5.15 Litigation. On the Restatement Effective Date, no litigation

by any entity (private or governmental) shall be pending or threatened with respect to this Agreement, the Hotel Transaction or any documentation executed in connection herewith or therewith or the transactions contemplated hereby or thereby, or with respect to any material Indebtedness of Parent or any of its Subsidiaries or which the Administrative Agent or the Required Banks shall determine could reasonably be expected to have a materially adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

5.16 Hotel Transaction. (a) On the Restatement Effective Date,

Parent shall have changed its legal corporate name to "Harrah's Entertainment, Inc.", and the Company shall have changed its legal corporate name to "Harrah's Operating Company, Inc."

(b) On the Restatement Effective Date, the Company and the Hotel Subsidiaries shall have entered into the Hotel Facility, no default or event of default shall exist thereunder and the Company shall have incurred not less than \$210,000,000 of loans thereunder.

(c) On the Restatement Effective Date, the Company shall have consummated the Hotel Transfer.

(d) On the Restatement Effective Date, in consideration of the Hotel Transfer described in clause (c) of this Section 5.16, the Company shall have irrevocably and unconditionally assigned to the Hotel Company, and the Hotel Company shall have irrevocably and unconditionally assumed from the Company, and the Company shall have been irrevocably and unconditionally released from, all of the Company's rights and obligations under the Hotel Facility.

(e) On the Restatement Effective Date, Parent and the Company shall have declared and paid the Hotel Stock Dividend.

5.17 Approvals, etc. (a) On or prior to the Restatement Effective

Date, all necessary governmental (domestic and foreign) and third party approvals (including, without limitation, the approval of the holders of the 8-3/4% Senior Subordinated Notes and 10-7/8% Senior Subordinated Notes) in connection with the transactions contemplated by this Agreement, the Hotel Transaction Documents and otherwise referred to herein or therein shall have been obtained and remain in effect, and all applicable waiting periods shall have expired without any action being taken by any competent authority which restrains, prevents or imposes materially adverse conditions upon the consummation of the transactions contemplated by this Agreement, the Hotel Transaction Documents or otherwise referred to herein or therein. Additionally, there shall not exist any judgment, order, injunction or other restraint issued or filed or a hearing seeking injunctive relief or other restraint pending or notified prohibiting or imposing materially adverse conditions upon the consummation of the transactions contemplated by this Agreement, the Hotel Transaction Documents or otherwise referred to herein or therein.

(b) On or prior to the Restatement Effective Date, the Company shall have received sufficient Consents to authorize the execution and delivery of the indenture supplements to the 8-3/4% Senior Subordinated Notes Indenture and the 10-7/8% Senior Subordinated Notes Indenture and such indenture supplements shall have been duly executed and delivered by the Company and the respective indenture trustee thereunder and all conditions to the effectiveness thereof shall have been satisfied. All of the terms and conditions of the Consents and the respective indenture supplements shall be reasonably satisfactory to the Administrative Agent and the Required Banks and in compliance with the applicable Hotel Transaction Documents and all applicable laws (including, without limitation, Federal and state securities laws).

(c) On or prior to the Restatement Effective Date, the Administrative Agent shall have received evidence that the Banks are qualified under the New Jersey Gaming Regulations as financial sources or qualifiers, or are exempt or waived therefrom, and shall be satisfied that no other New Jersey or Nevada gaming license, authorization, qualification, waiver or exemption of the Banks is required on or prior to the Restatement Effective Date by reason of this Agreement or the Collateral Documents. The Administrative Agent also shall be satisfied in its discretion with any conditions or requirements imposed by the

New Jersey, Nevada or other relevant Gaming Authorities upon the Banks, this Agreement, the Collateral Documents, the Collateral or the Hotel Transaction.

(d) Parent, its shareholders and Subsidiaries shall have received any qualifications required under applicable Gaming Regulations in connection with this Agreement, the Collateral Documents and the Hotel Transaction, and the Borrowers and the Guarantors shall have received all other approvals, authorizations or consents of, or notices to or registrations with any governmental body and required releases and consents from other appropriate Persons (including, without limitation, the shareholders of Parent) in connection with this Agreement, the Collateral Documents and the Hotel Transaction and shall have provided copies or other satisfactory evidence of all approvals, authorizations or consents referred to above to the Administrative Agent.

(e) On or prior to the Restatement Effective Date, the Company shall have demonstrated (including by providing appropriate legal opinions and, in the case of the 8-3/4% Senior Subordinated Notes Indenture, a certificate of its Chief Financial Officer, Treasurer or Controller) to the Administrative Agent's and the Required Banks' satisfaction that loans in aggregate principal amount equal to the sum of the Total Revolving Loan Commitment and the Total 364-Day Revolving Loan Commitment may be incurred on the Restatement Effective Date without violating the terms of the 8-3/4% Senior Subordinated Notes Indenture and the 10-7/8% Senior Subordinated Notes Indenture and, in the case of the 8-3/4% Senior Subordinated Notes Indenture, that loans in the amount specified above would be permitted to be incurred on the Restatement Effective Date pursuant to the second paragraph of Section 1008 of the 8-3/4% Senior Subordinated Notes Indenture (and that the Consolidated Fixed Charge Ratio referred to therein would be at least equal to 2.0 to 1 after giving effect thereto).

5.18 Solvency Certificate; Evidence of Insurance. On the

Restatement Effective Date, there shall have been delivered to the Administrative Agent (i) a certificate in the form of Exhibit N, addressed to the Administrative Agent and each of the Banks and dated the Restatement Effective Date, from the chief financial officer of Parent, providing the opinion of such chief financial officer as to the solvency of Parent, the Company, each Subsidiary Borrower and Parent and its Subsidiaries taken as a whole, and (ii) evidence of insurance (A) satisfactory to the Administrative Agent that insurance is in effect with respect to each of the

Mortgaged Properties and covering such risks and in such amounts and with such coverages as required by the Administrative Agent and (B) that each insurance policy covering the Collateral and each other material insurance policy is effective as required in accordance with the requirements of Section 8.03 for the business and properties of Parent and its Subsidiaries, in scope, form and substance satisfactory to the Administrative Agent and the Required Banks and naming the Collateral Agent, in the case of Collateral, as an additional insured and/or loss payee, and stating that such insurance shall not be cancelled or revised without at least 30 days' prior written notice by the respective insurer to the Collateral Agent.

5.19 Payment of Fees, Etc. (a) On the Restatement Effective

Date, all interest and Fees accrued (and not theretofore paid) under the Original Credit Agreement shall be paid in full, and all other costs, fees and expenses owing to any of the Banks or the Administrative Agent under the Original Credit Agreement shall be paid to the extent due. Furthermore, on the Restatement Effective Date, all costs, fees and expenses (including, without limitation, legal fees and expenses) and other compensation contemplated hereby or otherwise agreed and payable to the Banks or the Administrative Agent shall have been paid to the extent due.

(b) On the Restatement Effective Date, all Interest Periods with respect to any outstanding Original Revolving Loans shall have expired in accordance with the terms thereof or shall have been terminated by the Borrowers.

5.20 364-Day Credit Agreement. On the Restatement Effective Date,

Parent, the Company, the Subsidiary Borrowers, the 364-Day Banks and the Administrative Agent shall have entered into the 364-Day Credit Agreement in the form of Exhibit O, and the 364-Day Credit Agreement shall be in full force and effect. On the Restatement Effective Date, the Company shall have delivered to the Administrative Agent a true and correct copy of the 364-Day Credit Agreement, which shall be required to be in form and substance satisfactory to the Administrative Agent and the Required Banks.

5.21 Schedules. On the Restatement Effective Date, the Company

shall have delivered to each of the Banks true and complete copies of Schedules II through IX, which Schedules shall be in form and substance satisfactory to the Administrative Agent and the Required Banks.

SECTION 6. Conditions Precedent to All Credit Events. The

obligation of each Bank to make Loans (including Loans made on the Restatement Effective Date, but excluding Mandatory Borrowings made thereafter, which shall be made as provided in Section 1.01(c)), and the obligation of each Letter of Credit Issuer to issue any Letter of Credit, is subject, at the time of each such Credit Event (except as hereinafter indicated), to the satisfaction of the following conditions:

6.01 No Default; Representations and Warranties. At the time of

each such Credit Event and also after giving effect thereto (i) there shall exist no Default or Event of Default (it being understood and agreed, however, that an Unpaid Drawing will not prevent a Borrowing of Revolving Loans so long as the proceeds thereof are applied to repay in full all then outstanding Unpaid Drawings and no other Default or Event of Default then exists) and (ii) all representations and warranties contained herein and in the other Credit Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on the date of the making of such Credit Event (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date).

6.02 Notice of Borrowing; Letter of Credit Request. (a) Prior to

the making of each Revolving Loan (excluding Revolving Loans made pursuant to a Mandatory Borrowing), the Administrative Agent shall have received a Notice of Borrowing meeting the requirements of Section 1.03(a). Prior to the making of any Swingline Loan, BCo shall have received the notice required by Section 1.03(b)(i).

(b) Prior to the issuance of any Letter of Credit, the Administrative Agent and the respective Letter of Credit Issuer shall have received a Letter of Credit Request meeting the requirements of Section 2.03.

6.03 Election to Become a Subsidiary Borrower. Prior to the

incurrence of any Loans by, or the issuance of any Letter of Credit for the account of, a Subsidiary Borrower which is not a Subsidiary Borrower on the Restatement

Effective Date, the following additional conditions shall be satisfied:

(i) such new Subsidiary Borrower shall have duly authorized, executed and delivered to the Administrative Agent an Election to Become a Subsidiary Borrower in the form of Exhibit P, which shall be in full force and effect;

(ii) such Subsidiary Borrower shall have duly authorized, executed and delivered to (A) the Administrative Agent for the account of each of the Banks the appropriate Revolving Note and (B) to BTCo the appropriate Swingline Note, in each case in the amount, maturity and as otherwise provided herein; and

(iii) to the extent not previously accomplished, such Subsidiary Borrower shall have duly authorized, executed and delivered to the Administrative Agent counterparts of the Company/Sub Guaranty and each Collateral Document to the extent applicable, together with (x) such financing statements and instruments required to be delivered by the respective Collateral Documents and (y) such other documents, certificates, resolutions, opinions and writings that would have been required to be delivered pursuant to Sections 5.03 and 5.04 of this Agreement and Section 5.19 of the Original Credit Agreement if such Subsidiary Borrower had been subject to such Sections on the Restatement Effective Date, all of which shall be in form and substance satisfactory to the Administrative Agent.

Section 6.04. Additional Conditions to Certain Credit Events. If

at any time after the Restatement Effective Date and prior to the repayment in full of the

8-3/4% Senior Subordinated Notes, the Total Outstandings are reduced to an amount which is less than the remainder of \$150,000,000 less the 364-Day Revolving Loan Commitment Reduction Amount, if any, at such time, then as a condition precedent to any Credit Event which would cause the Total Outstandings to exceed the Lowest Outstanding Amount then in effect by more than \$450,000,000 plus the 364-Day Revolving Loan Commitment Reduction Amount, if any, at such time, the Company shall have first delivered to the Agent and each of the Banks a satisfactory (to the Agent) legal opinion and certificate of its Chief Financial Officer, Treasurer or Controller, each in form and scope satisfactory to the Administrative Agent demonstrating in reasonable detail that

such Credit Event may be incurred without violating the terms of the 8-3/4% Senior Subordinated Notes Indenture.

The occurrence of the Restatement Effective Date and the acceptance of the proceeds of each Credit Event shall constitute a representation and warranty by Parent and the respective Borrower to the Administrative Agent and each of the Banks that all the conditions specified in Section 5 and in this Section 6 and applicable to such Credit Event have been satisfied as of that time. All of the Notes, certificates, legal opinions and other documents and papers referred to in Section 5 and in this Section 6, unless otherwise specified, shall be delivered to the Administrative Agent at the Notice Office for the account of each of the Banks and, except for the Notes, in sufficient counterparts for each of the Banks and shall be in form and substance satisfactory to the Required Banks.

Notwithstanding anything to the contrary contained above or in Section 13.10, if the Restatement Effective Date does not occur on or prior to September 30, 1995, then it shall not thereafter occur (unless the Required Banks agree in writing to an extension of such date), and this Agreement shall cease to be of any force or effect and the Original Credit Agreement shall continue to be effective, as the same may have been, or may thereafter be, amended, modified or supplemented from time to time.

SECTION 7. Representations, Warranties and Agreements. In order

to induce the Banks to enter into this Agreement and to make the Loans, and issue (or participate in) the Letters of Credit as provided herein, each of Parent, the Company and each Subsidiary Borrower makes the following representations, warranties and agreements, in each case after giving effect to the Hotel Transaction, all of which shall survive the execution and delivery of this Agreement and the Notes and the making of the Loans and issuance of the Letters of Credit, with the occurrence of the Restatement Effective Date and the occurrence of each Credit Event on or after the Restatement Effective Date being deemed to constitute a representation and warranty that the matters specified in this Section 7 are true and correct on and as of the Restatement Effective Date and on the date of each such Credit Event (it being understood and agreed that (i) any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date and (ii) for purposes of making any representation or warranty in

this Section 7 after the Restatement Effective Date the term Documents shall not include the Hotel Transaction Documents).

7.01 Corporate or Partnership Status. Each of Parent and its

Subsidiaries (i) is a duly organized and validly existing corporation or partnership, in good standing under the laws of the jurisdiction of its organization, (ii) has the corporate or partnership power and authority to own its property and assets and to transact the business in which it is engaged and presently proposes to engage and (iii) is duly qualified and is authorized to do business and is in good standing in each jurisdiction where the ownership, leasing or operation of its property or the conduct of its business requires such qualifications except for failures to be so qualified which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

7.02 Corporate or Partnership Power and Authority. Each Credit

Party has the corporate or partnership power and authority to execute, deliver and perform the terms and provisions of each of the Documents to which it is party and has taken all necessary corporate or partnership action to authorize the execution, delivery and performance by it of each of such Documents. Each Credit Party has duly executed and delivered each of the Documents to which it is party, and each of such Documents constitutes its legal, valid and binding obligation enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law).

7.03 No Violation. Neither the execution, delivery or performance

by any Credit Party of the Documents to which it is a party, nor compliance by it with the terms and provisions thereof, (i) will contravene any provision of any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality, (ii) will conflict with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to the Collateral Documents and, in the case of the Hotel Company and the Hotel Subsidiaries, pursuant to the Hotel Facility) upon any of the property or assets of Parent

or any of its Subsidiaries pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement or loan agreement, or any other material agreement, contract or instrument, to which Parent or any of its Subsidiaries is a party or by which it or any of its property or assets is bound or to which it may be subject or (iii) will violate any provision of the certificate of incorporation, partnership agreement or by-laws of Parent or any of its Subsidiaries.

7.04 Governmental Approvals. No order, consent, approval,

license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made on or prior to the Restatement Effective Date), or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with, (i) the Hotel Transaction, (ii) the execution, delivery and performance of any Document or (iii) the legality, validity, binding effect or enforceability of any such Document.

7.05 Financial Statements; Financial Condition; Undisclosed

Liabilities; Projections; etc. (a) The statements of financial condition of

Parent and its Consolidated Subsidiaries at December 31, 1994 (including the December 31, 1994 financial statements contained in the Proxy Statement which show the Hotel Business as discontinued operations) and March 31, 1995, and the related statements of income and cash flow and changes in shareholders' equity of Parent and its Consolidated Subsidiaries for the fiscal year and three-month period ended on such date, as the case may be, and furnished to the Banks prior to the Restatement Effective Date present fairly the financial condition of Parent and its Consolidated Subsidiaries at the date of such statements of financial condition and the results of the operations of Parent and its Consolidated Subsidiaries for the respective fiscal year or three-month period, as the case may be. All such financial statements have been prepared in accordance with generally accepted accounting principles and practices consistently applied. Since December 31, 1994 (but after giving effect to the Hotel Transaction), there has been no material adverse change in the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

(b) On and as of the Restatement Effective Date, both before and after giving effect to the Hotel Transaction and to all Indebtedness (including the Loans) being incurred or assumed and Liens created by Parent and its Subsidiaries in connection therewith, (a) the sum of the assets, at a fair

valuation, of each of Parent, the Company, each Subsidiary Borrower, Parent and its Subsidiaries taken as a whole and the Company and its Subsidiaries taken as a whole will exceed their respective debts; (b) none of Parent, the Company, any Subsidiary Borrower, Parent and its Subsidiaries taken as a whole or the Company and its Subsidiaries taken as a whole has incurred, nor do they intend to incur or believe that they will incur, debts beyond their ability to pay such debts as such debts mature; and (c) each of Parent, the Company, each Subsidiary Borrower, Parent and its Subsidiaries taken as a whole and the Company and its Subsidiaries taken as a whole will have sufficient capital with which to conduct its respective business. For purposes of this Section 7.05(b), "debt" means any liability on a claim, and "claim" means (i) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured or (ii) right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

(c) Except as fully disclosed in the financial statements delivered pursuant to Section 7.05(a), there were as of the Restatement Effective Date no liabilities or obligations with respect to Parent or any of its Subsidiaries of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, either individually or in aggregate, would be material to Parent and its Subsidiaries taken as a whole. As of the Restatement Effective Date, neither Parent nor any Borrower knows of any basis for the assertion against Parent or any of its Subsidiaries of any liability or obligation of any nature whatsoever that is not fully disclosed in the financial statements delivered pursuant to Section 7.05(a) which, either individually or in the aggregate, is material to Parent and its Subsidiaries taken as a whole.

(d) On and as of the Restatement Effective Date, (i) the financial projections (the "Projections") prepared by the Company and delivered to the Banks by the Administrative Agent prior to the Restatement Effective Date were prepared based upon the assumptions concerning various industry trends described therein for the periods presented, (ii) the Projections were based on good faith assumptions and estimates, and (iii) although a range of possible different assumptions and estimates might also be reasonable, the Company is not aware of any facts that would lead it to believe that the assump-

tions and estimates on which the Projections were based are not reasonable; provided that no assurance can be given that the projected results will be realized or with respect to the ability of the Company to achieve the projected results, and while the Projections are necessarily presented with numerical specificity, the actual results achieved during the periods presented in all likelihood will differ from the projected results and such differences may be material.

7.06 Litigation. There are no actions, suits or proceedings

pending or, to the best knowledge of Parent or any Borrower, threatened (i) with respect to any Document or the Hotel Transaction, (ii) with respect to any material Indebtedness of Parent or any of its Subsidiaries or (iii) that could reasonably be expected to materially and adversely affect the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

7.07 True and Complete Disclosure. All factual information (taken

as a whole) furnished by or on behalf of Parent or its Subsidiaries in writing to the Administrative Agent or any Bank (including, without limitation, all information contained in the Credit Documents) for purposes of or in connection with this Agreement, the other Credit Documents or any transaction contemplated herein or therein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of Parent or its Subsidiaries in writing to the Administrative Agent or any Bank will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading in any material respect at such time in light of the circumstances under which such information was provided.

7.08 Use of Proceeds; Margin Regulations. (a) All proceeds of

the Loans shall be used by the Borrowers (i) to pay fees and expenses related to this Agreement and (ii) for the Borrowers' and their Subsidiaries' general corporate purposes.

(b) No part of the proceeds of any Loan will be used to purchase or carry any Margin Stock or to extend credit for the purpose of purchasing or carrying any Margin Stock. Neither the making of any Loan nor the use of the proceeds thereof nor the occurrence of any other Credit Event will violate or be inconsistent with the provisions of Regu-

lation G, T, U or X of the Board of Governors of the Federal Reserve System.

7.09 Tax Returns and Payments. Each of Parent and its

Subsidiaries and each Person for whose tax Parent or any of its Subsidiaries could be liable has filed or caused to be filed with the appropriate taxing authority, all Federal and all other material returns, statements, forms and reports for all taxes (the "Returns") required to be filed by it and has paid or caused to be paid (i) all material taxes due for the periods covered thereby and (ii) all taxes pursuant to any assessment received by Parent, any of its Subsidiaries or any such Person, excluding, in each case, any such taxes that have been contested in good faith and for which adequate reserves have been established in accordance with generally accepted accounting principles. Except as disclosed on Schedule III, as of the Restatement Effective Date, there is no action, suit, proceeding, investigation, audit, or claim now pending or, to the knowledge of Parent or any of its Subsidiaries, threatened by any governmental or taxing authority regarding any material taxes relating to Parent or any of its Subsidiaries. Except as disclosed on Schedule III, as of the Restatement Effective Date, neither Parent nor any of its Subsidiaries has entered into an agreement or waiver extending any statute of limitations relating to the payment or collection of any material taxes of Parent or any of its Subsidiaries.

7.10 Compliance with ERISA. Each Plan is in substantial

compliance with ERISA and the Code; no Reportable Event has occurred with respect to a Plan; no Plan is insolvent or in reorganization; no Plan has an Unfunded Current Liability; no Plan has an accumulated or waived funding deficiency, has permitted decreases in its funding standard account or has applied for an extension of any amortization period within the meaning of Section 412 of the Code; neither Parent nor any Subsidiary of Parent nor any ERISA Affiliate has incurred any material liability to or on account of a Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 401(a)(29), 4971 or 4975 of the Code or expects to incur any liability under any of the foregoing Sections with respect to any Plan; no proceedings have been instituted by the PBGC to terminate or appoint a trustee to administer any Plan; no condition exists which presents a material risk to Parent or any Subsidiary of Parent or any ERISA Affiliate of incurring a liability to or on account of a Plan pursuant to the foregoing provisions of ERISA and the Code; no lien imposed under the Code or ERISA on the assets of Parent or any Subsidiary

of Parent or any ERISA Affiliate exists or is likely to arise on account of any Plan; and Parent and its Subsidiaries may cease contributions to or terminate any employee benefit plan maintained by any of them without incurring any material liability to any person interested therein other than accrued benefits; it being understood that any representation or warranty made in this Section 7.10 with respect to any multiemployer plan (labor union) is to the best knowledge of Parent, the Company and each Subsidiary Borrower.

7.11 The Collateral Documents. (a) The provisions of the

Security Agreement are effective to create in favor of the Collateral Agent for the benefit of the Secured Parties a legal, valid and enforceable security interest in all right, title and interest of the Collateral Grantors in the Security Agreement Collateral described therein, and the Security Agreement creates a fully perfected first lien on, and security interest in, all right, title and interest of the Collateral Grantors, in all of the Security Agreement Collateral described therein, subject to no other Liens other than Permitted Liens. The recordation of the Security Agreement in the United States Patent and Trademark Office together with filings on Form UCC-1 made pursuant to the Security Agreement will be effective, under federal law, to perfect the security interest granted to the Collateral Agent in the trademarks and patents covered by the Security Agreement and the filing of the Security Agreement with the United States Copyright Office together with filings on Form UCC-1 made pursuant to the Security Agreement will be effective under federal law to perfect the security interest granted to the Collateral Agent in the copyrights covered by the Security Agreement. Each Collateral Grantor has good and marketable title to all Security Agreement Collateral described therein, free and clear of all Liens except those described above in this clause (a).

(b) The security interests created in favor of the Collateral Agent for the benefit of the Secured Parties under the Pledge Agreements constitute first perfected security interests in the Pledged Securities described in the Pledge Agreements, subject to no security interests of any other Person. No filings or recordings are required in order to perfect (or maintain the perfection or priority of) the security interests created in the Pledged Securities under the Pledge Agreements.

(c) The security interests created in favor of the Collateral Agent for the benefit of the Secured Parties under the Assignment of Partnership Interests Agreement constitute

first perfected security interests in the Partnership Interests described in the Assignment of Partnership Interests Agreement, subject to no security interests of any other Person. Except for filings that have been made prior to the Restatement Effective Date, no filings or recordings are required in order to perfect (or maintain the perfection or priority of) the security interests created in the Partnership Interests under the Assignment of Partnership Interests Agreement.

(d) The Mortgages create, as security for the obligations purported to be secured thereby, a valid and enforceable perfected security interest in and mortgage lien on all of the Mortgaged Properties in favor of the Collateral Agent for the benefit of the Secured Parties, superior to and prior to the rights of all third Persons (except that the security interest and mortgage lien created in the Mortgaged Properties may be subject to the Permitted Encumbrances related thereto) and subject to no other Liens (other than Liens permitted under Section 9.01). The Company or Harrah's Club, as the case may be, has good and marketable title to the following three Mortgaged Properties, Harrah's Reno Hotel Casino, Harrah's Lake Tahoe Hotel Casino (including Bill's Casino) and Harrah's Las Vegas Hotel Casino; Marina has good and marketable title to the Mortgaged Property at the Harrah's Atlantic City Hotel Casino; and Harrah's Laughlin has good and marketable title to the Mortgaged Property at Harrah's Laughlin Hotel Casino, in each case free and clear of all Liens except those described in the first sentence of this subsection (d).

(e) The Assignment of Leases and, to the extent not theretofore terminated, the Net Lease Agreements create, as security for the obligations purported to be secured thereby, a valid and enforceable perfected security interest in and Lien on the respective Collateral covered thereby in favor of the Collateral Agent for the benefit of the Secured Parties, superior to and prior to the rights of all third Persons and subject to no other Liens.

(f) Pursuant to the Collateral Documents, perfected security interests have been created in favor of the Collateral Agent for the benefit of the Secured Parties in all of the Required Collateral.

7.12 Properties. Parent and each of its Subsidiaries have good

title to all material properties owned by them, free and clear of all Liens, other than Liens permitted by Section 9.01.

7.13 Capitalization. (a) On the Restatement Effective Date, the

authorized capital stock of Parent shall consist of 360,000,000 shares of common stock, \$1.50 par value per share, of which, as of March 31, 1995, 102,518,639 shares shall be issued and outstanding. All such outstanding shares have been duly and validly issued, are fully paid and nonassessable and are free of preemptive rights. As of the Restatement Effective Date and except as disclosed in the most recent report on Form 10-K or 10-Q filed by Parent with the SEC, Parent does not have outstanding any securities convertible into or exchangeable for its capital stock or outstanding any rights to subscribe for or to purchase, or any options for the purchase of, or any agreement providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its capital stock.

(b) On the Restatement Effective Date, the authorized capital stock of the Company shall consist of 1,000 shares of common stock, \$1.00 par value per share, all of which shares were issued and outstanding and owned by Parent. All such outstanding shares have been duly and validly issued, are fully paid and nonassessable and are free of preemptive rights. The Company does not have outstanding any securities convertible into or exchangeable for its capital stock or outstanding any rights to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its capital stock.

7.14 Subsidiaries. Except as otherwise agreed by the Required

Banks, Parent has no Subsidiaries other than (i) the Company and its Subsidiaries and (ii) Aster Insurance Ltd. All Subsidiaries of the Company as of the Restatement Effective Date, and the direct owner of the capital stock thereof, are listed on Schedule IV. Schedule IV also accurately shows, as of the Restatement Effective Date, with respect to each Subsidiary (i) whether such Subsidiary is a Material Subsidiary and (ii) whether such Subsidiary is a Guarantor.

7.15 Compliance with Statutes, etc. Each of Parent and its

Subsidiaries is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environ-

mental standards and controls), except such noncompliances as could not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

7.16 Investment Company Act. Neither Parent nor any of its

Subsidiaries is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

7.17 Public Utility Holding Company Act. Neither Parent nor any

of its Subsidiaries is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

7.18 Environmental Matters. (a) Parent and each of its

Subsidiaries have complied with, and on the date of such Credit Event are in compliance with, all applicable Environmental Laws and the requirements of any permits issued under such Environmental Laws. There are no pending or, to the best knowledge of Parent or any Borrower after due inquiry, past or threatened Environmental Claims against Parent or any of its Subsidiaries or any Real Property owned or operated by Parent or any of its Subsidiaries that individually or in the aggregate could reasonably be expected to materially and adversely affect the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole. There are no facts, circumstances, conditions or occurrences on any Real Property owned or operated by Parent or any of its Subsidiaries or, to the best knowledge of Parent or any Borrower after due inquiry, on any property adjoining or in the vicinity of any such Real Property that, to the best knowledge of Parent or any Borrower after due inquiry, could reasonably be expected (i) to form the basis of an Environmental Claim against Parent or any of its Subsidiaries or any such Real Property that individually or in the aggregate could reasonably be expected to materially and adversely affect the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole, or (ii) to cause any such Real Property to be subject to any restrictions on the ownership, occupancy, use or transferability of such Real Property by Parent or any of its Subsidiaries under any applicable Environmental Law.

(b) Hazardous Materials have not at any time been generated, used, treated or stored on, or transported to or from, any Real Property owned or operated by Parent or any of its Subsidiaries where such generation, use, treatment or storage has violated or could reasonably be expected to violate any Environmental Law. Hazardous Materials have not at any time been Released on or from any Real Property owned or operated by Parent or any of its Subsidiaries where such Release has violated or could reasonably be expected to violate any applicable Environmental Law. There are not now any underground storage tanks located on any Real Property owned or operated by Parent or any of its Subsidiaries which are not in compliance with all Environmental Laws.

(c) Notwithstanding anything to the contrary in this Section 7.18, the representations made in this Section 7.18 shall only be untrue if the aggregate effect of all failures and noncompliances of the types described above could reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

7.19 Labor Relations. Neither Parent nor any of its Subsidiaries

is engaged in any unfair labor practice that could reasonably be expected to have a material adverse effect on Parent and its Subsidiaries taken as a whole. There is (i) no unfair labor practice complaint pending against Parent or any of its Subsidiaries or, to the best knowledge of the Parent or any Borrower, threatened against any of them, before the National Labor Relations Board, and no grievance or arbitration proceeding arising out of or under any collective bargaining agreement is so pending against Parent or any of its Subsidiaries or, to the best knowledge of Parent or any Borrower, threatened against any of them, (ii) no strike, labor dispute, slowdown or stoppage pending against Parent or any of its Subsidiaries or, to the best knowledge of Parent or any Borrower, threatened against Parent or any of its Subsidiaries and (iii) to the best knowledge of Parent or any Borrower, no union representation question existing with respect to the employees of Parent or any of its Subsidiaries, except (with respect to any matter specified in clause (i), (ii) or (iii) above, either individually or in the aggregate) such as could not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

7.20 Patents, Licenses, Franchises and Formulas. Each of Parent

and its Subsidiaries own all the patents, trademarks, permits, service marks, trade names, copyrights, licenses, franchises and formulas, or rights with respect to the foregoing, and has obtained assignments of all leases and other rights of whatever nature, necessary for the present conduct of its business, without any known conflict with the rights of others which, or the failure to obtain which, as the case may be, would result in a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

7.21 Existing Indebtedness. Schedule V sets forth a true and

complete list of all Indebtedness of Parent and its Subsidiaries as of the Restatement Effective Date and which is to remain outstanding after giving effect thereto, in each case showing the respective borrower thereof (excluding Indebtedness under this Agreement and the 364-Day Credit Agreement), with Part A of such Schedule V to indicate that Indebtedness which constitutes "Existing Indebtedness" under (and as defined in) the Original Credit Agreement and Part B of such Schedule V to indicate all such other Indebtedness outstanding on the Restatement Effective Date. The subordination provisions of the Subordinated Debt set forth on Schedule V are enforceable against the respective borrower or guarantor thereunder, as the case may be, and all Obligations hereunder and under the other Credit Documents are within the definition of "Senior Debt," "Guarantor Senior Debt", "Designated Senior Debt" and "Designated Senior Debt of the Guarantor" included in such subordination provisions, as the case may be.

7.22 Hotel Transaction. At the time of consummation thereof, the

Hotel Transaction shall have been consummated in accordance with the terms of the respective Hotel Transaction Documents and all applicable laws and all conditions precedent thereto shall have been satisfied, or waived with the consent of the Required Banks. At the time of consummation thereof, all consents and approvals of, and filings and registrations with, and all other actions in respect of, all governmental agencies, authorities or instrumentalities required in order to make or consummate the Hotel Transaction have been obtained, given, filed or taken and are or will be in full force and effect (or effective judicial relief with respect thereto has been obtained). All applicable waiting periods with respect thereto have or, prior to the time when required, will have, expired without, in all such cases, any action being taken by any competent

authority which restrains, prevents, or imposes material adverse conditions upon the Hotel Transaction. Additionally, there does not exist any judgment, order or injunction prohibiting or imposing material adverse conditions upon the Hotel Transaction, or the occurrence of any Credit Event or the performance by Parent or any other Credit Party of their obligations under the respective Documents. All actions taken by Parent and its Subsidiaries pursuant to or in furtherance of the consummation of the Hotel Transaction have been taken in compliance with the respective documents therefor and all applicable laws. The Hotel Transaction has been consummated in accordance with the terms of the Hotel Transaction Documents and all applicable laws.

7.23 No Other Ventures. Except as set forth on Schedule VI, as of -----
the Restatement Effective Date, neither Parent nor any of its Subsidiaries is engaged in any Joint Venture or partnership with any other Person.

SECTION 8. Affirmative Covenants. Each of Parent, the Company and -----
each Subsidiary Borrower covenants and agrees that on and after the Restatement Effective Date and until the Total Revolving Loan Commitment and all Letters of Credit have terminated and the Loans, Notes and Unpaid Drawings, together with interest, Fees and all other obligations incurred hereunder and thereunder, are paid in full:

8.01 Information Covenants. Parent will furnish to each Bank: -----

(a) Quarterly Financial Statements. Within 45 days after the -----
close of the first three quarterly accounting periods in each fiscal year of Parent and within 90 days after the close of the fourth quarterly accounting period in each fiscal year of Parent, the consolidated balance sheet of Parent and its Consolidated Subsidiaries as at the end of such quarterly accounting period and the related consolidated statements of income and statement of cash flows, in each case for such quarterly accounting period and for the elapsed portion of the fiscal year ended with the last day of such quarterly accounting period, in each case setting forth comparative figures for the related periods in the prior fiscal year, all of which shall be certified by the chief financial officer, controller or treasurer of Parent, subject to normal year-end audit adjustments.

(b) Annual Financial Statements. Within 120 days after the close

of each fiscal year of Parent, the consolidated balance sheet of Parent and its Consolidated Subsidiaries as at the end of such fiscal year and the related consolidated statements of income and retained earnings and statement of cash flows for such fiscal year setting forth comparative figures for the preceding fiscal year and certified by Arthur Andersen & Co. or such other independent certified public accountants of recognized national standing reasonably acceptable to the Required Banks, together with a statement of the firm of such independent accountants as to whether, in conducting their audit, anything came to their attention to cause them to believe that Parent and the Company were not in compliance with Sections 9.07, 9.08 and 9.09, insofar as such Sections relate to accounting and auditing matters, on the date of such statements.

(c) Budgets. No later than 90 days after the commencement of each

fiscal year of Parent, a budget which shall include an annual balance sheet for such fiscal year, quarterly statements of income and sources and uses of cash for each of the four fiscal quarters of such fiscal year, together with a business plan for such fiscal year, in each case consolidated for Parent and its Subsidiaries, and accompanied by a statement of the chief financial officer, controller or treasurer of Parent that the budget has been approved by the Board of Directors of Parent or the Company.

(d) Officer's Certificates. At the time of the delivery of the

financial statements provided for in Section 8.01(a) and (b), a certificate of the chief financial officer, controller or treasurer of Parent to the effect that, to the best of such officer's knowledge, no Default or Event of Default has occurred and is continuing or, if any Default or Event of Default has occurred and is continuing, specifying the nature and extent thereof, which certificate shall set forth (i) the calculations required to establish whether Parent and the Borrowers were in compliance with the provisions of Sections 3.03(d) and (e), 9.03(v), 9.04(vi), (ix) through and including (xii), (xiv) and (xv), 9.05 and 9.07 through 9.09, inclusive, at the end of such fiscal quarter or year, as the case may be and (ii) the Senior Implied Indebtedness ratings, if any, assigned by Moody's and S&P to the Company's Indebtedness at the end of such fiscal quarter or year, as the case may be.

(e) Notice of Default or Litigation. Promptly upon, and in any

event within three Business Days after, an officer of Parent or any Borrower obtains knowledge thereof, notice of (i) the occurrence of any event which constitutes a Default or an Event of Default and (ii) any litigation or governmental investigation or proceeding (including any investigation by any Gaming Authority) pending (x) against Parent or any of its Subsidiaries which could reasonably be expected to materially and adversely affect the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole, (y) with respect to any material Indebtedness of Parent or any of its Subsidiaries or (z) with respect to any Credit Document.

(f) Other Reports and Filings. Promptly, (i) copies of all

financial statements, reports and proxy materials which Parent has mailed to its shareholders generally, (ii) copies of all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or its equivalent) and reports on Forms 10-K, 10-Q and 8-K (or their equivalent) which Parent or any of its Subsidiaries shall file with the Securities and Exchange Commission or any successor thereof (the "SEC") and (iii) to the extent not otherwise provided to the Banks, copies of all notices, reports and financial statements which Parent or any of its Subsidiaries shall deliver to holders of any issue of Indebtedness if the aggregate principal amount thereof exceeds (or upon the utilization of any used commitments may exceed) \$25,000,000 pursuant to the terms of the documentation governing any such issue of Indebtedness (or any trustee, agent or other representative therefor).

(g) Environmental Matters. Promptly upon, and in any event within

ten Business Days after, an officer of Parent or any Borrower obtains knowledge thereof, notice of one or more of the following environmental matters, unless such environmental matters could not, individually or when aggregated with all other such environmental matters, be reasonably expected to materially and adversely affect the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole: (i) any pending or threatened Environmental Claim against Parent or any of its Subsidiaries or any Real Property owned or operated by Parent or any of its

Subsidiaries; (ii) any condition or occurrence on or arising from any Real Property owned or operated by Parent or any of its Subsidiaries that (a) results in noncompliance by Parent or any of its Subsidiaries with any applicable Environmental Law or (b) could reasonably be expected to form the basis of an Environmental Claim against Parent or any of its Subsidiaries or any such Real Property; (iii) any condition or occurrence on any Real Property owned or operated by Parent or any of its Subsidiaries that could reasonably be expected to cause such Real Property to be subject to any restrictions on the ownership, occupancy, use or transferability by Parent or any of its Subsidiaries of such Real Property under any Environmental Law; and (iv) the taking of any removal or remedial action in response to the actual or alleged presence of any Hazardous Material on any Real Property owned or operated by Parent or any of its Subsidiaries as required by any Environmental Law or any governmental or other administrative agency; provided that in any event

Parent shall deliver to each Bank all notices received by Parent or any of its Subsidiaries from any government or governmental agency under, or pursuant to, CERCLA. All such notices shall describe in reasonable detail the nature of the claim, investigation, condition, occurrence or removal or remedial action and Parent's or such Subsidiary's response thereto. In addition, Parent will provide the Banks with copies of all material written communications by Parent or any of its Subsidiaries with any government or governmental agency relating to Environmental Laws, all material written communications with any person relating to Environmental Claims, and such detailed reports of any Environmental Claim as may reasonably be requested by the Banks.

(h) Other Information. From time to time, such other information

or documents (financial or otherwise) with respect to Parent or its Subsidiaries as the Administrative Agent or any Bank may reasonably request.

8.02 Books, Records and Inspections. Parent will, and will cause

each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries in conformity with generally accepted accounting principles and all requirements of law shall be made of all dealings and transactions in relation to its business and activities. Parent will, and will cause each of its Subsidiaries to, permit officers and designated representatives of the Administrative Agent or any Bank to visit and inspect, at the Admin-

istrative Agent's or such Bank's expense and under guidance of officers of Parent or such Subsidiary, any of the properties of Parent or such Subsidiary, and to examine the books of account of Parent or such Subsidiary and discuss the affairs, finances and accounts of Parent or such Subsidiary with, and be advised as to the same by, its and their officers and independent public accountants, provided that a representative of Parent or such

Subsidiary is present, all at such reasonable times and intervals and to such reasonable extent as the Administrative Agent or such Bank may request, provided that the Administrative Agent and the Banks shall have no right

pursuant to this Section 8.02 to obtain any information relating to (i) the identity of gaming patrons obligated under Markers or (ii) any filings made pursuant to Regulation 6A or 6.090 of the Regulations of the Nevada Gaming Commission (except that the Administrative Agent and the Banks may review the reports of an independent auditor with respect to such filings).

8.03 Maintenance of Property; Insurance. (a) Parent will, and

will cause each of its Material Subsidiaries to, keep all property necessary in the reasonable conduct of its business in good working order and condition.

(b) Schedule VII sets forth a true and complete listing of all insurance maintained by Parent and its Subsidiaries as of the Restatement Effective Date. Parent will maintain, and will cause each of its Material Subsidiaries to maintain, (i) physical damage insurance on all real and personal property on an all risk basis (including the perils of flood and quake), covering the repair and replacement cost of all such property and consequential loss coverage for business interruption and extra expense, and (ii) such other insurance coverage in such amounts and with respect to such risks as the Administrative Agent or the Required Banks may reasonably request; provided, however, that flood, earthquake and business interruption

insurance will be required only to the extent available on a commercially reasonable basis and so long as it is consistent with reasonable and prudent insurance underwriting practices. All such insurance shall be provided by insurers having an A.M. Best general policyholders service rating of not less than "B+VI" or such other insurers as the Administrative Agent may approve in writing. In addition, all insurance with respect to the Collateral shall name the Collateral Agent as loss payee, for the benefit of the Secured Parties, and shall provide that (a) the proceeds thereof shall be paid directly to the Collateral Agent, subject to Section 3.01(c) of each Mortgage and Section 11 of the Security Agreement and (b) no cancellation,

material change or reduction thereof shall be effective until at least 30 days after receipt by the Collateral Agent of written notice thereof. Parent will deliver to the Banks (i) upon request of any Bank through the Administrative Agent from time to time full information as to the insurance carried, (ii) for insurance with respect to the Collateral and all other material insurance, within five days of receipt of notice from any insurer, a copy of any notice of cancellation or material change in coverage from that existing on the date of this Agreement and (iii) forthwith, notice of any cancellation or nonrenewal of any insurance coverage of Parent or any of its Material Subsidiaries with respect to the Collateral or any other material insurance coverage of Parent or any of its Subsidiaries. Nothing in this Section 8.03(b) shall be construed to restrict the right of Parent or any Material Subsidiaries from obtaining blanket insurance as permitted under the Mortgages, or self insurance of certain risks to the extent such insurance is consistent with the past practices of Parent or such Material Subsidiary and consistent with reasonable and prudent insurance underwriting practices. The provisions of this Section 8.03(b) shall be deemed supplemental to, but not duplicative of, the provisions of the Security Agreement and the Mortgages. If Parent or any of its Material Subsidiaries shall fail to insure its property in accordance with this Section 8.03(b), the Collateral Agent shall have the right (but shall be under no obligation) upon notice to Parent or the respective Material Subsidiary to procure such insurance and Parent and each Borrower agrees to reimburse the Collateral Agent for all costs and expenses of procuring such insurance.

8.04 Corporate Franchises. Parent will, and will cause each of

its Material Subsidiaries to, do or cause to be done, all things necessary to preserve and keep in full force and effect its existence and its material rights, franchises, licenses and patents; provided, however, that nothing in

this Section 8.04 shall prevent (i) sales of stock or assets by Parent or any of its Subsidiaries in accordance with Section 9.02, (ii) the withdrawal by Parent or any of its Subsidiaries of its qualification as a foreign corporation in any jurisdiction where such withdrawal could not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole or (iii) the taking of any action respecting any right, franchise, license or patent determined by the management of Parent or such Subsidiary to be in the best interest of Parent or such Subsidiary.

8.05 Compliance with Statutes, etc. Parent will, and will cause

each of its Subsidiaries to, comply with all applicable statutes, regulations (including Gaming Regulations) and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property, except such noncompliances as could not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

8.06 Compliance with Environmental Laws. (a) Parent will comply,

and will cause each of its Subsidiaries to comply, in all material respects with all Environmental Laws applicable to ownership or use of the Required Collateral now or hereafter owned or operated by Parent or any of its Subsidiaries, will promptly pay or cause to be paid all costs and expenses incurred in such compliance, and will keep or cause to be kept all such Required Collateral free and clear of any Liens imposed pursuant to such Environmental Laws other than Liens which could not materially detract from the value of any such Required Collateral. Neither Parent nor any of its Subsidiaries will generate, use, treat, store, release or dispose of, or permit (to the extent within Parent's or such Subsidiary's reasonable control) the generation, use, treatment, storage, release or disposal of Hazardous Materials on any Real Property now or hereafter owned, leased or managed by Parent or any of its Subsidiaries, or transport or permit (to the extent within Parent's or such Subsidiary's reasonable control) the transportation of Hazardous Materials to or from any such Real Property except as in material compliance with all applicable Environmental Laws and reasonably required in connection with the operation, use and maintenance of any such Real Property in the conduct of Parent's or such Subsidiary's business.

(b) At the written request of the Administrative Agent or the Required Banks, which request shall specify in reasonable detail the basis therefor, at any time and from time to time after either (i) an Event of Default shall have occurred and be continuing or (ii) the Banks shall have received notice under Section 8.01(g) for any event for which notice is required to be delivered for any such Real Property, Parent will provide, at Parent's sole cost and expense, an environmental site assessment report concerning any Real Property, prepared by an environmental consulting firm approved by the Required Banks, indicating the presence

or absence of Hazardous Materials and the potential cost of any removal or remedial action in connection with any Hazardous Materials on such Real Property. If Parent fails to provide the same ninety (90) days after such request was made, the Administrative Agent may order the same, and Parent and each Borrower shall grant and hereby grants to the Administrative Agent and the Banks and their agents access to such Real Property and specifically grants the Administrative Agent and the Banks an irrevocable non-exclusive license, subject to the rights of tenants, to undertake such an assessment, all at Parent's and the Borrowers' expense.

8.07 ERISA. As soon as possible and, in any event, within 10 days

after Parent or any Borrower or any ERISA Affiliate knows or has reason to know of the occurrence of any of the following, Parent will deliver to each of the Banks a certificate of the chief financial officer, controller or treasurer of Parent setting forth details as to such occurrence and the action, if any, which Parent, such Subsidiary or such ERISA Affiliate is required or proposes to take, together with any notices required or proposed to be given to or filed with or by Parent, such Subsidiary, such ERISA Affiliate, the PBGC, a Plan participant or the Plan administrator with respect thereto: that a Reportable Event has occurred; that an accumulated funding deficiency has been incurred or an application may be or has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code with respect to a Plan; that a Plan has been or may be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA; that a Plan has an Unfunded Current Liability giving rise to a lien under ERISA or the Code; that proceedings may be or have been instituted by the PBGC to terminate or appoint a trustee to administer a Plan; that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan; that Parent, any Subsidiary of Parent or any ERISA Affiliate will or may incur any liability (including any contingent, or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or with respect to a Plan under Section 401(a)(29), 4971 or 4975 of the Code or Section 409 or 502(i) or 502(l) of ERISA. Parent will deliver to each of the Banks a complete copy of the annual report (Form 5500) of each Plan (including, to the extent required to be filed with Form 5500, the related financial and actuarial statements and opinions and other supporting statements, certifications, schedules and

information) required to be filed with the Internal Revenue Service. In addition to any certificates or notices delivered to the Banks pursuant to the first sentence hereof, copies of annual reports and any notices received by Parent or any Subsidiary of Parent or any ERISA Affiliate with respect to any Plan shall be delivered to the Banks no later than 10 days after the date such report has been filed with the Internal Revenue Service or such notice has been received by Parent, the Subsidiary or the ERISA Affiliate, as applicable.

8.08 End of Fiscal Years; Fiscal Quarters. Parent and the Company

will cause (i) each of its fiscal years to end on December 31, and (ii) each of its fiscal quarters to end on March 31, June 30, September 30 and December 31.

8.09 Performance of Obligations. Parent will, and will cause each

of its Subsidiaries to, perform all of its obligations under the terms of each mortgage, indenture, security agreement and other debt instrument by which it is bound, except such non-performances as could not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

8.10 Payment of Taxes. Parent will pay and discharge, and will

cause each of its Subsidiaries to pay and discharge, all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, in each case on a timely basis, and all lawful claims which, if unpaid, might become a lien or charge upon any properties of Parent or any of its Subsidiaries; provided that

neither Parent nor any of its Subsidiaries shall be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings if it has maintained adequate reserves with respect thereto in accordance with generally accepted accounting principles.

8.11 Registry. The Company hereby covenants that it shall

maintain a register on which it will record the Revolving Loan Commitments from time to time of each of the Banks, the Loans made by each of the Banks and each repayment in respect of the principal amount of the Loans of each Bank. Failure to make any such recordation, or any error in such recordation shall not affect any Borrower's obligations in respect of such Loans. Upon the written request of the Com-

pany, the Administrative Agent hereby agrees to use its reasonable efforts to provide to the Company such information, not otherwise available to the Company, as the Company shall reasonably request from time to time in order to enable it to fulfill its obligations pursuant to this Section 8.11 and the Company shall have no obligation to make any such recordation until it receives such requested information from the Administrative Agent. Without limiting the Company's obligations hereunder, the Company shall indemnify any Bank described in Section 4.04(b)(iii) or (iv) for any losses (including withholding of Taxes required) arising as a result of the Company's failure to comply with this Section 8.11. With respect to any Bank described in Section 4.04(b)(iii) or (iv), (a) the transfer of the Revolving Loan Commitments of such Bank and the rights to the principal of, and interest on, any Loan made pursuant to such Revolving Loan Commitments shall not be effective until such transfer is recorded on the register maintained by the Company with respect to ownership of such Revolving Loan Commitments and Loans and prior to such recordation all amounts owing to the transferor with respect to such Revolving Loan Commitments and Loans shall remain owing to the transferor and (b) the Company shall immediately record all such transfers when notified thereof by the transferor Bank and such transfer shall be made only through (x) the surrender of a Note and the reissuance of such Note by the Company to the new holder of the old Note or the issuance by the Company of a new Note to the new holder (the "Issuance System") or (y) a register maintained by the Company and referred to in the first sentence of this Section (the "Book Entry System"). The Borrowers jointly and severally agree to indemnify any transferee Bank from and against any and all losses, claims, damages and liabilities (including, without limitation, any amounts paid by the transferee to the transferor in connection with the transfer and all amounts which would otherwise be owing to the transferee if the transfer had been properly recorded) resulting from the Company's failure to record any such transfer through either the Issuance System or the Book Entry System.

8.12 Additional Guarantors; Additional Collateral; etc. (a) In

the event that at any time after the Restatement Effective Date any Person becomes (x) a First-Tier Material Subsidiary, (y) a Material Subsidiary pursuant to clause (b) of this Section 8.12 or clause (ii) of the definition thereof or (z) a guarantor under the 364-Day Credit Agreement, then Parent and the Company will, except as otherwise provided in the last sentence of this clause (a), cause such Person (each such Person a "Required Additional Guarantor"), within 30 days after it becomes a Required

Additional Guarantor, to duly authorize, execute and deliver to the Administrative Agent counterparts of the Company/Sub Guaranty, together with such other documents, certificates, resolutions, opinions and writings that would have been required to be delivered pursuant to Sections 5.03, 5.04 and 5.13 if such Subsidiary had been a Guarantor on the Restatement Effective Date and subject to such Sections on such date, all of which shall be in form and substance satisfactory to the Administrative Agent. Notwithstanding the foregoing, any Subsidiary of the Company which is not a Wholly-Owned Subsidiary or which has incurred then outstanding Non-Recourse Indebtedness pursuant to Section 9.04(ix) or (x) shall not be required to become a Guarantor pursuant to the Company/Sub Guaranty.

(b) In the event that at any time after the Restatement Effective Date Parent or any of its Subsidiaries acquires any Required Collateral, or it is determined that any Required Collateral is not then subject to a perfected security interest pursuant to the relevant Collateral Documents or any additional collateral is provided under the 364-Day Revolving Credit Agreement, then in each such case perfected security interests shall immediately be granted in such Required Collateral or other collateral pursuant to the respective Collateral Documents and, to the extent reasonably determined necessary or desirable by the Administrative Agent, additional security documents shall be entered into in order to effectively grant such perfected security interests (all such additional security documents entered into pursuant to this Section 8.12(b), "Additional Collateral Documents"), together with such other documents, certificates, resolutions, instruments, financing statements, opinions and writings that would have been required to be delivered pursuant to Sections 5.03 and 5.04 of this Agreement and Sections 5.06 through 5.13 of the Original Credit Agreement, as applicable, if perfected security interests had been created in respect of such Required Collateral or other collateral on or prior to the Restatement Effective Date, all of which shall be in form and substance satisfactory to the Administrative Agent.

(c) In the event that the Administrative Agent or the Required Banks at any time after the Restatement Effective Date determine in its or their good faith discretion (as a result of events or circumstances affecting the Collateral Agent or the Required Banks after the Restatement Effective Date) that real estate appraisals satisfying the requirements set forth in 12 C.F.R., Part 34-Subpart C, or any successor or similar statute, rule, regulation, guideline

or order (any such appraisal a "Required Appraisal") are or were required to be obtained, or should be obtained, in connection with any Mortgaged Property or Mortgaged Properties, then, within 120 days after receiving written notice thereof from the Administrative Agent or the Required Banks, as the case may be, such Required Appraisal shall be delivered, at the expense of the Company, to the Administrative Agent, which Required Appraisal, and the respective appraiser, shall be satisfactory to the Administrative Agent.

SECTION 9. Negative Covenants. Each of Parent, the Company and

each Subsidiary Borrower covenants and agrees that on and after the Restatement Effective Date and until the Total Revolving Loan Commitment and all Letters of Credit have terminated and the Loans, Notes and Unpaid Drawings, together with interest, Fees and all other Obligations incurred hereunder and thereunder, are paid in full:

9.01 Liens. Parent will not, and will not permit any of its

Subsidiaries to, create, incur, assume or suffer to exist any Lien upon or with respect to any property or assets (real or personal, tangible or intangible) of Parent or any of its Subsidiaries, whether now owned or hereafter acquired, or sell any such property or assets subject to an understanding or agreement, contingent or otherwise, to repurchase such property or assets (including sales of accounts receivable with recourse to Parent or any of its Subsidiaries), or assign any right to receive income or permit the filing of any financing statement under the UCC or any other similar notice of Lien under any similar recording or notice statute; provided that the provisions

of this Section 9.01 shall not prevent the creation, incurrence, assumption or existence of the following (Liens described below are herein referred to as "Permitted Liens"):

(i) inchoate Liens for taxes, assessments or governmental charges or levies not yet due or Liens for taxes, assessments or governmental charges or levies being contested in good faith and by appropriate proceedings for which adequate reserves have been established in accordance with generally accepted accounting principles;

(ii) Liens in respect of property or assets of Parent or any of its Subsidiaries imposed by law, which were incurred in the ordinary course of business and do not secure Indebtedness for borrowed money, such as carriers', warehousemen's, materialmen's and mechanics' liens and other similar Liens arising in the ordinary

course of business, and (x) which do not in the aggregate materially detract from the value of Parent's or such Subsidiary's property or assets or materially impair the use thereof in the operation of the business of Parent or such Subsidiary or (y) which are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or assets subject to any such Lien;

(iii) Liens permitted pursuant to Section 9.01(iii) of the Original Credit Agreement which remain in existence on the Restatement Effective Date and which are listed, and the property subject thereto described, in Schedule VIII, but only to the respective date, if any, set forth in such Schedule VIII for the removal and termination of any such Liens, without any renewals or extensions thereof;

(iv) Permitted Encumbrances;

(v) Liens created pursuant to the Collateral Documents;

(vi) leases or subleases granted to other Persons not materially interfering with the conduct of the business of Parent or any of its Subsidiaries or materially detracting from the value of the respective assets of Parent or such Subsidiary;

(vii) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security in the ordinary course of business;

(viii) Liens placed upon equipment or machinery used in the ordinary course of business of the Company or any of its Subsidiaries at the time of acquisition thereof by the Company or any such Subsidiary or within 90 days thereafter to secure Indebtedness incurred to pay all or a portion of the purchase price thereof provided that (x) the aggregate principal amount of all Indebtedness secured by Liens permitted by this clause (viii) incurred in any fiscal year of Parent does not exceed \$1,000,000 and (y) in all events, the Lien encumbering the equipment or machinery so acquired does not encumber any other asset of Parent or such Subsidiary;

(ix) easements, rights-of-way, restrictions, encroachments and other similar charges or encumbrances, and minor title deficiencies, in each case not securing Indebtedness and not materially interfering with the conduct of the business of Parent or any of its Subsidiaries;

(x) Liens arising from precautionary UCC financing statement filings regarding operating leases;

(xi) Liens arising out of judgments or awards in respect of which Parent or any of its Subsidiaries shall in good faith be prosecuting an appeal or proceedings for review in respect of which there shall have been secured a subsisting stay of execution pending such appeal or proceedings provided that the aggregate amount of all such judgments or awards (and any cash and the fair market value of any property subject to such Liens) does not exceed \$15,000,000 at any time outstanding;

(xii) statutory and common law landlords' liens under leases to which Parent or any of its Subsidiaries is a party;

(xiii) Liens incurred or deposits made to secure the performance of tenders, bids, statutory obligations, government contracts, performance and return-of-money bonds and other obligations of a like nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(xiv) Liens securing reimbursement obligations with respect to commercial and standby letters of credit incurred by the Company or any of its Subsidiaries in the ordinary course of business provided that (x) each such letter of credit is in a face amount of less than \$1,000,000 and (y) the aggregate face amount of all such letters of credit does not exceed \$5,000,000;

(xv) restrictions pursuant to legends on stock required by (x) Gaming Regulations and (y) the partnership agreement for Harrah's Jazz (as such partnership agreement is in effect on the Restatement Effective Date, which restrictions, in any event, do not prohibit the granting of the Liens on any Required Collateral or the exercise of remedies pursuant to the Collateral Documents), in each case to the extent such restrictions constitute a Lien;

(xvi) Liens securing Existing Casino Non-Recourse Financing permitted under Section 9.04(ix) so long as such Liens only encumber the Casino Property or the two Casino Properties (including the furniture, fixtures and equipment related thereto) in respect of which Existing Casino Non-Recourse Financing is then being or has theretofore been obtained, provided that such Liens may attach to any Casino Property only upon the occurrence of the respective Casino Release in accordance with the terms hereof;

(xvii) any Lien existing on any asset of any corporation at the time such corporation becomes a Subsidiary of Parent so long as any such Lien was not created in contemplation of such event;

(xviii) any Lien existing on any asset prior to the acquisition thereof by the Company or any of its Subsidiaries so long as any such Lien was not created in contemplation of such acquisition;

(xix) Liens on equipment or machinery subject to Capitalized Lease Obligations to the extent permitted by Section 9.04(v);

(xx) Liens securing Non-Recourse Indebtedness of Specified Subsidiaries permitted under Section 9.04(x) so long as such Liens only encumber the Gaming Properties owned by Specified Subsidiaries being developed or financed with such Non-Recourse Indebtedness, including any Real Property and furniture, fixtures and equipment related thereto, it being understood and agreed that such assets of Specified Subsidiaries also may secure Non-Recourse Indebtedness incurred by other Specified Subsidiaries pursuant to Section 9.04(x);

(xxi) Liens on the Company's or any of its Subsidiaries' respective equity interest in any Joint Venture so long as such Liens only secure Indebtedness of such Joint Venture; and

(xxii) Liens placed upon the Hotel Collateral securing the Indebtedness and other obligations of the Company and the Hotel Subsidiaries under the Hotel Facility, it being understood that such Liens shall not be permitted with respect to any assets or properties of Parent or any Subsidiary of Parent after the Restatement Effective Date.

9.02 Consolidation, Merger, Purchase or Sale of Assets, etc. (a)

Parent will not, and will not permit any of its Material Subsidiaries to, wind up, liquidate or dissolve its affairs or enter into any transaction of merger or consolidation, or convey, sell, lease or otherwise dispose of (or agree to do any of the foregoing at any future time) all or substantially all of its assets, whether in a single transaction or a series of related transactions, provided, however, (A) that in no event shall Parent or any of

its Subsidiaries sell, lease or otherwise dispose of the capital stock or partnership interest in any Material Subsidiary or any Casino Property unless, in the case of any sale of any Casino Property (including any fixtures, furniture and equipment related thereto), or the sale of capital stock or partnership interest of any Casino Owner that owns the related Casino Property, (i) such sale is for cash and the Net Sale Proceeds therefrom equals at least the Minimum Proceeds Amount for such Casino Property or the Casino Owner thereof, provided that no more than two Casino Properties or the two Casino Owners thereof in the aggregate may be the subject of a Casino Release, whether pursuant to this Section 9.02 or Section 9.04(ix), and only one of either the Atlantic City Property or the Las Vegas Property may be the subject of a Casino Release, (ii) the Casino Owner of such Casino Property, if a Subsidiary Borrower, ceases to be a Subsidiary Borrower and all Loans incurred by such Subsidiary Borrower are repaid in full and the Company shall become the account party with respect to any outstanding Letter of Credit issued for the account of such Subsidiary Borrower pursuant to documentation satisfactory to the Administrative Agent and the respective Letter of Credit Issuer, (iii) at the time of such sale no Default or Event of Default then exists or would exist after giving effect thereto and the Total Revolving Loan Commitment is reduced as required by Section 3.03(e), (B) Harrah's New Jersey may merge with and into Harrah's Atlantic City so long as at the time of such merger (i) no Default or Event of Default shall exist, (ii) all of the assets of Marina are distributed to the surviving corporation of such merger, (iii) the surviving corporation of such merger is a Wholly-Owned Subsidiary of the Company all of the capital stock of which is pledged by the Company pursuant to the terms of the Company/Sub Pledge Agreement and (iv) all steps are taken that are necessary, or in the opinion of the Collateral Agent desirable, to maintain the perfection and priority of the Liens on the Collateral theretofore owned by Marina pursuant to the terms of the respective Collateral Documents, (C) the Hotel Transfer and the Hotel Stock Dividend shall be permitted, (D) the Company may transfer its ownership interest in any of the Casino Properties located in

Nevada to Harrah's Club so long as at the time of any such transfer (i) no Default or Event of Default shall exist and (ii) all steps are taken that are necessary, or in the opinion of the Collateral Agent desirable, to maintain the perfection and priority of the Liens on the Collateral theretofore owned by the Company pursuant to the respective Collateral Documents and so transferred to Harrah's Club and (E) Casino Holding Company may merge with and into Harrah's Club so long as Harrah's Club is the surviving corporation of such merger Harrah's may merge with and into the Company so long as the Company is the surviving corporation of such merger, and Harrah's Club may merge with and into the Company so long as the Company is the surviving corporation of such merger and in each case so long as no Default or Event of Default then exists and all steps are taken that are necessary, or in the opinion of the Collateral Agent desirable, to maintain the perfection and priority of the Lien's on the Collateral theretofore owned by Casino Holding Company, Harrah's Club and Harrah's, as applicable, pursuant to the terms of the respective Collateral Documents. Notwithstanding anything to the contrary contained above, the Company may transfer any Casino Property (and the fixtures, furniture and equipment related thereto) owned by it to a special purpose Wholly-Owned Subsidiary of the Company for the purpose of either (i) selling the capital stock of such special purpose Wholly-Owned Subsidiary pursuant to clause (A) of this Section 9.02 or (ii) permitting such special purpose Wholly-Owned Subsidiary to incur Existing Casino Non-Recourse Financing pursuant to Section 9.04(ix) so long as in either case such transfer occurs at the time of, or immediately prior to, such sale or the incurrence of such Existing Casino Non-Recourse Financing.

(b) Notwithstanding anything to the contrary contained in this Agreement, Parent will not, and will not permit any of its Subsidiaries to, sell, transfer or dispose of any Collateral (except for the Pledged Securities of any Hotel Subsidiary as part of the Hotel Transfer), except that (i) up to two Casino Properties (or the capital stock or partnership interests in the respective Casino Owners) may be sold in accordance with clause (A) of the proviso to the first sentence of Section 9.02(a), (ii) sales of inventory, materials and equipment may be made in the ordinary course of business, (iii) sales of obsolete, uneconomic or worn out equipment or materials shall be permitted and (iv) so long as no Default or Event of Default then exists or would exist after giving effect thereto, Collateral (other than any Casino Property, the "Harrah's" name (although same may be used or licensed on a non-exclusive basis in connection with

the extension of the Gaming Business of the Company and its Subsidiaries and Joint Ventures) and any capital stock or partnership interest in any Material Subsidiary) may be sold at fair market value as determined in good faith by the Company and so long as at least 75% of the gross proceeds therefrom consist of cash, and so long as any reduction to the Total Revolving Loan Commitment required by Section 3.03(e) and (f) is effected (and any resultant required payments are made pursuant to Section 4.02) in accordance with the terms thereof.

(c) To the extent the Required Banks waive in writing the provisions of this Section 9.02 with respect to the sale of any Collateral, or any Collateral is sold as permitted by this Section 9.02, such Collateral shall be sold free and clear of the Liens created by the Collateral Documents, and the Administrative Agent and Collateral Agent shall be authorized to take any actions deemed appropriate in order to effect the foregoing.

9.03 Dividends. Parent will not, and will not permit any of its

Subsidiaries to, authorize, declare or pay any Dividends with respect to Parent or any of its Subsidiaries, except that:

(i) any Subsidiary of the Company may pay Dividends to the Company or any Wholly-Owned Subsidiary of the Company;

(ii) any non-Wholly-Owned Subsidiary of the Company may pay cash Dividends to its shareholders generally on a pro rata basis;

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(iii) so long as no Default or Event of Default shall exist (both before and after giving effect to the payment thereof), the Company may pay cash Dividends to Parent which are used by Parent to pay cash Dividends to its shareholders to the extent necessary, as determined in the good faith judgment of the Board of Directors of Parent or the Company, to prevent the filing of any disciplinary action by any Gaming Authority or to prevent the loss or secure the reinstatement of any license or franchise from any governmental agency, including Gaming Authorities, held by Parent or any of its Subsidiaries which license or franchise is conditioned upon some or all of the holders of Parent's capital stock possessing prescribed qualifications, in each case only if such loss or failure to reinstate would have a material adverse effect on the business, operations,

property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole, provided that the aggregate amount of cash Dividends permitted to be paid pursuant to this clause (iii) shall not exceed \$5,000,000;

(iv) so long as no Default or Event of Default shall exist (both before and after giving effect to the payment thereof), the Company may pay cash Dividends to Parent in the amounts permitted pursuant to clauses (v) and (vi) of this Section 9.03, provided that Parent uses the proceeds thereof to pay Dividends within three days after receipt thereof for the purposes set forth in such clauses (v) and (vi);

(v) so long as no Default or Event of Default shall exist (both before and after giving effect to the payment thereof), Parent may pay cash Dividends in an aggregate amount for any fiscal year of Parent not to exceed the lesser of (x) 10% of Consolidated Net Income for the prior fiscal year and (y) \$20,000,000;

(vi) so long as no Default or Event of Default shall exist (both before and after giving effect to the payment thereof), Parent may redeem the Rights outstanding pursuant to the terms of the Rights Agreement, provided that (i) Parent shall not pay more than \$.05 per Right in connection therewith and (ii) the aggregate amount of Dividends paid pursuant to this clause (vi) shall not exceed \$2,500,000;

(vii) so long as no Default or Event of Default shall exist (both before and after giving effect to the payment thereof), the Company may pay cash Dividends to Parent so long as the proceeds thereof are promptly used by Parent to pay (i) operating expenses in the ordinary course of business and other similar corporate overhead costs and expenses and (ii) amounts necessary to fund Aster Insurance Ltd. in the ordinary course of its business;

(viii) the Company may pay cash Dividends to Parent in the amounts and at the times of any payment by Parent in respect of federal, state, franchise or other taxes (provided that any refund shall be promptly returned by Parent to the Company); and

(ix) Parent and the Company may declare and, on the Restatement Effective Date pay, the Hotel Stock Dividend.

Nothing in this Section 9.03 shall prohibit the making of any Dividend within 45 days after the declaration thereof if such declaration was not prohibited by this Section 9.03 at the time of such declaration.

9.04 Indebtedness. Parent will not, and will not permit any of

its Subsidiaries to, contract, create, incur, assume or suffer to exist any Indebtedness, except:

(i) Indebtedness incurred pursuant to this Agreement and the other Credit Documents;

(ii) Indebtedness permitted under Section 9.04(ii) of the Original Credit Agreement which remains outstanding on the Restatement Effective Date and which is listed on Part A of Schedule V, provided that no re-

financings or renewals thereof shall be permitted except as expressly set forth on Part A of Schedule V and then, in any event, such refinancings and renewals shall not be in excess of the respective amounts set forth on Part A of Schedule V;

(iii) accrued expenses and current trade accounts payable incurred in the ordinary course;

(iv) unsecured Indebtedness of Parent or the Company under performance bonds and guarantees in respect of the completion of the construction of any property in accordance with the plans or standards as agreed with the obligee of such guarantee so long as such bonds or guarantees are incurred by Parent or the Company in the ordinary course of the Gaming Property development business of the Company and its Subsidiaries;

(v) Indebtedness of the Company or any of its Subsidiaries subject to Liens permitted under Section 9.01(viii) or evidenced by Capitalized Lease Obligations provided that such Capitalized Lease Obligations only relate to equipment or machinery (not constituting Collateral) of the Company or any of its Subsidiaries;

(vi) Indebtedness of the Company or any of its Subsidiaries consisting of (x) reimbursement obligations on letters of credit (other than Letters of Credit),

bankers acceptances or similar instruments, provided that (i) the

aggregate amount thereof at any one time outstanding shall not exceed \$5,000,000 and (ii) any such Indebtedness in excess of \$1,000,000 in the aggregate at any one time outstanding shall be unsecured other than by documents of title and (y) surety, performance or appeal bonds to the extent permitted by Section 9.01(xi);

(vii) Indebtedness of the Company and the Hotel Subsidiaries under the Hotel Facility, it being understood that neither Parent nor any Subsidiary of Parent shall be liable in respect of such Indebtedness after the Restatement Effective Date;

(viii) Indebtedness of Parent, the Company or any Wholly-Owned Subsidiary of the Company to Parent, the Company or any Subsidiary of the Company (other than a Subsidiary that has incurred Existing Casino Non-Recourse Financing or other Non-Recourse Indebtedness) or Indebtedness of any Subsidiary of Parent to the Parent, the Company or any Wholly-Owned Subsidiary of the Company (other than a Subsidiary that has incurred Existing Casino Non-Recourse Financing or other Non-Recourse Indebtedness);

(ix) Existing Casino Non-Recourse Financing incurred by any Casino Owner (including any special purpose Wholly-Owned Subsidiary of the Company formed to become a Casino Owner in accordance with the last sentence of Section 9.02(a)) so long as (i) the net cash proceeds received by such Casino Owner therefrom equals at least the Minimum Proceeds Amounts for such Casino Property, (ii) if such Casino Owner is a Subsidiary Borrower, such Casino Owner ceases to be a Subsidiary Borrower and all Loans incurred by such Casino Owner are repaid in full and the Company shall become the account party with respect to any outstanding Letters of Credit issued for the account of such Casino Owner pursuant to documentation satisfactory to the Administrative Agent and the respective Letter of Credit Issuer, (iii) at the time of incurrence of such Existing Casino Non-Recourse Financing and after giving effect thereto, no Default or Event of Default shall exist, (iv) at the time of incurrence of such Existing Casino Non-Recourse Financing, the respective Casino Owner's business and assets shall consist substantially of only the Casino Property (including related fixtures, furniture and equipment) subject to such financing, (v) no more than

two Casino Properties in the aggregate may be the subject of a Casino Release, whether pursuant to this Section 9.04(ix) or Section 9.02, and only one of either the Atlantic City Property or the Las Vegas Property may be the subject of a Casino Release and (vi) at the time of the incurrence of such Existing Casino Non-Recourse Financing, the Total Revolving Loan Commitment shall be reduced as required by Section 3.03(d);

(x) Non-Recourse Indebtedness of Specified Subsidiaries to finance the development of Gaming Properties so long as the aggregate principal amount thereof at any time outstanding does not exceed \$300,000,000, it being understood and agreed, however, that (i) a Specified Subsidiary which has incurred outstanding Non-Recourse Indebtedness pursuant to this Section 9.04(x) may guaranty the Non-Recourse Indebtedness incurred pursuant to this Section 9.04(x) by other Specified Subsidiaries, and (ii) such Non-Recourse Indebtedness may be guaranteed by the Company and its other Subsidiaries to the extent provided in Section 9.04(xii);

(xi) Subordinated Debt of the Company not otherwise outstanding on the date hereof so long as (i) the terms and conditions thereof (including, but not limited to, subordination provisions) are no more favorable to the holders of such Subordinated Debt than those set forth in the 8-3/4% Senior Subordinated Notes Indenture (provided that the indebtedness covenant contained in any such other issue of Subordinated Debt shall have sufficient availability (without relying on any incurrence ratios) to justify the full amount of the Total Revolving Loan Commitment and the Total 364-Day Revolving Loan Commitment) or the 10-7/8% Senior Subordinated Notes Indenture and (ii) if such Subordinated Debt (or any portion thereof) constitutes Permitted Designated Indebtedness, the Total Revolving Loan Commitment shall be reduced as required by Section 3.03(d);

(xii) Parent and its Subsidiaries may guarantee on an unsecured basis obligations of Specified Subsidiaries, Joint Ventures and parties to management agreements with the Company or its Subsidiaries or with such Joint Ventures, in each case with respect to the development of Gaming Property in an amount not to exceed \$100,000,000 at any one time outstanding for any individual Gaming Property and \$325,000,000 at any one

time outstanding for all such Gaming Properties, provided that (i) the

aggregate limitation set forth above shall be (A) increased (or decreased if Consolidated Net Income is negative) on the first day of each fiscal year of the Company commencing on January 1, 1996 by an amount equal to 50% (or 100% for each fiscal year for which Consolidated Net Income is negative) of the Consolidated Net Income for the fiscal year last ended, and (B) decreased from time to time by the amount of Dividends paid by the Company to Parent pursuant to Section 9.03(iv) on and after the Restatement Effective Date and prior to the date of determination, (ii) the aggregate amount of guarantees permitted to be outstanding by Parent and its Subsidiaries pursuant to this Section 9.04(xii) shall be reduced by the amount of Investments outstanding pursuant to clause (i) of the proviso to Section 9.05 and (iii) the \$100,000,000 individual limitation set forth above shall not apply to the Cherokee Investments;

(xiii) Parent, the Company and Harrah's may guarantee on an unsecured basis any obligations (except that it may not provide any guaranties, direct or indirect, of Non-Recourse Indebtedness pursuant to this clause (xiii)) of their respective Subsidiaries;

(xiv) Indebtedness of Parent and the other Guarantors under the 364-Day Credit Agreement (but only to the extent that Parent or such other Guarantors are Guarantors under, or in respect of, this Agreement) in an aggregate principal amount not to exceed \$150,000,000 (as reduced by any mandatory reductions thereto as contemplated by Section 3.03(d) and (e)) at any one time outstanding; and

(xv) Indebtedness of Parent or any of its Subsidiaries not otherwise permitted under this Section 9.04 in an aggregate principal amount not to exceed \$25,000,000 at any one time outstanding.

At the time any Casino Owner obtains Existing Casino Non-Recourse Financing in accordance with clause (ix) of this Section 9.04, the Casino Property (and fixtures, furniture and equipment related thereto) subject to such financing shall be so financed free and clear of the Liens created by the respective Mortgage and Collateral Documents, and the Administrative Agent and Collateral Agent shall be authorized to take any actions deemed appropriate in order to effect the foregoing.

9.05 Advances, Investments and Loans. Parent will not, and will

not permit any of its Subsidiaries to, directly or indirectly, lend money or credit or make advances to any Person, or purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any other Person (collectively, "Investments") other than Investments in the ordinary course of business, Subsidiary Investments and other Investments existing on the Restatement Effective Date, provided that:

(i) Investments other than Subsidiary Investments shall not be made with respect to the development or operation of Gaming Properties or in connection with Gaming Businesses (and reasonable extensions thereof), except that Investments in any Joint Venture relating to the Gaming Business or Investments in parties to management agreements with the Company or its Subsidiaries or such Joint Ventures for gaming projects may be made so long as the aggregate amount thereof does not exceed \$100,000,000 at any one time outstanding (determined without regard to any write-downs or write-offs of such Investments) for any individual Gaming Business or gaming project or \$325,000,000 at any one time outstanding (determined without regard to any write-downs or write-offs of such Investments) for all such Gaming Businesses and gaming projects, provided that (w) the aggregate limitation set forth above

shall be (A) increased (or decreased if Consolidated Net Income is negative) on the first day of each fiscal year of the Company commencing on January 1, 1996 by an amount equal to 50% (or 100% for each fiscal year for which Consolidated Net Income is negative) of the Consolidated Net Income for the fiscal year last ended and (B) decreased from time to time by the amount of Dividends paid by the Company to Parent pursuant to Section 9.03(iv) on and after the Restatement Effective Date, (x) the aggregate amount of such Investments permitted to be made pursuant to this Section 9.05(i) shall be reduced by the aggregate amount of guarantees outstanding pursuant to Section 9.04(xii), (y) the \$100,000,000 individual limitation set forth above shall not apply to the Cherokee Investments and (z) Investments in, to or for the benefit of Harrah's Jazz and its Subsidiaries shall not be permitted to be made pursuant to this Section 9.05(i); and

(ii) Investments constituting Harrah's Jazz Investments shall be permitted, provided that the aggregate amount of all such Investments (other than in

respect of the Harrah's Jazz Completion Obligation Loans, the Harrah's Jazz Title Indemnity Arrangements and the Harrah's Jazz Completion Guaranties), whether made prior to, on or after the Restatement Effective Date, shall not exceed \$150,000,000.

Notwithstanding the foregoing provisions of this Section 9.05, Investments in the ordinary course of business shall not include the purchases of (i) Margin Stock and (ii) non-investment grade debt securities of any Person.

9.06 Transactions with Affiliates. Parent will not, and will not

 permit any of its Subsidiaries to, enter into any transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate of Parent or any of its Subsidiaries, other than in the ordinary course of business and on terms and conditions substantially as favorable to Parent or such Subsidiary as would reasonably be obtained by Parent or such Subsidiary at that time in a comparable arm's-length transaction with a Person other than an Affiliate, except that (i) Dividends may be paid to the extent provided in Section 9.03, (ii) loans may be made and other transactions may be entered into by Parent and its Subsidiaries to the extent permitted by Sections 9.04 and 9.05 and (iii) transactions among Parent, the Company and any Subsidiary of the Company shall be permitted so long as any such transactions, individually or in the aggregate, would not have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

9.07 Maximum Leverage Ratio. Parent will not permit the ratio of

 Consolidated Debt to Consolidated Net Worth at any time during a period set forth below to be greater than the ratio set forth opposite such period below:

Period -----	Ratio -----
Restatement Effective Date to and including December 31, 1996	2.75:1
January 1, 1997 to and including December 31, 1997	2.50:1
January 1, 1998 to and including December 31, 1998	2.25:1
January 1, 1999 and	

thereafter 2.00:1

9.08 Consolidated Interest Coverage Ratio. Parent will not permit

the Consolidated Interest Coverage Ratio for any Test Period ended on the last day of a fiscal quarter set forth below to be less than the ratio set forth opposite such fiscal quarter below:

Fiscal Quarter	Ratio
-----	-----
Fiscal quarters ending June 30, 1995, September 30, 1995 and December 31, 1995	2.5:1
Fiscal quarters ending March 31, 1996 and thereafter	3.0:1

9.09 Minimum Consolidated Net Worth. Parent will not permit

Consolidated Net Worth at any time during a period or calendar year set forth below to be less than the amount set forth opposite such period or calendar year below:

Period	Amount
-----	-----
Restatement Effective Date to and including December 31, 1995	\$ 450,000,000
Year ending December 31, 1996	\$ 550,000,000
Year ending December 31, 1997	\$ 650,000,000
Year ending December 31, 1998	\$ 800,000,000
Year ending December 31, 1999	\$1,000,000,000
Year ending December 31, 2000	\$1,000,000,000

9.10 Limitation on Payments and Modifications of Subordinated

Debt; Modifications of Certificate of Incorporation, Partnership Agreements and By-Laws. Parent will not, and will not permit any of its Subsidiaries

to, (i) make (or give any notice in respect of) any voluntary or optional payment or prepayment on or redemption or acquisition for value of (including, without limitation, by way of depositing with the trustee with respect thereto money or securities before due for the purpose of paying when due) any Subordinated Debt (other than the Company's 8-3/8%

Subordinated Debentures due 1996), (ii) make (or give any notice in respect of) any mandatory payment or prepayment on or redemption or acquisition for value of (including, without limitation, by way of depositing with the trustee with respect thereto money or securities before due for the purpose of when due) any Subordinated Debt as a result of any sale of assets by Parent or any of its Subsidiaries, (iii) amend or modify, or permit the amendment or modification of, any provision of any Subordinated Debt or of any agreement (including, without limitation, any purchase agreement, indenture or loan agreement) relating thereto (except modifications relating to the 10-7/8% Senior Subordinated Notes Indenture and 8-3/4% Senior Subordinated Notes Indenture in order to obtain the respective holders' consent to the Hotel Transaction so long as the documentation with respect to such consent is in form and substance satisfactory to the Administrative Agent and the Required Banks), (iv) amend or modify, or permit the amendment or modification of, any financial or business covenants and/or defaults of the 364-Day Credit Agreement which would have the effect of making the same more stringent or restrictive as applied to Parent or any of its Subsidiaries in each case unless parallel changes are made to both this Agreement and the 364-Day Credit Agreement or (v) amend, modify or change its certificate of incorporation (including, without limitation, by the filing or modification of any certificate of designation), partnership agreement or by-laws except such modifications which would not have a material adverse effect on Parent and its Subsidiaries taken as a whole or an adverse effect on the rights and remedies of the Administrative Agent or the Banks under any of the Credit Documents. Notwithstanding anything to the contrary contained in clause (i) of this Section 9.10, the Company may prepay, repurchase, redeem, defease or otherwise retire Subordinated Debt if no Default or Event of Default then exists or would result therefrom to the extent necessary in the good faith judgment of the Board of Directors of Parent or the Company to prevent the filing of a disciplinary action by any Gaming Authority or to prevent the loss or secure the reinstatement of any license or franchise from any governmental agency (including the Gaming Authorities) held by Parent, the Company or any Subsidiary of Parent or the Company which license or franchise is conditioned upon some or all of the holders of such Subordinated Debt possessing prescribed qualifications, if such loss or failure to reinstate would have a material adverse effect on the business, operations, property, assets, liabilities, conditions (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

9.11 Limitation on Certain Restrictions on Subsidiaries. Parent

will not, and will not permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Subsidiary of Parent to (a) pay dividends or make any other distributions on its capital stock or any other interest or participation in its profits owned by Parent or any Subsidiary of Parent, or pay any Indebtedness owed to Parent or a Subsidiary of Parent, (b) make loans or advances to Parent or any Subsidiary of Parent or (c) transfer any of its properties or assets to Parent or any Subsidiary of Parent, except for such encumbrances or restrictions existing under or by reason of (i) regulatory actions or applicable law, (ii) this Agreement, the other Credit Documents and the 364-Day Credit Agreement, (iii) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of Parent or a Subsidiary of Parent, (iv) customary provisions restricting the assignment or transfer of any licensing agreement, franchise agreement, management contract, joint venture agreement or any similar types of agreement entered into by Parent or a Subsidiary of Parent in the ordinary course of business, (v) customary restrictions imposed in connection with any asset sale permitted by this Agreement for the benefit of the purchaser or owner of such asset, (vi) restrictions existing in any document executed in connection with Existing Casino Non-Recourse Financing so long as such restrictions only apply to the Casino Property (and any fixtures, furniture and equipment related thereto) serving as security for such financing, (vii) restrictions existing in any document executed in connection with Non-Recourse Indebtedness permitted under Section 9.04(x) so long as such restrictions only apply to the property serving as security for such debt, (viii) customary restrictions on the transfer of assets used to secure Indebtedness permitted to be incurred (and so long as the Liens are permitted to exist) by this Agreement, (ix) restrictions imposed in connection with any new gaming Subsidiaries of the Company which are not Material Subsidiaries and (x) restrictions imposed on the Company and the Hotel Subsidiaries pursuant to the Hotel Facility, provided that the restrictions imposed pursuant to the Hotel Facility shall not apply to Parent or any Subsidiary of Parent after the Restatement Effective Date.

9.12 Limitation on Issuance of Capital Stock. Parent will not

permit any of its Material Subsidiaries to issue any capital stock (including by way of sales of treasury stock) or any options or warrants to purchase, or securities convertible into, capital stock, except (i) for trans-

fers and replacements of then outstanding shares of capital stock, (ii) for stock splits, stock dividends and similar issuances which do not decrease the percentage ownership of Parent or any of its Subsidiaries in any class of the capital stock of such Subsidiary and (iii) to qualify directors to the extent required by applicable law.

9.13 Business. Parent will not, and will not permit any of its

Subsidiaries to, engage (directly or indirectly) in any business other than the business in which Parent or such Subsidiary is engaged on the Restatement Effective Date (after giving effect to the Hotel Transaction) and any other reasonably related businesses.

9.14 Ownership of Subsidiaries. Parent will maintain its direct

100% ownership interest in the Company, and, except as expressly provided in Section 9.02(a), the Company will maintain the same direct or indirect 100% ownership interest in each of the Material Subsidiaries, provided that if the Company owns (directly or indirectly) less than 100% of the capital stock or other equity interest of any Material Subsidiary at the time same becomes a Material Subsidiary, then the Company shall maintain at least such direct or indirect ownership interest in such Material Subsidiary so long as it remains a Material Subsidiary, it being understood that the Company may divest its ownership interest in the Hotel Company and the Hotel Subsidiaries as a result of the Hotel Stock Dividend.

9.15 Special Purpose Corporation. Parent will engage in no

material business activities other than the ownership of the capital stock of the Company.

SECTION 10. Events of Default. Upon the occurrence of any of the

following specified events (each an "Event of Default"):

10.01 Payments. Any Borrower shall (i) default in the payment

when due of any principal of any Loan or any Note or (ii) default, and such default shall continue unremedied for three or more days, in the payment when due of any Unpaid Drawings or interest on any Loan or Note or any regularly accruing Fees, or (iii) default, and such default shall continue unremedied for five or more days after written notice to the Company by the Administrative Agent or any Bank, in the payment when due of any other Fees or amounts owing hereunder or under any other Credit Document, provided, however, that

such notice shall not be required to be given

if a Bankruptcy Event shall have occurred and be continuing; or

10.02 Representations, etc. Any representation, warranty or

statement made by any Credit Party herein or in any other Credit Document or in any certificate delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or

10.03 Covenants. Parent or any Borrower shall (i) default in the

due performance or observance by it of any term, covenant or agreement contained in Section 8.01(e)(i), 8.08 or 9 or (ii) default in the due performance or observance by it of any other term, covenant or agreement contained in this Agreement and such default shall continue unremedied for a period of 30 days after written notice to the Company by the Administrative Agent or any Bank; or

10.04 Default Under Other Agreements. Parent or any Subsidiary of

Parent shall (i) default in any payment of any Indebtedness (other than the Loans and the Notes) beyond the period of cure or grace, if any, provided in the instrument or agreement under which such Indebtedness was created or (ii) default in the observance or performance of any agreement or condition relating to any Indebtedness (other than the Loans and the Notes) or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Indebtedness to become due prior to its stated maturity, or (iii) any Indebtedness (other than the Loans and the Notes) of Parent or any Subsidiary of Parent shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof, provided that it shall not be a Default or an Event of

Default under this Section 10.04 unless the aggregate principal amount of all Indebtedness as described in preceding clauses (i) through (iii), inclusive, is at least \$25,000,000; or

10.05 Bankruptcy, etc. Parent or any Subsidiary of Parent shall

commence a voluntary case concerning itself under Title 11 of the United States Code entitled "Bankruptcy," as now or hereafter in effect, or any successor

thereto (the "Bankruptcy Code"); or an involuntary case is commenced against Parent or any Subsidiary of Parent, and the petition is not controverted within 10 days, or is not dismissed within 60 days, after commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of Parent or any Subsidiary of Parent, or Parent or any Subsidiary of Parent commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to Parent or any Subsidiary of Parent, or there is commenced against Parent or any Subsidiary of Parent any such proceeding which remains undismissed for a period of 60 days, or Parent or any Subsidiary of Parent is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or Parent or any Subsidiary of Parent suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of 60 days; or Parent or any Subsidiary of Parent makes a general assignment for the benefit of creditors; or any corporate action is taken by Parent or any Subsidiary of Parent for the purpose of effecting any of the foregoing; or

10.06 ERISA. (a) Any Plan shall fail to satisfy the minimum

funding standard required for any plan year or part thereof or a waiver of such standard or extension of any amortization period is sought or granted under Section 412 of the Code, any Plan shall have had a trustee appointed by the PBGC to administer such Plan, any Plan is, shall have been or is likely to be terminated or to be the subject of termination proceedings under ERISA, any Plan shall have an Unfunded Current Liability, Parent or any Subsidiary of Parent or any ERISA Affiliate has incurred or is likely to incur a liability to or on account of a Plan under Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 401(a)(29), 4971 or 4975 of the Code, or Parent or any Subsidiary of Parent has incurred or is likely to incur liabilities pursuant to one or more employee welfare benefit plans (as defined in Section 3(1) of ERISA) which provide benefits to retired employees (other than as required by Section 601 of ERISA) or employee pension benefit plans (as defined in Section 3(2) of ERISA); (b) there shall result from any such event or events the imposition of a lien, the granting of a security interest, or a liability or a material risk of incurring a liability; and (c) which lien, security interest or liability, in the opinion of the Required Banks, could reasonably be expected

to have a material adverse effect upon the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole; or

10.07 Collateral Documents. At any time after the execution and

delivery thereof, any of the Collateral Documents shall cease to be in full force and effect, or shall cease to give the Collateral Agent for the benefit of the Secured Parties the Liens, rights, powers and privileges purported to be created thereby (including, without limitation, a perfected security interest in, and Lien on, all of the Collateral), in favor of the Collateral Agent, superior to and prior to the rights of all third Persons (except as permitted by Section 9.01), and subject to no other Liens (except as permitted by Section 9.01), or any Credit Party shall default in the due performance or observance of any term, covenant or agreement on its part to be performed or observed pursuant to any of the Collateral Documents and such default shall continue beyond any cure or grace period specifically applicable thereto pursuant to the terms of such Collateral Document; or

10.08 Guarantees. Any Guaranty or any provision thereof shall

cease to be a legal, valid and binding obligation enforceable against the obligor thereof, or any Guarantor or any Person acting by or on behalf of any Guarantor shall deny or disaffirm such Guarantor's obligations under its Guaranty, or any Guarantor shall default in its due performance of any term, covenant or agreement on its part to be performed or observed pursuant to its Guaranty; or

10.09 Judgments. One or more judgments or decrees shall be

entered against Parent or any Subsidiary of Parent involving in the aggregate for Parent and its Subsidiaries a liability (not paid or fully covered by a reputable insurance company) and such judgments and decrees either shall be final and non-appealable or shall not be vacated, discharged or stayed or bonded pending appeal for any period of 30 consecutive days, and the aggregate amount of all such judgments exceeds \$10,000,000; or

10.10 Gaming Authority. Any Gaming Authority having jurisdiction

over any Casino Property shall determine that Parent or any of its Subsidiaries that is required to be qualified under the Gaming Regulations does not qualify, or that the qualification or license of any of them with respect to any Casino Property should be revoked, not renewed or suspended for more than 30 days, or any such Gaming Authority

shall have appointed a conservator, supervisor or trustee to oversee any of the operations of any of them;

then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Administrative Agent, upon the written request of the Required Banks, shall by written notice to the Borrowers, take any or all of the following actions, without prejudice to the rights of the Administrative Agent, any Bank or the holder of any Note to enforce its claims against any Credit Party (provided that, if an Event of Default

specified in Section 10.05 shall occur with respect to Parent or any Borrower, the result which would occur upon the giving of written notice by the Administrative Agent to the Borrowers as specified in clauses (i) and (ii) below shall occur automatically without the giving of any such notice): (i) declare the Total Revolving Loan Commitment terminated, whereupon the Revolving Loan Commitment of each Bank shall forthwith terminate immediately and any Commitment Commission shall forthwith become due and payable without any other notice of any kind; (ii) declare the principal of and any accrued interest in respect of all Loans and the Notes and all Obligations owing hereunder and thereunder to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Credit Party; (iii) terminate any Letter of Credit, which may be terminated, in accordance with its terms; (iv) direct the Borrowers to pay (and the Borrowers jointly and severally agree that upon receipt of such notice, or upon the occurrence of an Event of Default specified in Section 10.05 with respect to any Borrower, they will pay) to the Collateral Agent at the Payment Office such additional amount of cash, to be held as security by the Collateral Agent, as is equal to the aggregate Stated Amount of all Letters of Credit issued for the account of the Borrowers and then outstanding; and (v) enforce, as Collateral Agent, all of the Liens and security interests created pursuant to the Collateral Documents.

SECTION 11. Definitions and Accounting Terms.

11.01 Defined Terms. As used in this Agreement, the following

terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Additional Collateral Documents" shall have the meaning provided in Section 8.12(b).

"Adjusted Certificate of Deposit Rate" shall mean, on any day, the sum (rounded to the nearest 1/100 of 1%) of (1) the rate obtained by dividing (x) the most recent weekly average dealer offering rate for negotiable certificates of deposit with a three-month maturity in the secondary market as published in the most recent Federal Reserve System publication entitled "Select Interest Rates," published weekly on Form H.15 as of the date hereof, or if such publication or a substitute containing the foregoing rate information shall not be published by the Federal Reserve System for any week, the weekly average offering rate determined by the Administrative Agent on the basis of quotations for such certificates received by it from three certificate of deposit dealers in New York of recognized standing or, if such quotations are unavailable, then on the basis of other sources reasonably selected by the Administrative Agent, by (y) a percentage equal to 100% minus the stated maximum rate of all reserve requirements as specified in Regulation D applicable on such day to a three-month certificate of deposit of a member bank of the Federal Reserve System in excess of \$100,000 (including, without limitation, any marginal, emergency, supplemental, special or other reserves), plus (2) the then daily net annual assessment rate as estimated by the Administrative Agent for determining the current annual assessment payable by the Administrative Agent to the Federal Deposit Insurance Corporation for insuring three-month certificates of deposit.

"Adjusted Percentage" shall mean (x) at a time when no Bank Default exists, for each Bank such Bank's Percentage and (y) at a time when a Bank Default exists (i) for each Bank that is a Defaulting Bank, zero and (ii) for each Bank that is a Non-Defaulting Bank, the percentage determined by dividing such Bank's Revolving Loan Commitment at such time by the Adjusted Total Revolving Loan Commitment at such time, it being understood that all references herein to Revolving Loan Commitments and the Adjusted Total Revolving Loan Commitment at a time when the Total Revolving Loan Commitment or Adjusted Total Revolving Loan Commitment, as the case may be, has been terminated shall be references to the Revolving Loan Commitments or Adjusted Total Revolving Loan Commitment, as the case may be, in effect immediately prior to such termination, provided that (A) no Bank's Adjusted Percentage

shall change upon the occurrence of a Bank Default from that in effect immediately prior to such Bank Default if after giving effect to such Bank Default, and any repayment of Revolving Loans and Swingline Loans at such time pursuant to Section 4.02(a) or otherwise, the sum of (i) the aggregate outstanding principal amount of Revolving Loans of all Non-

Defaulting Banks plus (ii) the aggregate outstanding principal amount of Swingline Loans plus (iii) the Letter of Credit Outstandings, exceed the Adjusted Total Revolving Loan Commitment; (B) the changes to the Adjusted Percentage that would have become effective upon the occurrence of a Bank Default but that did not become effective as a result of the preceding clause (A) shall become effective on the first date after the occurrence of the relevant Bank Default on which the sum of (i) the aggregate outstanding principal amount of the Revolving Loans of all Non-Defaulting Banks plus (ii) the aggregate outstanding principal amount of the Swingline Loans plus (iii) the Letter of Credit Outstandings is equal to or less than the Adjusted Total Revolving Loan Commitment; and (C) if (i) a Non-Defaulting Bank's Adjusted Percentage is changed pursuant to the preceding clause (B) and (ii) any repayment of such Bank's Revolving Loans, or of Unpaid Drawings with respect to Letters of Credit or of Swingline Loans, that were made during the period commencing after the date of the relevant Bank Default and ending on the date of such change to its Adjusted Percentage must be returned to any Borrower as a preferential or similar payment in any bankruptcy or similar proceeding of such Borrower, then the change to such Non-Defaulting Bank's Adjusted Percentage effected pursuant to said clause (B) shall be reduced to that positive change, if any, as would have been made to its Adjusted Percentage if (x) such repayments had not been made and (y) the maximum change to its Adjusted Percentage would have resulted in the sum of the outstanding principal of Revolving Loans made by such Bank plus such Bank's new Adjusted Percentage of the outstanding principal amount of Swingline Loans and of Letter of Credit Outstandings equalling such Bank's Revolving Loan Commitment at such time.

"Adjusted Revolving Loan Commitment" for each Non-Defaulting Bank shall mean at any time the product of such Bank's Adjusted Percentage and the Adjusted Total Revolving Loan Commitment.

"Adjusted Total Revolving Loan Commitment" shall mean at any time the Total Revolving Loan Commitment less the aggregate Revolving Loan Commitments of all Defaulting Banks.

"Administrative Agent" shall mean Bankers Trust Company, in its capacity as Administrative Agent for the Banks hereunder, and shall include any successor to the Administrative Agent appointed pursuant to Section 12.09.

"Affiliate" shall mean, with respect to any Person, any other Person (i) directly or indirectly controlling (in-

cluding, but not limited to, all directors and officers of such Person), controlled by, or under direct or indirect common control with, such Person or (ii) that directly or indirectly owns more than 5% of the voting securities or capital stock of such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"Agent" shall mean each of Bankers Trust Company, The Bank of New York, CIBC Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale, and The Sumitomo Bank Limited, New York Branch.

"Agreement" shall mean this Credit Agreement, as modified, supplemented or amended from time to time.

"Applicable Commitment Commission Percentage" shall mean 1/4 of 1% less the then applicable Reduction Discount.

"Applicable Margin" shall mean 7/8 of 1% less the then applicable Reduction Discount.

"Assignment and Assumption Agreement" shall mean the Assignment and Assumption Agreement substantially in the form of Exhibit Q (appropriately completed).

"Assignment of Leases" shall mean the Assignment of Leases, dated as of July 22, 1993, between Marina and the Collateral Agent, as modified, supplemented or amended from time to time.

"Assignment of Partnership Interests Agreement" shall mean the Assignment of Partnership Interests Agreement, dated as of July 22, 1993, among Harrah's New Jersey, Harrah's Atlantic City and the Collateral Agent, as modified, supplemented or amended from time to time.

"Atlantic City Property" shall mean the Harrah's Atlantic City Hotel Casino.

"Bank" shall mean each financial institution listed on Schedule I, as well as any institution which becomes a "Bank" hereunder pursuant to Section 1.13 or 13.04(b) or (c), provided that in any event each such institution shall be a Qualified Person.

"Bank Default" shall mean (i) the refusal (which has not been retracted) of a Bank to make available its portion of any Borrowing (including any Mandatory Borrowing) or to fund its portion of any unreimbursed payment under Section 2.04(c) or (ii) a Bank having notified in writing the Borrowers and/or the Administrative Agent that it does not intend to comply with its obligations under Section 1.01(a), 1.01(b) or 1.01(c) or Section 2, in the case of either clause (i) or (ii) above as a result of any takeover of such Bank by any regulatory authority or agency.

"Bankruptcy Code" shall have the meaning provided in Section 10.05.

"Bankruptcy Event" shall mean any Default or Event of Default of the type described in Section 10.05.

"Base Rate" at any time shall mean the highest of (i) 1/2 of 1% in excess of the Adjusted Certificate of Deposit Rate, (ii) the Prime Lending Rate and (iii) 1/2 of 1% in excess of the overnight Federal Funds Rate.

"Base Rate Loan" shall mean (i) each Swingline Loan and (ii) any Revolving Loan designated or deemed designated as such by a Borrower at the time of the incurrence thereof or conversion thereto.

"Book Entry System" shall have the meaning provided in Section 8.11.

"Borrower" shall have the meaning provided in the first paragraph of this Agreement.

"Borrowing" shall mean and include (i) the borrowing of Swingline Loans from BTCo on a given date and (ii) the borrowing of one Type of Revolving Loan from all the Banks on a given date (or resulting from a conversion or conversions on such date) having in the case of Eurodollar Loans the same Interest Period, provided that Base Rate Loans incurred pursuant to Section 1.10(b) shall be considered part of the related Borrowing of Eurodollar Loans.

"BTCo" shall mean Bankers Trust Company in its individual capacity.

"Business Day" shall mean (i) for all purposes other than as covered by clause (ii) below, any day except Saturday, Sunday and any day which shall be in New York City a legal holiday or a day on which banking institutions are

authorized or required by law or other government action to close and (ii) with respect to all notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, any day which is a Business Day described in clause (i) above and which is also a day for trading by and between banks in the New York interbank Eurodollar market.

"Capitalized Lease Obligations" of any Person shall mean all rental obligations which, under generally accepted accounting principles, are or will be required to be capitalized on the books of such Person, in each case taken at the amount thereof accounted for as indebtedness in accordance with such principles.

"Casino Holding Company" shall mean Casino Holding Company, a Delaware corporation.

"Casino Owner" shall mean any Subsidiary of the Company that owns a Casino Property.

"Casino Property" shall mean and include each of the Harrah's Reno Hotel Casino, Harrah's Lake Tahoe Hotel Casino (including Bill's Casino), Harrah's Las Vegas Hotel Casino, Harrah's Atlantic City Hotel Casino and Harrah's Laughlin Hotel Casino.

"Casino Release" shall mean the release of a specific Casino Property from the Liens created by the respective Collateral Documents as a result of the sale thereof pursuant to Section 9.02 or the incurrence of Existing Casino Non-Recourse Financing with respect thereto pursuant to Section 9.04(ix).

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as the same may be amended from time to time, 42 U.S.C. Sec. 9601 et seq.

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"Change of Control" shall mean (i) Parent shall cease to own 100% of the capital stock of the Company, (ii) the direct or indirect acquisition by any Person or group (as such term is defined in Section 13(d)(3) of the Securities Exchange Act) of beneficial ownership (as such term is defined in Rule 13D-3 promulgated under the Securities Exchange Act) of 25% or more of the outstanding shares of common stock of Parent, (iii) the Board of Directors of Parent shall not consist of a majority of Continuing Directors or (iv) any "change of control" or similar event

shall occur under any issue of Indebtedness of Parent or any of its Subsidiaries in an aggregate principal amount which exceeds (or upon utilization of any unused commitments may exceed) \$25,000,000.

"Cherokee Casino" shall mean the casino to be constructed, developed and operated by the Eastern Band of Cherokee Indians in Cherokee, North Carolina, and the manager of which shall be Parent or a Wholly-Owned Subsidiary of Parent.

"Cherokee Investments" shall mean (i) one or more guaranties given by Parent and/or the Company for the benefit of the lenders providing construction financing for the Cherokee Casino and (ii) additional Investments in the Cherokee Casino.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and the rulings issued thereunder. Section references to the Code are to the Code, as in effect on the date of this Agreement, and to any subsequent provision of the Code, amendatory thereof, supplemental thereto or substituted therefor.

"Collateral" shall mean all property (whether real or personal) with respect to which any security interests have been granted (or purport to be granted) pursuant to any Collateral Document, including, without limitation, all Pledge Agreement Collateral, all Security Agreement Collateral, all Mortgaged Properties and all cash and cash equivalents delivered as collateral pursuant to Section 4.02(a) or 10.

"Collateral Agent" shall mean and include the Administrative Agent acting as collateral agent for the Secured Parties pursuant to the Collateral Documents and any sub-agents or sub-trustees appointed by the Administrative Agent pursuant to the Master Collateral Agreement and permitted under applicable Gaming Regulations.

"Collateral Document" shall mean and include each Pledge Agreement, the Security Agreement, each Mortgage, the Assignment of Partnership Interests Agreement, the Assignment of Leases, each Net Lease Agreement, the Master Collateral Agreement and, after the execution and delivery thereof, each Additional Collateral Document.

"Collateral Grantor" shall mean and include Parent, the Company and each Subsidiary of the Company which is party to any Collateral Document, provided that, from and after the date of the release of all Collateral of any Subsidiary of the Company from the provisions of the Collateral Documents, and so long as the respective Subsidiary at such time owns no Required Collateral, such Subsidiary shall cease to constitute a Collateral Grantor and the Collateral Agent shall be authorized to execute such documentation as is necessary or desirable to effect such release.

"Commitment Commission" shall have the meaning provided in Section 3.01(a).

"Company" shall have the meaning provided in the first paragraph of this Agreement.

"Company/Sub Guaranty" shall mean the Company/Sub Guaranty, dated as of July 22, 1993, made by the Company and the other Guarantors party thereto, as modified, supplemented or amended from time to time.

"Company/Sub Pledge Agreement" shall mean the Company/Sub Pledge Agreement, dated as of July 22, 1993, among the Company, the other Collateral Grantors party thereto and the Collateral Agent, as modified, supplemented or amended from time to time.

"Consent" shall mean each written consent from a holder of the 8-3/4% Senior Subordinated Notes and 10-7/8% Senior Subordinated Notes permitting the Company and the respective indenture trustee to enter into indenture supplements to the 8-3/4% Senior Subordinated Notes Indenture and the 10-7/8% Senior Subordinated Notes Indenture.

"Consolidated Debt" shall mean, at any time, the sum of the aggregate outstanding principal amount of all Indebtedness (including, without limitation, guarantees, Non-Recourse Debt and the principal component of Capitalized Lease Obligations) of Parent and its Consolidated Subsidiaries.

"Consolidated EBIT" shall mean, for any period, the Consolidated Net Income plus Consolidated Interest Expense (to the extent same was deducted in determining Consolidated Net Income) and provision for taxes, and without giving effect to any extraordinary gains or losses or gains or losses from sales of assets other than inventory sold in the ordinary course of business.

"Consolidated Interest Coverage Ratio" for any period shall mean the ratio of Consolidated EBIT to Consolidated Interest Expense.

"Consolidated Interest Expense" shall mean, for any period, the total consolidated interest expense of Parent and its Consolidated Subsidiaries (without deduction for minority interests in Subsidiaries) for such period (calculated without regard to any limitations on the payment thereof) plus, without duplication, (i) that portion of Capitalized Lease Obligations of Parent and its Consolidated Subsidiaries representing the interest factor for such period and (ii) the Company's or such Consolidated Subsidiary's share of interest expense of any Joint Venture.

"Consolidated Net Income" shall mean, for any period, net income of Parent and its Consolidated Subsidiaries (without deduction for minority interests in Subsidiaries) for such period.

"Consolidated Net Worth" shall mean, at any time, the net worth of Parent and its Consolidated Subsidiaries determined on a consolidated basis.

"Consolidated Subsidiaries" shall mean, as to any Person, all Subsidiaries of such Person which are consolidated with such Person for financial reporting purposes in accordance with generally accepted accounting principles in the United States.

"Contingent Obligation" shall mean, as to any Person, any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing (including, without limitation, as a result of such Person being a general partner of the other Person, unless the underlying obligation is expressly made non-recourse as to such general partner) any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation (whether arising by virtue of partnership arrangements, by agreement to keepwell, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise) or (ii) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect the obligee against loss in respect thereof (in whole or in part), provided that the term

Indebtedness shall not include endorsements for collection or deposit in the ordinary course of business.

"Continuing Directors" shall mean the directors of Parent on the Restatement Effective Date and each other director, if such other director's nomination for election to the Board of Directors of Parent is recommended by a majority of the then Continuing Directors.

"Credit Documents" shall mean this Agreement, each Note, each Letter of Credit, each Guaranty and each Collateral Document.

"Credit Event" shall mean the making of any Loan, the conversion of any Original Revolving Loan or Original Swingline Loan on the Restatement Effective Date or the issuance of any Letter of Credit.

"Credit Party" shall mean Parent, the Company and each other Subsidiary of Parent that is a Subsidiary Borrower, a Guarantor or a Collateral Grantor.

"Default" shall mean any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

"Defaulting Bank" shall mean any Bank with respect to which a Bank Default is in effect.

"Defaulting Participant" shall have the meaning provided in Section 2.04(g).

"Disqualified Stock" shall mean any capital stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part on, or prior to, or is exchangeable for debt securities of Parent or its Subsidiaries prior to, the first anniversary of the Final Maturity Date.

"Dividend" with respect to any Person shall mean that such Person has declared or paid a dividend or returned any equity capital to its stockholders or authorized or made any other distribution, payment or delivery of property (other than common stock of such Person) or cash to its stockholders as such, or redeemed, retired, purchased or otherwise acquired, directly or indirectly, for a consideration any

shares of any class of its capital stock outstanding on or after the Restatement Effective Date (or any options or warrants issued by such Person with respect to its capital stock), or set aside any funds for any of the foregoing purposes, or shall have permitted any of its Subsidiaries to purchase or otherwise acquire for a consideration any shares of any class of the capital stock of such Person outstanding on or after the Restatement Effective Date (or any options or warrants issued by such Person with respect to its capital stock). Without limiting the foregoing, "Dividends" with respect to any Person shall also include all payments made or required to be made by such Person with respect to any stock appreciation rights, plans, equity incentive or achievement plans or any similar plans or setting aside of any funds for the foregoing purposes.

"Documents" shall mean the Credit Documents and the Hotel Transaction Documents.

"Dollars" and the sign "\$" shall each mean freely transferable lawful money of the United States.

"Drawing" shall have the meaning provided in Section 2.05(b).

"8-3/4% Senior Subordinated Notes" shall mean the Company's 8-3/4% Senior Subordinated Notes due 2000.

"8-3/4% Senior Subordinated Notes Indenture" shall mean the indenture relating to the 8-3/4% Senior Subordinated Notes.

"Election to Become a Subsidiary Borrower" shall mean an Election to Become a Subsidiary Borrower substantially in the form of Exhibit P, which shall be executed by each Subsidiary of the Company which becomes a Subsidiary Borrower after the date hereof.

"End Date" shall have the meaning provided in the definition of Reduction Discount.

"Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, directives, claims, liens, notices of noncompliance or violation, investigations of which Parent or any Borrower has received notice or proceedings relating in any way to any Environmental Law or any permit issued, or any approval given, under any such Environmental Law (hereafter, "Claims"), including, without limitation, (a) any and all

Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief in connection with alleged injury or threat of injury to health, safety or the environment due to the presence of Hazardous Materials.

"Environmental Law" means any Federal, state, foreign or local statute, law, rule, regulation, ordinance, code, guideline, written policy and rule of common law now or hereafter in effect and in each case as amended, including any judicial or administrative order, consent decree or judgment, relating to the environment, employee health and safety or Hazardous Materials, including, without limitation, CERCLA; RCRA; the Federal Water Pollution Control Act, 33 U.S.C. Sec. 1251 et seq.; the Toxic Substances

Control Act, 15 U.S.C. Sec. 2601 et seq.; the Clean Air Act, 42 U.S.C. Sec.

7401 et seq.; the Safe Drinking Water Act, 42 U.S.C. Sec. 3803 et seq.; the

Oil Pollution Act of 1990, 33 U.S.C. Sec. 2701 et seq.; the Emergency

Planning and the Community Right-to-Know Act of 1986, 42 U.S.C. Sec. 11001 et seq., the Hazardous Material Transportation Act, 49 U.S.C. Sec. 1801

et seq. and the Occupational Safety and Health Act, 29 U.S.C. Sec. 651

et seq.; and any state and local or foreign counterparts or equivalents,

in each case as amended from time to time.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement, and to any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean each person (as defined in Section 3(9) of ERISA) which together with Parent or any Subsidiary of Parent would be deemed to be a "single employer" within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"Eurodollar Loan" shall mean each Revolving Loan designated as such by a Borrower at the time of the incurrence thereof or conversion thereto.

"Eurodollar Rate" shall mean (a) the arithmetic average (rounded to the nearest 1/1000 of 1%) of the offered quotation to first-class banks in the New York interbank

Eurodollar market by each Reference Bank for Dollar deposits of amounts in immediately available funds comparable to the outstanding principal amount of the Eurodollar Loan of such Reference Bank with maturities comparable to the Interest Period applicable to such Eurodollar Loan commencing two Business Days thereafter as of 10:00 A.M. (New York time) on the date which is two Business Days prior to the commencement of such Interest Period, divided by (b) a percentage equal to 100% minus the then stated maximum rate of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves required by applicable law) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency funding or liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D); provided that if one or more of the Reference Banks fails to provide the Administrative Agent with its aforesaid rate, then the Eurodollar Rate shall be determined based on the rate or rates provided to the Administrative Agent by the other Reference Bank or Banks.

"Event of Default" shall have the meaning provided in Section 10.

"Existing Casino Non-Recourse Financing" shall mean Non-Recourse Indebtedness incurred by any Casino Owner pursuant to Section 9.04(ix) and which is to be secured solely by the Casino Property (including any fixtures, furniture and equipment related thereto) owned by such Casino Owner, except that if two Casino Properties are subject to Existing Casino Non-Recourse Financings, then each issue (or either issue) of such Existing Casino Non-Recourse Financing may be cross-collateralized by the other Casino Property subject to Existing Casino Non-Recourse Financing.

"Existing Letters of Credit" shall have the meaning provided in Section 2.01(a).

"Facing Fee" shall have the meaning provided in Section 3.01(c).

"Federal Funds Rate" shall mean for any period, a fluctuating interest rate equal for each day during such period to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for

any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal Funds brokers of recognized standing selected by the Administrative Agent.

"Fees" shall mean all amounts payable pursuant to or referred to in Section 3.01.

"Final Maturity Date" shall mean July 31, 2000.

"First-Tier Material Subsidiary" shall mean each Material Subsidiary which is a direct Subsidiary of the Company.

"Former Bank" shall have the meaning provided in Section 13.04(c).

"Gaming Authority" shall mean the governmental authorities charged with the administration and enforcement of the Gaming Regulations.

"Gaming Business" shall mean the businesses and operations of the Company and its Subsidiaries with respect to, and the properties and assets of the Company and its Subsidiaries used in connection with, the Casino Properties and any other casinos, hotel casinos or gaming businesses now or in the future owned by the Company or any of its Subsidiaries or in which Parent or any of its Subsidiaries has an interest either through a Joint Venture or as a party to a management agreement.

"Gaming Property" of any Person shall mean those properties and assets of such Person which relate to such Person's casino or hotel casino businesses and operations.

"Gaming Regulations" shall mean the laws, rules, regulations and orders applicable to the casino and gaming business or activities of Parent, the Company or any of their Subsidiaries, as in effect from time to time, including the policies, interpretations and administration thereof by the Gaming Authorities.

"Guaranteed Obligations" shall mean the irrevocable and unconditional guaranty made by Parent under the Parent Guaranty (i) to the Administrative Agent and each Bank for the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of the principal and interest on each Note issued by each Borrower to such Bank, and Loans made, under this Agreement and all reimbursement

obligations in respect of Drawings on Letters of Credit, together with all the other obligations and liabilities (including, without limitation, indemnities, fees and interest thereon) of each of the Borrowers to the Administrative Bank and such Bank now existing or hereafter incurred under, arising out of or in connection with this Agreement or any other Credit Document and the due performance and compliance with the terms of the Credit Documents by the Borrowers and (ii) to each Secured Interest Rate Protection Creditor which has entered into, or in the future enters into, a Secured Interest Rate Protection or Other Hedging Agreement with any Borrower, the full and prompt payment when due (whether by acceleration or otherwise) of all obligations of each Borrower owing under, or with respect to, any such Secured Interest Rate Protection or Other Hedging Agreement, whether now in existence or hereafter arising, and the due performance and compliance with all terms, conditions and agreements contained therein.

"Guarantor", at any time, shall mean each of the Initial Guarantors and each Required Additional Guarantor which has executed and delivered a counterpart of the Company/Sub Guaranty in accordance with Section 8.12(a), provided that, from and after the date of the release of any Subsidiary of

the Company from the provisions of the Company/Sub Guaranty in accordance with the terms thereof or hereof, such Subsidiary shall cease to constitute a Guarantor.

"Guaranty" shall mean and include the Parent Guaranty and the Company/Sub Guaranty.

"Harrah's" shall mean Harrah's, a Nevada corporation.

"Harrah's Atlantic City" shall mean Harrah's Atlantic City, Inc., a New Jersey corporation.

"Harrah's Club" shall mean Harrah's Club, a Nevada corporation.

"Harrah's Jazz" shall mean Harrah's Jazz Company, a Louisiana general partnership.

"Harrah's Jazz Completion Guaranties" shall mean one or more completion guaranties heretofore given by Parent and/or the Company in favor of certain lenders to Harrah's Jazz, the City of New Orleans and one or more other governmental agencies of the State of Louisiana.

"Harrah's Jazz Completion Obligation Loans" shall mean any payments made by Parent and/or the Company under the Harrah's Jazz Completion Guaranties or the Harrah's Jazz Title Indemnity Arrangements to the extent that such payments are characterized as additional loans or advances made by Parent and/or the Company to Harrah's Jazz.

"Harrah's Jazz Investments" shall mean Investments in or to Harrah's Jazz and/or for the benefit of Harrah's Jazz, including the Harrah's Jazz Completion Obligation Loans, the Harrah's Jazz Completion Guaranties and the Harrah's Jazz Title Indemnity Arrangements.

"Harrah's Jazz Title Indemnity Arrangements" shall mean those certain indemnity agreements heretofore given by Parent and the Company to the title insurance companies providing title insurance for Harrah's Jazz's casino the City of New Orleans.

"Harrah's Laughlin" shall mean Harrah's Laughlin, Inc., a Nevada corporation.

"Harrah's New Jersey" shall mean Harrah's New Jersey, Inc., a New Jersey corporation.

"Hazardous Materials" means (a) any petroleum or petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls, and radon gas; (b) any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous waste," "hazardous materials," "extremely hazardous substances," "restricted hazardous waste," "toxic substances," "toxic pollutants," "contaminants," or "pollutants," or words of similar import, under any applicable Environmental Law; and (c) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority.

"Hotel Business" shall mean the businesses and operations of the Company and its Subsidiaries with respect to, and the properties and assets of the Company and its Subsidiaries used in connection with, its existing (immediately prior to the Restatement Effective Date) hotel businesses and operations and any other hotels owned by the Company or any of its Subsidiaries immediately prior to the Restatement Effective Date that are not included in the Gaming Business or in which Parent or any of its Subsidiaries

has an interest either through a Joint Venture or as a party to a management or franchise agreement.

"Hotel Collateral" shall mean the collateral securing the Hotel Facility, which collateral shall only consist of the assets of the Hotel Business of the Company and the Hotel Subsidiaries (including the capital stock of the Hotel Subsidiaries).

"Hotel Company" shall mean Promus Hotel Corporation, a newly formed Wholly-Owned Subsidiary of the Company.

"Hotel Facility" shall mean two new senior secured credit facilities aggregating \$350,000,000 which shall be (i) secured by the Hotel Collateral and (ii) guaranteed by the Hotel Subsidiaries.

"Hotel Property" shall mean any hotel, any land or building under development or any other property or asset which relates to the Hotel Business of Parent and its Subsidiaries other than those properties or assets which are included as Gaming Properties.

"Hotel Stock Dividend" shall mean, collectively, (i) the distribution by the Company to Parent as a stock dividend of all of the capital stock of the Hotel Company and (ii) the distribution by Parent to its stockholders immediately thereafter as a stock dividend of all of the capital stock of the Hotel Company.

"Hotel Subsidiaries" shall mean those existing Subsidiaries of the Company which are engaged in the Hotel Business and which are set forth on Schedule IX.

"Hotel Transaction" shall mean, collectively, the Hotel Stock Dividend, the Hotel Transfer, the entering into of the Hotel Facility and the incurrence by the Company of at least \$210,000,000 of loans thereunder, the assignment to, and the assumption by, the Hotel Company of the Hotel Facility, the obtaining of the Consents and the entering into of the related indenture supplements and the obtaining of the consent of Parent's shareholders to the Hotel Transaction.

"Hotel Transaction Documents" shall mean (i) the Hotel Facility, (ii) the Consents, the indenture supplements to the 8-3/4% Senior Subordinated Notes Indenture and the 10-7/8% Senior Subordinated Notes Indenture and the Proxy Statement delivered to Parent's shareholders in connection

with the Hotel Transaction and (iii) the Distribution Agreement, the Tax Sharing Agreement, the Trademark Assignment Agreement and an Employee Benefits Allocation Agreement, which agreements are in the forms delivered to the Administrative Agent pursuant to Section 5.04(b) and are to be entered into by the Company and the Hotel Company in connection with the Hotel Transfer and the Hotel Stock Dividend.

"Hotel Transfer" shall mean the transfer by the Company to the Hotel Company of the Hotel Properties and Hotel Business of the Company and the capital stock of the Hotel Subsidiaries, it being understood and agreed that \$210,000,000 of proceeds from the loans incurred by the Company under the Hotel Facility on the Restatement Effective Date shall not be transferred by the Company to the Hotel Company.

"Indebtedness" shall mean, as to any Person, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all obligations of such person as lessee which are capitalized in accordance with generally accepted accounting principles, (v) all obligations of such Person to reimburse or repay any bank or other Person in respect of amounts paid or available to be drawn under a letter of credit, banker's acceptance, surety, performance or appeal bond or any similar instrument (each such obligation to be valued at the face amount of such instrument), (vi) all Indebtedness of others secured by a Lien on any asset of such Person, (vii) all Contingent Obligations of such Person with respect to any Indebtedness of any other Person and (viii) the amount of any Disqualified Stock.

"Initial Guarantors" shall mean each of Parent, the Company, Casino Holding Company, Embassy Development Corporation, Embassy Equity Development Corporation, ESI Equity Development Corporation, Hampton Inn Equity Development Corporation, Hampton Inns, Inc., Harrah's, Harrah's Atlantic City, Harrah's Club, Harrah's Las Vegas, Inc., Harrah's Laughlin, Harrah's New Jersey, Harrah's Reno Holding Company, Inc., Homewood Suites Equity Development Corporation and Marina; provided, that from and after the Restatement Effective Date, Embassy Development Corporation, Embassy Equity Development Corporation, ESI Equity Development Cor-

poration, Hampton Inn Equity Development Corporation, Hampton Inns, Inc. and Homewood Suites Equity Development Corporation shall be (and hereby are) released from the Company/Sub Guaranty and shall no longer constitute Guarantors.

"Interest Determination Date" shall mean, with respect to any Eurodollar Loan, the second Business Day prior to the commencement of any Interest Period relating to such Eurodollar Loan.

"Interest Period" shall have the meaning provided in Section 1.09.

"Interest Rate Protection or Other Hedging Agreements" shall mean one or more (i) interest rate protection agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements), (ii) foreign exchange contracts, currency swap agreements or other similar agreements or arrangements designed to protect against the fluctuations in currency values and/or (iii) other types of hedging agreements from time to time entered into by the Company or any of its Subsidiaries.

"Investments" shall have the meaning provided in Section 9.05.

"Issuance System" shall have the meaning provided in Section 8.11.

"Issue" shall mean each of the two different types of Senior Debt, there being two separate Issues for purposes of this Agreement, i.e., the

Indebtedness under this Agreement and the Indebtedness under the 364-Day Credit Agreement.

"Joint Venture" shall mean any entity or arrangement between the Company or any of its Subsidiaries (so long as the Company and its Subsidiaries own 50% or less of such entity) and one or more Persons other than Parent or any of its Subsidiaries (whether now existing or created in the future) for (i) the joint ownership, management, construction or development of any Gaming Property or (ii) the joint ownership or operation of any Gaming Business.

"Las Vegas Property" shall mean the Harrah's Las Vegas Hotel Casino.

"L/C Supportable Indebtedness" shall mean (i) obligations of the Company or any of its Subsidiaries incurred

in the ordinary course of business and (ii) all obligations supported by Existing Letters of Credit.

"Leaseholds" of any Person means all the right, title and interest of such Person as lessee or licensee in, to and under leases or licenses of land, improvements and/or fixtures.

"Letter of Credit" shall have the meaning provided in Section 2.01(a).

"Letter of Credit Fee" shall have the meaning provided in Section 3.01(b).

"Letter of Credit Issuer" shall mean (x) BTCo and (y) with the consent of the Administrative Agent, any other Bank to the extent such Bank agrees, in its sole discretion, to become a Letter of Credit Issuer for the purpose of issuing Letters of Credit pursuant to Section 2.

"Letter of Credit Outstandings" shall mean, at any time, the sum of (i) the aggregate Stated Amount of all outstanding Letters of Credit and (ii) the amount of all Unpaid Drawings.

"Letter of Credit Request" shall have the meaning provided in Section 2.03(a).

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), preference, priority or other security agreement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing or similar statement or notice filed under the UCC or any other similar recording or notice statute, and any lease having substantially the same effect as any of the foregoing).

"Loan" shall mean each Revolving Loan and each Swingline Loan.

"Lowest Outstanding Amount" shall have the meaning provided in Section 13.18(b).

"Mandatory Borrowing" shall have the meaning provided in Section 1.01(c).

"Margin Reduction Period" shall mean each period which shall commence on a date on which the financial state-

ments are delivered pursuant to Section 8.01(a) or (b) and which shall end on the earlier of (i) the date of actual delivery of the next financial statements pursuant to Section 8.01(a) or (b) and (ii) the latest date on which the next financial statements are required to be delivered pursuant to Section 8.01(a) or (b).

"Margin Stock" shall have the meaning provided in Regulation U.

"Marina" shall mean Marina Associates, a New Jersey general partnership.

"Markers" shall have the meaning provided in the Master Collateral Agreement.

"Master Collateral Agreement" shall mean the Master Collateral Agreement, dated as of July 22, 1993, among Parent, the Company, the other Collateral Grantors, the Administrative Agent and the Collateral Agent, as modified, supplemented or amended from time to time.

"Material Subsidiary" shall mean each of (a) each Initial Guarantor other than Parent and the Company, (b) each Subsidiary Borrower and each Collateral Grantor and (c) as at the date of determination, (i) any direct or indirect Subsidiary of Parent that holds any license or licenses needed to conduct gaming operations with respect to any Casino Property (which has not theretofore been released from the respective Mortgage encumbering same in accordance with the terms thereof), (ii) any direct or indirect Subsidiary of Parent that owns any Collateral or Required Collateral or that directly or indirectly owns stock of a Subsidiary which owns Collateral or Required Collateral or (iii) any Subsidiary of Parent that (together with its Subsidiaries) accounts for, or holds, at least 10% of any of (x) the consolidated assets of Parent and its Subsidiaries, (y) the consolidated revenues of Parent and its Subsidiaries or (z) the Consolidated EBIT of Parent and its Subsidiaries, in each case as determined at the end of each fiscal quarter of Parent and, in the case of preceding clauses (y) and (z), for the Test Period then last ended, it being understood and agreed that Harrah's Jazz and Desplaines Development Limited Partnership shall not be considered Material Subsidiaries under this sub-clause (iii) to the extent that such Subsidiaries would otherwise constitute such a Material Subsidiary so long as such Subsidiaries would not otherwise constitute a Material Subsidiary under any of the other clauses of this definition.

"Maximum Swingline Amount" shall mean \$25,000,000.

"Minimum Proceeds Amount" with respect to any Casino Property (or with respect to the Casino Owner that owns such Casino Property) shall mean the amount set forth below opposite such Casino Property:

Harrah's Atlantic City	
Hotel Casino	\$250,000,000
Harrah's Las Vegas	
Hotel Casino	\$250,000,000
Harrah's Reno	
Hotel Casino	\$150,000,000
Harrah's Lake Tahoe	
Hotel Casino	
(including Bill's Casino)	\$150,000,000
Harrah's Laughlin	
Hotel Casino	\$150,000,000.

"Moody's" shall mean Moody's Investors Service, Inc.

"Mortgage" shall mean each of (i) the Deed of Trust, Leasehold Deed of Trust, Assignment, Assignment of Leases and Rents, Security Agreement and Financing Statement, dated as of July 22, 1993, from the Company, Harrah's Laughlin, Inc. and Harrah's Reno Holding Company, Inc., as Grantors, to First American Title Insurance Company of Nevada, as Trustee, and BTCo, as Beneficiary, as modified, supplemented or amended from time to time and (ii) the Mortgage, Leasehold Mortgage, Assignment, Assignment of Leases and Rents and Security Agreement, dated as of July 22, 1993, from Marina and the Company, as Mortgagors, to BTCo, as Collateral Agent and Mortgagee, as modified, supplemented or amended from time to time.

"Mortgage Amendment" shall have the meaning provided in Section 5.09(i).

"Mortgage Policies" shall mean each of the mortgage title insurance policies delivered pursuant to Section 5.10(ii) of the Original Credit Agreement.

"Mortgaged Property" shall mean and include each of the Casino Properties until same are released from the Liens created by the respective Mortgage in accordance with the terms hereof and thereof.

"Net Lease Agreement" shall mean each of (i) the Net Lease Agreement, dated as of July 22, 1993, among Parent, the Company, Harrah's, Harrah's Club and the Collateral Agent (Harrah's Hotel and Casino, Lake Tahoe), (ii) the Net Lease Agreement, dated as of July 22, 1993, among Parent, the Company, Harrah's Las Vegas, Inc. and the Collateral Agent (Harrah's Hotel and Casino, Las Vegas), (iii) the Net Lease Agreement, dated as of July 22, 1993, among Parent, the Company, Harrah's, Harrah's Club and the Collateral Agent (Harrah's Hotel and Casino, Reno) and (iv) the Net Lease Agreement, dated as of July 22, 1993, among Parent, the Company, Harrah's Laughlin and the Collateral Agent (Harrah's Laughlin Hotel and Casino), in each case as modified, supplemented or amended from time to time, it being understood and agreed that in the event the Company transfers its ownership interest in any of the Casino Properties located in Nevada to Harrah's Club as permitted by Section 9.02(a), the Net Lease Agreement with respect to each such Casino Property may be terminated.

"Net Sale Proceeds" shall mean for any sale of assets, the gross cash proceeds (including any cash received by way of deferred payment pursuant to a promissory note, receivable or otherwise, but only as and when received) received from any sale of assets, net of reasonable transaction costs and payments of unassumed liabilities relating to the assets sold at the time of, or within 60 days after, the date of such sale and the amount of such gross cash proceeds required to be used to repay any Indebtedness (other than Indebtedness of the Banks pursuant to the Credit Documents) which is secured by the respective assets which were sold.

"Non-Defaulting Bank" shall mean and include each Bank other than a Defaulting Bank.

"Non-Recourse Indebtedness" shall mean (x) with respect to any Casino Owner or Owners, Indebtedness incurred by such Casino Owner or Owners meeting the requirements of Existing Casino Non-Recourse Financing and which shall be (i) secured only by the Casino Property or Properties owned by such Casino Owner or Owners, including any fixtures, furniture and equipment related thereto (it being understood and agreed that, if two Casino Properties are subject to Existing Casino Non-Recourse Financings, then such properties may cross-collateralize the other issue of Existing Casino Non-Recourse Financing) and (ii) expressly made non-recourse to Parent and its Subsidiaries other than the respective Casino Owners, provided that recourse may be had to the respective property serving as security therefor and (y) with

respect to any Specified Subsidiary, Indebtedness incurred by such Specified Subsidiary which shall be (i) secured only by Gaming Properties being developed with Non-Recourse Indebtedness incurred pursuant to Section 9.04(x), including any fixtures, furniture and equipment related thereto and (ii) non-recourse to Parent and its Subsidiaries, provided that recourse may be had to the extent permitted by Section 9.04(x) and to the respective property or properties serving as security therefor.

"Note" shall mean each Swingline Note and each Revolving Note.

"Notice of Borrowing" shall have the meaning provided in Section 1.03(a).

"Notice of Conversion" shall have the meaning provided in Section 1.06.

"Notice Office" shall mean the office of the Administrative Agent located at 130 Liberty Street, New York, New York 10006, Attention: Patricia Rapisarda, or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"Obligations" shall mean all amounts owing to the Administrative Agent, the Collateral Agent or any Bank pursuant to the terms of this Agreement or any other Credit Document.

"Original Credit Agreement" shall have the meaning provided in the first Whereas clause of this Agreement.

"Original Revolving Loans" shall mean the "Revolving Loans" under, and as defined in, the Original Credit Agreement.

"Original Swingline Loans" shall mean the "Swingline Loans" under, and as defined in, the Original Credit Agreement.

"Parent" shall have the meaning provided in the first paragraph of this Agreement.

"Parent Guaranty" shall mean the guaranty provided by Parent pursuant to Section 14.

"Parent Pledge Agreement" shall mean the Parent Pledge Agreement, dated as of July 22, 1993, between Parent

and the Collateral Agent, as modified, supplemented or amended from time to time.

"Participant" shall have the meaning provided in Section 2.04(a).

"Payment Office" shall mean the office of the Administrative Agent located at One Bankers Trust Plaza, New York, New York 10006, or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"Percentage" of any Bank at any time shall mean a fraction (expressed as a percentage) the numerator of which is the Revolving Loan Commitment of such Bank at such time and the denominator of which is the Total Revolving Loan Commitment at such time, provided that, if the

Percentage of any Bank is to be determined after the Total Revolving Loan Commitment has been terminated, then the Percentage of such Bank shall be determined immediately prior (and without giving effect) to such termination.

"Permitted Designated Indebtedness" shall mean (i) any Existing Casino Non-Recourse Financing and (ii) all Subordinated Debt (or portions thereof) incurred pursuant to Section 9.04(xi) to the extent the aggregate amount of Subordinated Debt incurred after the Restatement Effective Date pursuant to said Section is in excess of \$200,000,000.

"Permitted Encumbrance" shall mean, with respect to any Mortgaged Property, such exceptions to title as are set forth in the Mortgage Policy with respect thereto.

"Permitted Liens" shall have the meaning provided in Section 9.01.

"Person" shall mean any individual, partnership, joint venture, firm, corporation, association, trust or other enterprise or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" shall mean any multiemployer or single-employer plan, as defined in Section 4001 of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribute of), Parent or a Subsidiary of

Parent or an ERISA Affiliate, and each such plan for the five year period immediately following the latest date on which Parent, or a Subsidiary of Parent or an ERISA Affiliate maintained, contributed to or had an obligation to contribute to such plan.

"Pledge Agreements" shall mean and include the Parent Pledge Agreement and the Company/Sub Pledge Agreement.

"Pledged Securities" shall have the meaning assigned that term in the respective Pledge Agreements.

"Prime Lending Rate" shall mean the rate which BTCO announces from time to time as its prime lending rate, the Prime Lending Rate to change when and as such prime lending rate changes. The Prime Lending Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. BTCO may make commercial loans or other loans at rates of interest at, above or below the Prime Lending Rate.

"Projections" shall have the meaning provided in Section 7.05(d).

"Proxy Statement" shall mean Parent's Proxy Statement dated April 25, 1995 which was delivered to Parent's shareholders in connection with the Hotel Transaction.

"Qualified Person" shall mean, with respect to any Bank party to this Agreement on the Restatement Effective Date or that becomes a Bank pursuant to Section 1.13, 13.04(b) or 13.04(c), a banking or other licensed lending institution within the meaning of the New Jersey Gaming Regulations or a financial source or qualifier approved under the Gaming Regulations of the State of New Jersey applicable to lenders (or waived or exempted from the applicable requirements thereof) and which shall not have been found unsuitable under the Gaming Regulations of the State of Nevada applicable to lenders and which meets the requirements of all other jurisdictions regulating the gaming business of Parent and its Subsidiaries to the extent that the Company has so notified the Banks of such requirements of such other jurisdiction pursuant to Section 13.04(e).

"RCRA" shall mean the Resource Conservation and Recovery Act, as the same may be amended from time to time, 42 U.S.C. Sec. 6901 et seq.

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"Real Property" of any Person shall mean all the right, title and interest of such Person in and to land, improvements and fixtures, including Leaseholds.

"Reduction Discount" shall mean initially zero and from and after the first day of any Margin Reduction Period (the "Start Date") to and including the last day of such Margin Reduction Period (the "End Date"), the Reduction Discount shall be the respective percentage per annum set forth in clause (A), (B) or (C) below if, but only if, as of the last day of the most recent fiscal quarter of Parent ended immediately prior to such Start Date (the "Test Date") the conditions in clause (A), (B) or (C) below are met:

(A) (x) in the case of Eurodollar Loans, 1/8 of 1% and (y) in the case of Commitment Commission, 5/100 of 1% in each case if, but only if, as of the Test Date for such Start Date either of the following conditions are met and the conditions set forth in none of clauses (B) and (C) below are satisfied:

(i) the Consolidated Interest Coverage Ratio for the Test Period ended on such Test Date shall be greater than 3.00:1.00; or

(ii) the Indebtedness of the Company on such Test Date shall be rated at least BBB- Senior Implied by S&P or Baa3 Senior Implied by Moody's;

(B) (x) in the case of Eurodollar Loans, 3/8 of 1% and (y) in the case of Commitment Commission, 10/100 of 1% in each case if, but only if, as of the Test Date for such Start Date either of the following conditions are met and the conditions set forth in clause (C) below are not satisfied:

(i) the Consolidated Interest Coverage Ratio for the Test Period ended on such Test Date shall be greater than 3.50:1.00; or

(ii) the Indebtedness of the Company on such Test Date shall be rated at least BBB Senior Implied by S&P or Baa2 Senior Implied by Moody's; or

(C) (x) in the case of Eurodollar Loans, 1/2 of 1% and (y) in the case of Commitment Commission, 1/8 of 1% in each case if, but only if, as of the Test Date for such Start Date either of the following conditions are met:

(i) the Consolidated Interest Coverage Ratio for the Test Period ended on such Test Date shall be greater than 4.00:1.00; or

(ii) the Indebtedness of the Company on such Test Date shall be rated at least BBB+ Senior Implied by S&P or Baa1 Senior Implied by Moody's.

Notwithstanding anything to the contrary above in this definition, the Reduction Discount shall be reduced to zero at all times when a Default under Section 8.01(a) or (b) shall exist or an Event of Default shall exist.

"Reference Banks" shall mean BCo, The Sumitomo Bank Limited, New York Branch, Credit Lyonnais and The Bank of New York.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Regulation G" shall mean Regulation G of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"Regulation T" shall mean Regulation T of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"Regulation U" shall mean Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"Regulation X" shall mean Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"Release" means disposing, discharging, injecting, spilling, pumping, leaking, leaching, dumping, emitting, escaping, emptying, seeping, placing, pouring and the like, into or upon any land or water or air, or otherwise entering into the environment.

"Replaced Bank" shall have the meaning provided in Section 1.13.

"Replacement Bank" shall have the meaning provided in Section 1.13.

"Reportable Event" shall mean an event described in Section 4043(c) of ERISA with respect to a Plan as to which the 30-day notice requirement has not been waived by the PBGC.

"Required Additional Guarantor" shall have the meaning provided in Section 8.12(a).

"Required Appraisal" shall have the meaning provided in Section 8.12(c).

"Required Banks" shall mean Non-Defaulting Banks, the sum of whose Revolving Loan Commitments (or after the termination thereof, outstanding Revolving Loans and Adjusted Percentage of outstanding Swingline Loans and Letter of Credit Outstandings) represent an amount greater than fifty percent of the sum of the Adjusted Total Revolving Loan Commitment (or after the termination thereof, the sum of the then total outstanding Revolving Loans of Non-Defaulting Banks and the aggregate Adjusted Percentages of all Non-Defaulting Banks of the total outstanding Swingline Loans and Letter of Credit Outstandings at such time).

"Required Collateral" shall mean and include all the following assets and property:

- (i) each Casino Property;
- (ii) 100% of the capital stock of the Company;
- (iii) 100% of the capital stock of each of Harrah's, Harrah's Club, Casino Holding Company, Harrah's Atlantic City, Harrah's New Jersey, Harrah's Reno Holding Company, Inc., Harrah's Laughlin and Harrah's Las Vegas, Inc.;
- (iv) 100% of the partnership interests in Marina;
- (v) 100% of the capital stock or partnership interests, as the case may be, of each Subsidiary Borrower;
- (vi) 100% of the capital stock or partnership interests, as the case may be, in any other Subsidiary of the Company which owns assets or property, or is the direct or indirect parent of any Subsidiary which owns assets or property, which constitutes Required Collateral pursuant to any of the other clauses of this definition;

(vii) 100% of the capital stock or partnership interests owned directly by the Company in any Guarantor or Material Subsidiary;

(viii) all of the Company's and its Subsidiaries' interests in building fixtures and personal property located in or owned or used in connection with the Casino Properties, including (subject to applicable Gaming Regulations) gaming equipment; all trademarks and trade names (including the Harrah's name, subject to a non-exclusive license to be granted to the Company in accordance with the terms of the Collateral Documents) and other intangible property owned or used in connection with the Casino Properties; and all licenses and permits held in connection with the Casino Properties (excluding (x) gaming licenses and (y) non-transferable liquor licenses and other non-transferable licenses); and all revenues derived from the Casino Properties located in Nevada, including (subject to applicable Gaming Regulations) gaming revenues; and

(ix) the assignment of leases and net lease agreements effected pursuant to the Assignment of Leases and Net Lease Agreements.

Notwithstanding anything to the contrary contained above, assets or property shall cease to constitute Required Collateral at such time, if any, as same are released pursuant to the terms of the respective Collateral Documents and this Agreement.

"Required Secured Parties" shall have the meaning provided in the Master Collateral Agreement.

"Restatement Effective Date" shall have the meaning provided in Section 13.10.

"Returns" shall have the meaning provided in Section 7.09.

"Revolving Loan" shall have the meaning provided in Section 1.01(a).

"Revolving Loan Commitment" shall mean, for each Bank, the amount set forth opposite such Bank's name in Schedule I directly below the column entitled "Revolving Loan Commitment," as same may (x) be reduced from time to time pursuant to Sections 3.02, 3.03 and/or 10 or (y) be adjusted

from time to time as a result of assignments to or from such Bank pursuant to Section 1.13, 13.04(b) or 13.04(c).

"Revolving Note" shall have the meaning provided in Section 1.05(a).

"Rights" shall have the meaning provided in the Rights Agreement.

"Rights Agreement" shall mean the Rights Agreement, dated as of February 7, 1990, between Parent and The Bank of New York, as Rights Agent, as in effect on the date hereof.

"S&P" shall mean Standard & Poor's Corporation.

"Scheduled Commitment Reduction" shall have the meaning provided in Section 3.03(b).

"SEC" shall have the meaning provided in Section 8.01(f).

"Section 4.04(b)(iii) Certificate" shall have the meaning provided in Section 4.04(b).

"Secured Interest Rate Protection Creditor" shall have the meaning provided in the Master Collateral Agreement.

"Secured Interest Rate Protection or Other Hedging Agreement" shall have the meaning provided in the Master Collateral Agreement.

"Secured Parties" shall have the meaning assigned that term in the Collateral Documents.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Securities Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Security Agreement" shall mean the Security Agreement, dated as of July 22, 1993, among the Company, the other Collateral Grantors party thereto and the Collateral Agent, as modified, supplemented or amended from time to time.

"Security Agreement Collateral" shall mean all "Collateral" as defined in the Security Agreement.

"Senior Debt" shall mean the Indebtedness under this Agreement and the Indebtedness under the 364-Day Credit Agreement.

"Share" shall mean, for each Issue, (A) if the event requiring a mandatory commitment reduction to Senior Debt pursuant to Section 3.03(d) or (e) would, in accordance with the terms of the 364-Day Credit Agreement, give rise to a mandatory commitment reduction to the Total 364-Day Revolving Loan Commitment, then the "Share" (x) applicable to the Total 364-Day Revolving Loan Commitment shall equal the lesser of (1) the amount required to be applied to reduce the commitments in respect of Senior Debt pursuant to Section 3.03(d) or (e) multiplied by a fraction the numerator of which is the amount of the Total 364-Day Revolving Loan Commitment then in effect and the denominator of which is the sum of (i) the Total 364-Day Revolving Loan Commitment then in effect plus (ii) the Total Revolving Loan Commitment then in effect and (2) the maximum amount which would be required to be applied to mandatorily reduce the Total 364-Day Revolving Loan Commitment in accordance with the terms of the 364-Day Credit Agreement as a result of the respective event requiring a reduction to the commitments in respect of Senior Debt pursuant to Section 3.03(d) or (e) and (y) applicable to the Total Revolving Loan Commitment shall equal the remainder of the amount required to be applied to reduce the commitments in respect of Senior Debt pursuant to Section 3.03(d) or (e), less the "Share" applicable to the Total 364-Day Revolving Loan Commitment as determined pursuant to preceding clause (x), and (B) if the event giving rise to a mandatory commitment reduction in respect of Senior Debt would not require a mandatory reduction to the Total 364-Day Revolving Loan Commitment of the 364-Day Credit Agreement in accordance with the terms of the 364-Day Credit Agreement, the "Share" of each Issue shall equal (x) in the case of the 364-Day Credit Agreement, \$0 and (y) in the case of this Agreement, the amount required to be applied to Senior Debt pursuant to Section 3.03(d) or (e).

"Specified Subsidiary" shall mean any Subsidiary of the Company (other than any Subsidiary Borrower, Collateral Grantor or Casino Owner) so long as such Subsidiary has no material assets other than the Gaming Properties to be developed and financed with Non-Recourse Indebtedness incurred pursuant to Section 9.04(x).

"Start Date" shall have the meaning provided in the definition of Reduction Discount.

"Stated Amount" of each Letter of Credit shall, at any time, mean the maximum amount available to be drawn thereunder (in each case determined without regard to whether any conditions to drawing could then be met).

"Sub-Limit" shall mean (i) with respect to Marina, \$400,000,000 and (ii) with respect to each other Subsidiary of the Company that becomes a Subsidiary Borrower after the date hereof, such aggregate amount as shall be established by the Administrative Agent and the Required Banks at the time such Subsidiary becomes a Subsidiary Borrower hereunder.

"Subordinated Debt" shall mean each issue of Subordinated Debt of the Company as is set forth on Schedule V as well as any additional issuance of Subordinated Debt by the Company that is permitted under Section 9.04(xi).

"Subsidiary" shall mean, as to any Person, (i) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person and/or one or more Subsidiaries of such Person and (ii) any partnership, association, joint venture or other entity in which such Person and/or one or more Subsidiaries of such Person has more than a 50% equity interest at the time.

"Subsidiary Borrower" shall mean Marina and any other Wholly-Owned Subsidiary of the Company that is found acceptable to, and approved in writing by, the Administrative Agent and the Required Banks, provided that at the time any such Subsidiary incurs Existing Casino Non-Recourse Financing pursuant to Section 9.04(ix) or the Casino Property owned by such Subsidiary is sold pursuant to Section 9.02, such Subsidiary shall cease to be a Subsidiary Borrower.

"Subsidiary Investments" shall mean any Investment by the Company in one or more of its Subsidiaries provided that (x) any acquisition of a new Subsidiary shall be through a transaction not involving the acquisition by the Company or any of its Subsidiaries of Margin Stock and (y) any new Subsidiary so acquired shall be engaged primarily in the Gaming Business.

"Substitute Bank" shall have the meaning in Section 13.04(c).

"Swingline Expiry Date" shall mean, at any time, the date which is two Business Days prior to the Final Maturity Date.

"Swingline Loan" shall have the meaning provided in Section 1.01(b).

"Swingline Note" shall have the meaning provided in Section 1.05(a).

"Taxes" shall have the meaning provided in Section 4.04(a).

"10-7/8% Senior Subordinated Notes" shall mean the Company's 10-7/8% Senior Subordinated Notes due 2002.

"10-7/8% Senior Subordinated Notes Indenture" shall mean the indenture relating to the 10-7/8% Senior Subordinated Notes.

"Test Date" shall have a meaning provided in the definition of Reduction Discount.

"Test Period" shall mean the four consecutive fiscal quarters of Parent then last ended (in each case taken as one accounting period).

"364-Day Banks" shall mean the lenders from time to time party to the 364-Day Credit Agreement.

"364-Day Credit Agreement" shall mean the Credit Agreement, in the form of Exhibit O, among Parent, the Company, certain Subsidiaries of the Company, the 364-Day Banks, the Agents and BCo, as Administrative Agent, as amended, modified, supplemented or extended from time to time in accordance with the terms thereof and hereof.

"364-Day Revolving Loan Commitment Reduction Amount" shall have the meaning provided in Section 13.18(b).

"Total Outstandings" at any time shall mean the then outstanding principal amount of Revolving Loans and Swingline Loans and the then aggregate amount of Letter of Credit Outstandings.

"Total Revolving Loan Commitment" shall mean, at any time, the sum of the Revolving Loan Commitments of each of the Banks.

"Total 364-Day Revolving Loan Commitment" shall mean the "Total Revolving Loan Commitment" under, and as defined in, the 364-Day Credit Agreement.

"Total 364-Day Outstandings" shall mean, at any time, the aggregate principal amount of loans outstanding pursuant to the 364-Day Credit Agreement.

"Total Unutilized Revolving Loan Commitment" shall mean, at any time, an amount equal to the remainder of (x) the then Total Revolving Loan Commitment, less (y) the sum of the aggregate principal amount of Revolving Loans and Swingline Loans then outstanding plus the then aggregate amount of Letter of Credit Outstandings.

"Type" shall mean the type of Loan determined with regard to the interest option applicable thereto, i.e., whether a Base Rate Loan or a Eurodollar Loan.

"UCC" shall mean the Uniform Commercial Code as from time to time in effect in the relevant jurisdiction.

"Unfunded Current Liability" of any Plan means the amount, if any, by which the actuarial present value of the accumulated benefits under the Plan as of the close of its most recent plan year, determined in accordance with Statement of Financial Accounting Standards No. 35, based upon the actuarial assumptions used by the Plan's actuary in the most recent annual valuation of the Plan, exceeds the fair market value of the assets allocable thereto, determined in accordance with Section 412 of the Code.

"United States" and "U.S." shall each mean the United States of America.

"Unpaid Drawing" shall have the meaning provided for in Section 2.05(a).

"Unutilized Revolving Loan Commitment" with respect to any Bank, at any time, shall mean such Bank's Revolving Loan Commitment at such time less the sum of (i) the then aggregate outstanding principal amount of Revolving Loans made by such Bank and (ii) such Bank's Adjusted Percentage of the Letter of Credit Outstandings at such time.

"Wholly-Owned Subsidiary" shall mean, as to any Person, (i) any corporation 100% of whose capital stock (other than director's qualifying shares) is at the time owned by such Person and/or one or more Wholly-Owned Subsidiaries of such Person and (ii) any partnership, association, joint venture or other entity in which such Person and/or one or more Wholly-Owned Subsidiaries of such Person has a 100% equity interest at such time.

"Withdrawal Period" shall have the meaning provided in Section 13.04(d).

SECTION 12. The Administrative Agent and Agents.

12.01 Appointment. The Banks hereby designate Bankers Trust

Company as Administrative Agent (for purposes of this Section 12, the term "Administrative Agent" shall include Bankers Trust Company in its capacity as Collateral Agent pursuant to the Collateral Documents) to act as specified herein and in the other Credit Documents. The Banks hereby designate Bankers Trust Company, The Bank of New York, CIBC Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale, and The Sumitomo Bank, Limited, New York Branch, as Agents to act as specified herein and in the other Credit Documents. Each Bank hereby irrevocably authorizes, and each holder of any Note by the acceptance of such Note shall be deemed irrevocably to authorize, the Administrative Agent or any Agent to take such action on its behalf under the provisions of this Agreement, the other Credit Documents and any other instruments and agreements referred to herein or therein and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of the Administrative Agent or any Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto. The Administrative Agent and any Agent may perform any of their duties hereunder by or through their respective officers, directors, agents (including any sub-agents or sub-trustees to act as a Collateral Agent pursuant to the Master Collateral Agreement or any other Collateral Document) or employees. Each Bank further agrees to be bound by all of the terms and conditions set forth in the Collateral Documents.

12.02 Nature of Duties. Neither the Administrative Agent nor any

Agent shall have any duties or responsibilities except those expressly set forth in this Agreement and the Collateral Documents, it being understood

and agreed, however, that none of the Agents in their capacities as such shall have any duties or responsibilities under the Credit Documents. Neither the Administrative Agent, any Agent nor any of their officers, directors, agents or employees shall be liable for any action taken or omitted by it or them hereunder or under any other Credit Document or in connection herewith or therewith, unless caused by its or their gross negligence or willful misconduct. The duties of the Administrative Agent and Agents shall be mechanical and administrative in nature; neither the Administrative Agent nor any Agent shall have by reason of this Agreement or any other Credit Document a fiduciary relationship in respect of any Bank or the holder of any Note; and nothing in this Agreement or any other Credit Document, expressed or implied, is intended to or shall be so construed as to impose upon the Administrative Agent or any Agent any obligations in respect of this Agreement or any other Credit Document except as expressly set forth herein or therein.

12.03 Lack of Reliance on the Administrative Agent and Agents.

Independently and without reliance upon the Administrative Agent or any Agent, each Bank and the holder of each Note, to the extent it deems appropriate, has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of Parent and its Subsidiaries in connection with the making and the continuance of the Loans and the taking or not taking of any action in connection herewith and (ii) its own appraisal of the creditworthiness of Parent and its Subsidiaries and, except as expressly provided in this Agreement, neither the Administrative Agent nor any Agent shall have any duty or responsibility, either initially or on a continuing basis, to provide any Bank or the holder of any Note with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time or times thereafter. Neither the Administrative Agent nor any Agent shall be responsible to any Bank or the holder of any Note for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, perfection, collectibility, priority or sufficiency of this Agreement or any other Credit Document or the financial condition of Parent or any of its Subsidiaries or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or any other Credit Document, or the financial condition of Parent or any of its Subsidiaries

or the existence or possible existence of any Default or Event of Default.

12.04 Certain Rights of the Administrative Agent. If the

Administrative Agent shall request instructions from the Required Banks with respect to any act or action (including failure to act) in connection with this Agreement or any other Credit Document, the Administrative Agent shall be entitled to refrain from such act or taking such action unless and until the Administrative Agent shall have received instructions from the Required Banks; and the Administrative Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Bank or the holder of any Note shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder or under any other Credit Document in accordance with the instructions of the Required Banks.

12.05 Reliance. The Administrative Agent and each Agent shall be

entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telex, teletype or telecopier message, cablegram, radiogram, order or other document or telephone message signed, sent or made by any Person that the Administrative Agent or such Agent believed to be the proper Person, and, with respect to all legal matters pertaining to this Agreement and any other Credit Document and its duties hereunder and thereunder, upon advice of counsel selected by the Administrative Agent or such Agent.

12.06 Indemnification. To the extent the Administrative Agent or

any Agent is not reimbursed and indemnified by the Credit Parties, the Banks will reimburse and indemnify the Administrative Agent or such Agent, in proportion to their respective "percentages" as used in determining the Required Banks, for and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, costs, expenses or disbursements of whatsoever kind or nature which may be imposed on, asserted against or incurred by the Administrative Agent or such Agent in performing its duties hereunder or under any other Credit Document, in any way relating to or arising out of this Agreement or any other Credit Document; provided

that no Bank shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's or such Agent's gross negligence or willful misconduct.

12.07 The Administrative Agent and the Agents in their Individual

Capacities. With respect to its obligation to make Loans under this Agree-

ment, the Administrative Agent and each Agent shall have the rights and powers specified herein for a "Bank" and may exercise the same rights and powers as though it were not performing the duties specified herein; and the term "Banks," "Required Banks," "holders of Notes" or any similar terms shall, unless the context clearly otherwise indicates, include each of the Administrative Agent and Agent in its individual capacity. The Administrative Agent and each Agent may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with any Credit Party or any Affiliate of any Credit Party as if it were not performing the duties specified herein, and may accept fees and other consideration from the Borrowers or any other Credit Party for services in connection with this Agreement and otherwise without having to account for the same to the Banks.

12.08 Holders. The Administrative Agent may deem and treat the

payee of any Note as the owner thereof for all purposes hereof unless and until a written notice of the assignment, transfer or endorsement thereof, as the case may be, shall have been filed with the Administrative Agent. Any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is the holder of any Note shall be conclusive and binding on any subsequent holder, transferee, assignee or indorsee, as the case may be, of such Note or of any Note or Notes issued in exchange therefor.

12.09 Resignation by the Administrative Agent and Agents.

(a) The Administrative Agent and any Agent may resign from the performance of all its functions and duties hereunder and/or under the other Credit Documents at any time by giving 15 Business Days' prior written notice to the Company and the Banks. In the case of the resignation by the Administrative Agent, such resignation shall take effect upon the appointment of a successor Administrative Agent pursuant to clauses (b) and (c) below or as otherwise provided below. In the case of a resignation by an Agent, such resignation shall become effective immediately.

(b) Upon any such notice of resignation, the Company shall appoint a successor Administrative Agent hereunder or thereunder who shall be a commercial bank or trust company reasonably acceptable to the Required Banks (it being understood and agreed that any Bank is deemed to be acceptable to the Required Banks), provided that, if a

Default or an Event of Default exists at the time of such resignation, the Required Banks shall appoint such successor Administrative Agent.

(c) If a successor Administrative Agent shall not have been so appointed within such 15 Business Day period, the Administrative Agent, with the consent of the Company, shall then appoint a successor Administrative Agent who shall serve as Administrative Agent hereunder or thereunder until such time, if any, as the Company or Required Banks, as the case may be, appoint a successor Administrative Agent as provided above.

(d) If no successor Administrative Agent has been appointed pursuant to clause (b) or (c) above by the 30th Business Day after the date such notice of resignation was given by the Administrative Agent, the Administrative Agent's resignation shall become effective and the Banks shall thereafter perform all the duties of the Administrative Agent hereunder and/or under any other Credit Document until such time, if any, as the Required Banks appoint a successor Administrative Agent.

SECTION 13. Miscellaneous.

13.01 Payment of Expenses, etc. (a) The Borrowers jointly and

severally shall: (i) whether or not the transactions herein contemplated are consummated, pay all reasonable out-of-pocket costs and expenses of the Administrative Agent (including, without limitation, the reasonable fees and disbursements of White & Case and local counsel and all appraisal fees, trustee's fees, documentary and recording taxes, title insurance and recording, filing and other expenses) in connection with the preparation, execution and delivery of this Agreement and the other Credit Documents and the documents and instruments referred to herein and therein and any amendment, waiver or consent relating hereto or thereto, of the Administrative Agent in connection with its syndication efforts with respect to this Agreement and of the Administrative Agent and each of the Banks in connection with the enforcement of this Agreement and the other Credit Documents and the documents and instruments referred to herein and therein (including, without limitation, the reasonable fees and disbursements of counsel (including allocated costs of in-house counsel) for the Administrative Agent and for each of the Banks); (ii) pay and hold each of the Banks harmless from and against any and all present and future stamp, excise and other similar taxes with respect to the foregoing matters and save each of the Banks

harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to such Bank) to pay such taxes; and (iii) indemnify the Administrative Agent, each Agent, each Letter of Credit Issuer and each Bank, and each of their respective officers, directors, employees, representatives and agents from and hold each of them harmless against any and all liabilities, obligations (including removal or remedial actions), losses, damages, penalties, claims, actions, judgments, suits, costs, expenses and disbursements (including reasonable attorneys' (including allocated costs of in-house counsel) and consultants' fees and disbursements) incurred by, imposed on or assessed against any of them as a result of, or arising out of, or in any way related to, or by reason of, (a) any investigation, litigation or other proceeding (whether or not the Administrative Agent, any Agent, any Letter of Credit Issuer or any Bank is a party thereto) related to the entering into and/or performance of this Agreement or any other Credit Document or the use of any Letter of Credit or the proceeds of any Loans hereunder or the consummation of any transactions contemplated herein (including, without limitation, the Hotel Transaction) or in any other Credit Document or the exercise of any of their rights or remedies provided herein or in the other Credit Documents, or (b) the actual or alleged presence of Hazardous Materials in the air, surface water or groundwater or on the surface or subsurface of any Real Property owned or at any time operated by Parent or any of its Subsidiaries, the generation, storage, transportation, handling or disposal of Hazardous Materials at any location, whether or not owned or operated by Parent or any of its Subsidiaries, the non-compliance of any Real Property with foreign, federal, state and local laws, regulations, and ordinances (including applicable permits thereunder) applicable to any Real Property, or any Environmental Claim relating in any way to Parent, any of its Subsidiaries, their operations or any Real Property owned or at any time operated by Parent or any of its Subsidiaries, including, in each case, without limitation, the reasonable fees and disbursements of counsel and other consultants incurred in connection with any such investigation, litigation or other proceeding (but excluding any losses, liabilities, claims, damages or expenses to the extent incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified). To the extent that the undertaking to indemnify, pay or hold harmless the Administrative Agent, any Agent, any Letter of Credit Issuer or any Bank set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, the Borrowers shall make the maximum contribution to

the payment and satisfaction of each of the indemnified liabilities which is permissible under applicable law.

(b) The Borrowers further jointly and severally agree to pay the reasonable legal fees of gaming counsel for the Administrative Agent in Nevada and New Jersey and any other relevant state and all reasonable costs (including costs of investigation) associated with any qualification (or exemption or waiver therefrom) of any Bank under, or compliance in connection with the Gaming Regulations in connection with the syndication under this Agreement, provided that in the event that any assignee Bank or potential assignee Bank is not already a Qualified Person (before giving effect to any actions taken to become such in connection with this Agreement), then all costs associated with such Person becoming a Qualified Person shall be borne by the respective assignee Bank or potential assignee Bank. Notwithstanding the foregoing, after a Bank has been replaced pursuant to Section 1.13, the Borrowers shall not be required to reimburse such Bank for any such costs incurred by it after the date of such replacement.

13.02 Right of Setoff. In addition to any rights now or hereafter

granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default, each Bank is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to any Credit Party or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other Indebtedness at any time held or owing by such Bank (including, without limitation, by branches and agencies of such Bank wherever located) to or for the credit or the account of the Credit Parties against and on account of the Obligations and liabilities of the Credit Parties to such Bank under this Agreement or under any of the other Credit Documents, including, without limitation, all interests in Obligations purchased by such Bank pursuant to Section 13.06(b), and all other claims of any nature or description arising out of or connected with this Agreement or any other Credit Document, irrespective of whether or not such Bank shall have made any demand hereunder and although said Obligations, liabilities or claims, or any of them, shall be contingent or unmatured, provided that such right of set-off may only be

exercised by any such Bank if Nevada Revised Statutes 40.430(4)(g) (1989) remains in force and effect without modification, and such Bank has received advice of New Jersey and Nevada counsel acceptable to the Administrative Agent that there is no other

provision of Nevada or New Jersey law, as appropriate, under which such action of set off might jeopardize any right of the Collateral Agent or any Bank in or with respect to any Collateral. The provisions of the foregoing proviso to this Section 13.02 are for the benefit of the Banks only, and may be amended, modified or waived in any respect by the Required Banks without the requirements of prior notice to or consent by any Credit Party and does not constitute a waiver of any rights against any Credit Party or against any Collateral.

13.03 Notices. Except as otherwise expressly provided herein, all

notices and other communications provided for hereunder shall be in writing (including telegraphic, telex, telecopier or cable communication) and mailed, telegraphed, telexed, telecopied, cabled or delivered: if to Parent or any Borrower, at such Credit Party's address specified opposite its signature below or in the respective Election to Become a Subsidiary Borrower; if to any Bank, at its address specified opposite its name below; and if to the Administrative Agent, at its Notice Office; or, as to any Credit Party or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties hereto and, as to each Bank, at such other address as shall be designated by such Bank in a written notice to the Company and the Administrative Agent. All such notices and communications shall, when mailed, telegraphed, telexed, telecopied, or cabled or sent by overnight courier, be effective when deposited in the mails, delivered to the telegraph company, cable company or overnight courier, as the case may be, or sent by telex or telecopier, except that notices to the Administrative Agent, the Company and any Letter of Credit Issuer shall not be effective until received by such Person.

13.04 Benefit of Agreement. (a) This Agreement shall be binding

upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided, however, except as

provided in Sections 9.02, 9.04(ix) and 13.17(a), no Borrower may assign or transfer any of its rights, obligations or interest hereunder or under any other Credit Document without the prior written consent of the Administrative Agent and the Banks (although any Subsidiary Borrower may, at its request and with the consent of the Required Banks, otherwise cease to be a Subsidiary Borrower hereunder so long as no Default or Event of Default then exists and all Loans incurred by such Subsidiary are repaid in full and the Company shall become the account party with respect to any outstanding Letters of Credit issued for the account of such Subsidiary Borrower

pursuant to documentation satisfactory to the Administrative Agent and the respective Letter of Credit Issuer) and, provided further, that, although any

Bank may transfer, assign or grant participations in its rights hereunder, such Bank shall remain a "Bank" for all purposes hereunder (and may not transfer or assign all or any portion of its Revolving Loan Commitments hereunder except as provided in Section 13.04(b)) and the transferee, assignee or participant, as the case may be, shall not constitute a "Bank" hereunder and, provided further, that no Bank shall transfer or grant any

participation under which the participant shall have rights to approve any amendment to or waiver of this Agreement or any other Credit Document except to the extent such amendment or waiver would extend the final scheduled maturity of any Loan, Note or Letter of Credit (unless such Letter of Credit is not extended beyond the Final Maturity Date) in which such participant is participating, or reduce the rate or extend the time of payment of interest or Fees thereon (except in connection with a waiver of applicability of any post-default increase in interest rates) or reduce the principal amount thereof, or increase the amount of the participant's participation over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default or of a mandatory reduction in the Total Revolving Loan Commitment shall not constitute a change in the terms of such participation, and that an increase in any Revolving Loan Commitment or Loan shall be permitted without the consent of any participant if the participant's participation is not increased as a result thereof). In the case of any such participation, the participant shall not have any rights under this Agreement or any of the other Credit Documents (the participant's rights against such Bank in respect of such participation to be those set forth in the agreement executed by such Bank in favor of the participant relating thereto) and the Borrowers shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement and the other Credit Documents and all amounts payable by the Borrowers hereunder shall be determined as if such Bank had not sold such participation. Any agreement pursuant to which any Bank may grant such a participation shall be in a form approved by the Administrative Agent and Parent and shall be satisfactory under the Gaming Regulations of the State of New Jersey so as not to require participants to be approved financial sources or qualified under such Gaming Regulations applicable to lenders.

(b) Notwithstanding the foregoing, any Bank (or any Bank together with one or more other Banks) may (x)

assign all or a portion of its Revolving Loan Commitments and related outstanding Obligations hereunder to its parent company and/or any affiliate of such Bank which is at least 50% owned by such Bank or its parent company or to one or more Banks or (y) assign all, or if less than all, a portion equal to at least \$5,000,000 in the aggregate for the assigning Bank or assigning Banks, of such Revolving Loan Commitments and related outstanding Obligations hereunder, in either case to one or more Qualified Persons, each of which assignees shall become a party to this Agreement as a Bank by execution of an Assignment and Assumption Agreement, provided that, (i) at such time Schedule

I shall be deemed modified to reflect the Revolving Loan Commitments of such new Bank and of the existing Banks, (ii) new Notes will be issued to such new Bank and to the assigning Bank upon the request of such new Bank or assigning Bank, such new Notes to be in conformity with the requirements of Section 1.05 to the extent needed to reflect the revised Revolving Loan Commitments, (iii) the consent of BTCO and each Letter of Credit Issuer shall be required in connection with any assignment (which consent shall not be unreasonably withheld) and (iv) the Administrative Agent shall receive at the time of each such assignment, from either the assigning or assignee Bank or Banks, the payment of a non-refundable assignment fee of \$3,500 in the case of any assignment to a Qualified Person which is not a Bank immediately prior to such assignment or \$1,000 in the case of any assignment to a then existing Bank. To the extent of any assignment pursuant to this Section 13.04(b), the assigning Bank shall be relieved of its obligations hereunder with respect to its assigned Revolving Loan Commitments. At the time of each assignment pursuant to this Section 13.04(b) to a Person which is not already a Bank hereunder and which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for Federal income tax purposes, the respective assignee Bank shall, to the extent legally entitled to do so, provide to the Borrowers in the case of a Bank described in clause (ii) or (iv) of Section 4.04(b), the forms described in such clause (ii) or (iv), as the case may be. To the extent that an assignment of all or any portion of a Bank's Revolving Loan Commitments and related outstanding Obligations pursuant to Section 1.13 or this Section 13.04(b) would, at the time of such assignment, result in increased costs under Section 1.10, 1.11 or 4.04 from those being charged by the respective assigning Bank prior to such assignment, then the Borrowers shall not be obligated to pay such increased costs (although the Borrowers shall be obligated to pay any other increased costs of the type described above resulting from changes after the date of the respective assignment).

(c) If the New Jersey Gaming Authorities shall determine that any Bank is not qualified as an approved financial source or otherwise does not meet the standards pursuant to the Gaming Regulations in New Jersey, or the Nevada Gaming Authorities shall determine that any Bank does not meet the Suitability Standards under the Nevada Gaming Regulations or any other Gaming Authority with jurisdiction over the gaming business of Parent and its Subsidiaries shall determine that any Bank does not meet its suitability standards (in any such case, a "Former Bank"), the Administrative Agent and each Letter of Credit Issuer or the Company shall have the right (but not the duty) to designate a bank or banks (in each case, a "Substitute Bank," which may be any Bank or Banks that agree to become a Substitute Bank) that has agreed to assume the rights and obligations of the Former Bank, subject to receipt by the Administrative Agent of evidence that such Substitute Bank is a Qualified Person. The Substitute Bank shall assume the rights and obligations of the Former Bank under this Agreement pursuant to an Assignment and Assumption Agreement, which assumption shall be required to comply with, and shall become effective in accordance with, the provisions of Section 13.04(b), provided that the purchase price to be paid by the Substitute Bank

to the Administrative Agent for the account of the Former Bank for such assumption shall equal the sum of (i) the unpaid principal amount of any Notes held or Loans made by the Former Bank plus accrued interest thereon plus (ii) the Former Bank's pro rata share of the aggregate amount of Draw-

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ings under all Letters of Credit that have not been reimbursed by the Borrowers, plus accrued interest thereon, plus (iii) such Former Bank's pro

rata share of accrued Fees to the date of the assumption, and, provided

further, the Borrowers shall pay all obligations owing to the Former Bank

under the Credit Documents (including all obligations, if any, owing pursuant to Section 1.11, but excluding those amounts in respect of which the purchase price is being paid as provided above). Each Bank agrees that if it becomes a Former Bank, upon payment to it by the Borrowers of all such amounts, if any, owing to it under the Credit Documents, it will execute and deliver an Assignment and Assumption Agreement, upon payment of such purchase price.

(d) Notwithstanding the provisions of subsection (c) of this Section 13.04, if any Bank becomes a Former Bank, and if the Administrative Agent or the Company fails to find a Substitute Bank pursuant to subsection (c) of this Section within any time period specified by the appropriate Gaming Authority for the withdrawal of a Former Bank (the "Withdrawal Period"), the Borrowers shall, immediately (i)

prepay in full the outstanding principal amount of each Note held or Loan made by such Former Bank, together with accrued interest thereon to the earlier of (x) the date of payment or (y) the last day of any Withdrawal Period, and (ii) at the option of the Company either (A) place an amount equal to such Former Bank's Adjusted Percentage in each Letter of Credit in a separate cash collateral account with the Administrative Agent for each outstanding Letter of Credit which amount will be applied by the Administrative Agent to satisfy the Borrower's reimbursement obligations to the respective Letter of Credit Issuer in respect of Drawings under the applicable Letter of Credit or (B) if no Default or Event of Default then exists, terminate the Revolving Loan Commitment of such Former Bank at which time the other Banks' Percentages and Adjusted Percentages will be automatically adjusted as a result thereof, provided that the option specified in this clause (B) may only be exercised if, immediately after giving effect thereto, no Bank's outstanding Revolving Loans, when added to the product of (a) such Bank's Adjusted Percentage and (b) the sum of (I) the aggregate amount of all Letter of Credit Outstandings at such time and (II) the aggregate amount of all Swingline Loans then outstanding, would exceed such Bank's Revolving Loan Commitment at such time.

(e) Subject to the last sentence of this Section 13.04(e), each Bank agrees that all participations and assignments made hereunder shall be subject to, and made in compliance with, all Gaming Regulations applicable to lenders. Each Bank agrees further that it will not grant participations or assignments prior to receiving notice from the Administrative Agent that it has completed the primary syndication of this facility. The Administrative Agent shall provide such notice to the Banks promptly after completing such primary syndication. Each Bank agrees to notify the New Jersey Gaming Authorities of any dispute arising between such Bank and any participant concerning Collateral located in New Jersey. Each Borrower hereby acknowledges that unless the Company has provided the Banks with a written opinion of counsel as to the suitability standards applicable to lenders of any relevant Gaming Authority (excluding New Jersey and Nevada except to the extent that the suitability standards set forth in the Gaming Regulations of such States change from those in effect on the Restatement Effective Date as described in the gaming memoranda delivered to the Banks prior to the Restatement Effective Date) with jurisdiction over the Gaming Business of Parent and its Subsidiaries, no Bank shall have the responsibility of determining whether or

not a potential assignee of such Bank would be a Qualified Person under the Gaming Regulations of any such jurisdiction.

(f) Nothing in this Agreement shall prevent or prohibit any Bank from pledging its Loans and Notes hereunder to a Federal Reserve Bank in support of borrowings made by such Bank from such Federal Reserve Bank.

13.05 No Waiver; Remedies Cumulative. No failure or delay on the

part of the Administrative Agent or any Bank or any holder of any Note in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between the Borrowers or any other Credit Party and the Administrative Agent or any Bank or the holder of any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights, powers and remedies herein or in any other Credit Document expressly provided are cumulative and not exclusive of any rights, powers or remedies which the Administrative Agent or any Bank or the holder of any Note would otherwise have. No notice to or demand on any Credit Party in any case shall entitle any Credit Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Administrative Agent or any Bank or the holder of any Note to any other or further action in any circumstances without notice or demand.

13.06 Payments Pro Rata. (a) Except as otherwise provided in

this Agreement, the Administrative Agent agrees that promptly after its receipt of each payment from or on behalf of a Borrower in respect of any Obligations hereunder, it shall distribute such payment to the Banks (other than any Bank that has consented in writing to waive its pro rata share of

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any such payment) pro rata based upon their respective shares, if any, of the
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Obligations with respect to which such payment was received.

(b) Each of the Banks agrees that, if it should receive any amount hereunder (whether by voluntary payment, by realization upon security, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Credit Documents, or otherwise), which is applicable to the payment of the principal of, or interest on, the Loans, Unpaid Drawings, Commitment Commission or Letter of Credit Fees, of a sum which with respect to the related sum or sums received by other Banks is

in a greater proportion than the total of such Obligation then owed and due to such Bank bears to the total of such Obligation then owed and due to all of the Banks immediately prior to such receipt, then such Bank receiving such excess payment shall purchase for cash without recourse or warranty from the other Banks an interest in the Obligations of the respective Party to such Banks in such amount as shall result in a proportional participation by all the Banks in such amount; provided that if all or any portion of such excess

amount is thereafter recovered from such Bank, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

(c) Notwithstanding anything to the contrary contained herein, the provisions of the preceding Sections 13.06(a) and (b) shall be subject to the express provisions of this Agreement which require, or permit, differing payments to be made to Non-Defaulting Banks as opposed to Defaulting Banks.

13.07 Calculations; Computations. (a) The financial statements

to be furnished to the Banks pursuant hereto shall be made and prepared in accordance with generally accepted accounting principles in the United States consistently applied throughout the periods involved (except as set forth in the notes thereto or as otherwise disclosed in writing by Parent to the Banks); provided that, (i) except as otherwise specifically provided herein,

all computations determining compliance with Sections 9.03 through 9.05, inclusive, and Sections 9.07 through 9.09, inclusive, shall utilize accounting principles and policies in conformity with those used to prepare the historical financial statements delivered to the Banks pursuant to Section 7.05(a), provided that for all Test Periods which include periods prior to the Restatement Effective Date, all calculations used in determining the Consolidated Interest Coverage Ratio for such Test Periods (both for purposes of Section 9.08 and the definition of Reduction Discount) shall be made on a pro forma basis as if the Hotel Transaction had been consummated on the first

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day of each such Test Period and all historical financial information shall be restated (on a basis consistent with the methodology used in the Proxy Statement) to retroactively reflect the Hotel Business as discontinued operations and to exclude from such calculations the results of operations of the Hotel Business, and (ii) at no time shall Harrah's Jazz and its Subsidiaries be treated as Subsidiaries of Parent for purposes of this Agreement even though (x) Harrah's Jazz and its Subsidiaries may at any time fall within the definition of "Subsidiary" or (y) generally

accepted accounting principles would require otherwise but shall instead be treated as an equity investment by Parent.

(b) All computations of interest, Commitment Commission and other Fees hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, Commitment Commission or other Fees are payable.

13.08 GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE; WAIVER OF

JURY TRIAL. (a) THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS AND THE

RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL, EXCEPT AS OTHERWISE PROVIDED IN CERTAIN OF THE MORTGAGES, BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF PARENT AND EACH BORROWER HEREBY IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH OF PARENT AND EACH BORROWER HEREBY IRREVOCABLY DESIGNATES, APPOINTS AND EMPOWERS CT CORPORATION SYSTEM, WITH OFFICES ON THE DATE HEREOF AT 1633 BROADWAY, NEW YORK, NEW YORK 10019 AS ITS DESIGNEE, APPOINTEE AND AGENT TO RECEIVE, ACCEPT AND ACKNOWLEDGE FOR AND ON ITS BEHALF, AND IN RESPECT OF ITS PROPERTY, SERVICE OF ANY AND ALL LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS WHICH MAY BE SERVED IN ANY SUCH ACTION OR PROCEEDING. IF FOR ANY REASON SUCH DESIGNEE, APPOINTEE AND AGENT SHALL CEASE TO BE AVAILABLE TO ACT AS SUCH, EACH SUCH CREDIT PARTY AGREES TO DESIGNATE A NEW DESIGNEE, APPOINTEE AND AGENT IN NEW YORK CITY ON THE TERMS AND FOR THE PURPOSES OF THIS PROVISION SATISFACTORY TO THE ADMINISTRATIVE AGENT. EACH OF PARENT AND EACH BORROWER FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH CREDIT PARTY AT ITS ADDRESS SET FORTH OPPOSITE ITS SIGNATURE BELOW, SUCH SERVICE TO BECOME EFFECTIVE 30 DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT, ANY BANK OR THE HOLDER OF ANY NOTE TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST ANY SUCH CREDIT PARTY IN ANY OTHER JURISDICTION.

(b) EACH OF PARENT AND EACH BORROWER HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT BROUGHT IN THE COURTS REFERRED TO IN CLAUSE (a) ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

13.09 Counterparts. This Agreement may be executed in any number

of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Borrowers and the Administrative Agent.

13.10 Effectiveness. This Agreement shall become effective on the

date (the "Restatement Effective Date") and at the time on which (i) Parent, the Company, each existing Subsidiary Borrower and the Banks shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered the same to the Administrative Agent at its Notice Office or, in the case of the Banks, shall have given to the Administrative Agent telephonic (confirmed in writing), written or telex notice (actually received) at such office that the same has been signed and mailed to it and (ii) the conditions contained in Sections 5 and 6 are met to the satisfaction of the Administrative Agent and the Required Banks. Unless the Administrative Agent has received actual notice from any Bank that the conditions contained in Sections 5 and 6 have not been met to its satisfaction, upon the satisfaction of the condition described in clause (i) of the immediately preceding sentence and upon the Administrative Agent's good faith determination that the conditions described in clause (ii) of the immediately preceding sentence have been met, then the Restatement Effective Date shall have been deemed to have occurred, regardless of any subsequent determination that one or more of the conditions thereto had not been met (although the occurrence of the Restatement Effective Date

shall not release Parent or any Borrower from any liability for failure to satisfy one or more of the applicable conditions contained in Section 5 or 6). The Administrative Agent will give Parent, the Company, each existing Subsidiary Borrower and each Bank prompt written notice of the occurrence of the Restatement Effective Date.

13.11 Headings Descriptive. The headings of the several sections

and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

13.12 Amendment or Waiver. (a) Neither this Agreement nor any

other Credit Document nor any terms hereof or thereof may be changed, waived, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the respective Credit Parties party thereto (except as otherwise provided in Section 13.02) and the Required Banks (or the Required Secured Parties in the case of a change, waiver, discharge or termination with respect to a Collateral Document to the extent provided therein), provided that no such change, waiver, discharge or termination

shall, without the consent of each Bank (other than a Defaulting Bank) (with Obligations being directly affected thereby), (i) extend the final scheduled maturity of any Loan or Note or extend the stated maturity of any Letter of Credit beyond the Final Maturity Date, or reduce the rate or extend the time of payment of interest or Fees thereon, or reduce the principal amount thereof, (ii) release all or substantially all of the Collateral (except as expressly provided in the Collateral Documents) under all the Collateral Documents, provided that such release of Collateral may be effected by only

the Required Banks if at the time of such release the Company's Indebtedness shall be rated at least BBB- Senior Implied by S&P or Baa3 Senior Implied by Moody's, (iii) amend, modify or waive any provision of this Section 13.12, (iv) reduce the percentage specified in the definition of Required Banks (it being understood that, with the consent of the Required Banks, additional extensions of credit pursuant to this Agreement may be included in the determination of the Required Banks on substantially the same basis as the extensions of Revolving Loan Commitments are included on the Restatement Effective Date) or (v) except as set forth in Section 9.02, 9.04(ix) or 13.17(a), consent to the assignment or transfer by any Borrower of any of its rights and obligations under this Agreement (although any Subsidiary Borrower may, at its request and with the consent of the Required Banks, otherwise cease to be a Subsidiary Borrower

hereunder so long as no Default or Event of Default exists and all Loans incurred by such Subsidiary Borrower are repaid in full and the Company shall become the account party with respect to any outstanding Letters of Credit issued for the account of such Subsidiary Borrower pursuant to documentation satisfactory to the Administrative Agent and the respective Letter of Credit Issuer); provided further, that no such change, waiver, discharge or termina-

tion shall (v) increase the Revolving Loan Commitment of any Bank over the amount thereof then in effect without the consent of such Bank (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default or of a mandatory reduction in the Total Revolving Loan Commitment shall not constitute an increase of the Revolving Loan Commitment of any Bank, and that an increase in the available portion of any Revolving Loan Commitment of any Bank shall not constitute an increase in the Revolving Loan Commitment of such Bank), (w) without the consent of each Letter of Credit Issuer, amend, modify or waive any provision of Section 2 or 3.01(c) or alter its rights or obligations with respect to Letters of Credit, (x) without the consent of BTCo, alter its rights and obligations with respect to Swingline Loans, (y) without the consent of the Administrative Agent, amend, modify or waive any provision of Section 12 or any other provision as same relates to the rights or obligations of the Administrative Agent and (z) without the consent of the Collateral Agent, amend, modify or waive any provision relating to the rights or obligations of the Collateral Agent. Notwithstanding anything to the contrary contained above, any Letter of Credit may be modified by the respective Letter of Credit Issuer so long as the terms thereof would be permitted in a newly issued Letter of Credit in accordance with Section 2.

(b) If, in connection with any proposed change, waiver, discharge or termination to any of the provisions of this Agreement as contemplated by clauses (i) through (v), inclusive, of the first proviso to Section 13.12(a), the consent of the Required Banks is obtained but the consent of one or more of such other Banks whose consent is required is not obtained, then the Company shall have the right, so long as all non-consenting Banks whose individual consent is required are treated as described in either clauses (A) or (B) below, to either (A) replace each such non-consenting Bank or Banks with one or more Replacement Banks pursuant to Section 1.13 so long as at the time of such replacement, each such Replacement Bank consents to the proposed change, waiver, discharge or termination or (B) terminate such non-consenting Bank's Revolving Loan Commitment and repay all outstanding

Revolving Loans of such Bank in accordance with Sections 3.02(b) and/or 4.01(iv), provided that, unless the Revolving Loan Commitments are

terminated, and Revolving Loans repaid, pursuant to preceding clause (B) are immediately replaced in full at such time through the addition of new Banks or the increase of the Revolving Loan Commitments and/or outstanding Revolving Loans of existing Banks (who in each case must specifically consent thereto), then in the case of any action pursuant to preceding clause (B) the Required Banks (determined before giving effect to the proposed action) shall specifically consent thereto, provided further, that in any event the Company

shall not have the right to replace a Bank, terminate its Revolving Loan Commitment or repay its Revolving Loans solely as a result of the exercise of such Bank's rights (and the withholding of any required consent by such Bank) pursuant to the second proviso to Section 13.12(a).

13.13 Survival. All indemnities set forth herein (including,

without limitation, in Sections 1.10, 1.11, 2.06, 4.04, 12.06 and 13.01) shall survive the execution, delivery and termination of this Agreement and the Notes and the making and repayment of the Loans. Notwithstanding the occurrence of the Restatement Effective Date, all indemnities set forth in the Original Credit Agreement for the benefit of the Existing Banks and the Existing Agents shall survive in accordance with the terms thereof.

13.14 Domicile of Loans. Each Bank may transfer and carry its

Loans at, to or for the account of any office, Subsidiary or Affiliate of such Bank. Notwithstanding anything to the contrary contained herein, to the extent that a transfer of Loans pursuant to this Section 13.14 would, at the time of such transfer, result in increased costs under Section 1.10, 1.11 or 4.04 from those being charged by the respective Bank prior to such transfer, then the Borrowers shall not be obligated to pay such increased costs (although the Borrowers shall be obligated to pay any other increased costs of the type described above resulting from changes after the date of the respective transfer).

13.15 Application of Gaming Regulations. Parent, the Company,

each Subsidiary Borrower and the Banks acknowledge that (i) the consummation of the transactions contemplated by the Credit Documents is subject to the Gaming Regulations (and Parent, the Company and each Subsidiary Borrower represent and warrant that all requisite approvals thereunder have been duly obtained) and (ii) the exercise of remedies

under the Collateral Documents with respect to the Collateral will be subject to the Gaming Regulations.

13.16 Confidentiality. (a) Subject to the provisions of clause

(b) of this Section 13.16, each Bank agrees that it will use its best effort not to disclose without the prior consent of the Company (other than to its employees, auditors or counsel or to another Bank if the Bank or such Bank's holding or parent company in its sole discretion determines that any such party should have access to such information) any information with respect to Parent or any of its Subsidiaries which is now or in the future furnished pursuant to this Agreement or any other Credit Document and which is designated by the Company to the Banks in writing as confidential, provided

that any Bank may disclose any such information (a) as has become generally available to the public, (b) as may be required or appropriate in any report, statement or testimony submitted to any municipal, state or Federal regulatory body having or claiming to have jurisdiction over such Bank or to the Federal Reserve Board or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States or elsewhere) or their successors, (c) as may be required or appropriate in respect to any summons or subpoena or in connection with any litigation, (d) in order to comply with any law, order, regulation or ruling applicable to such Bank, and (e) to any prospective or actual transferee or participant in connection with any contemplated transfer or participation of any of the Notes or Revolving Loan Commitments or any interest therein by such Bank, provided, that such

prospective transferee executes an agreement with such Bank containing provisions substantially identical to those contained in this Section.

(b) Each Borrower hereby acknowledges and agrees that each Bank may share with any of its affiliates any information related to Parent or any of its Subsidiaries (including, without limitation, any nonpublic customer information regarding the creditworthiness of Parent and its Subsidiaries).

13.17 Miscellaneous. (a) Notwithstanding anything to the

contrary contained in this Agreement, the Required Banks may consent to a corporate reorganization of Parent and its Subsidiaries, which corporate reorganization may include the transfer of one or more Subsidiaries of the Company as direct Subsidiaries of Parent. In connection with any such corporate reorganization, the Required Banks may, at their option, require that Parent or one or more of its

Subsidiaries become direct borrowers with respect to the Obligations. In addition, any necessary amendments or supplements to this Agreement or the other Credit Documents to effect such corporate reorganization, including to preserve the perfection and priority of the Liens created under the Collateral Documents and retaining the benefits of the Guarantees, may be made with consent of the Required Banks.

(b) Each of the Banks hereby acknowledges that the law firms of Vargas & Bartlett, Norris, McLaughlin & Marcus and Saiber Schlesinger Satz & Goldstein have jointly represented the Banks and the Credit Parties in connection with certain of the local real estate and/or gaming matters related to the transactions contemplated by this Agreement. Each of the Banks further acknowledges that such dual representation may give rise to a conflict of interest under the Rules of Professional Conduct under the laws of the States of New Jersey and Nevada. In that such connection, the Administrative Agent, on behalf (and with the authority) of the Banks and at the request of such law firms, signed certain waivers in the forms of Exhibits R-1, R-2 and R-3, respectively to the Original Credit Agreement. Each of the Banks understands the contents of such waivers and acknowledges that such waivers remain in effect.

13.18. Certain Agreements with Respect to Existing Indentures.

(a) The Borrowers agree that they shall not incur or suffer to exist at any time any Debt (as defined in the 10-7/8% Senior Subordinated Notes Indenture) pursuant to clause (a) of the first paragraph of Section 1008 of the 10-7/8% Senior Subordinated Notes Indenture, except that (x) Debt pursuant to this Agreement and the 364-Day Credit Agreement shall be justified as outstanding pursuant to said clause (a) and (y) other Debt in an aggregate outstanding principal amount not to exceed \$768,000,000 less the sum of (a) the then Total Revolving Loan Commitment (or if greater, the Total Outstandings at such time) and (b) the Total 364-Day Revolving Loan Commitment (or, if greater, the Total 364-Day Outstandings at such time) may be outstanding at any time pursuant to said clause (a). For purposes of determining compliance with the 10-7/8% Senior Subordinated Notes Indenture, all incurrences of Loans and issuances of Letters of Credit will be deemed incurred pursuant to clause (a) of the first paragraph of Section 1008 of the 10-7/8% Senior Subordinated Notes Indenture. The Borrowers represent and warrant that all Indebtedness incurred under this Agreement shall be permitted to be incurred and remain outstanding pursuant to the 10-7/8% Senior Subordinated Notes Indenture,

and the Borrowers hereby also covenant and agree that they shall not take any action with respect to the incurrence of any Indebtedness (including under this Agreement) which is inconsistent with this Section 13.18(a). This clause (a) shall cease to be of further force or effect at such time as all 10-7/8% Senior Subordinated Notes have been repaid in full and the provisions of Section 1008 of the 10-7/8% Senior Subordinated Notes Indenture are no longer effective.

(b) Each Borrower represents and warrants to the Banks that, on the Restatement Effective Date, loans in aggregate principal amount equal to the sum of the Total Revolving Loan Commitment and the Total 364-Day Revolving Loan Commitment would be permitted to be incurred pursuant to the second paragraph of Section 1008 of the 8-3/4% Senior Subordinated Notes Indenture (and that the Consolidated Fixed Charge Ratio referred to therein would be at least equal to 2.0 to 1 after giving effect thereto). Furthermore, the Borrowers agree that they (x) shall not incur or suffer to exist at any time any Debt (as defined in the 8-3/4% Senior Subordinated Notes Indenture) pursuant to clause (a) of the first paragraph of Section 1008 of the 8-3/4% Senior Subordinated Notes Indenture, except that up to \$125,000,000 of outstanding Debt incurred from time to time pursuant to the 364-Day Credit Agreement may be justified as outstanding pursuant to said clause (a) and up to \$450,000,000 (plus the amount of all reductions to the Total 364-Day Revolving Loan Commitment after the Restatement Effective Date so long as the Debt outstanding under the 364-Day Credit Agreement does not exceed the Total 364-Day Revolving Loan Commitment as so reduced (with such amount being herein called the "364-Day Revolving Loan Commitment Reduction Amount")) of Debt outstanding from time to time pursuant to this Agreement may be justified as having been incurred pursuant to said clause (a) and (y) shall not incur or suffer to exist at any time more than \$25,000,000 of outstanding Debt (other than pursuant to the 364-Day Credit Agreement) pursuant to clause (f) of the first paragraph of Section 1008 of the 8-3/4% Senior Subordinated Notes Indenture, thereby leaving at least \$25,000,000 under said clause (f) to justify outstanding Debt pursuant to the 364-Day Credit Agreement. For purposes of determining compliance with the 8-3/4% Senior Subordinated Notes Indenture for Credit Events occurring after the Restatement Effective Date, all incurrences of Loans and issuances of Letters of Credit after the Restatement Effective Date will be deemed incurred pursuant to clause (a) of the first paragraph of Section 1008 of the 8-3/4% Senior Subordinated Notes Indenture; provided that if at any time after the Restatement Effective Date the Total Outstandings

are reduced below an amount equal to the remainder of \$150,000,000 less the 364-Day Revolving Loan Commitment Reduction Amount, if any, at such time (with the lowest amount below said remainder to which the Total Outstandings hereunder have at any time been reduced (as such amount may be adjusted as herein provided), being herein called the "Lowest Outstanding Amount", it being understood that if the Total Outstandings hereunder ever exceed the then previous Lowest Outstanding Amount by more than \$450,000,000, the then previous Lowest Outstanding Amount shall be increased by an amount equal to such excess, provided that in no event shall the Lowest Outstanding Amount ever exceed \$150,000,000), then at any time thereafter the Borrowers shall not be permitted to incur Loans or have Letters of Credit issued which would cause the Total Outstandings to exceed the theretofore Lowest Outstanding Amount by more than \$450,000,000 plus the 364-Day Revolving Loan Commitment Reduction Amount, if any, at such time unless, in connection with any such Credit Event, the Borrowers establish to the satisfaction of the Agent (including by the delivery of a satisfactory legal opinion and a certificate of the Company's Chief Financial Officer, Treasurer or Controller) that the incurrence of such Loans or issuance of such Letter of Credit would be permitted pursuant to the terms of the 8-3/4% Senior Subordinated Notes Indenture. The Borrowers represent and warrant that all Indebtedness incurred under this Agreement shall be permitted to be incurred and remain outstanding pursuant to the 8-3/4% Senior Subordinated Notes Indenture, and the Borrowers hereby also covenant and agree that they shall not take any action with respect to the incurrence of any Indebtedness (including under this Agreement) which is inconsistent with this Section 13.18(b). This clause (b) shall cease to be of further force or effect at such time as all 8-3/4% Senior Subordinated Notes have been repaid in full and the provisions of Section 1008 of the 8-3/4% Senior Subordinated Notes Indenture are no longer effective.

SECTION 14. Parent Guaranty.

14.01 The Guaranty. In order to induce the Administrative Agent

and Banks to enter into this Agreement and to extend credit hereunder and in recognition of the direct benefits to be received by Parent from the proceeds of the Loans and the issuance of the Letters of Credit, Parent hereby agrees with the Administrative Agent, the Banks and the Secured Interest Rate Protection Creditors as follows: Parent hereby unconditionally and irrevocably guarantees as primary obligor and not merely as surety the full and prompt

payment when due, whether upon maturity, by acceleration or otherwise, of any and all of the Guaranteed Obligations of the Borrowers to the Administrative Agent, the Banks and the Secured Interest Rate Protection Creditors. If any or all of the Guaranteed Obligations of the Borrowers to the Administrative Agent, the Banks or the Secured Interest Rate Protection Creditors becomes due and payable, Parent unconditionally promises to pay such indebtedness to the Administrative Agent, the Banks and the Secured Interest Rate Protection Creditors, or order, on demand, together with any and all reasonable expenses which may be incurred by the Administrative Agent, the Banks or the Secured Interest Rate Protection Creditors in collecting any of the Guaranteed Obligations.

14.02 Bankruptcy. Additionally, Parent unconditionally and

irrevocably guarantees the payment of any and all of the Guaranteed Obligations of the Borrowers to the Administrative Agent, the Banks and the Secured Interest Rate Protection Creditors whether or not due or payable by the Borrowers upon the occurrence in respect of any Borrowers of any of the events specified in Section 10.05, and unconditionally and irrevocably promises to pay such Guaranteed Obligations to the Administrative Agent, the Banks or the Secured Interest Rate Protection Creditors, as the case may be, or order, on demand, in Dollars.

14.03 Nature of Liability. The liability of Parent hereunder is

exclusive and independent of any security for or other guaranty of the Guaranteed Obligations of the Borrowers whether executed by Parent, any other Guarantor, any other guarantor or by any other party, and the liability of Parent hereunder shall not be affected or impaired by (a) any direction as to application of payment by any Borrower or by any other party (other than for misappropriation of funds by the respective Bank), or (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the Guaranteed Obligations of any Borrower, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any dissolution, termination or increase, decrease or change in personnel by any Borrower, or (e) any payment made to the Administrative Agent, the Banks or the Secured Interest Rate Protection Creditors on the indebtedness which the Administrative Agent, such Banks or such Secured Interest Rate Protection Creditors repay to such Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and Parent waives any right to the

deferral or modification of its obligations hereunder by reason of any such proceeding.

14.04 Independent Obligation. The obligations of Parent hereunder

are independent of the obligations of any other Guarantor, any other guarantor or any Borrower, and a separate action or actions may be brought and prosecuted against Parent whether or not action is brought against any other Guarantor, any other guarantor or any Borrower and whether or not any other Guarantor, any other guarantor or any Borrower be joined in any such action or actions. Parent waives, to the fullest extent permitted by law, the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by any Borrower or other circumstance which operates to toll any statute of limitations as to such Borrower shall operate to toll the statute of limitations as to Parent.

14.05 Authorization. Parent authorizes the Administrative Agent,

the Banks and the Secured Interest Rate Protection Creditors without notice or demand (except (i) as shall be required by applicable statute and cannot be waived and (ii) for any consents of the respective Credit Parties required by the terms of the respective Credit Documents), and without affecting or impairing its liability hereunder, from time to time to:

(a) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew, increase, accelerate or alter, any of the Guaranteed Obligations (including any increase or decrease in the rate of interest thereon), any security therefor, or any liability incurred directly or indirectly in respect thereof, and the Parent Guaranty herein made shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered;

(b) take and hold security for the payment of the Guaranteed Obligations and sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) in or hereof, and/or any offset thereagainst;

(c) exercise or refrain from exercising any rights against any Borrower or others or otherwise act or refrain from acting;

(d) release or substitute any one or more endorsers, guarantors, any Borrower or other obligors;

(e) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of any Borrower to its creditors other than the Administrative Agent, the Banks and the Secured Interest Rate Protection Creditors;

(f) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of the Borrowers to the Administrative Agent, the Banks and the Secured Interest Rate Protection Creditors regardless of what liability or liabilities of Parent or the Borrowers remain unpaid; and/or

(g) consent to or waive any breach of, or any act, omission or default under, this Agreement or any of the instruments or agreements referred to herein, or otherwise amend, modify or supplement this Agreement or any of such other instruments or agreements.

14.06 Reliance. It is not necessary for the Administrative Agent,

the Banks or the Secured Interest Rate Protection Creditors to inquire into the capacity or powers of Parent or its Subsidiaries or the officers, directors, partners or agents acting or purporting to act on its behalf, and any Guaranteed Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

14.07 Subordination. Any of the indebtedness of the Borrowers

relating to the Guaranteed Obligations now or hereafter owing to Parent is hereby subordinated to the Guaranteed Obligations of the Borrowers owing to the Administrative Agent, the Banks and the Secured Interest Rate Protection Creditors, provided that payment may be made by any Borrower on any such indebtedness relating to the Guaranteed Obligations owing to Parent so long as the same is not prohibited by this Agreement and provided further, that if

the Administrative Agent so requests at a time when an

Event of Default exists, all such indebtedness relating to the Guaranteed Obligations of the Borrowers to Parent shall be collected, enforced and received by Parent for the benefit of the Banks and the Secured Interest Rate Protection Creditors and be paid over to the Administrative Agent on behalf of the Administrative Agent, the Banks and the Secured Interest Rate Protection Creditors on account of the Guaranteed Obligations of the Borrowers to the Administrative Agent, the Banks, but without affecting or impairing in any manner the liability of Parent under the other provisions of this Parent Guaranty. Prior to the transfer by Parent of any note or negotiable instrument evidencing any of the indebtedness relating to the Guaranteed Obligations of the Borrowers to Parent, Parent shall mark such note or negotiable instrument with a legend that the same is subject to this subordination.

14.08 Waiver. (a) Parent waives any right (except as shall be

required by applicable statute and cannot be waived) to require the Administrative Agent, the Banks or the Secured Interest Rate Protection Creditors to (i) proceed against any Borrower, any other Guarantor, any other guarantor or any other party, (ii) proceed against or exhaust any security held from any Borrower, any other Guarantor, any other guarantor or any other party or (iii) pursue any other remedy in the Administrative Agent's, the Banks' or the Secured Interest Rate Protection Creditors' power whatsoever. Parent waives any defense based on or arising out of any defense of any Borrower, any other Guarantor, any other guarantor or any other party other than payment in full of the Guaranteed Obligations, including, without limitation, any defense based on or arising out of the disability of any Borrower, any other Guarantor, any other guarantor or any other party, or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of any Borrower other than payment in full of the Guaranteed Obligations. The Administrative Agent, the Banks and the Secured Interest Rate Protection Creditors may, at their election, foreclose on any security held by the Administrative Agent, the Collateral Agent, the Banks or the Secured Interest Rate Protection Creditors by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Administrative Agent, the Banks and the Secured Interest Rate Protection Creditors may have against any Borrower or any other party, or any security, without affecting or impairing in any way the liability of Parent hereunder except to the

extent the Guaranteed Obligations have been paid. Parent waives any defense arising out of any such election by the Administrative Agent, the Banks and the Secured Interest Rate Protection Creditors, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of Parent against any Borrower or any other party or any security.

(b) Parent waives all presentments, demands for performance, protests and notices, including without limitation notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Parent Guaranty, and notices of the existence, creation or incurring of new or additional Guaranteed Obligations. Parent assumes all responsibility for being and keeping itself informed of the Borrowers' financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which Parent assumes and incurs hereunder, and agrees that the Administrative Agent, the Banks and the Secured Interest Rate Protection Creditors shall have no duty to advise Parent of information known to them regarding such circumstances or risks.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Agreement as of the date first above written.

Address:

1023 Cherry Road
Memphis, Tennessee 38117
Tel: (901) 762-8600
Fax: (901) 762-8777
Attention: Treasurer

THE PROMUS COMPANIES
INCORPORATED

By

Title:

with a copy to the same
address to the attention
of the Corporate Secretary

1023 Cherry Road
Memphis, Tennessee 38117
Tel: (901) 762-8600
Fax: (901) 762-8777
Attention: Treasurer

EMBASSY SUITES, INC.

By

Title:

with a copy to the same
address to the attention
of the Corporate Secretary

1023 Cherry Road
Memphis, Tennessee 38117
Tel: (901) 762-8600
Fax: (901) 762-8777
Attention: Treasurer

MARINA ASSOCIATES

By: HARRAH'S ATLANTIC CITY, INC.,
a general partner

By

Title:

with a copy to the same
address to the attention
of the Corporate Secretary

By: HARRAH'S NEW JERSEY, INC.,
a general partner

By

Title:

130 Liberty Street
New York, New York 10006
Tel: (212) 250-9094
Fax: (212) 250-7218
Attention: Mary Kay Coyle

BANKERS TRUST COMPANY,
Individually and as
Administrative Agent
and as an Agent

By

Title:

One Wall Street
New York, New York 10286
Tel: (212) 635-6898
Fax: (212) 635-6434
Attention: Greg Batson

THE BANK OF NEW YORK,
Individually and as an
Agent

By _____

Title:

300 South Grand Avenue
Los Angeles, California 90071
Tel: (213) 617-6226
Fax: (213) 346-0157
Attention: Paul Chakmak

CIBC INC., Individually and as
an Agent

By _____

Title:

303 Peachtree Street
Suite 4400
Atlanta, Georgia 30308
Tel: (404) 524-3700
Fax: (404) 584-5249
Attention: David Cawrse

CREDIT LYONNAIS, ATLANTA AGENCY,
Individually and as an Agent

By _____

Title:

c/o Credit Lyonnais,
Atlanta Agency
303 Peachtree Street
Suite 4400
Atlanta, Georgia 30308

CREDIT LYONNAIS CAYMAN ISLAND
BRANCH

By _____

Title:

Tel: (404) 524-3700
Fax: (404) 584-5249
Attention: David Cawrse

707 Wilshire Boulevard
Los Angeles, California 90017
Tel: (213) 614-3903
Fax: (213) 614-2569
Attention: Edith Lim

FIRST INTERSTATE BANK OF
CALIFORNIA, Individually and
as an Agent

By _____

Title:

4894 Poplar Avenue
Memphis, Tennessee 38117
Tel: (901) 762-5688
Fax: (901) 762-5665

FIRST AMERICAN NATIONAL BANK

Attention: David May

By _____
Title:

165 Madison Avenue
Memphis, Tennessee 38101
Tel: (901) 523-4444
Fax: (901) 523-4267
Attention: Steve Wade

FIRST TENNESSEE BANK NATIONAL
ASSOCIATION

By _____
Title:

One Ninety One Peachtree
Tower
191 Peachtree Street
Suite 3600
Atlanta, Georgia 30303-1757

THE INDUSTRIAL BANK OF JAPAN,
LIMITED

Tel: (404) 524-8770

By _____
Title:

Fax: (404) 524-8509 (for Credit Matters)
Attention: Jackie Brunetto

Fax: (404) 577-6818 (for Administrative Matters)
Attention: Business Operations Department

6000 Midlantic Drive
Mount Laurel, New Jersey 08054
Tel: (609) 778-2683
Fax: (609) 778-2673
Attention: Denise Killen

MIDLANTIC BANK, N.A.
(formerly known as Midlantic
National Bank)

By _____
Title:

Georgia-Pacific Center
Suite 4750
133 Peachtree Street, N.E.
Atlanta, Georgia 30303
Tel: (404) 586-8809

THE SANWA BANK, LIMITED,
ATLANTA AGENCY

Fax: (404) 589-1629
Attention: Virginia Mahoney

By _____
Title:

555 S.W. Oak Street
Suite 400
Portland, Oregon 97204
Tel: (503) 275-3192
Fax: (503) 275-4267

UNITED STATES NATIONAL BANK
OF OREGON

Attention: Claire Jones

By _____
Title:

210 East Capitol Street
P.O. Box 1200
Jackson, Mississippi 39215
Tel: (601) 968-4749
Fax: (601) 354-8315
Attention: Larry C. Ratzlaff

DEPOSIT GUARANTY NATIONAL BANK

By _____
Title:

520 Madison Avenue
New York, New York 10022
Tel: (212) 838-7700
Fax: (212) 755-2349
Attention: Jay Kato

THE MITSUBISHI TRUST & BANKING
CORP.

By _____
Title:

1211 Avenue of the Americas
New York, New York 10036
Tel: (212) 852-6023
Fax: (212) 852-6163
Attention: Alan Bookspan

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, NEW YORK BRANCH

By _____
Title:

By _____
Title:

101 California Street
Suite 4550
San Francisco, California 94111
Tel: (415) 984-3703
Fax: (415) 362-3524
Attention: Jeffrey French

ABN AMRO BANK N.V.

By

Title:

By

Title:

6000 Poplar Avenue
Suite 145
Memphis, Tennessee 38119
Tel: (901) 766-7561
Fax: (901) 766-7565

THIRD NATIONAL BANK

By

Title:

210 Baronne Street
4th Floor
New Orleans, Louisiana 70160
Tel: (504) 561-1989
Fax: (504) 561-1316
Attention: Louis Ballero

FIRST NATIONAL BANK
OF COMMERCE

By

Title:

165 Broadway
JAPAN,
New York, New York 10006
Tel: (212) 335-4529
Fax: (212) 608-2371
Attention: Philip Marsden

THE LONG-TERM CREDIT BANK OF
LIMITED, NEW YORK BRANCH,
Individually and as an Agent

By

Title:

with a copy to

245 Peachtree Center Avenue
Suite 2801
Atlanta, Georgia 30303
Tel: (404) 659-7210
Fax: (404) 658-9751
Attention: Rebecca Sedlar

One NationsBank Plaza-M-5
Nashville, Tennessee 37239-1697
Tel: (615) 749-3524
Fax: (615) 749-4640

NATIONSBANK OF GEORGIA, N.A.,
Individually and as an Agent

By

Title:

Attention: Ashley Crabtree

2029 Century Park East
Suite 2900
Los Angeles, California 90067
Tel: (310) 788-7104
Fax: (310) 551-1537

SOCIETE GENERALE, Individually
and as an Agent

By

Title:

Attention: Donald L. Schubert

277 Park Avenue
6th Floor
New York, New York 10172
Tel: (212) 224-4129
Fax: (212) 224-5188
Attention: Suresh Tata

THE SUMITOMO BANK, LIMITED,
NEW YORK BRANCH, Individually
and as an Agent

By

Title:

555 South Flower Street
Entertainment Media, 10th Floor
Los Angeles, California 90071
Tel: (213) 228-2768
Fax: (213) 228-2641

BANK OF AMERICA NATIONAL TRUST
AND SAVING ASSOCIATION

By

Title:

Attention: Scott Faber

550 South Hope Street
Suite 2500
Los Angeles, California 90071
Tel: (213) 243-5555
Fax: (213) 892-0111

THE NIPPON CREDIT BANK, LTD.,
LOS ANGELES AGENCY

By

Title:

Attention: Jay Schwartz

Atlanta Agency
600 Peachtree Street, N.E.
Suite 2700
Atlanta, Georgia 30308

THE BANK OF NOVA SCOTIA

By _____

Tel: (404) 877-1500
Fax: (404) 888-8998
Attention: F.C.H. Ashby (Operations Contact)

Title: _____

with a copy to

Houston Representative Office
1100 Louisiana, Suite 3000
Houston, Texas 77002
Tel: (713) 752-0900
Fax: (713) 752-2425

Park Avenue Tower
65 East 55th Street
New York, New York 10022
Tel: (212) 644-0660
Fax: (212) 644-0644
Attention: Lalit Malhotra

GIROCREDIT BANK A.G. DER
SPARKASSEN, GRAND CAYMAN
ISLAND BRANCH

By _____

Title: _____

Park Avenue Plaza
55 East 52nd Street
New York, New York 10055
Tel: (212) 339-1117
Fax: (212) 754-2170

THE TOKAI BANK, LIMITED,
NEW YORK BRANCH

By _____

Attention: Stuart Schulman

Title: _____

One Boatmen's Plaza
800 Market Street
12th Floor
St. Louis, Missouri 63101
Tel: (314) 466-7651
Fax: (314) 466-6499
Attention: Doug Thornsberry

THE BOATMEN'S NATIONAL BANK
OF ST. LOUIS

By _____

Title: _____

One Peachtree Center
Suite 4420
303 Peachtree Street
Atlanta, Georgia 30303

THE DAIWA BANK, LIMITED

By _____

Tel: (404) 524-6544
Fax: (404) 523-7983
Attention: Terry Herron

Title: _____

By _____

Title: _____

SCHEDULE I

REVOLVING LOAN COMMITMENTS

	Revolving Loan Commitment

Bankers Trust Company	\$ 46,000,000
The Bank of New York	\$ 34,000,000
CIBC Inc.	\$ 34,000,000
Credit Lyonnais, Atlanta Agency	\$ 34,000,000
First Interstate Bank of California	\$ 34,000,000
The Long-Term Credit Bank of Japan, Limited, New York Branch	\$ 34,000,000
NationsBank of Georgia, N.A.	\$ 34,000,000
Societe Generale	\$ 34,000,000
The Sumitomo Bank, Limited, New York Branch	\$ 30,000,000
Bank of America National Trust and Savings Association	\$ 26,000,000
The Bank of Nova Scotia	\$ 26,000,000
The Industrial Bank of Japan Limited	\$ 24,000,000
The Mitsubishi Trust & Banking Corp.	\$ 24,000,000
The Tokai Bank, Limited, New York Branch	\$ 24,000,000
The Sanwa Bank, Limited, Atlanta Agency	\$ 20,000,000

SCHEDULE I
Page 2

Midlantic Bank, N.A.	\$ 16,000,000
United States National Bank of Oregon	\$ 16,000,000
Westdeutsche Landesbank Girozentrale, New York Branch	\$ 14,000,000
ABN Amro Bank N.V.	\$ 12,000,000
The Boatmen's National Bank of St. Louis	\$ 12,000,000
First American National Bank	\$ 12,000,000
First Tennessee Bank National Association	\$ 12,000,000
The Nippon Credit Bank, Ltd., Los Angeles Agency	\$ 12,000,000
The Daiwa Bank, Limited	\$ 8,000,000
Deposit Guaranty National Bank	\$ 8,000,000
Third National Bank	\$ 8,000,000
GiroCredit Bank A.G. Der Sparkassen, Grand Cayman Island Branch	\$ 8,000,000
First National Bank of Commerce	\$ 4,000,000 -----
TOTAL:	\$600,000.000

SCHEDULE II

EXISTING LETTERS OF CREDIT

SCHEDULE III

TAX MATTERS

SCHEDULE IV

SUBSIDIARIES

SCHEDULE V

EXISTING INDEBTEDNESS

SCHEDULE VI

JOINT VENTURES

SCHEDULE VII

INSURANCE

SCHEDULE VIII

EXISTING LIENS

SCHEDULE IX

HOTEL SUBSIDIARIES

NOTICE OF BORROWING

[Date]

Bankers Trust Company, as
Administrative Agent for
the Banks party to
the Credit Agreement
referred to below
One Bankers Trust Plaza
New York, New York 10006

Attention: -----

Gentlemen:

The undersigned, ----- (the

"Borrower"), refers to the Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995 (as amended from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated), Harrah's Operating Company, Inc. (formerly known as Embassy Suites, Inc.), each Subsidiary Borrower, the financial institutions from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and you, as Administrative Agent, and hereby gives you notice, irrevocably, pursuant to Section 1.03(a) of the Credit Agreement, that the undersigned hereby requests a Borrowing of Revolving Loans under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 1.03(a) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing
is _____, 19__1/

1/ Shall be a Business Day at least one Business Day in the case of Base Rate Loans and three Business Days in the case of Eurodollar Rate Loans, in each case after the date hereof.

(ii) The aggregate principal amount of the Proposed Borrowing is \$_____.

(iii) The Revolving Loans to be made pursuant to the Proposed Borrowing shall be initially maintained as [Base Rate Loans] [Eurodollar Loans].

(iv) The initial Interest Period for the Proposed Borrowing is ____ month(s).^{2/}

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in the Credit Agreement and in the other Credit Documents are and will be true and correct in all material respects, both before and after giving effect to the Proposed Borrowing and to the application of the proceeds thereof, as though made on such date (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date); and

(B) no Default or Event of Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds thereof.

Very truly yours,

[NAME OF BORROWER]

By _____
Name:
Title:

^{2/} To be included for a Proposed Borrowing of Eurodollar Loans.

REVOLVING NOTE

\$ _____ New York, New York
 _____, 199_

FOR VALUE RECEIVED, _____, a _____

[corporation][general partnership] (the "Borrower"), hereby promises to pay to the order of _____

(the "Bank"), in lawful money of the United States of America in immediately available funds, at the office of Bankers Trust Company located at One Bankers Trust Plaza, New York, New York 10006 on the Final Maturity Date (as defined in the Agreement referred to below) the principal sum of _____ DOLLARS (\$_____) or, if less, the then unpaid principal amount of all Revolving Loans (as defined in the Agreement) made by the Bank pursuant to the Agreement.

The Borrower promises also to pay interest on the unpaid principal amount hereof in like money at said office from the date hereof until paid at the rates and at the times provided in Section 1.08 of the Agreement.

This Note is one of the Revolving Notes referred to in the Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, among Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated), Harrah's Operating Company, Inc. (formerly known as Embassy Suites, Inc.), each Subsidiary Borrower (as defined in the Agreement), the financial institutions from time to time party thereto (including the Bank), Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (as from time to time in effect, the "Agreement"), and is entitled to the benefits thereof and of the other Credit Documents (as defined in the Agreement). This Note is secured by the Collateral Documents (as defined in the Agreement) and is entitled to the benefits of the Guarantees (as defined in the Agreement). As provided in the Agreement, this Note is

subject to voluntary prepayment and mandatory repayment prior to the Final Maturity Date, in whole or in part.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

[NAME OF BORROWER]

By _____
Title:

SWINGLINE NOTE

\$25,000,000

New York, New York
_____, 199_

FOR VALUE RECEIVED, _____, a

[corporation][general partnership] (the "Borrower"), hereby promises to pay to the order of BANKERS TRUST COMPANY (the "Bank"), in lawful money of the United States of America in immediately available funds, at the office of Bankers Trust Company located at One Bankers Trust Plaza, New York, New York 10006 on the Swingline Expiry Date (as defined in the Agreement referred to below) the principal sum of TWENTY-FIVE MILLION DOLLARS (\$25,000,000) or, if less, the then unpaid principal amount of all Swingline Loans (as defined in the Agreement) made by the Bank pursuant to the Agreement.

The Borrower promises also to pay interest on the unpaid principal amount hereof in like money at said office from the date hereof until paid at the rates and at the times provided in Section 1.08 of the Agreement.

This Note is one of the Swingline Notes referred to in the Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, among Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated), Harrah's Operating Company, Inc. (formerly known as Embassy Suites, Inc.), each Subsidiary Borrower (as defined in the Agreement), the financial institutions from time to time party thereto (including the Bank), Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (as from time to time in effect, the "Agreement"), and is entitled to the benefits thereof and of the other Credit Documents (as defined in the Agreement). This Note is secured by the Collateral Documents (as defined in the Agreement) and is entitled to the benefits of the Guarantees (as defined in the Agreement). As provided in the Agreement, this Note is subject to voluntary prepayment and mandatory repayment prior to the Swingline Expiry Date, in whole or in part.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH
AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

[NAME OF BORROWER]

By _____
Title:

LETTER OF CREDIT REQUEST

No. (1) Dated (2)

Bankers Trust Company, as Administrative Agent under the Credit Agreement (as amended, modified or supplemented from time to time, the "Credit Agreement"), dated as of July 22, 1993 and amended and restated as of June 9, 1995, among Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated), Harrah's Operating Company, Inc. (formerly known as Embassy Suites, Inc.), each Subsidiary Borrower, the financial institutions from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent
One Bankers Trust Plaza
New York, New York 10006

[Name and Address of Proposed Letter of Credit Issuer]

Dear Sirs:

We hereby request that [name of proposed Letter of Credit Issuer] issue a Letter of Credit for the account

- (1) Letter of Credit Request Number.
- (2) Date of Letter of Credit Request.

of the undersigned on (3) (the "Date of

Issuance") in the aggregate stated amount of
(4) .

For purposes of this Letter of Credit Request,
unless otherwise defined herein, all capitalized terms used
herein which are defined in the Credit Agreement shall have
the respective meaning provided therein.

The beneficiary of the requested Letter of Credit
will be (5) , and such Letter of Credit will

be in support of (6) and will have a stated

expiration date of (7) .

We hereby certify that:

(1) The representations and warranties contained
in the Credit Agreement and in the other Credit
Documents will be true and correct in all material
respects, both before and after giving effect to the
issuance of the Letter of Credit requested hereby, on
the Date of Issuance (it being understood and agreed
that any representation or warranty which by its terms
is made as of a specified date shall be required to be
true and correct in all material respects only as of
such date).

(2) No Default or Event of Default has occurred
and is continuing or, after giving effect to the

- (3) Date of Issuance which shall be at least 5 Business Days
(or such shorter period as is acceptable to such Letter
of Credit Issuer) from the date hereof.
- (4) Aggregate initial stated amount of Letter of Credit.
- (5) Insert name and address of beneficiary.
- (6) Insert description of L/C Supportable Indebtedness.
- (7) Insert last date upon which drafts may be presented
which may not be later than (i) 12 months after the Date
of Issuance or, (ii) if earlier, the Final Maturity
Date.

issuance of the Letter of Credit requested hereby,
would such a Default or an Event of Default occur.

(3) The Letter of Credit requested hereby will
be issued in accordance with, and will not violate the
requirements of, Section 2.01(c) of the Credit
Agreement.

Copies of all documentation with respect to the
supported transaction are attached hereto.

[NAME OF BORROWER]

By _____
Title:

EXHIBIT D

Section 4.04(b)(iii) Certificate

Reference is hereby made to the Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, among Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated), Harrah's Operating Company, Inc. (formerly known as Embassy Suites, Inc.), each Subsidiary Borrower, the financial institutions from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent, as amended to the date hereof (the "Credit Agreement"). Pursuant to the provisions of Section 4.04(b)(iii) of the Credit Agreement, the undersigned hereby certifies that it is not a "bank" as such term is used in Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended.

[NAME OF BANK]

By: _____
Title:

Date:

[NAME OF CREDIT PARTY]

Officers' Certificate

I, the undersigned, [President/Senior Vice President/Vice President] of [Name of Credit Party], a [corporation/partnership] organized and existing under the laws of the State of _____ (the "Company"), do hereby

certify that:

1. This Certificate is furnished pursuant to (i) the Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, among Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated, "Parent"), Harrah's Operating Company, Inc. (formerly known as Embassy Suites, Inc., ("Harrah's Operating")), each Subsidiary Borrower, the financial institutions from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (such Credit Agreement, as in effect on the date of this Certificate, being herein called the "5-Year Credit Agreement") and (ii) the Credit Agreement, dated as of June 9, 1995, among Parent, Harrah's Operating, each Subsidiary Borrower, the financial institutions from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (such Credit Agreement, as in effect on the date of this Certificate, being herein called the "364-Day Credit Agreement"). Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the 5-Year Credit Agreement.

2. The individuals named on Exhibit A hereto are elected officers of the Company or authorized signatories, and each either holds the office of the Company set forth opposite such officer's name and has held such office at least since _____, or has been designated an authorized signatory pursuant to the resolutions described in

paragraph 5 hereof. The signature written opposite the name and title of each such officer or authorized signatory is such officer's or authorized signatory's correct signature.

3. Attached hereto as Exhibit B is a certified copy of the [Certificate of Incorporation of the Company as filed in the Office of the Secretary of State of the State of _____ on _____, 19____][Partnership

Agreement of the Company], together with all amendments thereto adopted through the date hereof.

4. Attached hereto as Exhibit C is a true and correct copy of the By-Laws of the Company which were duly adopted, are in full force and effect on the date hereof, and have been in effect since _____, 19____.

5. Attached hereto as Exhibit D is a true and correct copy of resolutions which were duly adopted on _____, 19____ [by unanimous written consent of the Board of Directors of the Company] [by a meeting of the Board of Directors of the Company at which a quorum was present and acting throughout] [as required by the Partnership Agreement], and said resolutions have not been rescinded, amended or modified. Except as attached hereto as Exhibit D, no resolutions have been adopted by [the Board of Directors of] the Company which deal with the execution, delivery or performance of any of the Documents or any other documents relating to the Transaction to which the Company is party.

6. There is no proceeding for the dissolution or liquidation of the Company or threatening its existence.

[7. On the date hereof, all of the conditions in Sections 5.14, 5.15, 5.16, 5.17(a), (b) and (d), 5.19, 5.20 and 6.01 of the 5-Year Credit Agreement and Sections 4.14, 4.15, 4.16, 4.17(a), (b) and (d), 4.19, 4.20 and 5.01 of the 364-Day Credit Agreement, in each case have been satisfied.

8. Attached hereto as Exhibit E are true and correct copies of all Hotel Transaction Documents.

9. Attached hereto as Exhibit F is a true and correct copy of the 364-Day Credit Agreement.]¹

¹ To be included in the Certificate delivered by Harrah's Operating Company.

IN WITNESS WHEREOF, I have hereunto set my hand
this ____ day of _____, 1995.

Name:
Title:

[NAME OF CREDIT PARTY]

I, the undersigned, [Secretary/Assistant Secretary] of the Company, do hereby certify that:

1. [Name of Person making above certifications] is the duly elected and qualified [President/Senior Vice President/Vice President] of the Company and the signature above is his genuine signature.

2. The certifications made by [name of Person making above certifications] in Items 2, 3, 4, 5 and 6 above are true and correct.

IN WITNESS WHEREOF, I have hereunto set my hand
this ____ day of _____, 1995.

Name:
Title:

Exhibit A
to Officers' Certificate

Name2 ----	Office/ Authorized Signatory -----	Signature -----
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

2 Include name, office and signature of each officer who will sign any Credit Document, including the officer who will sign the certification at the end of this Certificate.

FIRST AMENDMENT TO MASTER COLLATERAL AGREEMENT

FIRST AMENDMENT TO MASTER COLLATERAL AGREEMENT (this "Amendment"), dated as of _____, 1995, among HARRAH'S ENTERTAINMENT, INC. (formerly known as The Promus Companies Incorporated) ("Parent"), HARRAH'S OPERATING COMPANY, INC. (formerly known as Embassy Suites, Inc.) (the "Company"), the other parties listed on the signature pages hereof under the caption "Collateral Grantors," BANKERS TRUST COMPANY, as Administrative Agent for the Banks party to the Credit Agreements referred to below, and BANKERS TRUST COMPANY, as Collateral Agent (the "Collateral Agent") for the benefit of the Secured Parties under the Master Collateral Agreement referred to below. Except as otherwise defined herein, capitalized terms used herein and defined in the Master Collateral Agreement shall be used herein as so defined.

W I T N E S S E T H :

- - - - -

WHEREAS, Parent, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "5-Year Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "5-Year Administrative Agent"), have entered into a Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement");

WHEREAS, Parent, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "364-Day Banks," and together with the 5-Year Banks, the "Banks") from time to time party thereto, Bankers Trust Company, The Bank

of New York, Credit Lyonnais, Atlanta Agency, and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Credit Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements");

WHEREAS, in connection with the initial execution of the 5-Year Credit Agreement, Parent, the Company, the other Collateral Grantors, the 5-Year Administrative Agent and the Collateral Agent entered into the Master Collateral Agreement, dated as of July 22, 1993 (as amended, modified or supplemented from time to time, the "Master Collateral Agreement");

WHEREAS, the parties hereto wish to amend the Master Collateral Agreement to provide that the 364-Day Banks and the 364-Day Administrative Agent are secured on a pari passu basis with the 5-Year Banks, the 5-Year

Administrative Agent and the Secured Interest Rate Protection Creditors;

WHEREAS, it is a condition precedent to the extensions of credit under the Credit Agreements that the Collateral Grantors shall have executed and delivered this Amendment to the Collateral Agent; and

WHEREAS, the parties hereto wish to amend the Master Collateral Agreement as herein provided;

NOW, THEREFORE, it is agreed:

1. The introductory paragraph of the Master Collateral Agreement is hereby amended by deleting the words "(the "Administrative Agent") for the Banks party to the Credit Agreement" appearing therein and inserting the words "for the Banks party to the Credit Agreements" in lieu thereof.

2. The first recital of the Master Collateral Agreement is hereby deleted in its entirety and the following two new recitals are inserted in lieu thereof:

"WHEREAS, Parent, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "5-Year Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "5-Year Administrative Agent"), have entered into a Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement");

WHEREAS, Parent, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "364-Day Banks," and together with the 5-Year Banks, the "Banks"), Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements");".

3. The fourth and sixth recitals (in each case, before giving effect to this Amendment) of the Master

Collateral Agreement are hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

4. Section 1.01(a) of the Master Collateral Agreement is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "5-Year Credit Agreement or 364-Day Credit Agreement, as the case may be," in lieu thereof.

5. The definition of "Administrative Agent" appearing in Section 1.01(b) of the Master Collateral Agreement is hereby deleted in its entirety and the following new definition is inserted in lieu thereof:
"Administrative Agents" shall have the meaning provided in the second recital of this Agreement.

6. The definition of "Banks" appearing in Section 1.01(b) of the Master Collateral Agreement is hereby amended by deleting the word "first" appearing therein and inserting the word "second" in lieu thereof.

7. The definition of "Credit Agreement Obligations" appearing in Section 1.01(b) of the Master Collateral Agreement is hereby amended by deleting the word "the" appearing immediately before the words "Administrative Agent" appearing therein and inserting the word "any" in lieu thereof.

8. The definition of "Estimated Collateralization Amount" appearing in Section 1.01(b) of the Master Collateral Agreement is hereby amended by inserting the word "respective" immediately before the words "Administrative Agent" appearing therein.

9. The definition of "Event of Default" appearing in Section 1.01(b) of the Master Collateral Agreement is hereby amended by deleting the words "the Credit Agreement" appearing therein and inserting the words "the 5-Year Credit Agreement or the 364-Day Credit Agreement, as the case may be," in lieu thereof.

10. The definition of "Notice Event of Default" appearing in Section 1.01(b) of the Master Collateral Agreement is hereby deleted in its entirety and the following

new definition of "Notice Event of Default" is inserted in lieu thereof:

"Notice Event of Default" shall mean a written notice to the Collateral Agent from or on behalf of the Required Secured Parties, provided, that, in the case of an Event of Default under Section 10.01 of the 5-Year Credit Agreement or Section 9.01 of the 364-Day Credit Agreement, such notice may be given by the respective Administrative Agent, stating that an Event of Default (or an Event of Default under Section 10.01 of the 5-Year Credit Agreement or Section 9.01 of the 364-Day Credit Agreement, as the case may be) has occurred and is continuing, which notice may be oral if immediately confirmed in writing, including facsimile or telex, provided that the lack of such an immediate confirmation shall not affect the conclusiveness and binding effect of such notice."

11. The definition of "Required Secured Parties" appearing in Section 1.01(b) of the Master Collateral Agreement is hereby deleted in its entirety and the following new definition of "Required Secured Parties" is inserted in lieu thereof:

"Required Secured Parties" shall mean (i) so long as any Credit Agreement Obligations remain outstanding, Banks the sum of whose Revolving Loan Commitments under the Credit Agreements (or after the termination of such Revolving Loan Commitments, outstanding Revolving Loans and Competitive Bid Loans and Percentage of outstanding Swingline Loans and Letter of Credit Outstandings) represent an amount greater than fifty percent of the sum of the Total Revolving Loan Commitments under the Credit Agreements (or after the termination of the Total Revolving Loan Commitments, the sum of the then total outstanding Revolving Loans and Competitive Bid Loans and the aggregate Percentages of the total outstanding Swingline Loans and Letter of Credit Outstandings at such time) or (ii) if no Credit Agreement Obligations remain outstanding, the holders of a majority of the outstanding principal amount of the Secured Interest Rate Protection Obligations."

12. The definition of "Secured Documents" appearing in Section 1.01(b) of the Master Collateral Agreement is hereby amended by (i) deleting the word "the" appearing immediately before the words "Credit Agreement" appearing therein and inserting the word "each" in lieu thereof and (ii) deleting the words "the 9% Notes Reimbursement Agreement, the 9% Reimbursement Agreement Note," appearing therein.

13. The definition of "Secured Interest Rate Protection Creditors" appearing in Section 1.01(b) of the Master Collateral Agreement is hereby amended by inserting the word "respective" immediately before the words "Credit Agreement" appearing in clause (iii) thereof.

14. The definition of "Secured Parties" appearing in Section 1.01(b) of the Master Collateral Agreement is hereby amended by deleting the words "Administrative Agent" appearing therein and inserting the words "Administrative Agents" in lieu thereof.

15. Section 1.01(b) of the Master Collateral Agreement is hereby further amended by inserting in the appropriate alphabetical order the following new definitions:

"Credit Agreements" shall have the meaning provided in the second recital of this Agreement.

"5-Year Administrative Agent" shall have the meaning provided in the first recital of this Agreement.

"5-Year Banks" shall have the meaning provided in the first recital of this Agreement.

"5-Year Credit Agreement" shall have the meaning provided in the first recital of this Agreement.

"Required 5-Year Banks" shall mean the "Required Banks" under, and as defined in, the 5-Year Credit Agreement.

"Required 364-Day Banks" shall mean the "Required Banks" under, and as defined in, the 364-Day Credit Agreement.

"364-Day Administrative Agent" shall have the meaning provided in the second recital of this Agreement.

"364-Day Banks" shall have the meaning provided in the second recital of this Agreement.

"364-Day Credit Agreement" shall have the meaning provided in the second recital of this Agreement.

16. Section 3.01 of the Master Collateral Agreement is hereby amended by (i) deleting the comma appearing immediately after the words "Required Secured Parties" appearing in the first sentence thereof, (ii) deleting the proviso appearing in the first sentence thereof in its entirety and inserting the following new proviso in lieu thereof:

"(provided that, in the case of an Event of Default

under Section 10.01 of the 5-Year Credit Agreement or Section 9.01 of the 364-Day Credit Agreement, such notice may be given by the respective Administrative Agent)."

and (iii) deleting the second parenthetical appearing in the second sentence thereof in its entirety and inserting the following new parenthetical in lieu thereof:

"(provided that, in the case of an Event of Default

under Section 10.01 of the 5-Year Credit Agreement or Section 9.01 of the 364-Day Credit Agreement, the respective Administrative Agent may instruct the Collateral Agent to instruct the Beneficiary or Mortgagee under the respective Mortgages to record, file and mail a notice of breach and election to sell)".

17. Section 3.08 of the Master Collateral Agreement is hereby deleted in its entirety and the following new Section 3.08 is inserted in lieu thereof:

"SECTION 3.08. Absolute Rights of the

Administrative Agents and the Collateral Agent.

Notwithstanding any other provision of this Agreement or any other Collateral Document, but subject to mandatory provisions of applicable law (including, without limitation,

applicable Gaming Regulations and Bankruptcy Laws), the following rights of the Administrative Agents and the Collateral Agent, as the case may be, each of which is absolute and unconditional, shall not be impaired or adversely affected without the written consent of the Administrative Agents or the Collateral Agent, as the case may be: (i) the right of each Administrative Agent on behalf of the respective Banks to receive payments under the respective Credit Agreement, (ii) the right of the Administrative Agents or the Collateral Agent, as the case may be (acting at the direction of the Required Secured Parties) on behalf of the Secured Parties to seek, in any Proceeding in which Parent, the Company or any of the other Collateral Grantors is a debtor, adequate protection of its interest and the interests of the Secured Parties under the Secured Documents and in the Collateral, (iii) the right of the respective Administrative Agent (acting at the direction of the Required 5-year Banks or Required 364-Day Banks, as the case may be) on behalf of the Secured Parties to institute suit for the enforcement of its rights and the rights of the respective Banks under the Secured Documents, or (iv) the right of the respective Administrative Agent or the Collateral Agent, as the case may be (acting at the direction of the Required Secured Parties) on behalf of the respective Banks otherwise to assert its position and views or those of the Secured Parties or to act (including making and voting claims) as a secured creditor in any Proceeding in which Parent, the Company or any of the other Collateral Grantors is a debtor."

18. Section 4.01 of the Master Collateral Agreement is hereby amended by deleting the second sentence thereof in its entirety and inserting the following second sentence in lieu thereof:

"Each such Collateral Account and Restoration Account shall be established and maintained by the Collateral Agent at an office of the Collateral Agent or an Administrative Agent, or at an office of such other bank or trust company as the Required Secured Parties shall designate in writing to the Collateral Agent and each such Collateral Account and Restoration Account shall have noted thereon the lien and security interest

therein in favor of the Collateral Agent for the benefit of the Secured Parties."

19. Section 4.03 of the Master Collateral Agreement is hereby amended by deleting the words "Administrative Agent" each place such words appear therein and inserting the words "Administrative Agents" in lieu thereof in each such place.

20. Section 4.04(a) of the Master Collateral Agreement is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

21. Section 4.04(b) of the Master Collateral Agreement is hereby amended by inserting the word "respective" immediately before the words "Administrative Agent" appearing therein.

22. Section 4.05 of the Master Collateral Agreement is hereby amended by (i) deleting clause (i) thereof in its entirety and inserting the following new clause (i) in lieu thereof:

"(i) the respective Administrative Agent as to the amounts payable under the respective Credit Agreement, and";

and (ii) deleting the word "the" appearing immediately before the words "Administrative Agent" appearing in the second sentence thereof and inserting the word "any" in lieu thereof.

23. Section 5.02 of the Master Collateral Agreement is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

24. Section 5.07 of the Master Collateral Agreement is hereby amended by deleting the words "and Section 8.03(b) of the Credit Agreement" appearing therein inserting the following words in lieu thereof:

", Section 8.03(b) of the 5-Year Credit Agreement and Section 7.03(b) of the 364-Day Credit Agreement."

25. Section 6.01(a) of the Master Collateral Agreement is hereby amended by deleting the words "Administrative Agent" appearing therein and inserting the words "Administrative Agents" in lieu thereof.

26. Section 6.01(b) of the Master Collateral Agreement is hereby amended by deleting the word "the" appearing immediately before the words "Credit Agreement" appearing therein and inserting the word "any" in lieu thereof.

27. Section 6.01(f) of the Master Collateral Agreement is hereby amended by deleting the word "the" appearing immediately before the words "Administrative Agent" each place such words appear therein and inserting the word "any" in lieu thereof in each such place.

28. Section 6.03(c) of the Master Collateral Agreement is hereby amended by deleting the word "the" appearing immediately before the words "Administrative Agent" appearing therein and inserting the word "any" in lieu thereof.

29. Sections 6.04(a) and (b) of the Master Collateral Agreement are hereby amended by deleting the word "the" appearing before the words "Administrative Agent" appearing therein and inserting the word "each" in lieu thereof.

30. Sections 6.06(a) and (b) of the Master Collateral Agreement are hereby amended by deleting the words "Administrative Agent" appearing therein and inserting the words "Administrative Agents" in lieu thereof.

31. Sections 6.08(a), (b) and (c) of the Master Collateral Agreement are hereby amended by deleting the words "Administrative Agent" each place such words appear therein and inserting the words "Administrative Agents" in lieu thereof in each such place.

32. Section 6.09 of the Master Collateral Agreement is hereby amended by inserting the word "respective" immediately before the words "Credit Agreement" appearing therein.

33. Section 7.01 of the Master Collateral Agreement is hereby amended by deleting the last sentence thereof in its entirety and inserting the following new sentence in lieu thereof:

"Notwithstanding anything to the contrary contained herein, all or substantially all of the Collateral may be otherwise released from the Liens created by the Collateral Documents at the direction of (acting collectively) (i) all of the 5-Year Banks (or the Required 5-Year Banks to the extent permitted under Section 13.12(a) of the 5-Year Credit Agreement) and (ii) all of the 364-Day Banks (or the Required 364-Day Banks to the extent permitted under Section 12.12(a) of the 364-Day Credit Agreement)."

34. Section 7.02(a) of the Master Collateral Agreement is hereby deleted in its entirety and the following new Section 7.02(a) is inserted in lieu thereof:

"SECTION 7.02. Conditions to Partial Release.

(a) Subject to the conditions in Sections 7.03 and 7.04 hereof, the respective Collateral shall be released from the Lien created by the applicable Collateral Documents in connection with a sale or other disposition permitted by Section 9.02 of the 5-Year Credit Agreement and Section 8.02 of the 364-Day Credit Agreement or in connection with an Existing Casino Non-Recourse Financing permitted by Section 9.04(ix) of the 5-Year Credit Agreement and Section 8.04(ix) of the 364-Day Credit Agreement so long as in each such case the proceeds of such sale or Existing Casino Non-Recourse Financing are applied in accordance with, and to the extent required by, the provisions of Section 4.02 of the 5-Year Credit Agreement and Section 3.02 of the 364-Day Credit Agreement as a result of any corresponding reduction to the Total 5-Year Revolving Loan Commitment pursuant to Section 3.03(d) or (e) of the 5-Year Credit Agreement or the Total 364-Day Revolving Loan Commitment pursuant to Section 3.03(b) or (c) of the 364-Day Credit Agreement, as the case may be, in connection with any such sale or financing. Pledged Securities shall also be released from the Lien created under the Company/Sub Pledge Agreement to the extent such Pledged Securities no longer constitute Required Collateral and the Partnership Interests shall be released from the Lien

created under the Assignment of Partnership Interests Agreement upon the merger of Harrah's New Jersey with and into Harrah's Atlantic City pursuant to Section 9.02(a)(B) of the 5-Year Credit Agreement and Section 8.02(a)(B) of the 364-Day Credit Agreement."

35. Section 7.02(c) of the Master Collateral Agreement is hereby deleted in its entirety and the following new Section 7.02(c) is inserted in lieu thereof:

"(c) Any cash or cash equivalents required to be delivered to the respective Administrative Agent pursuant to Section 4.02(a) of the 5-Year Credit Agreement or Section 3.02(a) of the 364-Day Credit Agreement may be released by such Administrative Agent in accordance with the terms of such Section 4.02(a) or Section 3.02(a)."

36. Section 7.03(d) of the Master Collateral Agreement is hereby amended by deleting the words "Administrative Agent" each place such words appear therein and inserting the words "Administrative Agents" in lieu thereof in each such place.

37. Sections 7.04(a) and (b) of the Master Collateral Agreement are hereby amended by deleting the words "Administrative Agent" appearing therein and inserting the words "Administrative Agents" in lieu thereof.

38. Section 7.06 of the Master Collateral Agreement is hereby amended by deleting the words "Administrative Agent" appearing therein and inserting the words "Administrative Agents" in lieu thereof.

39. Section 8.01 of the Master Collateral Agreement is hereby amended by deleting the second sentence thereof in its entirety and inserting the following new second sentence in lieu thereof:

"For the purpose of this Agreement, the term "Class" shall mean each class of Secured Parties, i.e.,

whether (x) the 5-Year Banks as holders of the Credit Agreement Obligations under, or in respect of, the 5-Year Credit Agreement, (y) the 364-Day Banks as holders of the Credit Agreement Obligations under, or in respect of,

the 364-Day Credit Agreement or (z) the Secured Interest Rate Protection Creditors as the holders of the Secured Interest Rate Protection Obligations; and the term "Requisite Secured Parties" of any Class shall mean each of (x) the Required 5-year Banks with respect to the Credit Agreement Obligations under, or in respect of, the 5-Year Credit Agreement, (y) the Required 364-Day Banks with respect to the Credit Agreement Obligations under, or in respect of, the 364-Day Agreement and (z) the holders of a majority of all obligations outstanding from time to time under the Secured Interest Rate Protection Agreements or Other Hedging Agreements with respect to the Secured Interest Rate Protection Obligations."

40. Section 8.02(i) of the Credit Agreement is hereby amended by (i) deleting the word "the" appearing immediately before the words "Administrative Agent" appearing therein and inserting the word "either" in lieu thereof and (ii) deleting the name "Christopher Stadler" appearing therein and inserting the name "Mary Kay Coyle" in lieu thereof.

41. Each of the Collateral Grantors hereby reaffirms its respective obligations under the Master Collateral Agreement.

42. This Amendment is limited as specified and shall not constitute a modification, acceptance or waiver of any other provision of the Master Collateral Agreement.

43. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with the Credit Parties, the Administrative Agents and the Collateral Agent.

44. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

45. This Amendment shall become effective on the date (the "First Amendment Effective Date") on which (i) each

Collateral Grantor, the Administrative Agents and the Collateral Agent shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of telecopier) the same to the Collateral Agent, (ii) the Restatement Effective Date under, and as defined in, the 5-year Credit Agreement occurs and (iii) the Effective Date under, and as defined in, the 364-Day Credit Agreement occurs.

46. From and after the First Amendment Effective Date, all references in the Master Collateral Agreement and each of the Credit Documents to the Master Collateral Agreement shall be deemed to be references to the Master Collateral Agreement as amended hereby.

IN WITNESS WHEREOF, each of the parties hereto
has caused a counterpart of this Amendment to be duly
executed and delivered as of the date first above written.

Collateral Grantors:

HARRAH'S ENTERTAINMENT, INC.

By _____
Name:
Title:

HARRAH'S OPERATING COMPANY, INC.

By _____
Name:
Title:

HARRAH'S

By _____
Name:
Title:

HARRAH'S CLUB

By _____
Name:
Title:

HARRAH'S RENO HOLDING
COMPANY, INC.

By _____
Name:
Title:

HARRAH'S LAS VEGAS, INC.

By _____
Name:
Title:

HARRAH'S LAUGHLIN, INC.

By _____
Name:
Title:

MARINA ASSOCIATES,
a New Jersey partnership

By HARRAH'S NEW JERSEY, INC.,
a New Jersey corporation, a
General Partner

By _____
Name:
Title:

By HARRAH'S ATLANTIC CITY, INC.,
a New Jersey corporation, a
General Partner

By _____
Name:
Title:

CASINO HOLDING COMPANY

By _____
Name:
Title:

HARRAH'S ATLANTIC CITY, INC.

By _____
Name:
Title:

HARRAH'S NEW JERSEY, INC.

By _____
Name:
Title:

Administrative Agent:

BANKERS TRUST COMPANY

By _____
Name:
Title:

Collateral Agent:

BANKERS TRUST COMPANY

By

Name:

Title:

FIRST AMENDMENT TO PARENT PLEDGE AGREEMENT

FIRST AMENDMENT TO PARENT PLEDGE AGREEMENT (this "Amendment"), dated as of _____, 1995, among HARRAH'S ENTERTAINMENT, INC. (formerly known as The Promus Companies Incorporated) (the "Pledgor") and BANKERS TRUST COMPANY, not in its individual capacity but solely as Collateral Agent (the "Collateral Agent"). Except as otherwise defined herein, capitalized terms used herein and defined in the Parent Pledge Agreement referred to below shall be used herein as so defined.

W I T N E S S E T H :

- - - - -

WHEREAS, the Pledgor, Harrah's Operating Company, Inc. (formerly known as Embassy Suites, Inc.) (the "Company"), each Subsidiary Borrower thereunder, the financial institutions (the "5-Year Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "5-Year Administrative Agent"), have entered into a Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement");

WHEREAS, the Pledgor, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "364-Day Banks," and together with the 5-Year Banks, the "Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank,

Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Credit Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements");

WHEREAS, in connection with the initial execution of the 5-Year Credit Agreement, the Pledgor and the Collateral Agent entered into the Parent Pledge Agreement, dated as of July 22, 1993 (as amended, modified or supplemented from time to time, the "Parent Pledge Agreement");

WHEREAS, the parties hereto wish to amend the Parent Pledge Agreement to provide that the 364-Day Banks and the 364-Day Administrative Agent are secured on a pari

passu basis with the 5-Year Banks, the 5-Year

Administrative Agent and the Secured Interest Rate Protection Creditors with respect to the Pledge Collateral;

WHEREAS, it is a condition precedent to the extensions of credit under the Credit Agreements that the Pledgor shall have executed and delivered this Amendment to the Collateral Agent; and

WHEREAS, the parties hereto wish to amend the Parent Pledge Agreement as herein provided;

NOW, THEREFORE, it is agreed:

1. The first recital of the Parent Pledge Agreement is hereby deleted in its entirety and the following two new recitals are inserted in lieu thereof:

"WHEREAS, the Pledgor, Harrah's Operating Company (formerly known as Embassy Suites, Inc.) (the "Company"), each Subsidiary Borrower thereunder, the financial institutions (the "5-Year Banks") from time to time party thereto, Bankers Trust Company, The Bank of

New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "5-Year Administrative Agent"), have entered into a Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement");

WHEREAS, the Pledgor, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "364-Day Banks," and together with the 5-Year Banks, the "Banks"), Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements");

2. The fourth recital (before giving effect to this Amendment) of the Parent Pledge Agreement is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

3. The fifth recital (before giving effect to this Amendment) of the Parent Pledge Agreement is hereby amended by (i) deleting the words "Administrative Agent"

appearing therein and inserting the words "Administrative Agents" in lieu thereof and (ii) deleting the words "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

4. The introductory paragraph of Section 1 of the Parent Pledge Agreement is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "5-Year Credit Agreement or 364-Day Credit Agreement, as the case may be," in lieu thereof.

5. The definition of "Administrative Agent" appearing in Section 1 of the Parent Pledge Agreement is hereby deleted in its entirety and the following new definition is inserted in lieu thereof:

"Administrative Agents" shall have the meaning provided in the second recital of this Agreement.

6. The definition of "Parent" appearing in Section 1 of the Parent Pledge Agreement is hereby deleted in its entirety.

7. Section 1 of the Parent Pledge Agreement is hereby further amended by inserting in the appropriate alphabetical order the following new definitions:

"Banks" shall have the meaning provided in the second recital of this Agreement.

"Credit Agreements" shall have the meaning provided in the second recital of this Agreement.

"5-Year Administrative Agent" shall have the meaning provided in the first recital of this Agreement.

"5-Year Banks" shall have the meaning provided in the first recital of this Agreement.

"5-Year Credit Agreement" shall have the meaning provided in the first recital of this Agreement.

"Pledgor" shall have the meaning provided in the introductory paragraph of this Agreement.

"364-Day Administrative Agent" shall have the meaning provided in the second recital of this Agreement.

"364-Day Banks" shall have the meaning provided in the second recital of this Agreement.

"364-Day Credit Agreement" shall have the meaning provided in the second recital of this Agreement.

8. Section 7 of the Parent Pledge Agreement is hereby amended by (i) deleting the words "Credit Agreement" appearing in clause (x) of the first sentence thereof and inserting the following words in lieu thereof:

"5-Year Credit Agreement and Section 8.03(viii) of the 364-Day Credit Agreement";

(ii) deleting the words "Credit Agreement" appearing in clause (y) of the first sentence thereof and inserting the following words in lieu thereof:

"5-Year Credit Agreement and Section 8.03 of the 364-Day Credit Agreement";

and (iii) deleting the word "the" appearing immediately before the words "Credit Agreement" appearing in the third sentence thereof and inserting the word "each" in lieu thereof.

9. Section 8 of the Parent Pledge Agreement is hereby amended by deleting the second parenthetical appearing in the second paragraph thereof and inserting the following parenthetical in lieu thereof:

"(which notice (i) shall be deemed to have been given if the respective Administrative Agent gives notice pursuant to Section 10.03 of the 5-Year Credit Agreement or Section 9.03 of the 364-Day Credit Agreement and (ii) shall not be required if an Event of Default specified in Section 10.05 of the 5-Year Credit Agreement or Section 9.05 of the 364-Day Credit Agreement has occurred)".

10. Section 13 of the Parent Pledge Agreement is hereby amended by deleting the word "the" appearing immediately before the words "Credit Agreement" appearing therein and inserting the word "each" in lieu thereof.

11. Section 18 of the Parent Pledge Agreement is hereby amended by deleting the word "the" appearing immediately before the words "Credit Agreement" appearing therein and inserting the word "either" in lieu thereof.

12. The Pledgor hereby reaffirms its obligations under the Parent Pledge Agreement and the grant of the Security Interests contemplated thereby.

13. This Amendment is limited as specified and shall not constitute a modification, acceptance or waiver of any other provision of the Parent Pledge Agreement.

14. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with the Pledgor Parties and the Collateral Agent.

15. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

16. This Amendment shall become effective on the date (the "First Amendment Effective Date") on which (i) the Pledgor and the Collateral Agent shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of telecopier) the same to the Collateral Agent, (ii) the Restatement Effective Date under, and as defined in, the 5-Year Credit Agreement occurs and (iii) the Effective Date under, and as defined in, the 364-Day Credit Agreement occurs.

17. From and after the First Amendment Effective Date, all references in the Parent Pledge Agreement and each of the Credit Documents to the Parent Pledge Agreement shall

be deemed to be references to the Parent Pledge Agreement as amended hereby.

IN WITNESS WHEREOF, each of the parties hereto
has caused a counterpart of this Amendment to be duly
executed and delivered as of the date first above written.

PLEDGOR

HARRAH'S ENTERTAINMENT, INC.

By

Name:

Title:

Collateral Agent:

BANKERS TRUST COMPANY

By

Name:

Title:

FIRST AMENDMENT TO COMPANY/SUB PLEDGE AGREEMENT

FIRST AMENDMENT TO COMPANY/SUB PLEDGE AGREEMENT (this "Amendment"), dated as of _____, 1995, among HARRAH'S OPERATING COMPANY, INC. (formerly known as Embassy Suites, Inc.) (the "Company"), each of the other persons listed on the signature pages hereto under the caption "Pledgors" (the Company and such other Pledgors are collectively referred to herein as the "Pledgors"), BANKERS TRUST COMPANY, not in its individual capacity but solely as a collateral agent hereunder (the "General Collateral Agent"), and BANK OF AMERICA NEVADA, not in its individual capacity but solely as a collateral agent hereunder (the "Nevada Collateral Sub-Agent"). Except as otherwise defined herein, capitalized terms used herein and defined in the Company/Sub Pledge Agreement referred to below shall be used herein as so defined.

W I T N E S S E T H :

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WHEREAS, Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated) ("Parent"), the Company, each Subsidiary Borrower thereunder, the financial institutions (the "5-Year Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "5-Year Administrative Agent"), have entered into a Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement");

WHEREAS, Parent, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "364-Day Banks," and together with the 5-Year Banks, the "Banks") from

time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Credit Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements");

WHEREAS, in connection with the initial execution of the 5-Year Credit Agreement, the Pledgors, the General Collateral Agent and the Nevada Collateral Sub-Agent entered into the Company/Sub Pledge Agreement, dated as of July 22, 1993 (as amended, modified or supplemented from time to time, the "Company/Sub Pledge Agreement");

WHEREAS, the parties hereto wish to amend the Company/Sub Pledge Agreement to provide that the 364-Day Banks and the 364-Day Administrative Agent are secured on a pari passu basis with the 5-Year Banks, the 5-Year

Administrative Agent and the Secured Interest Rate Protection Creditors with respect to the Pledged Collateral;

WHEREAS, it is a condition precedent to the extensions of credit under the Credit Agreements that the Pledgors shall have executed and delivered this Amendment to the Collateral Agents; and

WHEREAS, the parties hereto wish to amend the Company/Sub Pledge Agreement as herein provided;

NOW, THEREFORE, it is agreed:

1. The first recital of the Company/Sub Pledge Agreement is hereby deleted in its entirety and the following two new recitals are inserted in lieu thereof:

"WHEREAS, Harrah's Entertainment, Inc. (formerly known as the Promus Companies Incorporated) ("Parent"), the Company, each Subsidiary Borrower thereunder, the financial institutions (the "5-Year Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "5-Year Administrative Agent"), have entered into a Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement");

WHEREAS, Parent, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "364-Day Banks," and together with the 5-Year Banks, the "Banks"), Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements");".

2. The fourth recital (before giving effect to this Amendment) of the Company/Sub Pledge Agreement is hereby amended by deleting the words "Credit Agreement" appearing

therein and inserting the words "Credit Agreements" in lieu thereof.

3. The fifth recital (before giving effect to this Amendment) of the Company/Sub Pledge Agreement is hereby amended by (i) deleting the words "Administrative Agent" appearing therein and inserting the words "Administrative Agents" in lieu thereof and (ii) deleting the words "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

4. The introductory paragraph of Section 1 of the Company/Sub Pledge Agreement is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "5-Year Credit Agreement or 364-Day Credit Agreement, as the case may be," in lieu thereof.

5. The definition of "Administrative Agent" appearing in Section 1 of the Company/Sub Pledge Agreement is hereby deleted in its entirety and the following new definition is inserted in lieu thereof:

"Administrative Agents" shall have the meaning provided in the second recital of this Agreement.

6. Section 1 of the Company/Sub Pledge Agreement is hereby further amended by inserting in the appropriate alphabetical order the following new definitions:

"Banks" shall have the meaning provided in the second recital of this Agreement.

"Credit Agreements" shall have the meaning provided in the second recital of this Agreement.

"5-Year Administrative Agent" shall have the meaning provided in the first recital of this Agreement.

"5-Year Banks" shall have the meaning provided in the first recital of this Agreement.

"5-Year Credit Agreement" shall have the meaning provided in the first recital of this Agreement.

"364-Day Administrative Agent" shall have the meaning provided in the second recital of this Agreement.

"364-Day Banks" shall have the meaning provided in the second recital of this Agreement.

"364-Day Credit Agreement" shall have the meaning provided in the second recital of this Agreement.

7. Section 7 of the Company/Sub Pledge Agreement is hereby amended by deleting the word "the" appearing immediately before the words "Credit Agreement" appearing therein and inserting the word "each" in lieu thereof.

8. Section 8 of the Company/Sub Pledge Agreement is hereby amended by deleting the second parenthetical appearing in the second paragraph thereof and inserting the following parenthetical in lieu thereof:

"(which notice (i) shall be deemed to have been given if the respective Administrative Agent gives notice pursuant to Section 10.03 of the 5-Year Credit Agreement or Section 9.03 of the 364-Day Credit Agreement and (ii) shall not be required if an Event of Default specified in Section 10.05 of the 5-Year Credit Agreement or Section 9.05 of the 364-Day Credit Agreement has occurred)".

9. Section 13 of the Company/Sub Pledge Agreement is hereby amended by deleting the word "the" appearing immediately before the words "Credit Agreement" appearing therein and inserting the word "each" in lieu thereof.

10. Section 16 of the Company/Sub Pledge Agreement is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "5-Year Credit Agreement or Section 7.12(b) of the 364-Day Credit Agreement" in lieu thereof.

11. Section 19 of the Company/Sub Pledge Agreement is hereby amended by deleting the word "the" appearing immediately before the words "Credit Agreement" appearing therein and inserting the word "either" in lieu thereof.

12. Each Pledgor hereby reaffirms its obligations under the Company/Sub Agreement and the grant by such Pledgor of the Security Interests contemplated thereby.

13. This Amendment is limited as specified and shall not constitute a modification, acceptance or waiver of any other provision of the Company/Sub Pledge Agreement.

14. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with the Pledgors, the General Collateral Agent and the Nevada Collateral Sub-Agent.

15. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

16. This Amendment shall become effective on the date (the "First Amendment Effective Date") on which (i) each Pledgor, the General Collateral Agent and the Nevada Collateral Sub-Agent shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of telecopier) the same to the General Collateral Agent, (ii) the Restatement Effective Date under, and as defined in, the 5-Year Credit Agreement occurs and (iii) the Effective Date under, and as defined in, the 364-Day Credit Agreement occurs.

17. From and after the First Amendment Effective Date, all references in the Company/Sub Pledge Agreement and each of the Credit Documents to the Company/Sub Pledge Agreement shall be deemed to be references to the Company/Sub Pledge Agreement as amended hereby.

IN WITNESS WHEREOF, each of the parties hereto
has caused a counterpart of this Amendment to be duly
executed and delivered as of the date first above written.

Pledgors:

HARRAH'S OPERATING COMPANY, INC.

By

Name:

Title:

HARRAH'S

By

Name:

Title:

HARRAH'S CLUB

By

Name:

Title:

CASINO HOLDING COMPANY

By

Name:

Title:

General Collateral Agent:

BANKERS TRUST COMPANY

By -----
Name:
Title:

Nevada Collateral Sub-Agent:

BANK OF AMERICA NEVADA

By -----
Name:
Title:

FIRST AMENDMENT TO SECURITY AGREEMENT

FIRST AMENDMENT TO SECURITY AGREEMENT (this "Amendment"), dated as of _____, 1995, among HARRAH'S OPERATING COMPANY, INC. (formerly known as Embassy Suites, Inc.) (the "Company"), the other parties listed on the signature pages hereof under the caption "Collateral Grantors" (the Company and such other Collateral Grantors are collectively referred to herein as the "Collateral Grantors"), and BANKERS TRUST COMPANY, not in its individual capacity but solely as Collateral Agent (the "Collateral Agent"). Except as otherwise defined herein, capitalized terms used herein and defined in the Security Agreement referred to below shall be used herein as so defined.

W I T N E S S E T H :

- - - - -

WHEREAS, Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated) ("Parent"), the Company, each Subsidiary Borrower thereunder, the financial institutions (the "5-Year Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "5-Year Administrative Agent"), have entered into a Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement");

WHEREAS, Parent, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "364-Day Banks," and together with the 5-Year Banks, the "Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit

Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Credit Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements");

WHEREAS, in connection with the initial execution of the 5-Year Credit Agreement, the Collateral Grantors and the Collateral Agent entered into the Security Agreement, dated as of July 22, 1993 (as amended, modified or supplemented from time to time, the "Security Agreement");

WHEREAS, the parties hereto wish to amend the Security Agreement to provide that the 364-Day Banks and the 364-Day Administrative Agent are secured on a pari

passu basis with the 5-Year Banks, the 5-Year

Administrative Agent and the Secured Interest Rate Protection Creditors with respect to the Collateral;

WHEREAS, it is a condition precedent to the extensions of credit under the Credit Agreements that the Collateral Grantors shall have executed and delivered this Amendment to the Collateral Agent; and

WHEREAS, the parties hereto wish to amend the Security Agreement as herein provided;

NOW, THEREFORE, it is agreed:

1. The first recital of the Security Agreement is hereby deleted in its entirety and the following two new recitals are inserted in lieu thereof:

"WHEREAS, Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated) ("Parent"), the Company, each Subsidiary Borrower thereunder, the financial institutions (the "5-Year Banks") from time to

time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "5-Year Administrative Agent"), have entered into a Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement");

WHEREAS, Parent, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "364-Day Banks," and together with the 5-Year Banks, the "Banks"), Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements");".

2. The fourth recital (before giving effect to this Amendment) of the Security Agreement is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

3. The fifth recital (before giving effect to this Amendment) of the Security Agreement is hereby amended by (i) deleting the words "Administrative Agent" appearing

therein and inserting the words "Administrative Agents" in lieu thereof and (ii) deleting the words "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

4. Section 1(a) of the Security Agreement is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "5-Year Credit Agreement or 364-Day Credit Agreement, as the case may be," in lieu thereof.

5. The definition of "Bank" appearing in Section 1(b) of the Security Agreement is hereby deleted in its entirety and the following new definition is inserted in lieu thereof:

"Banks" shall have the meaning provided in the second recital of this Agreement.

6. The definition of Credit Agreement appearing in Section 1(b) of the Security Agreement is hereby deleted in its entirety and the following new definition is inserted in lieu thereof:

"Credit Agreements" shall have the meaning provided in the second recital of this Agreement.

7. The definition of "Permitted Personalty Liens" appearing in Section 1(b) of the Security Agreement is hereby amended by deleting the word "the" appearing immediately before the words "Administrative Agent" appearing in clause (2) thereof and inserting the word "any" in lieu thereof.

8. Section 1(b) of the Security Agreement is hereby further amended by inserting in the appropriate alphabetical order the following new definitions:

"Administrative Agents" shall have the meaning provided in the second recital of this Agreement.

"Collateral Grantors" shall have the meaning provided in the introductory paragraph of this Agreement.

"5-Year Administrative Agent" shall have the meaning provided in the first recital of this Agreement.

"5-Year Banks" shall have the meaning provided in the first recital of this Agreement.

"5-Year Credit Agreement" shall have the meaning provided in the first recital of this Agreement.

"Parent" shall have the meaning provided in the first recital of this Agreement.

"364-Day Administrative Agent" shall have the meaning provided in the second recital of this Agreement.

"364-Day Banks" shall have the meaning provided in the second recital of this Agreement.

"364-Day Credit Agreement" shall have the meaning provided in the second recital of this Agreement.

9. Section 2 of the Security Agreement is hereby amended by deleting the word "the" appearing immediately before the words "Credit Agreement" appearing in clause (g) thereof and inserting the word "each" in lieu thereof.

10. Section 6(a) of the Security Agreement is hereby amended by deleting the word "the" appearing immediately before the words "Administrative Agent" each place such word appear therein and inserting the word "any" in lieu thereof in each such place.

11. Section 17(b) of the Security Agreement is hereby amended by deleting the word "the" appearing immediately before the words "Credit Agreement" appearing therein and inserting the word "either" in lieu thereof.

12. Section 17(c) of the Security Agreement is hereby deleted in its entirety and the following new Section 17(c) is inserted in lieu thereof:

"(c) In addition to the foregoing clauses (a) and (b) of this Section 17, upon the sale of a Casino Property pursuant to Section 9.02 of the 5-Year Credit

Agreement and Section 8.02 of the 364-Day Credit Agreement or the incurrence of Existing Casino Non-Recourse Financing with respect thereto pursuant to Section 9.04(ix) of the 5-Year Credit Agreement and Section 8.04(ix) of the 364-Day Credit Agreement, the personal property and fixtures relating solely to such Casino Property shall automatically be released from the Lien and security interest created by this Agreement in accordance with Article VII of the Master Collateral Agreement."

13. Section 22(b) of the Security Agreement is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "5-Year Credit Agreement and Section 12.16 of the 364-Day Credit Agreement" in lieu thereof.

14. Section 25 of the Security Agreement is hereby amended by deleting the word "the" appearing immediately before the words "Credit Agreement" each place such words appear therein and inserting the word "each" in lieu thereof in each such place.

15. Section 27 of the Security Agreement is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "5-Year Credit Agreement or Section 7.12(b) of the 364-Day Credit Agreement" in lieu thereof.

16. Each Collateral Grantor hereby reaffirms its obligations under the Security Agreement and the grant by such Collateral Grantor of the Security Interests contemplated thereby.

17. This Amendment is limited as specified and shall not constitute a modification, acceptance or waiver of any other provision of the Security Agreement.

18. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with the Collateral Grantors and the Collateral Agent.

19. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

20. This Amendment shall become effective on the date (the "First Amendment Effective Date") on which (i) each Collateral Grantor and the Collateral Agent shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of telecopier) the same to the Collateral Agent, (ii) the Restatement Effective Date under, and as defined in, the 5-Year Credit Agreement occurs and (iii) the Effective Date under, and as defined in, the 364-Day Credit Agreement occurs.

21. From and after the First Amendment Effective Date, all references in the Security Agreement and each of the Credit Documents to the Security Agreement shall be deemed to be references to the Security Agreement as amended hereby.

IN WITNESS WHEREOF, each of the parties hereto
has caused a counterpart of this Amendment to be duly
executed and delivered as of the date first above written.

Collateral Grantors:

HARRAH'S OPERATING COMPANY, INC.

By _____
Name:
Title:

HARRAH'S

By _____
Name:
Title:

HARRAH'S CLUB

By _____
Name:
Title:

HARRAH'S RENO HOLDING
COMPANY, INC.

By _____
Name:
Title:

HARRAH'S LAS VEGAS, INC.

By _____
Name:
Title:

HARRAH'S LAUGHLIN, INC.

By _____
Name:
Title:

MARINA ASSOCIATES,
a New Jersey partnership

By HARRAH'S NEW JERSEY, INC.,
a New Jersey corporation, a
General Partner

By _____
Name:
Title:

By HARRAH'S ATLANTIC CITY, INC.,
a New Jersey corporation, a
General Partner

By _____
Name:
Title:

CASINO HOLDING COMPANY

By _____
Name:
Title:

HARRAH'S ATLANTIC CITY, INC.

By _____
Name:
Title:

HARRAH'S NEW JERSEY, INC.

By _____
Name:
Title:

Collateral Agent:

BANKERS TRUST COMPANY

By _____
Name:
Title:

EXHIBIT I

FIRST AMENDMENT TO COMPANY/SUB GUARANTY

FIRST AMENDMENT TO COMPANY/SUB GUARANTY (this "Amendment"), dated as of _____, 1995, among each party listed on the signature pages hereto under the caption "Guarantors" (the "Guarantors") and BANKERS TRUST COMPANY, not in its individual capacity but solely as Collateral Agent (the "Collateral Agent"). Except as otherwise defined herein, capitalized terms used herein and defined in the Company/Sub Guaranty referred to below shall be used herein as so defined.

W I T N E S S E T H :

- - - - -

WHEREAS, Harrah's Entertainment, Inc. (formerly known as the Promus Companies Incorporated) ("Parent"), Harrah's Operating Company, Inc. (the "Company"), each Subsidiary Borrower thereunder, the financial institutions (the "5-Year Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "5-Year Administrative Agent"), have entered into a Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement");

WHEREAS, Parent, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "364-Day Banks," and together with the 5-Year Banks, the "Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank,

Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Credit Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements");

WHEREAS, in connection with the initial execution of the 5-Year Credit Agreement, the Guarantors and the Collateral Agent entered into the Company/Sub Guaranty, dated as of July 22, 1993 (as amended, modified or supplemented from time to time, the "Company/Sub Guaranty");

WHEREAS, the parties hereto wish to amend the Company/Sub Guaranty to provide that the obligations of the Borrowers to the 364-Day Banks and the 364-Day Administrative Agent are guaranteed by the Guarantors on the same basis as the obligations of the Borrowers to the 5-Year Banks, the 5-Year Administrative Agent and the Secured Interest Rate Protection Creditors are guaranteed;

WHEREAS, it is a condition precedent to the extensions of credit under the Credit Agreements that the Guarantors shall have executed and delivered this Amendment to the Collateral Agent; and

WHEREAS, the parties hereto wish to amend the Company/Sub Guaranty as herein provided;

NOW, THEREFORE, it is agreed:

1. The first recital of the Company/Sub Guaranty is hereby deleted in its entirety and the following two new recitals are inserted in lieu thereof:

"WHEREAS, Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated) ("Parent"), Harrah's Operating Company (formerly known as Embassy Suites, Inc.) (the "Company"), each Subsidiary Borrower thereunder, the financial institutions (the "5-Year

Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "5-Year Administrative Agent"), have entered into a Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement");

WHEREAS, Parent, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "364-Day Banks," and together with the 5-Year Banks, the "Banks"), Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements");".

2. The fourth recital (before giving effect to this Amendment) of the Company/Sub Guaranty is hereby amended by deleting the words "Administrative Agent" appearing therein and inserting the words "Administrative Agents" in lieu thereof.

3. The fifth recital (before giving effect to this Amendment) of the Company/Sub Guaranty is hereby amended

by deleting the words "Credit Agreement" each place such words appear therein and inserting the words "Credit Agreements" in lieu thereof in each such place.

4. The sixth recital (before giving effect to this Amendment) of the Company/Sub Guaranty is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

5. Section 1 of the Company/Sub Guaranty is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "5-Year Credit Agreement or 364-Day Credit Agreement, as the case may be," in lieu thereof.

6. Section 2 of the Company/Sub Guaranty is hereby amended by deleting the words "Administrative Agent" each place such words appear therein and inserting the words "Administrative Agents" in lieu thereof in each such place.

7. Section 3 of the Company/Sub Guaranty is hereby amended by deleting the word "the" appearing immediately before the words "Administrative Agent" appearing in clauses (e) and (g) thereof and inserting the word "any" in lieu thereof in each such place.

8. Section 10 of the Company/Sub Guaranty is hereby amended by deleting the words "Administrative Agent" appearing in clause (d) thereof and inserting the words "Administrative Agents" in lieu thereof.

9. Section 11 of the Company/Sub Guaranty is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "5-Year Credit Agreement and Sections 7 and 8 of the 364-Day Credit Agreement" in lieu thereof.

10. Section 13 of the Company/Sub Guaranty is hereby amended by (i) deleting the words "Credit Agreement" appearing in clause (x) thereof and inserting the words "Credit Agreements" in lieu thereof and (ii) deleting the words "on the signature pages of the Administrative Agent in the Credit Agreement" appearing in clause (y) thereof and inserting the words "in the Master Collateral Agreement" in lieu thereof.

11. Section 14 of the Company/Sub Guaranty is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

12. Section 21 of the Company/Sub Guaranty is hereby deleted in its entirety and the following new Section 21 is inserted in lieu thereof:

"21. In the event that (i) all of the capital stock of one or more Guarantors is sold in connection with a sale permitted by Section 9.02 of the 5-Year Credit Agreement and Section 8.02 of the 364-Day Credit Agreement and the proceeds of such sale or sales are applied in accordance with, and to the extent required by, the terms of each such Credit Agreement or (ii) one or more Guarantors no longer is required to guaranty obligations of the Secured Parties as provided in either of the Credit Agreements, each such Guarantor shall be released from this Guaranty with respect to each such Credit Agreement and this Guaranty shall, as to each such Guarantor, terminate and have no further force or effect with respect to each such Credit Agreement."

13. Each Guarantor hereby reaffirms its obligations under the Company/Sub Guaranty and the guaranty by such Guarantor of the obligations of the Borrowers under the Secured Documents.

14. This Amendment is limited as specified and shall not constitute a modification, acceptance or waiver of any other provision of the Company/Sub Guaranty.

15. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with the Guarantors and the Collateral Agent.

16. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

17. This Amendment shall become effective on the date (the "First Amendment Effective Date") on which (i) each Guarantor and the Collateral Agent shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of telecopier) the same to the Collateral Agent, (ii) the Restatement Effective Date under, and as defined in, the 5-Year Credit Agreement occurs and (iii) the Effective Date under, and as defined in, the 364-Day Credit Agreement occurs.

18. From and after the First Amendment Effective Date, all references in the Company/Sub Guaranty and each of the Credit Documents to the Company/Sub Guaranty shall be deemed to be references to the Company/Sub Guaranty as amended hereby.

IN WITNESS WHEREOF, each of the parties hereto
has caused a counterpart of this Amendment to be duly
executed and delivered as of the date first above written.

The Guarantors:

HARRAH'S OPERATING COMPANY, INC.

By:

Name:

Title:

CASINO HOLDING COMPANY

By:

Name:

Title:

HARRAH'S

By:

Name:

Title:

HARRAH'S ATLANTIC CITY, INC.

By:

Name:

Title:

HARRAH'S CLUB

By: _____
Name:
Title:

HARRAH'S LAUGHLIN, INC.,

By: _____
Name:
Title:

HARRAH'S NEW JERSEY, INC.

By: _____
Name:
Title:

HARRAH'S RENO HOLDING COMPANY,
INC.,

By: _____
Name:
Title:

HARRAH'S LAS VEGAS, INC.

By: _____
Name:
Title:

MARINA ASSOCIATES,
a New Jersey partnership

By: HARRAH'S NEW JERSEY, INC., a
New Jersey corporation, a
general partner

By: _____
Name:
Title:

By: HARRAH'S ATLANTIC CITY,
INC., a New Jersey
corporation, a general
partner

By: _____
Name:
Title:

Collateral Agent:

BANKERS TRUST COMPANY

By: _____
Name:
Title:

This instrument was prepared by the [Atlantic County, New Jersey]
attorney described below:

Jeffrey J. Temple

Recording Requested By

EXHIBIT J-1

and when Recorded
Return to:

White & Case
1155 Avenue of the Americas
New York, New York 10036
Attention: Jeffrey J. Temple, Esq.

FIRST AMENDMENT TO MORTGAGE, LEASEHOLD MORTGAGE,
ASSIGNMENT, ASSIGNMENT OF LEASES AND RENTS, SECURITY
AGREEMENT AND FINANCING STATEMENT

FIRST AMENDMENT TO MORTGAGE, LEASEHOLD MORTGAGE,
ASSIGNMENT, ASSIGNMENT OF LEASES AND RENTS, SECURITY
AGREEMENT AND FINANCING STATEMENT (this "Amendment"), dated
as of _____, 1995, among HARRAH'S OPERATING
COMPANY, INC. (formerly known as Embassy Suites, Inc.) (the
"Company"), MARINA ASSOCIATES ("Marina", each of Marina and
Embassy being a "Mortgagor" and, collectively, the
"Mortgagors") and BANKERS TRUST COMPANY, not in its
individual capacity but solely as Collateral Agent (the
"Mortgagee"). Except as otherwise defined herein,
capitalized terms used herein and defined in the Mortgage
referred to below shall be used herein as so defined.

W I T N E S S E T H :
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WHEREAS, Harrah's Entertainment, Inc. (formerly
known as The Promus Companies Incorporated) ("Parent"), the
Company, each Subsidiary Borrower thereunder, the financial
institutions (the "5-Year Banks") from time to time party
thereto, Bankers Trust Company, The Bank of New York, CIBC,
Inc., Credit Lyonnais, Atlanta Agency, First Interstate
Bank of California, The Long-Term Credit Bank of Japan,
Limited, New York Branch, NationsBank of Georgia, N.A.,
Societe Generale and The Sumitomo Bank, Limited, New York
Branch, as

Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "5-Year Administrative Agent"), have entered into a Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement");

WHEREAS, Parent, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "364-Day Banks," and together with the 5-Year Banks, the "Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Credit Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements");

WHEREAS, in connection with the initial execution of the 5-Year Credit Agreement, the Mortgagors executed and delivered to the Mortgagee a Mortgage, Leasehold Mortgage, Assignment, Assignment of Leases and Rents, Security Agreement and Financing Statement, dated as of July 22, 1993 (as amended, modified or supplemented from time to time, the "Mortgage");

WHEREAS, the parties hereto wish to amend the Mortgage to provide that the 364-Day Banks and the 364-Day Administrative Agent are secured on a pari passu basis with

the 5-Year Banks, the 5-Year Administrative Agent and the Secured Interest Rate Protection Creditors with respect to the Collateral and to renew and extend the liens granted therein;

WHEREAS, it is a condition precedent to the extensions of credit under the Credit Agreements that the Mortgagors shall have executed and delivered this Amendment to the Mortgage; and

WHEREAS, the parties hereto wish to amend the Mortgage as herein provided.

NOW, THEREFORE, it is agreed:

1. The first recital of the Mortgage is hereby deleted in its entirety and the following two new recitals are inserted in lieu thereof:

"WHEREAS, Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated) ("Parent"), the Company, each Subsidiary Borrower thereunder, the financial institutions (the "5-Year Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "5-Year Administrative Agent"), have entered into a Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement");

WHEREAS, Parent, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "364-Day Banks," and together with the 5-Year Banks, the "Banks"), Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any

successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements");".

2. Each reference to the word "Embassy" contained in the Mortgage shall be deemed deleted and the words "the Company" shall be inserted in lieu thereof.

3. The fifth recital (before giving effect to this Amendment) of the Mortgage is hereby amended by deleting (i) the words "Credit Agreement" appearing therein and inserting the words "respective Credit Agreements" in lieu thereof, (ii) the words "Administrative Agent" appearing therein and inserting the words "Administrative Agents" in lieu thereof and (iii) the amount "\$650,000,000" appearing therein and inserting the amount "\$750,000,000" in lieu thereof.

4. The sixth recital (before giving effect to this Amendment) of the Mortgage is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

5. The seventh recital (before giving effect to this Amendment) of the Mortgage is hereby amended by (i) deleting the words "Administrative Agent" appearing therein and inserting the words "Administrative Agents" in lieu thereof and (ii) deleting the words "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

6. The first paragraph of the granting clauses of the Mortgage is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

7. Section 1.01(a) of the Mortgage is hereby amended by deleting the words "Credit Agreement" appearing in the second sentence of the introductory paragraph thereof and

inserting the words "the 5-year Credit Agreement or the 364-Day Credit Agreement, as the case may be" in lieu thereof.

8. The definition of "Administrative Agent" appearing in Section 1.01(a) of the Mortgage is hereby deleted in its entirety and the following new definition is inserted in lieu thereof:

"Administrative Agents" shall have the meaning provided in the second recital of this Mortgage.

9. The definition of "Bank" appearing in Section 1.01(a) of the Mortgage is hereby amended by deleting the word "First" appearing therein and inserting the word "Second" in lieu thereof.

10. The definition of "Credit Agreement" appearing in Section 1.01(a) of the Mortgage is hereby deleted in its entirety and the following new definition is inserted in lieu thereof:

"Credit Agreements" shall have the meaning provided in the second recital of this Mortgage.

11. The definition of "Interest Rate" appearing in Section 1.01(a) of the Mortgage is hereby deleted in its entirety and the following new definition is inserted in lieu thereof:

"Interest Rate" is defined in Section 1.08(c) of the 5-Year Credit Agreement.

12. Section 1.01(a) of the Mortgage is hereby further amended by inserting in the appropriate alphabetical order the following new definitions:

"5-Year Administrative Agent" shall have the meaning provided in the first recital of this Mortgage.

"5-Year Banks" shall have the meaning provided in the first recital of this Mortgage.

"5-Year Credit Agreement" shall have the meaning provided in the first recital of this Mortgage.

"364-Day Administrative Agent" shall have the meaning provided in the second recital of this Mortgage.

"364-Day Banks" shall have the meaning provided in the second recital of this Mortgage.

"364-Day Credit Agreement" shall have the meaning provided in the second recital of this Mortgage.

13. Section 1.01(b) of the Mortgage is hereby amended by deleting the word "the" appearing immediately before the words "Credit Agreement" appearing therein and inserting the word "each" in lieu thereof.

14. Section 2.07(a) of the Mortgage is hereby amended by deleting the words "Administrative Agent has" and inserting the words "Administrative Agents have" in lieu thereof.

15. Section 2.13(a) of the Mortgage is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "5-Year Credit and Section 9 of the 364 Day Credit Agreement" in lieu thereof.

16. Section 2.14(a) of the Mortgage is hereby amended by deleting the words "Credit Agreement" and inserting the words "Credit Agreements" in lieu thereof.

17. Section 3.06 of the Mortgage is hereby amended by deleting the words "Administrative Agent" appearing therein and inserting the word "Mortgagee" in lieu thereof.

18. Section 4.01(a) of the Mortgage is hereby amended by (i) inserting the words ", Competitive Bid Loans" immediately following the words "Revolving Loans" appearing therein and (ii) deleting the words "Credit Agreement" each place such words appear therein and inserting the words "respective Credit Agreements" in lieu thereof in each such place.

19. Section 4.01(b) of the Mortgage is hereby amended by deleting the amount "\$650,000,000" appearing therein and inserting the amount "\$750,000,000" in lieu thereof.

20. Section 4.03 of the Mortgage is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "5-Year Credit Agreement and Section 12.01 of the 364-Day Credit Agreement" in lieu thereof.

21. Section 5.01(a) of the Mortgage is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "5-Year Credit Agreement and Section 9 of the 364-Day Credit Agreement" in lieu thereof.

22. Section 5.01(b) of the Mortgage is hereby amended by deleting the word "the" appearing immediately before the words "Credit Agreement" each place such word so appears therein and inserting the word "each" in lieu thereof in each such place.

23. Section 7.01(b) of the Mortgage is hereby amended by deleting the words "Administrative Agent" appearing therein and inserting the words "Administrative Agents" in lieu thereof.

24. Each Mortgagor hereby reaffirms to the Secured Parties each of their representations, warranties, covenants and agreements set forth in the Mortgage with the same force and affect as if each were separately stated herein and made as of the date hereof.

25. Each Mortgagor hereby ratifies, affirms, reaffirms, acknowledges, confirms and agrees that the Mortgage, as modified by this Amendment, and each and every other document and/or instrument which evidences and/or secures payment of the Secured Obligations represent the valid, enforceable and collectible obligations of the Mortgagors and further acknowledges there are no existing claims, defenses, personal or otherwise, or rights of set-off whatsoever with respect to any of the aforementioned instruments and/or documents known to the Mortgagors and further acknowledges and represents that, to the Mortgagors' knowledge no event has occurred and no condition exists which would constitute a default under the Mortgage or this Amendment either with or without notice or lapse of time or both.

26. Each Mortgagor hereby waives, discharges and releases forever any and all existing claims and defenses,

personal or otherwise, and rights of set-off known to each of them that it may have against the Mortgagee or any other Secured Party or which might affect the enforceability by the Mortgagee or any other Secured Party of their various rights and remedies under the Mortgage or any of the other Credit Documents.

27. Except as specifically modified herein, all of the terms and provisions of the Mortgage and all other documents executed by the parties hereto or binding upon the parties hereto in connection with the Mortgage are ratified and reaffirmed by the parties hereto, and are incorporated herein by reference, the Mortgagors specifically acknowledging the validity and enforceability thereof.

28. The Mortgagors agree to pay all costs in connection herewith, including, but without limitation, recordation and filing fees, taxes, reasonable attorneys' fees and expenses charges for title examination and title insurance premiums. The Mortgagors further agree to have the Mortgagee's existing title insurance policy updated at its sole cost and expense, the endorsement thereto being subject to the Mortgagee's approval to the extent provided in the 5-Year Credit Agreement and the 364-Day Credit Agreement.

29. The liens, security interests, assignments and other rights evidenced by the Mortgage are hereby renewed, extended and modified to secure the Secured Obligations.

30. This Amendment is limited as specified and other than the specific amendments contained herein shall not constitute an amendment, modification or waiver of, or otherwise affect, in any way, any other provisions of the Mortgage. As modified hereby, the Mortgage is ratified and confirmed in all respects.

31. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with the Mortgagors and the Mortgagee.

32. This Amendment shall become effective on the date (the "First Amendment Effective Date") on which (i) the Mortgagors and the Mortgagee shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of telecopier) the same to the Mortgagee, (ii) the Restatement Effective Date under, and as defined in, the 5-Year Credit Agreement occurs and (iii) the Effective Date under, and as defined in, the 364-Day Credit Agreement occurs.

33. From and after the First Amendment Effective Date, all references in the Mortgage and each of the Credit Documents to the Mortgage shall be deemed to be references to the Mortgage as amended hereby.

IN WITNESS WHEREOF, each of the parties hereto
has caused a counterpart of this Amendment to be duly
executed and delivered as of the date first above written.

Mortgagors:

HARRAH'S OPERATING COMPANY, INC.

By _____
Name:
Title:

MARINE ASSOCIATES

By: HARRAH'S ATLANTIC CITY, INC.
general partner

By: _____
Name:
Title:

By: HARRAH'S NEW JERSEY, INC.
general partner

By: _____
Name:
Title:

Mortgagee:

BANKERS TRUST COMPANY

By _____
Name:
Title:

[_____ County, Nevada]

Recording Requested By

EXHIBIT J-2

and when Recorded
Return to:

White & Case
1155 Avenue of the Americas
New York, New York 10036
Attention: Jeffrey J. Temple, Esq.

FIRST AMENDMENT TO DEED OF TRUST, LEASEHOLD DEED OF TRUST,
ASSIGNMENT, ASSIGNMENT OF LEASES AND RENTS, SECURITY
AGREEMENT AND FINANCING STATEMENT

FIRST AMENDMENT TO DEED OF TRUST, LEASEHOLD DEED
OF TRUST, ASSIGNMENT, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FINANCING STATEMENT (this
"Amendment"), dated as of _____, 1995, among
HARRAH'S OPERATING COMPANY, INC. (formerly known as Embassy
Suites, Inc.) (the "Company"), HARRAH'S LAUGHLIN, INC.
("Laughlin"), HARRAH'S RENO HOLDING COMPANY, INC. ("Reno",
and together with the Company and Laughlin, the "Grantors"
and each a "Grantor"), HARRAH'S ("Harrah's"), HARRAH'S CLUB
("Harrah's Club") and HARRAH'S LAS VEGAS, INC. ("Harrah's
Las Vegas", and together with Harrah's and Harrah's Club,
the "Collateral Grantors" and each a "Collateral Grantor")
and BANKERS TRUST COMPANY, not in its individual capacity
but solely as Collateral Agent (the "Beneficiary"). Except
as otherwise defined herein, capitalized terms used herein
and defined in the Deed of Trust referred to below shall be
used herein as so defined.

W I T N E S S E T H :
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WHEREAS, Harrah's Entertainment, Inc. (formerly
known as The Promus Companies Incorporated) ("Parent"), the
Company, each Subsidiary Borrower thereunder, the financial
institutions (the "5-Year Banks") from time to time party
thereto, Bankers Trust Company, The Bank of New York, CIBC,
Inc., Credit Lyonnais, Atlanta Agency, First Interstate
Bank of California, The Long-Term Credit Bank of Japan,
Limited, New York Branch, NationsBank of Georgia, N.A.,
Societe Generale and The Sumitomo Bank, Limited, New York
Branch, as Agents, and Bankers Trust Company, as
Administrative Agent

(together with any successor administrative agent, the "5-Year Administrative Agent"), have entered into a Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement");

WHEREAS, Parent, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "364-Day Banks," and together with the 5-Year Banks, the "Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Credit Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements");

WHEREAS, in connection with the initial execution of the 5-Year Credit Agreement, the Grantors and the Collateral Grantors executed and delivered to the Trustee and the Beneficiary a Deed of Trust, Leasehold Deed of Trust, Assignment, Assignment of Leases and Rents, Security Agreement and Financing Statement, dated as of July 22, 1993 (as amended, modified or supplemented from time to time, the "Deed of Trust");

WHEREAS, the parties hereto wish to amend the Deed of Trust to provide that the 364-Day Banks and the 364-Day Administrative Agent are secured on a pari passu

basis with the 5-Year Banks, the 5-Year Administrative Agent and the Secured Interest Rate Protection Creditors with respect to the Collateral and to renew and extend the liens granted therein;

WHEREAS, it is a condition precedent to the extensions of credit under the Credit Agreements that the Grantors and Collateral Grantors shall have executed and delivered this Amendment to the Beneficiary; and

WHEREAS, the parties hereto wish to amend the Deed of Trust as herein provided.

NOW, THEREFORE, it is agreed:

1. The first recital of the Deed of Trust is hereby deleted in its entirety and the following two new recitals are inserted in lieu thereof:

"WHEREAS, Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated) ("Parent"), the Company, each Subsidiary Borrower thereunder, the financial institutions (the "5-Year Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "5-Year Administrative Agent"), have entered into a Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement");

WHEREAS, Parent, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "364-Day Banks," and together with the 5-Year Banks, the "Banks"), Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any

successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements");".

2. Each reference to the word "Embassy" contained in the Deed of Trust shall be deemed deleted and the words "the Company" shall be inserted in lieu thereof.

3. The fifth recital (before giving effect to this Amendment) of the Deed of Trust is hereby amended by deleting (i) the words "Credit Agreement" appearing therein and inserting the words "respective Credit Agreements" in lieu thereof, (ii) the words "Administrative Agent" appearing therein and inserting the words "Administrative Agents" in lieu thereof and (iii) the amount "\$650,000,000" appearing therein and inserting the amount "\$750,000,000" in lieu thereof.

4. The seventh recital (before giving effect to this Amendment) of the Deed of Trust is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

5. The eighth recital (before giving effect to this Amendment) of the Deed of Trust is hereby amended by (i) deleting the words "Administrative Agent" appearing therein and inserting the words "Administrative Agents" in lieu thereof and (ii) deleting the words "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

6. The first paragraph of the granting clauses of the Deed of Trust is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

7. Section 1.01(a) of the Deed of Trust is hereby amended by deleting the words "Credit Agreement" appearing in the second sentence of the introductory paragraph thereof and

inserting the words "the 5-year Credit Agreement or the 364-Day Credit Agreement, as the case may be" in lieu thereof.

8. The definition of "Administrative Agent" appearing in Section 1.01(a) of the Deed of Trust is hereby deleted in its entirety and the following new definition is inserted in lieu thereof:

"Administrative Agents" shall have the meaning provided in the second recital of this Deed of Trust.

9. The definition of "Banks" appearing in Section 1.01(a) of the Deed of Trust is hereby amended by deleting the word "First" appearing therein and inserting the word "Second" in lieu thereof.

10. The definition of "Credit Agreement" appearing in Section 1.01(a) of the Deed of Trust is hereby deleted in its entirety and the following new definition is inserted in lieu thereof:

"Credit Agreements" shall have the meaning provided in the second recital of this Deed of Trust.

11. The definition of "Interest Rate" appearing in Section 1.01(a) of the Deed of Trust is hereby deleted in its entirety and the following new definition is inserted in lieu thereof:

"Interest Rate" is defined in Section 1.08(c) of the 5-Year Credit Agreement.

12. Section 1.01(a) of the Deed of Trust is hereby further amended by inserting in the appropriate alphabetical order the following new definitions:

"5-Year Administrative Agent" shall have the meaning provided in the first recital of this Deed of Trust.

"5-Year Banks" shall have the meaning provided in the first recital of this Deed of Trust.

"5-Year Credit Agreement" shall have the meaning provided in the first recital of this Deed of Trust.

"364-Day Administrative Agent" shall have the meaning provided in the second recital of this Deed of Trust.

"364-Day Banks" shall have the meaning provided in the second recital of this Deed of Trust.

"364-Day Credit Agreement" shall have the meaning provided in the second recital of this Deed of Trust.

13. Section 1.01(b) of the Deed of Trust is hereby amended by deleting the word "the" appearing immediately before the words "Credit Agreement" appearing therein and inserting the word "each" in lieu thereof.

14. Section 2.07(a) of the Deed of Trust is hereby amended by deleting the words "Administrative Agent has" and inserting the words "Administrative Agents have" in lieu thereof.

15. Section 2.13(a) of the Deed of Trust is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "5-Year Credit and Section 9 of the 364 Day Credit Agreement" in lieu thereof.

16. Section 2.14(a) of the Deed of Trust is hereby amended by deleting the words "Credit Agreement" and inserting the words "Credit Agreements" in lieu thereof.

17. Section 3.06 of the Deed of Trust is hereby amended by deleting the words "Administrative Agent" appearing therein and inserting the word "Beneficiary" in lieu thereof.

18. Section 4.01(a) of the Deed of Trust is hereby amended by (i) inserting the words ", Competitive Bid Loans" immediately following the words "Revolving Loans" appearing therein and (ii) deleting the words "Credit Agreement" each place such words appear therein and inserting the words "respective Credit Agreements" in lieu thereof in each such place.

19. Section 4.01(b) of the Deed of Trust is hereby amended by deleting the amount "\$650,000,000" appearing

therein and inserting the amount "\$750,000,000" in lieu thereof.

20. Section 4.03 of the Deed of Trust is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "5-Year Credit Agreement and Section 12.01 of the 364-Day Credit Agreement" in lieu thereof.

21. Section 5.01(a) of the Deed of Trust is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "5-Year Credit Agreement and Section 9 of the 364-Day Credit Agreement" in lieu thereof.

22. Section 5.01(b) of the Deed of Trust is hereby amended by deleting the word "the" appearing immediately before the words "Credit Agreement" each place such word so appears therein and inserting the word "each" in lieu thereof in each such place.

23. Section 7.01(b) of the Deed of Trust is hereby amended by deleting the words "Administrative Agent" appearing therein and inserting the words "Administrative Agents" in lieu thereof.

24. Each Grantor and each Collateral Grantor hereby reaffirms to the Secured Parties each of their representations, warranties, covenants and agreements set forth in the Deed of Trust with the same force and affect as if each were separately stated herein and made as of the date hereof.

25. Each Grantor and each Collateral Grantor hereby ratifies, affirms, reaffirms, acknowledges, confirms and agrees that the Deed of Trust, as modified by this Amendment, and each and every other document and/or instrument which evidences and/or secures payment of the Secured Obligations represent the valid, enforceable and collectible obligations of the Grantors and Collateral Grantors and further acknowledges there are no existing claims, defenses, personal or otherwise, or rights of set-off whatsoever with respect to any of the aforementioned instruments and/or documents known to the Grantors and Collateral Grantors and further acknowledges and represents that, to the Grantors' and Collateral Grantors' knowledge no

event has occurred and no condition exists which would constitute a default under the Deed of Trust or this Amendment either with or without notice or lapse of time or both.

26. Each Grantor and each Collateral Grantor hereby waives, discharges and releases forever any and all existing claims and defenses, personal or otherwise, and rights of set-off known to each of them that it may have against the Beneficiary or any other Secured Party or which might affect the enforceability by the Beneficiary or any other Secured Party of their various rights and remedies under the Deed of Trust or any of the other Credit Documents.

27. Except as specifically modified herein, all of the terms and provisions of the Deed of Trust and all other documents executed by the parties hereto or binding upon the parties hereto in connection with the Deed of Trust are ratified and reaffirmed by the parties hereto, and are incorporated herein by reference, the Grantors and Collateral Grantors specifically acknowledging the validity and enforceability thereof.

28. The Grantors agree to pay all costs in connection herewith, including, but without limitation, recordation and filing fees, taxes, reasonable attorneys' fees and expenses charges for title examination and title insurance premiums. The Grantors further agree to have the Beneficiary's existing title insurance policy updated at its sole cost and expense, the endorsement thereto being subject to the Beneficiary's approval to the extent provided in the 5-Year Credit Agreement and the 364-Day Credit Agreement.

29. The liens, security interests, assignments and other rights evidenced by the Deed of Trust are hereby renewed, extended and modified to secure the Secured Obligations.

30. This Amendment is limited as specified and other than the specific amendments contained herein shall not constitute an amendment, modification or waiver of, or otherwise affect, in any way, any other provisions of the Deed of Trust. As modified hereby, the Deed of Trust is ratified and confirmed in all respects.

31. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with the Grantors, the Collateral Grantors and the Beneficiary.

32. This Amendment shall become effective on the date (the "First Amendment Effective Date") on which (i) each Grantor, each Collateral Grantor and the Beneficiary shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of telecopier) the same to the Beneficiary, (ii) the Restatement Effective Date under, and as defined in, the 5-Year Credit Agreement occurs and (iii) the Effective Date under, and as defined in, the 364-Day Credit Agreement occurs.

33. From and after the First Amendment Effective Date, all references in the Deed of Trust and each of the Credit Documents to the Deed of Trust shall be deemed to be references to the Deed of Trust as amended hereby.

IN WITNESS WHEREOF, each of the parties hereto
has caused a counterpart of this Amendment to be duly
executed and delivered as of the date first above written.

Grantors:

HARRAH'S OPERATING COMPANY, INC.

By

Name:

Title:

HARRAH'S LAUGHLIN, INC.

By

Name:

Title:

HARRAH'S RENO HOLDING
COMPANY, INC.

By

Name:

Title:

Collateral Grantors:

HARRAH'S

By

Name:

Title:

HARRAH'S CLUB

By _____
Name:
Title:

HARRAH'S LAS VEGAS, INC.

By _____
Name:
Title:

Beneficiary:

BANKERS TRUST COMPANY

By _____
Name:
Title:

FIRST AMENDMENT TO ASSIGNMENT OF
PARTNERSHIP INTERESTS AGREEMENT

FIRST AMENDMENT TO ASSIGNMENT OF PARTNERSHIP INTERESTS AGREEMENT (this "Amendment"), dated as of _____, 1995, among HARRAH'S NEW JERSEY, INC., HARRAH'S ATLANTIC CITY, INC. (each a "Partner"), and BANKERS TRUST COMPANY, not in its individual capacity but solely as Collateral Agent (the "Collateral Agent"). Except as otherwise defined herein, capitalized terms used herein and defined in the Assignment of Partnership Interests Agreement referred to below shall be used herein as so defined.

W I T N E S S E T H :
- - - - -

WHEREAS, Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated) ("Parent"), Harrah's Operating Company, Inc. (formerly known as Embassy Suites, Inc.) (the "Company"), each Subsidiary Borrower thereunder, the financial institutions (the "5-Year Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "5-Year Administrative Agent"), have entered into a Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement");

WHEREAS, Parent, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "364-Day Banks," and together with the 5-Year Banks, the "Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit

Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Credit Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements");

WHEREAS, in connection with the initial execution of the 5-Year Credit Agreement, the Partners and the Collateral Agent entered into the Assignment of Partnership Interests Agreement, dated as of July 22, 1993 (as amended, modified or supplemented from time to time, the "Assignment of Partnership Interests Agreement");

WHEREAS, the parties hereto wish to amend the Assignment of Partnership Interests Agreement to provide that the 364-Day Banks and the 364-Day Administrative Agent are secured on a pari passu basis with the 5-Year Banks,

the 5-Year Administrative Agent and the Secured Interest Rate Protection Creditors with respect to the Partnership Interests;

WHEREAS, it is a condition precedent to the extensions of credit under the Credit Agreements that each Partner shall have executed and delivered this Amendment to the Collateral Agent; and

WHEREAS, the parties hereto wish to amend the Assignment of Partnership Interests Agreement as herein provided;

NOW, THEREFORE, it is agreed:

1. The second sentence of the introductory paragraph of the Assignment of Partnership Interests Agreement is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "5-Year

Credit Agreement or 364-Day Credit Agreement, as the case may be," in lieu thereof.

2. The first recital of the Assignment of Partnership Interests Agreement is hereby deleted in its entirety and the following two new recitals are inserted in lieu thereof:

"WHEREAS, Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated) ("Parent"), Harrah's Operating Company, Inc. (formerly known as Embassy Suites, Inc.) (the "Company"), each Subsidiary Borrower thereunder, the financial institutions (the "5-Year Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "5-Year Administrative Agent"), have entered into a Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement");

WHEREAS, Parent, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "364-Day Banks," and together with the 5-Year Banks, the "Banks"), Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated

therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements");".

3. The fourth recital (before giving effect to this Amendment) of the Assignment of Partnership Interests Agreement is hereby deleted in its entirety and the following new recital is inserted in lieu thereof:

"WHEREAS, in order to induce the Administrative Agents and the Banks to provide the credit facilities pursuant to the Credit Agreements, the Collateral Grantors are willing to secure the Secured Obligations (as defined in the Master Collateral Agreement) by this Agreement and the other Collateral Documents and the parties hereto are willing to enter into the agreements set forth herein with respect to the Partnership Interests (as defined below);".

4. The fifth recital (before giving effect to this Amendment) of the Assignment of Partnership Interests Agreement is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

5. Each Partner hereby reaffirms its obligations under the Assignment of Partnership Interests Agreement and the grant by such Partner of the security interests in and to the Partnership Interests contemplated thereby.

6. This Amendment is limited as specified and shall not constitute a modification, acceptance or waiver of any other provision of the Assignment of Partnership Interests Agreement.

7. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with the Partners and the Collateral Agent.

8. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

9. This Amendment shall become effective on the date (the "First Amendment Effective Date") on which (i) each Partner and the Collateral Agent shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of telecopier) the same to the Collateral Agent, (ii) the Restatement Effective Date under, and as defined in, the 5-Year Credit Agreement occurs and (iii) the Effective Date under, and as defined in, the 364-Day Credit Agreement occurs.

10. From and after the First Amendment Effective Date, all references in the Assignment of Partnership Interests Agreement and each of the Credit Documents to the Assignment of Partnership Interests Agreement shall be deemed to be references to the Assignment of Partnership Interests Agreement as amended hereby.

IN WITNESS WHEREOF, each of the parties hereto
has caused a counterpart of this Amendment to be duly
executed and delivered as of the date first above written.

HARRAH'S NEW JERSEY, INC.,
as a Partner

By _____
Name:
Title:

HARRAH'S ATLANTIC CITY, INC.,
as a Partner

By _____
Name:
Title:

BANKERS TRUST COMPANY,
as Collateral Agent

By _____
Name:
Title:

Acknowledged and Accepted

MARINA ASSOCIATES,
a New Jersey partnership
By Its General Partners

By: HARRAH'S NEW JERSEY, INC.
a New Jersey corporation

By: _____
Name:
Title:

By: HARRAH'S ATLANTIC CITY, INC.,
a New Jersey corporation

By: _____
Name:
Title:

This instrument was prepared by the [Atlantic County, New Jersey]
attorney described below:

Jeffrey J. Temple

Recording Requested By

EXHIBIT L

and when Recorded
Return to:

White & Case
1155 Avenue of the Americas
New York, New York 10036
Attention: Jeffrey J. Temple, Esq.

FIRST AMENDMENT TO ASSIGNMENT OF LEASES AND RENTS

FIRST AMENDMENT TO ASSIGNMENT OF LEASES AND RENTS
(this "Amendment"), dated as of _____, 1995, among
HARRAH'S OPERATING COMPANY, INC. (formerly known as Embassy
Suites, Inc.) (the "Company"), MARINA ASSOCIATES ("Marina",
each of Marina and the Company being an "Assignor" and,
collectively, the "Assignors") and BANKERS TRUST COMPANY,
not in its individual capacity but solely as Collateral
Agent (the "Assignee"). Except as otherwise defined
herein, capitalized terms used herein and defined in the
Assignment referred to below shall be used herein as so
defined.

W I T N E S S E T H :
- - - - -

WHEREAS, Harrah's Entertainment, Inc. (formerly
known as The Promus Companies Incorporated) ("Parent"), the
Company, each Subsidiary Borrower thereunder, the financial
institutions (the "5-Year Banks") from time to time party
thereto, Bankers Trust Company, The Bank of New York, CIBC,
Inc., Credit Lyonnais, Atlanta Agency, First Interstate
Bank of California, The Long-Term Credit Bank of Japan,
Limited, New York Branch, NationsBank of Georgia, N.A.,
Societe Generale and The Sumitomo Bank, Limited, New York
Branch, as Agents, and Bankers Trust Company, as
Administrative Agent (together with any successor
administrative agent, the "5-Year Administrative Agent"),
have entered into a Credit Agreement, dated as of July 22,
1993 and amended and restated

as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement");

WHEREAS, Parent, the Company, each Subsidiary Borrower thereunder, the financial institutions (the "364-Day Banks," and together with the 5-Year Banks, the "Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Credit Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements");

WHEREAS, in connection with the initial execution of the 5-Year Credit Agreement, the Assignors executed and delivered to the Assignee an Assignment of Leases and Rents, dated as of July 22, 1993 (as amended, modified or supplemented from time to time, the "Assignment");

WHEREAS, the parties hereto wish to amend the Assignment to provide that the 364-Day Banks and the 364-Day Administrative Agent are secured on a pari passu basis

with the 5-Year Banks, the 5-Year Administrative Agent and the Secured Interest Rate Protection Creditors with respect to the Collateral and to renew and extend the liens and security interests granted therein;

WHEREAS, it is a condition precedent to the extensions of credit under the Credit Agreements that the Assignors shall have executed and delivered this Amendment to the Assignee; and

WHEREAS, the parties hereto wish to amend the Assignment as herein provided.

NOW, THEREFORE, it is agreed:

1. Recital B. of the Assignment is hereby deleted in its entirety and the following new recital B is inserted in lieu thereof:

"B. Marina is an indirect, Wholly-Owned Subsidiary (as such term is defined in the Credit Agreement) of the Company. The Company is a direct, Wholly-Owned Subsidiary of Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated) (the "Parent"). The Company, the Parent, each Subsidiary Borrower thereunder, the financial institutions (the "5-Year Banks") from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "5-Year Administrative Agent"), have entered into a Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, providing for the making of loans and the issuance of, and participation in, letters of credit as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "5-Year Credit Agreement"). The Company, the Parent, each Subsidiary Borrower thereunder, the financial institutions from time to time party thereto (the "364-Day Banks," and together with the 5-Year Banks, the "Banks"), Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "364-Day Administrative Agent," and together with the 5-Year Administrative Agent, the "Administrative

Agents"), have entered into a Credit Agreement, dated as of June 9, 1995, providing for the making of loans as contemplated therein (as amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time, the "364-Day Agreement," and together with the 5-Year Credit Agreement, the "Credit Agreements")."

2. Each reference to the word "Embassy" contained in the Assignment shall be deemed deleted and the words "the Company" shall be inserted in lieu thereof.

3. Recital D. of the Assignment is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "respective Credit Agreements" in lieu thereof.

4. Recital E. of the Assignment is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "respective Credit Agreements" in lieu thereof.

5. Recital F. of the Assignment is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "respective Credit Agreements" in lieu thereof.

6. Recital G. of the Assignment is hereby amended by deleting the words (i) "Administrative Agent" appearing therein and inserting the words "Administrative Agents" in lieu thereof and (ii) "Credit Agreement" appearing therein and inserting the words "Credit Agreements" in lieu thereof.

7. Recital H. of the Assignment is hereby amended by deleting the reference to the amount "\$650,000,000" appearing therein and inserting the amount "\$750,000,000" in lieu thereof.

8. The first paragraph of the granting clauses of the Assignment is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "the 5-year Credit Agreement or the 364-Day Credit Agreement, as the case may be," in lieu thereof.

9. Section 1 of the Assignment is hereby further amended by inserting in the appropriate alphabetical order the following new definitions:

"5-Year Administrative Agent" shall have the meaning provided in the Recital B. of this Assignment.

"5-Year Banks" shall have the meaning provided in the Recital B. of this Assignment.

"5-Year Credit Agreement" shall have the meaning provided in the Recital B. of this Assignment.

"364-Day Administrative Agent" shall have the meaning provided in the Recital B. of this Assignment.

"364-Day Banks" shall have the meaning provided in the Recital B. of this Assignment.

"364-Day Credit Agreement" shall have the meaning provided in the Recital B. of this Assignment.

10. Section 6(a) of the Assignment is hereby amended by deleting the words "Credit Agreement" appearing therein and inserting the words "5-Year Credit Agreement and Section 9 of the 364-Day Credit Agreement" in lieu thereof.

11. Each Assignor hereby reaffirms to the Secured Parties each of their representations, warranties, covenants and agreements set forth in the Assignment with the same force and effect as if each were separately stated herein and made as of the date hereof.

12. Each Assignor hereby ratifies, affirms, reaffirms, acknowledges, confirms and agrees that the Assignment, as modified by this Amendment, and each and every other document and/or instrument which evidences and/or secures payment of the Secured Obligations represent the valid, enforceable and collectible obligations of the Assignors and further acknowledges there are no existing claims, defenses, personal or otherwise, or rights of set-off whatsoever with respect to any of the aforementioned instruments and/or documents known to the Assignors and further acknowledges and represents that, to the Assignors's knowledge no event has occurred and no condition exists which

would constitute a default under the Assignment or this Amendment either with or without notice or lapse of time or both.

13. Each Assignor hereby waives, discharges and releases forever any and all existing claims and defenses, personal or otherwise, and rights of set-off known to each of them that it may have against the Assignee or any other Secured Party or which might affect the enforceability by the Assignee or any other Secured Party of their various rights and remedies under the Assignment or any of the other Credit Documents.

14. Except as specifically modified herein, all of the terms and provisions of the Assignment and all other documents executed by the parties hereto or binding upon the parties hereto in connection with the Assignment are ratified and reaffirmed by the parties hereto, and are incorporated herein by reference, the Assignors specifically acknowledging the validity and enforceability thereof.

15. The Assignors agree to pay all costs in connection herewith, including, but without limitation, recordation and filing fees, taxes, reasonable attorneys' fees and expenses charges for title examination and title insurance premiums.

16. The liens, security interests, assignments and other rights evidenced by the Assignment are hereby renewed, extended and modified to secure the Secured Obligations.

17. This Amendment is limited as specified and other than the specific amendments contained herein shall not constitute an amendment, modification or waiver of, or otherwise affect, in any way, any other provisions of the Assignment. As modified hereby, the Assignment is ratified and confirmed in all respects.

18. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with the Assignors and the Assignee.

19. This Amendment shall become effective on the date (the "First Amendment Effective Date") on which (i) the Assignors and the Assignee shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of telecopier) the same to the Assignee, (ii) the Restatement Effective Date under, and as defined in, the 5-Year Credit Agreement occurs and (iii) the Effective Date under, and as defined in, the 364-Day Credit Agreement occurs.

20. From and after the First Amendment Effective Date, all references in the Assignment and each of the Credit Documents to the Assignment shall be deemed to be references to the Assignment as amended hereby.

IN WITNESS WHEREOF, each of the parties hereto
has caused a counterpart of this Amendment to be duly
executed and delivered as of the date first above written.

Assignors:

HARRAH'S OPERATING COMPANY, INC.

By

Name:

Title:

MARINE ASSOCIATES

By: HARRAH'S ATLANTIC CITY, INC.
general partner

By: _____

Name:

Title:

By: HARRAH'S NEW JERSEY, INC.
general partner

By: _____

Name:

Title:

Assignee:

BANKERS TRUST COMPANY

By

Name:

Title:

EXHIBIT M

[Letterhead of Agent for Service of Process]

[Date]

To the Administrative Agents
and the financial institutions party
to the Credit Agreements referred
to below:

Ladies and Gentlemen:

Reference is made to the (i) Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, among Harrah's Entertainment Inc. (formerly known as The Promus Companies Incorporated) ("Parent"), Harrah's Operating Company, Inc. (formerly known as Embassy Suites, Inc.) (the "Company"), each Subsidiary Borrower thereunder (as defined therein), the financial institutions from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (as such Credit Agreement may be modified, supplemented, amended, amended and restated or extended from time to time, the "5-Year Credit Agreement"), (ii) the Credit Agreement, dated as of June 9, 1995, among Parent, the Company, each Subsidiary Borrower thereunder (as defined therein), the financial institutions from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (as such Credit Agreement may be modified, supplemented, amended, amended and restated or extended from time to time, the "364-Day Credit Agreement") and (iii) the Guaranty, dated as of July 22, 1993 (as may be amended, modified or supplemented from time to time, the "Company/Sub Guaranty"), made by each Guarantor party thereto (each such Guarantor, together with Parent, the Company and each Subsidiary Borrower are herein called the "Credit Parties," and each a "Credit Party").

Each Credit Party, pursuant to Section 13.08 of the 5-Year Credit Agreement, Section 12.08 of the 364-Day Credit Agreement or Section 18 of the Company/Sub Guaranty, as the case may be, has irrevocably designated, appointed and empowered the undersigned, CT Corporation System, with offices currently located at 1633 Broadway, New York, New York 10019, as its authorized designee, appointee and agent to receive, accept and acknowledge for and on its behalf, and in respect of its property, service of any and all legal process, summons, notices and documents which may be served in any such legal action or proceeding with respect to the 5-Year Credit Agreement, the 364-Day Credit Agreement or any other Credit Document (as defined in each such Credit Agreement) in the courts of the State of New York or of the United States of America for the Southern District of New York.

The undersigned hereby informs you that it irrevocably accepts such appointment as agent as set forth in Section 13.08 of the 5-Year Credit Agreement, Section 12.08 of the 364-Day Credit Agreement and Section 18 of the Company/Sub Guaranty and agrees with you that the undersigned (i) shall inform each Administrative Agent promptly in writing of any change of its address in New York City, (ii) shall perform its obligations as such process agent in accordance with the provisions of Section 13.08 of the 5-Year Credit Agreement, Section 12.08 of the 364-Day Credit Agreement and Section 18 of the Company/Sub Guaranty and (iii) shall forward promptly to each Credit Party any legal process received by the undersigned in its capacity as process agent.

As process agent, the undersigned, and its successor or successors, agree to discharge the above-mentioned obligations and will not refuse fulfillment of such obligations under Section 13.08 of the 5-Year Credit Agreement, Section 12.08 of the 364-Day Credit Agreement and Section 18 of the Company/Sub Guaranty.

Very truly yours,

CT CORPORATION SYSTEM

By _____
Title:

OFFICER'S SOLVENCY CERTIFICATE

I, the undersigned, the Chief Financial Officer of HARRAH'S ENTERTAINMENT, INC., a corporation organized and existing under the laws of the State of Delaware ("Parent"), do hereby certify on behalf of Parent that:

1. This Certificate is furnished pursuant to (i) Section 5.18(i) of the Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, among Parent, Harrah's Operating Company, Inc. (the "Company"), each Subsidiary Borrower, the financial institutions from time to time party thereto (the "Banks"), Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (such Credit Agreement, as in effect on the date of this Certificate, being herein called the "5-Year Credit Agreement") and (ii) Section 4.18(i) of the Credit Agreement, dated as of June 9, 1995, among Parent, the Company, each Subsidiary Borrower, the Banks, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (such Credit Agreement, as in effect on the date of this Certificate, being herein called the "364-Day Credit Agreement"). Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the Credit Agreement.

2. For purposes of this Certificate, the terms below shall have the following definitions:

(a) "Fair Value"

The amount at which the assets, in their entirety, of Parent (on a stand alone basis), Parent and its

Subsidiaries (on a consolidated basis) and the Company and each Subsidiary Borrower (each on a stand alone basis), in each case would change hands between a willing buyer and a willing seller, within a commercially reasonable period of time, each having reasonable knowledge of the relevant facts, with neither being under any compulsion to act.

(b) "Present Fair Salable Value"

The amount that could be obtained by an independent willing seller from an independent willing buyer if the assets of each of Parent (on a stand alone basis), Parent and its Subsidiaries (on a consolidated basis) and the Company and each Subsidiary Borrower (each on a stand alone basis) are sold with reasonable promptness under normal selling conditions in a current market.

(c) "New Financing"

The indebtedness incurred or to be incurred by Parent and its Subsidiaries under the Credit Documents and the 364-Day Credit Agreement (assuming the full utilization by the Borrowers of the Total Revolving Loan Commitment and the Total 364-Day Revolving Loan Commitment) and all other financing contemplated by the Credit Documents, in each case after giving effect to the Hotel Transaction and the incurrence of all financings contemplated therewith.

(d) "Stated Liabilities"

The recorded liabilities (including Contingent Liabilities that would be recorded in accordance with generally accepted accounting principles ("GAAP") consistently applied) of each of Parent (on a stand alone basis), Parent and its Subsidiaries (on a consolidated basis) and the Company and each Subsidiary Borrower (each on a stand alone basis), in each case at December 31, 1994, together with (i) the net change in long-term debt (including current maturities) between December 31, 1994 and the date hereof and (ii) without duplication, the amount of all New Financing.

(e) "Contingent Liabilities"

The maximum estimated amount of liability reasonably likely to result from pending litigation, asserted claims and assessments, guaranties, uninsured risks and other contingent liabilities of each of Parent (on a stand alone basis), Parent and its Subsidiaries (on a consolidated basis) and the Company and each Subsidiary Borrower (each on a stand alone basis) (exclusive of such Contingent Liabilities to the extent reflected in Stated Liabilities).

(f) "Will be able to pay its Stated Liabilities, including Contingent Liabilities, as they mature"

For the period from the date hereof through the stated maturity of all New Financing, each of Parent (on a stand alone basis), Parent and its Subsidiaries (on a consolidated basis) and the Company and each Subsidiary Borrower (each on a stand alone basis) will have sufficient assets and cash flow to pay its respective Stated Liabilities and Contingent Liabilities as those liabilities mature or otherwise become due.

(g) For purposes of the foregoing definitions, the Contingent Liability of any of the Guarantors (other than the Company) with respect to the Guaranteed Obligations (as defined in the respective Guaranty) shall be deemed to be reduced by the amount of the expected contribution by the Company, any Subsidiary Borrower and the other Guarantors with respect thereto.

(h) "Does not have Unreasonably Small Capital"

For the period from the date hereof through the stated maturity of all New Financing, each of Parent (on a stand alone basis), Parent and its Subsidiaries (on a consolidated basis) and the Company and each Subsidiary Borrower (each on a stand alone basis), in each case both before and after consummation of the Hotel Transaction and all Indebtedness being incurred or assumed and Liens created in connection therewith, is a going concern and has sufficient capital to ensure that it will continue to be a going concern for such period and to remain a going concern despite

moderately negative deviations from the Projections discussed below.

3. For purposes of this Certificate, I, or officers of Parent under my direction and supervision, have performed the following procedures as of and for the periods set forth below.

- (a) I have reviewed the consolidated statements of financial condition of Parent and its Subsidiaries and the Company at December 31, 1994 and March 31, 1995, and the related consolidated statements of income and cash flow and changes in shareholders' equity of Parent and its Subsidiaries for the fiscal year and three-month period ended on such date, as the case may be.
- (b) I have made inquiries of certain other officials of Parent who have responsibility for financial and accounting matters regarding:
 - 1. whether the unaudited consolidated financial statements at March 31, 1995 are in conformity with GAAP applied on a basis substantially consistent with that of the audited financial statements as at December 31, 1994, and whether omitted notes to the unaudited consolidated financial statements would have disclosed any new information, except to update amounts included in the notes to the December 31, 1994 audited consolidated financial statements; and
 - 2. whether, at December 31, 1994, there were any decreases as compared with March 31, 1995, in the consolidated net assets or the excess of consolidated current assets over consolidated current liabilities of Parent and the Subsidiaries.
- (c) I have read or been briefed by certain officials of Parent who have responsibility for legal, financial and accounting matters with respect to the substance and financial effect of the Credit Documents, the 364-Day Credit Agreement and the respective Schedules and Exhibits thereto.
- (d) With respect to Contingent Liabilities, I:

1. inquired of certain officials of Parent who have responsibility for legal, financial and accounting matters as to the existence and estimated liability with respect to all Contingent Liabilities known to them;
 2. confirmed with senior officers of Parent that, to the best of such officers' knowledge, (i) all appropriate items were included in Stated Liabilities or Contingent Liabilities made known to me in the course of my inquiry and that (ii) the amounts relating thereto were the maximum estimated amount of liability reasonably likely to result therefrom as of the date hereof; and
 3. hereby certify that, to the best of my knowledge, all material Contingent Liabilities that may arise from any pending litigation, asserted claims and assessments, guarantees, uninsured risks and other Contingent Liabilities of Parent and its Subsidiaries (exclusive of such Contingent Liabilities to the extent reflected in Stated Liabilities) have been considered in making the certification set forth in paragraph 4 below.
- (e) I have had the Projections, which have been previously delivered to the Banks, prepared under my direction and have re-examined the Projections on the date hereof and considered the effect thereon of any changes since the date of the preparation thereof on the results projected therein. After such review, I am satisfied with the representation contained in Section 7.05(d) of the Credit Agreement and that the Projections support the conclusions contained in the last paragraph of this Certificate.
- (f) I have made inquiries of certain officers of Parent and the Company which have responsibility for financial reporting and accounting matters regarding whether they were aware of any events or conditions that, as of the date hereof, would cause each of Parent (on a stand alone basis), Parent and its Subsidiaries (on a consolidated basis) and the Company and each Subsidiary Borrower (each on a stand alone basis), in each

case both before and after giving effect to the consummation of the Hotel Transaction and the related financing transactions (including the incurrence of the New Financing), to (i) have assets with a Fair Value or Present Fair Salable Value that are less than the sum of their Stated Liabilities and Contingent Liabilities; (ii) have Unreasonably Small Capital; or (iii) not be able to pay its Stated Liabilities and Contingent Liabilities as they mature or otherwise become due.

4. Based on and subject to the foregoing, I hereby certify on behalf of Parent that, both before and after giving effect to the Hotel Transaction and the related financing transactions (including the New Financing), it is my informed opinion that as of the date hereof (i) the Fair Value and Present Fair Salable Value of the assets of each of Parent (on a stand alone basis), Parent and its Subsidiaries (on a consolidated basis) and the Company and each Subsidiary Borrower (each on a stand alone basis), in each case exceed their Stated Liabilities and Contingent Liabilities; (ii) each of Parent (on a stand alone basis), Parent and its Subsidiaries (on a consolidated basis) and the Company and each Subsidiary Borrower (each on a stand alone basis) will not have Unreasonably Small Capital; and (iii) each of Parent (on a stand alone basis), Parent and its Subsidiaries (on a consolidated basis) and the Company and each Subsidiary Borrower (each on a stand alone basis) will be able to pay their respective Stated Liabilities and Contingent Liabilities as they mature or otherwise become due.

IN WITNESS WHEREOF, Parent has caused its duly authorized chief financial officer to execute and deliver this Certificate this ____ day of _____, 1995.

HARRAH'S ENTERTAINMENT, INC.

By _____
Name:
Title:

ELECTION TO BECOME A SUBSIDIARY BORROWER

[Date]

Bankers Trust Company, as Administrative Agent
One Bankers Trust Plaza
New York, New York 10006

Gentlemen:

The undersigned, [name of Subsidiary Borrower], a _____ corporation, refers to the Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995 (as amended from time to time, the "Credit Agreement"), among Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated), Harrah's Operating Company, Inc. (formerly known as Embassy Suites, Inc.), each other Subsidiary Borrower party thereto, the financial institutions from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent. All capitalized terms used herein and not otherwise defined herein shall have the meaning set forth in the Credit Agreement.

The undersigned, desiring to incur Loans under the Credit Agreement hereby elects, as required by Section 6.03 of the Credit Agreement, to become a Subsidiary Borrower for purposes of the Credit Agreement, effective from the date hereof. The undersigned confirms that the representations and warranties set forth in Section 7 of the Credit Agreement are true and correct as to the undersigned and its Subsidiaries as of the date hereof, and the undersigned hereby agrees to comply with all the obligations of a Borrower under, and to be bound in all respects by the terms of, the Credit Agreement as if the undersigned were an original signatory thereto. The undersigned, simultaneously with its execution hereof, is delivering (i) the appropriate Revolving Note to the Administrative Agent for the account of each of the Banks and (ii) the appropriate Swingline Note to Bankers Trust Company for its account, in accordance with the

terms of the Credit Agreement. All notices and other communications provided for under the Credit Agreement may be sent to the address specified below.

Very truly yours,

Address: [NAME OF SUBSIDIARY BORROWER]

By _____
Title:

Acknowledged and Agreed:

HARRAH'S ENTERTAINMENT, INC.

By: _____
Title:

HARRAH'S OPERATING COMPANY, INC.

By: _____
Title:

BANKERS TRUST COMPANY,
as Administrative Agent

By: _____
Title:

ASSIGNMENT AND ASSUMPTION AGREEMENT

Date _____, 19__

Reference is made to the Credit Agreement described in Item 2 of Annex I hereto (as such Credit Agreement may hereafter be amended, supplemented or otherwise modified from time to time, the "Credit Agreement"). Unless defined in Annex I hereto, terms defined in the Credit Agreement are used herein as therein defined. _____ (the "Assignor") and _____ (the "Assignee") hereby agree as follows:

1. The Assignor hereby sells and assigns to the Assignee without recourse and without representation or warranty (other than as expressly provided herein), and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the Credit Agreement as of the date hereof which represents the percentage interest specified in Item 4 of Annex I hereto (the "Assigned Share") of all of the outstanding rights and obligations under the Credit Agreement relating to the Revolving Loan Commitment of the Assignor, including, without limitation, all rights and obligations with respect to the Assigned Share of the Revolving Loans, Swingline Loans and Letters of Credit.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the other Credit Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or the other Credit Documents or any other instrument or document furnished pursuant thereto; and (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of Parent, any Borrower or any other Subsidiary of Parent or the performance or observance by any Credit Party of any of its respective obligations under the Credit Agreement or the other Credit Documents to which it is a party or any other instrument or document furnished pursuant thereto.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement and the other Credit Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption Agreement; (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the Agents, the Assignor or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms that it is a Qualified Person; (iv) appoints and authorizes the Administrative Agent (including the Administrative Agent in its capacity as Collateral Agent) to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Credit Documents as are delegated to the Administrative Agent or the Collateral Agent, as the case may be, by the terms thereof, together with such powers as are reasonably incidental thereto; [and] (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Bank[; and (vi) to the extent legally entitled to do so, attaches the forms described in the penultimate sentence of Section 13.04(b) of the Credit Agreement] 1/.

4. Following the execution of this Assignment and Assumption Agreement by the Assignor and the Assignee, an executed original hereof (together with all attachments) will be delivered to the Administrative Agent. The effective date of this Assignment and Assumption Agreement shall be the date of execution hereof by the Assignor and the Assignee and the receipt of the consent of Bankers Trust Company and each Letter of Credit Issuer and receipt by the Administrative Agent of the administrative fee referred to in such Section 13.04(b), unless otherwise specified in Item 5 of Annex I hereto (the "Settlement Date").

5. Upon the delivery of a fully executed original hereof to the Administrative Agent, as of the Settlement Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Assumption Agreement, have the rights and obligations of a Bank thereunder and under the other Credit Documents and (ii) the Assignor shall, to the extent provided in this Assignment

1/ Include if the Assignee is organized under the laws of a jurisdiction outside of the United States.

and Assumption Agreement, relinquish its rights and be released from its obligations under the Credit Agreement and the other Credit Documents.

6. It is agreed that the Assignee shall be entitled to (w) all interest on the Assigned Share of the Revolving Loans at the rates specified in Item 6 of Annex I; (x) all Commitment Commission on the Assigned Share of the Total Revolving Loan Commitment at the rate specified in Item 7 of Annex I hereto; and (y) all Letter of Credit Fees on the Assignee's participation in all Letters of Credit at the rate specified in Item 8 of Annex I hereto, which, in each case, accrue on and after the Settlement Date; such interest, Commitment Commission and Letter of Credit Fees to be paid by the Administrative Agent directly to the Assignee. It is further agreed that all payments of principal made on the Assigned Share of the Revolving Loans which occur on and after the Settlement Date will be paid directly by the Administrative Agent to the Assignee. Upon the Settlement Date, the Assignee shall pay to the Assignor an amount specified by the Assignor in writing which represents the Assigned Share of the principal amount of the respective Revolving Loans made by the Assignor pursuant to the Credit Agreement which are outstanding on the Settlement Date, net of any closing costs, and which are being assigned hereunder. The Assignor and the Assignee shall make all appropriate adjustments in payments under the Credit Agreement for periods prior to the Settlement Date directly between themselves.

7. THIS ASSIGNMENT AND ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Assignment and Assumption Agreement, as of the date first above written, such execution also being made on Annex I hereto.

Accepted this _____ day [NAME OF ASSIGNOR]
of _____, 19__ as Assignor

By _____ Title:
[NAME OF ASSIGNEE]
as Assignee

By _____ Title:

Acknowledged and Agreed:

BANKERS TRUST COMPANY,
as Administrative Agent

By _____
Title:

[NAME OF EACH LETTER OF CREDIT ISSUER]

By _____
Title:

ANNEX FOR ASSIGNMENT AND ASSUMPTION AGREEMENT

ANNEX I

1. Borrowers:

Harrah's Operating Company, Inc. and each Subsidiary Borrower party thereto.

2. Name and Date of Credit Agreement:

Credit Agreement, dated as of July 22, 1993 and amended and restated as of June 9, 1995, among Harrah's Entertainment, Inc., Harrah's Operating Company, Inc., each Subsidiary Borrower, the Banks party thereto from time to time, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe General and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent, as amended to the date hereof.

3. Date of Assignment Agreement:

4. Amounts (as of date of item #3 above):

Revolving
Loan Commitment

a. Aggregate Amount
for all Banks

\$ _____

b. Assigned Share 2/

_____ %

c. Amount of
Assigned Share

\$ _____

2/ Percentage taken to 12 decimal places.

5. Settlement Date: _____, 199_
6. Rate of Interest to the Assignee: As set forth in Section 1.08 of the Credit Agreement (unless otherwise agreed to by the Assignor and the Assignee) 3/
7. Commitment Commission: As set forth in Section 3.01(a) of the Credit Agreement (unless otherwise agreed to by the Assignor and the Assignee) 4/
8. Letter of Credit Fees to the Assignee: As set forth in Section 3.01(b) of the Credit Agreement (unless otherwise agreed to by the Assignor and the Assignee) 5/

3/ The Borrower and the Administrative Agent shall direct the entire amount of the interest to the Assignee at the rate set forth in Section 1.08 of the Credit Agreement, with the Assignor and Assignee effecting the agreed upon sharing of the interest through payments by the Assignee to the Assignor.

4/ The Company and the Administrative Agent shall direct the entire amount of the Commitment Commission to the Assignee at the rate set forth in Section 3.01(a) of the Credit Agreement, with the Assignor and the Assignee effecting the agreed upon sharing of Commitment Commission through payment by the Assignee to the Assignor.

5/ The Company and the Administrative Agent shall direct the entire amount of the Letter of Credit Fees to the Assignee at the rate set forth in Section 3.01(b) of the Credit Agreement, with the Assignor and the Assignee effecting the agreed upon sharing of Letter of Credit Fees through payment by the Assignee to the Assignor.

9. Notice:

ASSIGNOR:

Attention:
Telephone:
Telecopier:
Reference:

ASSIGNEE:

Attention:
Telephone:
Telecopier:
Reference:

Payment Instructions:

ASSIGNOR:

Attention:
Reference:

ASSIGNEE:

Attention:
Reference:

Accepted and Agreed:

[NAME OF ASSIGNEE]

[NAME OF ASSIGNOR]

By _____

(Print Name and Title)

By _____

(Print Name and Title)

=====

CREDIT AGREEMENT

among

THE PROMUS COMPANIES INCORPORATED
(which will be renamed "HARRAH'S ENTERTAINMENT, INC."),

EMBASSY SUITES, INC.
(which will be renamed "HARRAH'S OPERATING COMPANY, INC."),

CERTAIN SUBSIDIARIES OF EMBASSY SUITES, INC.,

VARIOUS BANKS,

BANKERS TRUST COMPANY,

THE BANK OF NEW YORK,

CIBC INC.,

CREDIT LYONNAIS, ATLANTA AGENCY,

FIRST INTERSTATE BANK
OF CALIFORNIA,

THE LONG-TERM CREDIT
BANK OF JAPAN, LIMITED,
NEW YORK BRANCH,

NATIONSBANK OF GEORGIA, N.A.,

SOCIETE GENERALE

and

THE SUMITOMO BANK, LIMITED,
NEW YORK BRANCH,
as AGENTS

and

BANKERS TRUST COMPANY,
as ADMINISTRATIVE AGENT

Dated as of June 9, 1995

=====

TABLE OF CONTENTS

Page

SECTION 1.	Amount and Terms of Credit	1
1.01	The Commitments	1
1.02	Minimum Amount of Each Borrowing of Revolving Loans	2
1.03	Notice of Borrowing	3
1.04	Competitive Bid Borrowings	3
1.05	Disbursement of Funds	5
1.06	Notes; Register	6
1.07	Conversions	7
1.08	Pro Rata Borrowings	8
1.09	Interest	8
1.10	Interest Periods	9

1.11	Increased Costs, Illegality, etc.	11
1.12	Compensation	13
1.13	Change of Lending Office	14
1.14	Replacement of Banks	14
SECTION 2.	Fees; Reductions of Revolving Loan Commitment; Final Maturity Date Extensions	16
2.01	Fees	16
2.02	Voluntary Termination of Unutilized Revolving Loan Commitments	16
2.03	Mandatory Reduction of Revolving Loan Commitments	17
2.04	Final Maturity Date Extensions	18
SECTION 3.	Prepayments; Payments; Taxes	20
3.01	Voluntary Prepayments	20
3.02	Mandatory Repayments.	21
3.03	Method and Place of Payment	22
3.04	Net Payments	22
SECTION 4.	Conditions Precedent to the Effective Date	25
4.01	Execution of Agreement; Notes	25
4.02	Officer's Certificate	25
4.03	Opinions of Counsel	25
4.04	Corporate Documents; Proceedings	26
4.05	Master Collateral Agreement	27
4.06	Pledge Agreements	27
4.07	Security Agreement	27

	Page

4.08 Company/Sub Guaranty	27
4.09 Mortgages; Title Insurance; Surveys; etc.	28
4.10 Assignment of Partnership Interests Agreement	29
4.11 Assignment of Leases	29
4.12 Net Lease Agreements	29
4.13 Consent Letter	29
4.14 Adverse Change	29
4.15 Litigation	30
4.16 Hotel Transaction	30
4.17 Approvals, etc.	30
4.18 Solvency Certificate; Evidence of Insurance	32
4.19 Payment of Fees	32
4.20 5-Year Credit Agreement.	32
4.21 Schedules	33
SECTION 5. Conditions Precedent to All Loans	33
5.01 No Default; Representations and Warranties	33
5.02 Notice of Borrowing; Competitive Bid Loans	33
5.03 Election to Become a Subsidiary Borrower	33
SECTION 6. Representations, Warranties and Agreements	34
6.01 Corporate or Partnership Status	35
6.02 Corporate or Partnership Power and Authority	35
6.03 No Violation	35
6.04 Governmental Approvals	36
6.05 Financial Statements; Financial Condition; Undisclosed Liabilities; Projections; etc.	36
6.06 Litigation	38
6.07 True and Complete Disclosure	38
6.08 Use of Proceeds; Margin Regulations	38
6.09 Tax Returns and Payments	39
6.10 Compliance with ERISA	39
6.11 The Collateral Documents	40
6.12 Properties	42
6.13 Capitalization	42
6.14 Subsidiaries	42
6.15 Compliance with Statutes, etc.	43
6.16 Investment Company Act	43

	Page

6.17 Public Utility Holding Company Act	43
6.18 Environmental Matters	43
6.19 Labor Relations	44
6.20 Patents, Licenses, Franchises and Formulas	45
6.21 Existing Indebtedness	45
6.22 Hotel Transaction	45
6.23 No Other Ventures	46
SECTION 7. Affirmative Covenants	46
7.01 Information Covenants	46
7.02 Books, Records and Inspections	49
7.03 Maintenance of Property; Insurance	50
7.04 Corporate Franchises	51
7.05 Compliance with Statutes, etc.	52
7.06 Compliance with Environmental Laws	52
7.07 ERISA	53
7.08 End of Fiscal Years; Fiscal Quarters	54
7.09 Performance of Obligations	54
7.10 Payment of Taxes	54
7.11 Registry	55
7.12 Additional Guarantors; Additional Collateral; etc	56
SECTION 8. Negative Covenants	57
8.01 Liens	57
8.02 Consolidation, Merger, Purchase or Sale of Assets, etc.	61
8.03 Dividends	63
8.04 Indebtedness	65
8.05 Advances, Investments and Loans	68
8.06 Transactions with Affiliates	70
8.07 Maximum Leverage Ratio	70
8.08 Consolidated Interest Coverage Ratio	70
8.09 Minimum Consolidated Net Worth	71
8.10 Limitation on Payments and Modifications of Subordinated Debt; Modifications of Certificate of Incorporation, Partnership Agreements and By-Laws	71
8.11 Limitation on Certain Restrictions on Subsidiaries	72
8.12 Limitation on Issuance of Capital Stock	73
8.13 Business	74
8.14 Ownership of Subsidiaries	74
8.15 Special Purpose Corporation	74

	Page

SECTION 9. Events of Default	74
9.01 Payments	74
9.02 Representations, etc.	74
9.03 Covenants	75
9.04 Default Under Other Agreements	75
9.05 Bankruptcy, etc.	75
9.06 ERISA	76
9.07 Collateral Documents	77
9.08 Guarantees	77
9.09 Judgments	77
9.10 Gaming Authority	77
SECTION 10. Definitions and Accounting Terms	78
10.01 Defined Terms	78
SECTION 11. The Administrative Agent and Agents.	110
11.01 Appointment	110
11.02 Nature of Duties	111
11.03 Lack of Reliance on the Administrative Agent and Agents	111
11.04 Certain Rights of the Administrative Agent	112
11.05 Reliance	112
11.06 Indemnification	112
11.07 The Administrative Agent and the Agents in their Individual Capacities	113
11.08 Holders	113
11.09 Resignation by the Administrative Agent and Agents	113
SECTION 12. Miscellaneous	114
12.01 Payment of Expenses, etc.	114
12.02 Right of Setoff	116
12.03 Notices	117
12.04 Benefit of Agreement	117
12.05 No Waiver; Remedies Cumulative	121
12.06 Payments Pro Rata	122
12.07 Calculations; Computations	123
12.08 GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE; WAIVER OF JURY TRIAL	123
12.09 Counterparts	124
12.10 Effectiveness	125
12.11 Headings Descriptive	125
12.12 Amendment or Waiver	125
12.13 Survival	127

	Page

12.14 Domicile of Loans	127
12.15 Application of Gaming Regulations.	127
12.16 Confidentiality.	128
12.17 Miscellaneous.	128
SECTION 13. Parent Guaranty	131
13.01 The Guaranty	131
13.02 Bankruptcy	131
13.03 Nature of Liability	131
13.04 Independent Obligation	132
13.05 Authorization	132
13.06 Reliance	133
13.07 Subordination	133
13.08 Waiver	134
SCHEDULE I Revolving Loan Commitments	
SCHEDULE II Tax Matters	
SCHEDULE III Subsidiaries	
SCHEDULE IV Existing Indebtedness	
SCHEDULE V Joint Ventures	
SCHEDULE VI Insurance	
SCHEDULE VII Existing Liens	
SCHEDULE VIII Hotel Subsidiaries	
EXHIBIT A Notice of Borrowing	
EXHIBIT B Notice of Competitive Bid Borrowing	
EXHIBIT C Revolving Note	
EXHIBIT D Section 3.04(b)(iii) Certificate	
EXHIBIT E Election to Become a Subsidiary Borrower	
EXHIBIT F Assignment and Assumption Agreement	

CREDIT AGREEMENT, dated as of June 9, 1995, among THE PROMUS COMPANIES INCORPORATED (which will be renamed "HARRAH'S ENTERTAINMENT, INC."), a Delaware corporation ("Parent"), EMBASSY SUITES, INC. (which will be renamed "HARRAH'S OPERATING COMPANY, INC."), a Delaware corporation (the "Company"), each Subsidiary Borrower (together with the Company, each a "Borrower" and, collectively, the "Borrowers"), the Banks party hereto from time to time, BANKERS TRUST COMPANY, THE BANK OF NEW YORK, CIBC INC., CREDIT LYONNAIS, ATLANTA AGENCY, FIRST INTERSTATE BANK OF CALIFORNIA, THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED, NEW YORK BRANCH, NATIONSBANK OF GEORGIA, N.A., SOCIETE GENERALE, and THE SUMITOMO BANK, LIMITED, NEW YORK BRANCH, as Agents, and BANKERS TRUST COMPANY, as Administrative Agent (all capitalized terms used herein and defined in Section 10 are used herein as therein defined).

W I T N E S S E T H :
- - - - -

WHEREAS, the Original 5-Year Credit Agreement refinanced and replaced the Existing Credit Facilities (as defined in the Original 5-Year Credit Agreement);

WHEREAS, this Agreement refinances and replaces, in part, the Original 5-Year Credit Agreement; and

WHEREAS, subject to and upon the terms and conditions set forth herein, the Banks are willing to make available to the Borrowers the credit facilities provided for herein;

NOW, THEREFORE, IT IS AGREED:

SECTION 1. Amount and Terms of Credit.

1.01 The Commitments. (a) Subject to and upon the terms and

conditions set forth herein, each Bank severally agrees, at any time and from time to time on and after the Effective Date and prior to the Maturity Date for such Bank, to make a revolving loan or revolving loans (each a "Revolving Loan" and, collectively, the "Revolving Loans") to one or more Borrowers, which Revolving Loans:

(i) shall, at the option of the respective Borrower, be Base Rate Loans or Eurodollar Loans, provided

that, except as otherwise specifically provided in Section 1.11(b), all Revolving Loans comprising the same Borrowing shall at all times be of the same Type;

(ii) may be repaid and reborrowed in accordance with the provisions hereof;

(iii) shall not exceed for any Bank at any time outstanding that aggregate principal amount which equals the Revolving Loan Commitment of such Bank at such time;

(iv) shall not exceed for all Banks at any time outstanding that aggregate principal amount which, when added to the aggregate principal amount of all Competitive Bid Loans (exclusive of Competitive Bid Loans which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) then outstanding, equals the Total Revolving Loan Commitment at such time; and

(v) shall not exceed for any Subsidiary Borrower at any time outstanding that aggregate principal amount which equals such Subsidiary Borrower's Sub-Limit.

(b) Subject to and upon the terms and conditions set forth herein, each Bank severally agrees that the Company may incur a loan or loans (each a "Competitive Bid Loan" and, collectively, the "Competitive Bid Loans") pursuant to a Competitive Bid Borrowing from time to time on and after the Effective Date and prior to the date which is the Business Day preceding the date which is 30 days prior to the Final Maturity Date then in effect, provided that after giving effect to any Competitive Bid

Borrowing then being made the aggregate principal amount of all Competitive Bid Loans then outstanding, when added to the aggregate principal amount of all Revolving Loans then outstanding, shall not exceed the Total Revolving Loan Commitment at such time. Within the foregoing limits and subject to the terms and conditions set forth in Sections 1.04 and 5, Competitive Bid Loans may be repaid and reborrowed in accordance with the provisions hereof.

1.02 Minimum Amount of Each Borrowing of Revolving Loans. The

aggregate principal amount of each Borrowing of Revolving Loans shall not be less than \$5,000,000 and, if greater, shall be in an integral multiple of \$1,000,000. More than one Borrowing of Revolving Loans may occur on the same date, but at no time shall there be outstanding more than six Borrowings of Eurodollar Loans.

1.03 Notice of Borrowing. Whenever a Borrower desires to make a

Borrowing of Revolving Loans hereunder, it shall give the Administrative Agent at its Notice Office at least one Business Day's prior notice of each Base Rate Loan and at least three Business Days' prior notice of each Euro-dollar Loan to be made hereunder, provided that any such notice shall be

deemed to have been given on a certain day only if given before 12:00 Noon (New York time) on such day. Each such notice (each a "Notice of Borrowing"), except as otherwise expressly provided in Section 1.11, shall be irrevocable and shall be given by such Borrower in the form of Exhibit A, appropriately completed to specify the aggregate principal amount of the Revolving Loans to be made pursuant to such Borrowing, the date of such Borrowing (which shall be a Business Day), whether the Revolving Loans being made pursuant to such Borrowing are to be initially maintained as Base Rate Loans or Eurodollar Loans and, if Eurodollar Loans, the initial Interest Period to be applicable thereto. The Administrative Agent shall promptly give each Bank written notice of such proposed Borrowing, of such Bank's proportionate share thereof and of the other matters required by the immediately preceding sentence to be specified in the Notice of Borrowing.

1.04 Competitive Bid Borrowings. (a) Whenever the Company

desires to incur a Competitive Bid Borrowing, it shall deliver to the Administrative Agent at its Notice Office not later than 11:00 A.M (New York time) at least three Business Days prior to the date of such proposed Competitive Bid Borrowing, a written notice substantially in the form of Exhibit B (each a "Notice of Competitive Bid Borrowing"), such notice to specify in each case (i) the date (which shall be a Business Day) and the aggregate principal amount of the proposed Competitive Bid Borrowing (which shall not be less than \$5,000,000), (ii) the maturity date for repayment of each Competitive Bid Loan to be made as part of such Competitive Bid Borrowing (which maturity date may not be earlier than seven days after the date of such Competitive Bid Borrowing or later than the fifth Business Day preceding the Final Maturity Date then in effect), (iii) the interest payment date or dates relating thereto (which shall be at least every three months in the case of maturities in excess of three months), (iv) the Senior Implied Indebtedness rating assigned by S&P and Moody's to the Company's Indebtedness, which ratings shall be at least BBB- Senior Implied in the case of S&P or Baa3 Senior Implied in the case of Moody's and (v) any other terms to be applicable to such Competitive Bid Borrowing. The Administrative Agent shall promptly notify each Bidder Bank of each such request for a Competitive Bid

Borrowing received by it from the Company by telecopying to each such Bidder Bank a copy of the related Notice of Competitive Bid Borrowing.

(b) Each Bidder Bank shall, if in its sole discretion it elects to do so, irrevocably offer to make one or more Competitive Bid Loans to the Company as part of such proposed Competitive Bid Borrowing at a rate or rates of interest specified by such Bidder Bank in its sole discretion and determined by such Bidder Bank independently of each other Bidder Bank, by notifying the Administrative Agent in writing (which shall give prompt written notice thereof to the Company), before 10:00 A.M. (New York time) on the date (the "Reply Date") which is two Business Days before the date of such proposed Competitive Bid Borrowing, of the minimum amount, if any, and maximum amount of each Competitive Bid Loan which such Bidder Bank would be willing to make as part of such proposed Competitive Bid Borrowing (which amounts may, subject to the proviso to the first sentence of Section 1.01(b), exceed such Bank's Revolving Loan Commitment) and the rate or rates of interest therefor; provided, that if the Administrative Agent in

its capacity as a Bidder Bank shall, in its sole discretion, elect to make any such offer, it shall notify the Company in writing of such offer before 9:30 A.M. (New York time) on the Reply Date. If any Bidder Bank shall elect not to make such an offer, such Bidder Bank shall so notify the Administrative Agent, before 10:00 A.M. (New York time) on the Reply Date, and such Bidder Bank shall not be obligated to, and shall not, make any Competitive Bid Loan as part of such Competitive Bid Borrowing; provided,

that the failure by any Bidder Bank to give such notice shall not cause such Bidder Bank to be obligated to, and such Bidder Bank shall not, make any Competitive Bid Loan as part of such proposed Competitive Bid Borrowing.

(c) The Company shall, in turn, before 12:00 Noon (New York time) on the Reply Date, either

(1) cancel such Competitive Bid Borrowing by giving the Administrative Agent notice (in writing or by telephone confirmed in writing) to that effect, or

(2) accept one or more of the offers made by any Bidder Bank or Bidder Banks pursuant to clause (b) above by giving notice (in writing or by telephone confirmed in writing) to the Administrative Agent of the amount of each Competitive Bid Loan (which amount shall be equal to or greater than the minimum amount, if any, and equal to or less than the maximum amount, notified to the

Company by the Administrative Agent on behalf of each such Bidder Bank for such Competitive Bid Borrowing) and reject any remaining offers made by Bidder Banks pursuant to clause (b) above by giving the Administrative Agent notice to that effect; provided that acceptance

of offers may only be made on the basis of ascending Absolute Rates commencing with the lowest rate so offered; provided further, however,

if offers are made by two or more Bidder Banks at the same rate and acceptance of all such equal offers would result in a greater principal amount of Competitive Bid Loans being accepted than the aggregate principal amount requested by the Company, the Company shall have the right to accept one or more such equal offers in their entirety and reject the other equal offer or offers or to allocate acceptance among all such equal offers (but giving effect to the minimum amounts, if any, and maximum amounts specified for each such offer pursuant to clause (b) above), as the Company may elect in its sole discretion.

(d) If the Company notifies the Administrative Agent that such Competitive Bid Borrowing is cancelled pursuant to clause (c)(1) above, the Administrative Agent shall give prompt written notice thereof to the Bidder Banks and such Competitive Bid Borrowing shall not be made.

(e) If the Company accepts one or more of the offers made by any Bidder Bank or Bidder Banks pursuant to clause (c)(2) above, the Administrative Agent shall in turn promptly notify (in writing or by telephone confirmed in writing) (x) each Bidder Bank that has made an offer as described in clause (b) above, of the date and aggregate amount of such Competitive Bid Borrowing and whether or not any offer or offers made by such Bidder Bank pursuant to clause (b) above have been accepted by the Company and (y) each Bidder Bank that is to make a Competitive Bid Loan as part of such Competitive Bid Borrowing, of the amount of each Competitive Bid Loan to be made by such Bidder Bank as part of such Competitive Bid Borrowing.

(f) On the last Business Day of each calendar quarter, the Administrative Agent shall notify the Company and the Banks of the aggregate principal amount of Competitive Bid Loans outstanding at such time.

1.05 Disbursement of Funds. Except as otherwise specifically

provided in the immediately succeeding sentence, not later than 10:00 A.M. (New York time) on the date speci-

fied in each Notice of Borrowing (or in the case of Competitive Bid Borrowings, not later than 10:00 A.M. (New York time) on the date specified pursuant to Section 1.04(b)), each Bank will make available its pro rata

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portion of each such Borrowing requested to be made on such date (or in the case of Competitive Bid Loans, each Bidder Bank participating in the respective Competitive Bid Borrowing will make available its share thereof). All such amounts shall be made available in Dollars and in immediately available funds at the Payment Office of the Administrative Agent, and the Administrative Agent will make available to the respective Borrower at the Payment Office the aggregate of the amounts so made available by the Banks. Unless the Administrative Agent shall have been notified by any Bank prior to the date of Borrowing that such Bank does not intend to make available to the Administrative Agent such Bank's portion of any Borrowing to be made on such date, the Administrative Agent may assume that such Bank has made such amount available to the Administrative Agent on such date of Borrowing and the Administrative Agent may, in reliance upon such assumption, make available to the respective Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Bank, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Bank. If such Bank does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the respective Borrower and such Borrower shall immediately pay such corresponding amount to the Administrative Agent. The Administrative Agent shall also be entitled to recover on demand from such Bank or such Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to such Borrower until the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to (i) if recovered from such Bank, the overnight Federal Funds Rate and (ii) if recovered from such Borrower, the rate of interest applicable to the respective Borrowing, as determined pursuant to Section 1.09. Nothing in this Section 1.05 shall be deemed to relieve any Bank from its obligation to make Loans hereunder or to prejudice any rights which the respective Borrower may have against any Bank as a result of any failure by such Bank to make Loans hereunder.

1.06 Notes; Register. (a) Each Borrower's obligation to pay

the principal of, and interest on, the Revolving Loans made by each Bank to such Borrower shall be evidenced by a promissory note duly executed and delivered by

such Borrower substantially in the form of Exhibit C, with blanks appropriately completed in conformity herewith (each a "Revolving Note" and, collectively, the "Revolving Notes").

(b) The Revolving Note issued by each Borrower to each Bank shall (i) be payable to the order of such Bank and be dated the Effective Date, (ii) be in a stated principal amount equal to the Revolving Loan Commitment of such Bank and be payable in the principal amount of the outstanding Revolving Loans evidenced thereby, (iii) mature on such Bank's Maturity Date, (iv) bear interest as provided in the appropriate clause of Section 1.09 in respect of the Base Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby, (v) be subject to mandatory repayment as provided in Section 3.02 and (vi) be entitled to the benefits of this Agreement and the other Credit Documents.

(c) Each Bank will note on its internal records the amount of each Revolving Loan made by it and each payment in respect thereof and will prior to any transfer of any of its Revolving Notes endorse on the reverse side thereof the outstanding principal amount of Revolving Loans evidenced thereby. Failure to make any such notation (or any error in such notation) shall not affect any Borrower's obligations in respect of such Revolving Loans.

(d) The Administrative Agent shall maintain at its Payment Office a register for the recordation of the names and addresses of the Banks, the Revolving Loan Commitments of the Banks from time to time, and the principal amount of the Revolving Loans and Competitive Bid Loans owing to each Bank from time to time, together with the maturity and interest rates applicable to each Competitive Bid Loan and the other terms applicable thereto (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error. The Register shall be available for inspection by each Borrower or any Bank at any reasonable time and from time to time upon reasonable prior notice to the Administrative Agent.

1.07 Conversions. Each Borrower shall have the option to

convert, on any Business Day, at least \$5,000,000 of the outstanding principal amount of the Revolving Loans made pursuant to one or more Borrowings of one or more Types of Revolving Loans into a Borrowing of another Type of Revolving Loan, provided that (i) except as otherwise provided in Section

1.11(b), Eurodollar Loans may be converted into Base Rate Loans only on the last day of an

Interest Period applicable to the Revolving Loans being converted and no such conversion of Eurodollar Loans shall reduce the outstanding principal amount of such Eurodollar Loans made pursuant to a single Borrowing to less than \$5,000,000, (ii) unless the Required Banks otherwise agree, Base Rate Loans may only be converted into Eurodollar Loans if no Event of Default is in existence on the date of the conversion and (iii) no conversion pursuant to this Section 1.07 shall result in a greater number of Borrowings of Eurodollar Loans than is permitted under Section 1.02. Each such conversion shall be effected by the respective Borrower by giving the Administrative Agent at its Notice Office prior to 12:00 Noon (New York time) at least three Business Days' prior notice (each a "Notice of Conversion") specifying the Revolving Loans to be so converted, the Borrowing(s) pursuant to which such Revolving Loans were made and, if to be converted into Eurodollar Loans, the Interest Period to be initially applicable thereto. The Administrative Agent shall give each Bank prompt written notice of any such proposed conversion affecting any of its Revolving Loans. Upon any such conversion the proceeds thereof will be deemed to be applied directly on the day of such conversion to prepay the outstanding principal amount of the Revolving Loans being converted.

1.08 Pro Rata Borrowings. All Borrowings of Revolving Loans

under this Agreement shall be incurred from the Banks pro rata on the basis
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of their Revolving Loan Commitments. It is understood that no Bank shall be responsible for any default by any other Bank of its obligation to make Revolving Loans hereunder and that each Bank shall be obligated to make the Revolving Loans provided to be made by it hereunder, regardless of the failure of any other Bank to make its Revolving Loans hereunder.

1.09 Interest. (a) Each Borrower agrees to pay interest in

respect of the unpaid principal amount of each Base Rate Loan from the date the proceeds thereof are made available to such Borrower until the maturity thereof (whether by acceleration or otherwise) at a rate per annum which shall be equal to the Base Rate in effect from time to time.

(b) Each Borrower agrees to pay interest in respect of the unpaid principal amount of each Eurodollar Loan from the date the proceeds thereof are made available to such Borrower until the maturity thereof (whether by acceleration or otherwise) at a rate per annum which shall, during each Interest Period applicable thereto, be equal to the sum of

the Applicable Margin plus the Eurodollar Rate for such Interest Period.

(c) The Company agrees to pay interest in respect of the unpaid principal amount of each Competitive Bid Loan from the date the proceeds thereof are made available to the Company until the maturity thereof (whether by acceleration or otherwise) at the rate or rates per annum specified pursuant to Section 1.04(b) by the Bidder Bank or Bidder Banks, as the case may be, making such Competitive Bid Loan and accepted by the Company pursuant to Section 1.04(c)(2).

(d) Overdue principal and, to the extent permitted by law, overdue interest in respect of each Loan and any other overdue amount payable hereunder shall, in each case, bear interest at a rate per annum equal to the greater of (x) 2% per annum in excess of the Base Rate in effect from time to time and (y) the rate which is 2% in excess of the rate then borne by such Loans, in each case with such interest to be payable on demand.

(e) Accrued (and theretofore unpaid) interest shall be payable (i) in respect of each Base Rate Loan, quarterly in arrears on the last Business Day of each March, June, September and December, (ii) in respect of each Eurodollar Loan, on the last day of each Interest Period applicable thereto and, in the case of an Interest Period in excess of three months, on each date occurring at three month intervals after the first day of such Interest Period, (iii) in respect of each Competitive Bid Loan, at such times as specified in the Notice of Competitive Bid Borrowing relating thereto and (iv) in respect of each Loan, on any repayment (on the amount repaid), at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(f) Upon each Interest Determination Date, the Administrative Agent shall determine the Eurodollar Rate for each Interest Period applicable to Eurodollar Loans and shall promptly notify the respective Borrower and the Banks thereof. Each such determination shall, absent manifest error, be final and conclusive and binding on all parties hereto.

1.10 Interest Periods. At the time it gives any Notice of

Borrowing or Notice of Conversion in respect of the making of, or conversion into, any Eurodollar Loan (in the case of the initial Interest Period applicable thereto) or on the third Business Day prior to the expiration of an Interest Period applicable to such Eurodollar Loan (in the case of any subsequent Interest Period), each Borrower shall have the

right to elect, by giving the Administrative Agent notice thereof, the interest period (each an "Interest Period") applicable to such Eurodollar Loan, which Interest Period shall, at the option of such Borrower, be a one, two, three or six month period, provided that:

(i) all Eurodollar Loans comprising a Borrowing shall at all times have the same Interest Period;

(ii) the initial Interest Period for any Eurodollar Loan shall commence on the date of Borrowing of such Loan (including the date of any conversion thereto from a Loan of a different Type) and each Interest Period occurring thereafter in respect of such Loan shall commence on the day on which the next preceding Interest Period applicable thereto expires;

(iii) if any Interest Period relating to a Eurodollar Loan begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month;

(iv) if any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided, however, that if any Interest

Period for a Eurodollar Loan would otherwise expire on a day which is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day;

(v) unless the Required Banks otherwise agree, no Interest Period may be selected at any time when an Event of Default is then in existence; and

(vi) no Interest Period shall be selected which extends beyond the Final Maturity Date as then in effect.

If upon the expiration of any Interest Period applicable to a Borrowing of Eurodollar Loans, the respective Borrower has failed to elect, or is not permitted to elect, a new Interest Period to be applicable to such Eurodollar Loans as provided above, such Borrower shall be deemed to have elected to convert such Eurodollar Loans into Base Rate Loans effective as of the expiration date of such current Interest Period.

1.11 Increased Costs, Illegality, etc. (a) In the event that

any Bank shall have determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto but, with respect to clause (i) below, may be made only by the Administrative Agent):

(i) on any Interest Determination Date that, by reason of any changes arising after the Effective Date affecting the interbank Eurodollar market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of Eurodollar Rate; or

(ii) at any time, that such Bank shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any Eurodollar Loan or Competitive Bid Loan, as the case may be, because of (x) any change since the Effective Date in any applicable law or governmental rule, regulation, order, guideline or request (whether or not having the force of law) or in the interpretation or administration thereof and including the introduction of any new law or governmental rule, regulation, order, guideline or request, such as, for example, but not limited to: (A) a change in the basis of taxation of payment to any Bank of the principal of or interest on the Revolving Notes, the Competitive Bid Loans or any other amounts payable hereunder (except for changes in the rate of tax on, or determined by reference to, the net income or profits of such Bank pursuant to the laws of the jurisdiction in which it is organized or in which its principal office or applicable lending office is located or any subdivision thereof or therein) or (B) a change in official reserve requirements, but, in all events, excluding reserves required under Regulation D to the extent included in the computation of the Eurodollar Rate and/or (y) other circumstances since the Effective Date affecting such Bank or the interbank Eurodollar market or the position of such Bank in such market; or

(iii) at any time, that the making or continuance of any Eurodollar Loan or Competitive Bid Loan, as the case may be, has been made (x) unlawful by any law or governmental rule, regulation or order, (y) impossible by compliance by any Bank in good faith with any governmental request (whether or not having force of law) or (z) impracticable as a result of a contingency occurring

after the Effective Date which materially and adversely affects the interbank Eurodollar market;

then, and in any such event, such Bank (or the Administrative Agent, in the case of clause (i) above) shall promptly give telephonic notice (confirmed in writing) to the respective Borrower and, except in the case of clause (i) above, to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Banks). Thereafter (x) in the case of clause (i) above, Eurodollar Loans shall no longer be available until such time as the Administrative Agent notifies the respective Borrower and the Banks that the circumstances giving rise to such notice by the Administrative Agent no longer exist, and any Notice of Borrowing or Notice of Conversion given by such Borrower with respect to Eurodollar Loans which have not yet been incurred (including by way of conversion) shall be deemed rescinded by such Borrower, (y) in the case of clause (ii) above, the respective Borrower shall pay to such Bank, upon written demand therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Bank in its sole discretion shall determine) as shall be required to compensate such Bank for such increased costs or reductions in amounts received or receivable hereunder (a written notice as to the additional amounts owed to such Bank, showing the basis for the calculation thereof, submitted to such Borrower by such Bank shall, absent manifest error, be final and conclusive and binding on all the parties hereto) and (z) in the case of clause (iii) above, the respective Borrower shall take one of the actions specified in Section 1.11(b) as promptly as possible and, in any event, within the time period required by law.

(b) At any time that any Eurodollar Loan or Competitive Bid Loan is affected by the circumstances described in Section 1.11(a)(ii) or (iii), the respective Borrower may (and in the case of any Eurodollar Loan or Competitive Bid Loan affected by the circumstances described in Section 1.11(a)(iii) shall) either (x) if the affected Eurodollar Loan or Competitive Bid Loan is then being made initially or pursuant to a conversion, cancel the respective Borrowing by giving the Administrative Agent telephonic notice (confirmed in writing) on the same date that such Borrower was notified by the affected Bank or the Administrative Agent pursuant to Section 1.11(a)(ii) or (iii), (y) if the affected Eurodollar Loan is then outstanding, upon at least three Business Days' written notice to the Administrative Agent, require the affected Bank to

convert such Eurodollar Loan into a Base Rate Loan or (z) if the affected Competitive Bid Loan is then outstanding, repay such Competitive Bid Loan in full; provided that, if more than one Bank is affected at any time, then

all affected Banks must be treated the same pursuant to this Section 1.11(b).

(c) If at any time any Bank determines that the introduction of or any change in any applicable law or governmental rule, regulation, order, guideline, directive or request (whether or not having the force of law and including, without limitation, those announced or published prior to the Effective Date) concerning capital adequacy, or any change in interpretation or administration thereof by any governmental authority, central bank or comparable agency, will have the effect of increasing the amount of capital required or expected to be maintained by such Bank or any corporation controlling such Bank based on the existence of such Bank's Revolving Loan Commitment hereunder or its obligations hereunder, then the Borrowers shall pay (and shall be jointly and severally obligated to pay) to such Bank, upon its written demand therefor, such additional amounts as shall be required to compensate such Bank or such other corporation for the increased cost to such Bank or such other corporation or the reduction in the rate of return to such Bank or such other corporation as a result of such increase of capital. In determining such additional amounts, each Bank will act reasonably and in good faith and will use averaging and attribution methods which are reasonable, provided that such Bank's deter-

mination of compensation owing under this Section 1.11(c) shall, absent manifest error, be final and conclusive and binding on all the parties hereto. Each Bank, upon determining that any additional amounts will be payable pursuant to this Section 1.11(c), will give prompt written notice thereof to the Borrowers, which notice shall show the basis for calculation of such additional amounts.

1.12 Compensation. The respective Borrower shall compensate

each Bank, upon its written request (which request shall (x) set forth the basis for requesting such compensation and (y) absent manifest error, be final and conclusive and binding upon all the parties hereto), for all reasonable losses, expenses and liabilities (including, without limitation, any loss, expense or liability incurred by reason of the liquidation or reemployment of deposits or other funds required by such Bank to fund its Eurodollar Loans or Competitive Bid Loans) which such Bank may sustain:
(i) if for any reason (other than a default by such Bank or the Administrative Agent) a Borrowing of Eurodollar Loans or

Competitive Bid Loans, or conversion from or into Eurodollar Loans, does not occur on a date specified therefor in a Notice of Borrowing, Notice of Competitive Bid Borrowing or Notice of Conversion (whether or not withdrawn by such Borrower or deemed withdrawn pursuant to Section 1.11(a)); (ii) if any repayment (including any repayment made pursuant to Section 3.01 or 3.02 or a result of an acceleration of the Loans pursuant to Section 9) or conversion of any of its Eurodollar Loans or Competitive Bid Loans occurs on a date which is not the last day of an Interest Period with respect thereto or the maturity date thereof; (iii) if any prepayment of any of its Eurodollar Loans is not made on any date specified in a notice of prepayment given by such Borrower; or (iv) as a consequence of (x) any other default by such Borrower to repay its Loans when required by the terms of this Agreement or any Revolving Note held by such Bank or (y) any election made pursuant to Section 1.11(b).

1.13 Change of Lending Office. Each Bank agrees that on the

occurrence of any event giving rise to the operation of Section 1.11(a)(ii) or (iii), Section 1.11(c) or Section 3.04 with respect to such Bank, it will, if requested by the Company, use reasonable efforts (subject to overall policy considerations of such Bank) to designate another lending office for any Loans affected by such event, provided that such designation

is made on such terms that such Bank and its lending office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of such Section. Nothing in this Section 1.13 shall affect or postpone any of the obligations of any Borrower or the right of any Bank provided in Sections 1.11 and 3.04.

1.14 Replacement of Banks. If any Bank (1) becomes a Defaulting

Bank or otherwise defaults in its obligation to make Revolving Loans, (2) is incurring or is reasonably expected to incur costs which are or would be material in amount and are associated with a Gaming Authority's investigation of whether or not such Bank is a Qualified Person, (3) refuses to consent to certain proposed changes, waivers, discharges or terminations with respect to this Agreement which have been approved by the Required Banks as provided in Section 12.12(b) or (4) if any Bank becomes a Non-Continuing Bank, the Company shall have the right, if no Default or Event of Default will exist immediately after giving effect to such replacement, to replace such Bank (the "Replaced Bank") with one or more other Qualified Person or Persons, none of whom shall constitute a Defaulting Bank at the time of such replacement (collectively, the "Replacement

Bank"), acceptable to the Administrative Agent; provided that:

(i) at the time of any replacement pursuant to this Section 1.14, the Replacement Bank shall enter into one or more Assignment and Assumption Agreements pursuant to, and in accordance with the terms of, Section 12.04(b) (and with all fees payable pursuant to said Section 12.04(b) to be paid by the Replacement Bank) pursuant to which the Replacement Bank shall acquire the Revolving Loan Commitment and all outstanding Loans of the Replaced Bank and, in connection therewith, shall pay to the Replaced Bank in respect thereof an amount equal to the sum of (A) an amount equal to the principal of, and all accrued interest on, all outstanding Loans of the Replaced Bank and (B) an amount equal to all accrued, but theretofore unpaid, Fees owing to the Replaced Bank pursuant to Section 2.01;

(ii) all obligations of the Borrowers owing to the Replaced Bank (including all obligations, if any, owing pursuant to Section 1.12, but excluding those obligations specifically described in clause (i) above in respect of which the assignment purchase price has been, or is concurrently being, paid) shall be paid in full to such Replaced Bank concurrently with such replacement; and

(iii) the Maturity Date applicable to the Replacement Bank's Revolving Loan Commitment shall be the Final Maturity Date then in effect (or as same may be extended from time to time thereafter by such Bank pursuant to Section 2.04).

Upon the execution of the respective Assignment and Assumption Agreements, the payment of amounts referred to in clauses (i) and (ii) above and, if so requested by the Replacement Bank, delivery to the Replacement Bank of the appropriate Revolving Notes executed by the Borrowers, the Replacement Bank shall become a Bank hereunder and the Replaced Bank shall cease to constitute a Bank hereunder, except with respect to indemnification provisions under this Agreement (including, without limitation, Sections 1.11, 1.12, 3.04, 12.01 and 12.06), which shall survive as to such Replaced Bank.

SECTION 2. Fees; Reductions of Revolving Loan Commitment; Final

Maturity Date Extensions.

2.01 Fees. (a) The Company agrees to pay to the Administrative

Agent for distribution to each Non-Defaulting Bank a facility fee (the "Facility Fee") for the period from the Effective Date to but excluding the Final Maturity Date then in effect (or such earlier date as the Total Revolving Loan Commitment shall have been terminated), computed at a rate for each day equal to the Applicable Facility Fee Percentage on the daily average Revolving Loan Commitment of such Non-Defaulting Bank. Accrued Facility Fees shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December and on the Final Maturity Date then in effect or such earlier date upon which the Total Revolving Loan Commitment shall have been terminated and, with respect to any Facility Fee owing to any Bank whose Revolving Loan Commitment shall have been terminated pursuant to Section 1.14, on the date on which such Bank's Revolving Loan Commitment shall have been terminated.

(b) Each Borrower agrees to pay to the Administrative Agent, for its own account, such other fees as have been agreed to in writing by such Borrower and the Administrative Agent.

2.02 Voluntary Termination of Unutilized Revolving Loan Commit-

ments. (a) Upon at least two Business Days' prior written notice to the

Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Banks), the Company shall have the right, at any time or from time to time, without premium or penalty, to terminate the Total Unutilized Revolving Loan Commitment, in whole or in part, in integral multiples of \$5,000,000 in the case of partial reductions to the Total Unutilized Revolving Loan Commitment, provided that each such

reduction shall apply proportionately to permanently reduce the Revolving Loan Commitment of each Bank.

(b) In the event of certain refusals by a Bank to consent to certain proposed changes, waivers, discharges or terminations with respect to this Agreement which have been approved by the Required Banks as provided in Section 12.12(b), the Company shall have the right, upon five Business Days' prior written notice to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Banks), to terminate the entire Revolving Loan Commitment of such Bank, so long as

all Loans, together with accrued and unpaid interest, Fees and all other amounts owing to such Bank are repaid concurrently with the effectiveness of such termination (at which time Schedule I shall be deemed modified to reflect such changed amounts), and at such time, such Bank shall no longer constitute a "Bank" for purposes of this Agreement, except with respect to indemnifications under this Agreement (including, without limitation, Sections 1.11, 1.12, 3.04, 12.01 and 12.06), which shall survive as to such repaid Bank.

2.03 Mandatory Reduction of Revolving Loan Commitments. (a)

(i) In addition to any other mandatory commitment reductions pursuant to this Section 2.03, the Total Revolving Loan Commitment (and the Revolving Loan Commitment of each Bank) shall terminate in its entirety on the Final Maturity Date then in effect.

(ii) In addition to any other mandatory commitment reductions pursuant to this Section 2.03, each Bank's Revolving Loan Commitment shall terminate on such Bank's Maturity Date.

(b) In addition to any other mandatory commitment reductions pursuant to this Section 2.03, on the 15th day after the date on which any Change of Control occurs, the Total Revolving Loan Commitment shall be reduced to zero unless the Required Banks otherwise agree in writing in their sole discretion.

(c) In addition to any other mandatory commitment reductions pursuant to this Section 2.03, on each date after the Effective Date upon which Parent or any of its Subsidiaries receives any proceeds from any incurrence by Parent or any of its Subsidiaries of Permitted Designated Indebtedness, the Total Revolving Loan Commitment shall be reduced by an amount equal to its Share of the cash proceeds of the respective incurrence of Permitted Designated Indebtedness (net of underwriting or placement discounts and commissions and other reasonable costs associated therewith), provided that in the case of each incurrence of Existing Casino Non-

Recourse Financing, the Total Revolving Loan Commitment shall only be reduced by an amount equal to its Share of the Minimum Proceeds Amount for the respective Casino Property; provided further, to the extent that the 5-

Year Banks do not require that their full Share be applied to reduce the Total 5-Year Revolving Loan Commitment, the amount of their Share not so applied shall instead be applied to reduce the Total Revolving Loan Commitment as required by clause (e) of this Section 2.03.

(d) In addition to any other mandatory commitment reductions pursuant to this Section 2.03, on each date after the Effective Date upon which Parent or any of its Subsidiaries receives proceeds from any sale of assets constituting Collateral (but excluding (i) sales of inventory, materials and equipment in the ordinary course of business and (ii) sales of obsolete, uneconomic or worn-out equipment or materials), the Total Revolving Loan Commitment shall be reduced by an amount equal to its Share of 100% of the Net Sale Proceeds thereof, provided that, in the case of any sale of a Casino Property, the Total Revolving Loan Commitment shall only be reduced by an amount equal to its Share of the Minimum Proceeds Amount for the respective Casino Property or Casino Owner thereof; provided further, to the extent that the 5-Year Banks do not require that their full Share be applied to reduce the Total 5-Year Revolving Loan Commitment, the amount of their Share not so applied instead be applied to reduce the Total Revolving Loan Commitment as required by clause (e) of this Section 2.03.

(e) In addition to any other mandatory commitment reductions pursuant to this Section 2.03, following any mandatory commitment reduction required by Section 2.03(c) or (d) with respect to which the Shares of the various Issues of Senior Debt have been calculated in accordance with clause (A) of the definition of "Share," on the first date thereafter upon which it is subsequently determined that the amount which will actually be required to mandatorily reduce the Total 5-Year Revolving Loan Commitment is less than the Share applicable thereto (whether because the 5-Year Banks elected not to require such reduction or otherwise), then the amount which will not be so required to mandatorily reduce the Total 5-Year Revolving Loan Commitment shall instead be required to reduce the Total Revolving Loan Commitment as required by Section 2.03(c) or (d), as the case may be.

(f) The Total Revolving Loan Commitment shall be reduced, and the Revolving Loan Commitment of the respective Former Bank shall be terminated, in the amount and at the times provided in Section 12.04(d).

(g) Except as otherwise provided in clauses (a)(ii) and (f) of this Section 2.03, each reduction to the Total Revolving Loan Commitment pursuant to this Section 2.03 shall be applied proportionately to reduce the Revolving Loan Commitment of each Bank.

2.04 Final Maturity Date Extensions. (a) Not less than 45 days

and not more than 90 days prior to the Final Maturity Date then in effect, the Company may make a written request to the Administrative Agent, who shall forward a copy of each such request to each of the Banks, that the Final

Maturity Date then in effect be extended to the date which occurs 364 days after the Requested Extension Effective Date specified by the Company in its written request as described in the immediately succeeding sentence. Each request by the Company pursuant to the immediately preceding sentence shall specify a date (the "Requested Extension Effective Date"), which shall be not earlier than 15 days after the giving of the respective notice and not later than 15 days prior to the Final Maturity Date then in effect, which would be the date of the effectiveness of the changes to the Final Maturity Date and the Maturity Dates of the consenting Banks. Each request pursuant to the first sentence of this Section 2.04 shall also be accompanied by a certificate of a senior officer of the Company stating that no Default or Event of Default has occurred and is continuing. Each Bank, acting in its sole discretion and with no obligation to grant any extension pursuant to this Section 2.04, shall, by written notice to the Company and the Administrative Agent, such notice to be given on or prior to the earlier of (x) the Requested Extension Effective Date and (y) the 30th day following receipt by such Bank of such request by the Company, advise the Company and the Administrative Agent whether or not such Bank agrees to such extension, provided that any Bank which fails to so notify the Company and the Administrative Agent as provided above shall be deemed to have elected not to grant such extension. In giving any extensions pursuant to the immediately preceding sentence, any Bank, at its option, may specify that its extension is conditioned upon each other Bank agreeing to the extension of the Final Maturity Date or, in lieu thereof, may specify that Banks with a certain minimum aggregate amount of Revolving Loan Commitments (to be specified by such Bank) shall have agreed to such extension. The Administrative Agent shall notify the Company and each of the Banks as to which Banks have agreed to such extension and as to the new Final Maturity Date as a result thereof.

(b) In the event that the Final Maturity Date is extended by some but not all of the Banks, unless the Non-Continuing Bank or Banks shall have been replaced by a Replacement Bank on or before the Maturity Date of each such Non-Continuing Bank pursuant to Section 1.14, on the Maturity Date of each such Non-Continuing Bank the Borrower shall repay all Loans of each such Non-Continuing Bank, together with all accrued and unpaid interest thereon, and all Fees and other amounts owing to each such Non-Continuing Bank and

upon such payment each such Non-Continuing Bank shall cease to constitute a Bank hereunder, except with respect to the indemnification provisions under this Agreement (including, without limitation, Sections 1.11, 1.12, 3.04, 12.01 and 12.06), which shall survive as to each such Non-Continuing Bank.

SECTION 3. Prepayments; Payments; Taxes.

3.01 Voluntary Prepayments. Each Borrower shall have the right

to prepay the Loans made to it, without premium or penalty, in whole or in part at any time and from time to time on the following terms and conditions:

(i) such Borrower shall give the Administrative Agent prior to 12:00 Noon (New York time) at its Notice Office (x) at least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing) of its intent to prepay Base Rate Loans and (y) at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of its intent to prepay Eurodollar Loans, the amount of such prepayment and the Types of Revolving Loans to be prepaid and, in the case of Eurodollar Loans, the specific Borrowing or Borrowings pursuant to which made, which notice the Administrative Agent shall promptly transmit to each of the Banks;

(ii) each prepayment shall be in an aggregate principal amount of at least \$5,000,000, provided that, if any partial prepayment of

Eurodollar Loans made pursuant to any Borrowing shall reduce the outstanding Eurodollar Loans made pursuant to such Borrowing to an amount less than \$5,000,000, then such Borrowing may not be continued as a Borrowing of Eurodollar Loans and any election of an Interest Period with respect thereto given by the Borrower shall have no force or effect;

(iii) each prepayment in respect of any Revolving Loans made pursuant to a Borrowing shall be applied pro rata among such Revolving Loans, provided that, at the respective Borrower's election in connection with any prepayment of Revolving Loans pursuant to this Section 3.01, such prepayment shall not be applied to any Revolving Loan of a Defaulting Bank;

(iv) in the event of certain refusals by a Bank to consent to certain proposed changes, waivers, discharges or terminations with respect to this Agreement which

have been approved by the Required Banks as provided in Section 12.12(b), the Borrowers shall have the right, upon five Business Days' prior written notice to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Banks) repay all Loans, together with accrued and unpaid interest, Fees, and other amounts owing to such Bank in accordance with said Section 12.12(b) so long as (A) the Revolving Loan Commitment of such Bank is terminated concurrently with such repayment (at which time Schedule I shall be deemed modified to reflect the changed Revolving Loan Commitments) and (B) the consents required by Section 12.12(b) in connection with the repayment pursuant to this clause (iv) have been obtained; and

(v) except as otherwise provided in preceding clause (iv), the Company may not voluntarily prepay any Competitive Bid Loans without the consent of the Bank that had made such Competitive Bid Loans.

3.02 Mandatory Repayments. (a)(i) On any day on which the sum

of the aggregate outstanding principal amount of Revolving Loans and Competitive Bid Loans exceeds the Total Revolving Loan Commitment as then in effect, there shall be required to be repaid on such date that principal amount of Revolving Loans and, after all such Revolving Loans have been repaid in full, Competitive Bid Loans in an amount equal to such excess.

(ii) On any day on which the aggregate outstanding principal amount of Revolving Loans made to any Subsidiary Borrower exceeds such Subsidiary Borrower's Sub-Limit, such Subsidiary Borrower shall repay principal of its Revolving Loans in an amount equal to such excess.

(b) With respect to each repayment of Revolving Loans required by this Section 3.02, the respective Borrower may designate the Types of Revolving Loans which are to be repaid and, in the case of Eurodollar Loans, the specific Borrowing or Borrowings pursuant to which made, provided that: (i) repayments of Eurodollar Loans pursuant to this Section

3.02 may only be made on the last day of an Interest Period applicable thereto unless all Eurodollar Loans with Interest Periods ending on such date of required repayment and all Base Rate Loans have been paid in full; (ii) if any repayment of Eurodollar Loans made pursuant to a single Borrowing shall reduce the outstanding Eurodollar Loans made pursuant to such Borrowing to an amount less than \$5,000,000,

such Borrowing shall be converted on such day into a Borrowing of Base Rate Loans; and (iii) each repayment of any Revolving Loans made pursuant to a Borrowing shall be applied pro rata among such Revolving Loans. Each

prepayment of Competitive Bid Loans required by this Section 3.02 shall be applied pro rata among all outstanding Competitive Bid Loans. In the

absence of a designation by any Borrower as described in the second preceding sentence, the Administrative Agent shall, upon telephonic notice to the Company and subject to the above, make such designation in its sole discretion.

(c) Notwithstanding anything to the contrary contained elsewhere in this Agreement, (i) all then outstanding Competitive Bid Loans shall be repaid in full on the fifth Business Day preceding the Final Maturity Date then in effect and (ii) all then outstanding Revolving Loans shall be repaid in full on the Final Maturity Date then in effect.

3.03 Method and Place of Payment. Except as otherwise

specifically provided herein, all payments under this Agreement or under any Revolving Note shall be made to the Administrative Agent for the account of the Bank or Banks entitled thereto not later than 12:00 Noon (New York time) on the date when due and shall be made in Dollars in immediately available funds at the Payment Office of the Administrative Agent. Whenever any payment to be made hereunder or under any Revolving Note shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension.

3.04 Net Payments. (a) All payments made by any Borrower

hereunder or under any Revolving Note, will be made without setoff, counterclaim or other defense. Except as provided in Section 3.04(b), all such payments will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments (but excluding, except as provided in the immediately succeeding sentence, any tax imposed on or measured by the net income or profits of a Bank pursuant to the laws of the United States and the jurisdiction in which it is organized or in which the principal office or applicable lending office of such Bank is located or any subdivision or taxing authority thereof or therein) and all interest, penalties or similar liabilities with respect

thereto (collectively, "Taxes"). If any amounts are payable in respect of Taxes pursuant to the preceding sentence, then the Borrowers agree to reimburse each Bank, upon the written request of such Bank, for taxes imposed on or measured by the net income of such Bank pursuant to the laws of the jurisdiction in which the principal office or applicable lending office of such Bank is located or under the laws of any political subdivision or taxing authority of any such jurisdiction in which the principal office or applicable lending office of such Bank is located and for any withholding of income or similar taxes imposed by the United States as such Bank shall determine are payable by, or withheld from, such Bank in respect of such amounts so paid to or on behalf of such Bank pursuant to the preceding sentence and in respect of any amounts paid to or on behalf of such Bank pursuant to this sentence. If any Taxes are so levied or imposed, the Borrowers agree to pay the full amount of such Taxes, and such additional amounts as may be necessary so that every payment of all amounts due under this Agreement or under any Revolving Note, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein or in such Revolving Note. The Borrowers will furnish to the Administrative Agent within 45 days after the date the payment of any Taxes is due pursuant to applicable law copies of official tax receipts received from the relevant taxing authority evidencing such payment by the Borrowers. The Borrowers agree to indemnify and hold harmless each Bank, and reimburse such Bank upon its written request, for the amount of any Taxes so levied or imposed and paid by such Bank.

(b) Each Bank which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for U.S. Federal income tax purposes agrees (i) in the case of any such Bank that is a "bank" within the meaning of Section 881(c)(3)(A) of the Code and which constitutes a Bank hereunder on the Effective Date, to provide to the Company and the Administrative Agent within five days after the Effective Date two original signed copies of Internal Revenue Service Form 4224 or Form 1001 certifying to such Bank's entitlement to an exemption from United States withholding tax with respect to payments to be made under this Agreement and under any Revolving Note, (ii) in the case of any such Bank that is a "bank" within the meaning of Section 881(c)(3)(A) of the Code, that, to the extent legally entitled to do so, (x) with respect to a Bank that is an assignee or transferee of an interest under this Agreement pursuant to Section 1.14 or 12.04 (unless the respective Bank was already a Bank hereunder immediately prior to such assignment or

transfer), within five days after such assignment or transfer to such Bank, and (y) with respect to any such Bank, from time to time upon the reasonable written request of the Company or the Administrative Agent after the Effective Date, such Bank will provide to the Company and the Administrative Agent two original signed copies of Internal Revenue Service Form 4224 or Form 1001 (or any successor forms) certifying to such Bank's entitlement to an exemption from, or reduction in, United States withholding tax with respect to payments to be made under this Agreement and under any Revolving Note, (iii) in the case of any such Bank (other than a Bank described in clause (i) or (ii) above) which constitutes a Bank hereunder on the Effective Date, to provide to the Company and the Administrative Agent, within five days after the Effective Date (x) a certificate substantially in the form of Exhibit D (any such certificate, a "Section 3.04(b)(iii) Certificate") and (y) two accurate and complete original signed copies of Internal Revenue Service Form W-8, certifying to such Bank's entitlement at the date of such certificate (assuming compliance by the Company with Section 7.11) to an exemption from United States withholding tax under the provisions of Section 881(c) of the Code with respect to payments to be made under this Agreement and under any Revolving Note and (iv) in the case of any such Bank (other than a Bank described in clause (i) or (ii) above), to the extent legally entitled to do so, (x) with respect to a Bank that is an assignee or transferee of an interest under this Agreement pursuant to Section 1.14 or 12.04 (unless the respective Bank was already a Bank hereunder immediately prior to such assignment or transfer), within five days after such assignment or transfer to such Bank, and (y) with respect to any such Bank, from time to time upon the reasonable written request of the Company or the Administrative Agent after the Effective Date, to provide to the Company and the Administrative Agent such other forms as may be required in order to establish the entitlement of such Bank to an exemption from withholding with respect to payments under this Agreement and under any Revolving Note. Notwithstanding anything to the contrary contained in Section 3.04(a), but subject to the immediately succeeding sentence, each Borrower shall be entitled, to the extent it is required to do so by law, to deduct or withhold income or similar taxes imposed by the United States (or any political subdivision or taxing authority thereof or therein) from interest, fees or other amounts payable hereunder (without any obligation to pay the respective Bank additional amounts with respect thereto) for the account of any Bank which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for U.S. Federal income tax purposes

and which has not provided to the Company such forms required to be provided to the Company pursuant to the first sentence of this Section 3.04(b). Notwithstanding anything to the contrary contained in the preceding sentence and except as set forth in Section 12.04(b), each Borrower agrees to indemnify each Bank in the manner set forth in Section 3.04(a) in respect of any amounts deducted or withheld by it as described in the immediately preceding sentence as a result of any changes after the Effective Date in any applicable law, treaty, governmental rule, regulation, guideline or order, or in the interpretation thereof, relating to the deducting or withholding of income or similar Taxes.

(c) If any Borrower pays any additional amount under this Section 3.04 to a Bank and such Bank determines that it has received or realized in connection therewith any refund or any reduction of, or credit against, its Tax liabilities in or with respect to the taxable year in which the additional amount is paid, such Bank shall pay to the respective Borrower an amount that the Bank shall, in its sole discretion, determine is equal to the net benefit, after tax, which was obtained by the Bank in such taxable year as a consequence of such refund, reduction or credit.

SECTION 4. Conditions Precedent to the Effective Date. The

occurrence of the Effective Date pursuant to Section 12.10, and the obligation of each Bank to make Revolving Loans on the Effective Date is subject to the satisfaction of the following conditions:

4.01 Execution of Agreement; Notes. On or prior to the

Effective Date, (i) this Agreement shall have been executed and delivered as provided in Section 12.10 and (ii) there shall have been delivered to the Administrative Agent for the account of each Bank the appropriate Revolving Notes executed by the respective Borrowers, in the amount, maturity and as otherwise provided herein.

4.02 Officer's Certificate. On the Effective Date, the

Administrative Agent shall have received a certificate dated the Effective Date signed on behalf of the Company by the President, any Senior Vice President or any Vice President of the Company stating that all of the conditions in Sections 4.14, 4.15, 4.16, 4.17, 4.19, 4.20 and 5.01 have been satisfied on such date.

4.03 Opinions of Counsel. On the Effective Date, the

Administrative Agent shall have received (i) from Latham

& Watkins, counsel to Parent, the Company and the Subsidiary Borrowers, an opinion addressed to the Administrative Agent and each of the Banks and dated the Effective Date in form and substance satisfactory to the Administrative Agent and the Required Banks, (ii) from E.O. Robinson, Jr., General Counsel to Parent and the Company, an opinion addressed to the Administrative Agent and each of the Banks and dated the Effective Date in form and substance satisfactory to the Administrative Agent and the Required Banks and (iii) from local counsel reasonably satisfactory to the Administrative Agent, opinions each of which shall be in form and substance satisfactory to the Administrative Agent and the Required Banks and shall cover the New Jersey and Nevada Gaming Regulations and the perfection and priority of the security interests granted pursuant to the Security Agreement and the Mortgages (except that no opinion need be given with respect to the priority of the Lien of any Mortgage) and such other matters incident to the transactions contemplated herein as the Administrative Agent may reasonably request.

4.04 Corporate Documents; Proceedings. (a) On the Effective

Date, the Administrative Agent shall have received a certificate, dated the Effective Date, signed by the President, any Senior Vice President or any Vice President of each of the Credit Parties, and attested to by the Secretary or any Assistant Secretary of each such Credit Party, in the form of Exhibit E to the 5-Year Credit Agreement with appropriate insertions, together with copies of the certificate of incorporation, partnership agreement and by-laws of such Credit Party, as the case may be, and the resolutions of such Credit Party referred to in such certificate, and the foregoing shall be acceptable to the Administrative Agent in its reasonable discretion.

(b) All corporate and legal proceedings and all instruments and agreements in connection with the transactions contemplated by this Agreement, the other Credit Documents and the Hotel Transaction Documents shall be satisfactory in form and substance to the Administrative Agent and the Required Banks, and the Administrative Agent shall have received true and correct copies of all Hotel Transaction Documents, together with all information and copies of all other documents and papers, including records of corporate proceedings, governmental approvals, good standing certificates and bring-down telegrams, if any, which the Administrative Agent reasonably may have requested in connection therewith, such documents and papers where appropriate to be certified by proper corporate or governmental authorities.

4.05 Master Collateral Agreement. On the Effective Date, the

Administrative Agent, the Collateral Agent and each Collateral Grantor shall have entered into an amendment to the Master Collateral Agreement in the form of Exhibit F to the 5-Year Credit Agreement, and the Master Collateral Agreement, as so amended, shall be in full force and effect.

4.06 Pledge Agreements. (a) On the Effective Date, the

Collateral Agent and Parent shall have entered into an amendment to the Parent Pledge Agreement in the form of Exhibit G-1 to the 5-Year Credit Agreement, and the Parent Pledge Agreement, as so amended, shall be in full force and effect. On the Effective Date, the Collateral Agent, as Pledgee, shall have in its possession all the Pledged Securities referred to in the Parent Pledge Agreement then owned by Parent, together with executed and undated stock powers.

(b) On the Effective Date, the Collateral Agent and each Collateral Grantor party to the Company/Sub Pledge Agreement shall have entered into an amendment to the Company/Sub Pledge Agreement in the form of Exhibit G-2 to the 5-Year Credit Agreement, and the Company/Sub Pledge Agreement, as so amended, shall be in full force and effect. On the Effective Date, the Collateral Agent, as Pledgee, shall have in its possession all the Pledged Securities referred to in the Company/Sub Pledge Agreement then owned by the respective Collateral Grantor, together with executed and undated stock powers.

4.07 Security Agreement. On the Effective Date, the Collateral

Agent and each Collateral Grantor party to the Security Agreement shall have entered into an amendment to the Security Agreement in the form of Exhibit H to the 5-Year Credit Agreement, and the Security Agreement, as so amended, shall be in full force and effect. On the Effective Date, no filings, recordings or registrations (other than those made prior to the Effective Date) shall be necessary or required to perfect (or maintain the perfection and priority of) the security interest created under the Security Agreement.

4.08 Company/Sub Guaranty. On the Effective Date, the

Collateral Agent, the Company and each other Guarantor (other than Parent) shall have entered into an amendment to the Company/Sub Guaranty in the form of Exhibit I to the 5-Year Credit Agreement, and the Company/Sub Guaranty, as so amended, shall be in full force and effect.

4.09 Mortgages; Title Insurance; Surveys; etc. On the Effective

Date, the Collateral Agent shall have received:

(i) fully executed counterparts of amendments (each a "Mortgage Amendment" and, collectively, the "Mortgage Amendments") to each of the Mortgages in the form of Exhibit J-1 to the 5-Year Credit Agreement in the case of the Atlantic City Property and Exhibit J-2 to the 5-Year Credit Agreement in the case of the other Casino Properties, together with evidence that counterparts of the Mortgage Amendments have been delivered to the title insurance company insuring the Lien of such Mortgages for recording in all places to the extent necessary or desirable, in the judgment of the Collateral Agent, effectively to create or maintain a valid and enforceable first priority mortgage lien on each such Mortgaged Property in favor of the Collateral Agent for the benefit of the Secured Parties;

(ii) endorsements to the Mortgage Policies issued by First American Title Insurance Company or such other title insurers reasonably satisfactory to the Administrative Agent in amounts satisfactory to the Administrative Agent assuring the Administrative Agent that the Mortgages on the Mortgaged Properties are valid and enforceable first priority mortgage liens on the respective Mortgaged Properties, free and clear of all defects and encumbrances except Permitted Encumbrances and such endorsements shall otherwise be in form and substance satisfactory to the Administrative Agent, and shall include, as appropriate, an endorsement for future advances under this Agreement and the Revolving Notes and for any other matter that the Administrative Agent in its discretion may reasonably request, shall not include an exception for mechanics' liens, and shall provide for affirmative insurance and such reinsurance as the Administrative Agent in its discretion may reasonably request; and

(iii) either (x) an officer's certificate of the Company with respect to each Mortgaged Property certifying that there has been no material alterations or improvements to such Mortgaged Property, which certificate shall be in form and substance satisfactory to the Administrative Agent or (y) in the case of any Mortgaged Property for which the foregoing certification cannot be made, an updated survey for such Mortgaged Property, in form and substance reasonably satisfactory to the Administrative Agent, certified by a licensed

professional surveyor reasonably satisfactory to the Administrative Agent.

4.10 Assignment of Partnership Interests Agreement. On the

Effective Date, the Collateral Agent, Marina, Harrah's Atlantic City and Harrah's New Jersey shall have entered into an amendment to the Assignment of Partnership Interests Agreement in the form of Exhibit K to the 5-Year Credit Agreement, and the Assignment of Partnership Interests Agreement, as so amended, shall be in full force and effect.

4.11 Assignment of Leases. On the Effective Date, the

Collateral Agent and Marina shall have entered into an amendment to the Assignment of Leases in the form of Exhibit L to the 5-Year Credit Agreement, and the Assignment of Leases, as so amended, shall be in full force and effect.

4.12 Net Lease Agreements. On the Effective Date, each of the

Net Lease Agreements shall be in full force and effect, provided that, to the extent the Company transfers its ownership interest in any of the Casino Properties located in Nevada to Harrah's Club as permitted by Section 8.02(a), the Net Lease Agreement with respect to each such Casino Property may be terminated.

4.13 Consent Letter. On the Effective Date, the Administrative

Agent shall have received a letter from CT Corporation System, presently located at 1633 Broadway, New York, New York 10019, substantially in the form of Exhibit M to the 5-Year Credit Agreement, indicating its consent to its appointment by each Credit Party as its agent to receive service of process as specified in Section 12.08.

4.14 Adverse Change. On or prior to the Effective Date, nothing

shall have occurred (and the Banks shall have become aware of no facts or conditions not previously known) which the Administrative Agent or the Required Banks shall determine has, or could reasonably be expected to have, a material adverse effect on the rights or remedies of the Administrative Agent, the Collateral Agent or the Banks, or on the ability of Parent or any Borrower or any other Credit Party to perform its obligations to the Administrative Agent, the Collateral Agent and the Banks or which has, or could reasonably be expected to have, a materially adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

4.15 Litigation. On the Effective Date, no litigation by any

entity (private or governmental) shall be pending or threatened with respect to this Agreement, the Hotel Transaction or any documentation executed in connection herewith or therewith or the transactions contemplated hereby or thereby, or with respect to any material Indebtedness of Parent or any of its Subsidiaries or which the Administrative Agent or the Required Banks shall determine could reasonably be expected to have a materially adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

4.16 Hotel Transaction. (a) On the Effective Date, Parent shall

have changed its legal corporate name to "Harrah's Entertainment, Inc.", and the Company shall have changed its legal corporate name to "Harrah's Operating Company, Inc."

(b) On the Effective Date, the Company and the Hotel Subsidiaries shall have entered into the Hotel Facility, no default or event of default shall exist thereunder and the Company shall have incurred not less than \$210,000,000 of loans thereunder.

(c) On the Effective Date, the Company shall have consummated the Hotel Transfer.

(d) On the Effective Date, in consideration of the Hotel Transfer described in clause (c) of this Section 4.16, the Company shall have irrevocably and unconditionally assigned to the Hotel Company, and the Hotel Company shall have irrevocably and unconditionally assumed from the Company, and the Company shall have been irrevocably and unconditionally released from, all of the Company's rights and obligations under the Hotel Facility.

(e) On the Effective Date, Parent and the Company shall have declared and paid the Hotel Stock Dividend.

4.17 Approvals, etc. (a) On or prior to the Effective Date, all

necessary governmental (domestic and foreign) and third party approvals (including, without limitation, the approval of the holders of the 8-3/4% Senior Subordinated Notes and 10-7/8% Senior Subordinated Notes) in connection with the transactions contemplated by this Agreement, the Hotel Transaction Documents and otherwise referred to herein or therein shall have been obtained and remain in effect, and all applicable waiting periods shall

have expired without any action being taken by any competent authority which restrains, prevents or imposes materially adverse conditions upon the consummation of the transactions contemplated by this Agreement, the Hotel Transaction Documents or otherwise referred to herein or therein. Additionally, there shall not exist any judgment, order, injunction or other restraint issued or filed or a hearing seeking injunctive relief or other restraint pending or notified prohibiting or imposing materially adverse conditions upon the consummation of the transactions contemplated by this Agreement, the Hotel Transaction Documents or otherwise referred to herein or therein.

(b) On or prior to the Effective Date, the Company shall have received sufficient Consents to authorize the execution and delivery of the indenture supplements to the 8-3/4% Senior Subordinated Notes Indenture and the 10-7/8% Senior Subordinated Notes Indenture and such indenture supplements shall have been duly executed and delivered by the Company and the respective indenture trustee thereunder and all conditions to the effectiveness thereof shall have been satisfied. All of the terms and conditions of the Consents and the respective indenture supplements shall be reasonably satisfactory to the Administrative Agent and the Required Banks and in compliance with the applicable Hotel Transaction Documents and all applicable laws (including, without limitation, Federal and state securities laws).

(c) On or prior to the Effective Date, the Administrative Agent shall have received evidence that the Banks are qualified under the New Jersey Gaming Regulations as financial sources or qualifiers, or are exempt or waived therefrom, and shall be satisfied that no other New Jersey or Nevada gaming license, authorization, qualification, waiver or exemption of the Banks is required on or prior to the Effective Date by reason of this Agreement or the Collateral Documents. The Administrative Agent also shall be satisfied in its discretion with any conditions or requirements imposed by the New Jersey, Nevada or other relevant Gaming Authorities upon the Banks, this Agreement, the Collateral Documents, the Collateral or the Hotel Transaction.

(d) Parent, its shareholders and Subsidiaries shall have received any qualifications required under applicable Gaming Regulations in connection with this Agreement, the Collateral Documents and the Hotel Transaction, and the Borrowers and the Guarantors shall have received all other approvals, authorizations or consents of, or notices to or registrations with any governmental body and

required releases and consents from other appropriate Persons (including, without limitation, the shareholders of Parent) in connection with this Agreement, the Collateral Documents and the Hotel Transaction and shall have provided copies or other satisfactory evidence of all approvals, authorizations or consents referred to above to the Administrative Agent.

4.18 Solvency Certificate; Evidence of Insurance. On the

Effective Date, there shall have been delivered to the Administrative Agent (i) a certificate in the form of Exhibit N to the 5-Year Credit Agreement, addressed to the Administrative Agent and each of the Banks and dated the Effective Date, from the chief financial officer of Parent, providing the opinion of such chief financial officer as to the solvency of Parent, the Company, each Subsidiary Borrower and Parent and its Subsidiaries taken as a whole, and (ii) evidence of insurance (A) satisfactory to the Administrative Agent that insurance is in effect with respect to each of the Mortgaged Properties and covering such risks and in such amounts and with such coverages as required by the Administrative Agent and (B) that each insurance policy covering the Collateral and each other material insurance policy is effective as required in accordance with the requirements of Section 7.03 for the business and properties of Parent and its Subsidiaries, in scope, form and substance satisfactory to the Administrative Agent and the Required Banks and naming the Collateral Agent, in the case of Collateral, as an additional insured and/or loss payee, and stating that such insurance shall not be cancelled or revised without at least 30 days' prior written notice by the respective insurer to the Collateral Agent.

4.19 Payment of Fees. On the Effective Date, all costs, fees

and expenses (including, without limitation, legal fees and expenses) and other compensation contemplated hereby or otherwise agreed and payable to the Banks or the Administrative Agent shall have been paid to the extent due.

4.20 5-Year Credit Agreement. On the Effective Date, Parent,

the Company, the Subsidiary Borrowers, the 5-Year Banks and the Administrative Agent shall have entered into the 5-Year Credit Agreement, and the 5-Year Credit Agreement shall be in full force and effect. On the Effective Date, the Company shall have delivered to the Administrative Agent a true and correct copy of the 5-Year Credit Agreement, which shall be required to be in form and substance satisfactory to the Administrative Agent and the Required Banks.

4.21 Schedules. On the Effective Date, the Company shall have

delivered to each of the Banks true and complete copies of Schedules II through VIII, which Schedules shall be in form and substance satisfactory to the Administrative Agent and the Required Banks.

SECTION 5. Conditions Precedent to All Loans. The obligation of

each Bank to make Loans (including Loans made on the Effective Date), is subject, at the time of the making of each such Loan (except as hereinafter indicated), to the satisfaction of the following conditions:

5.01 No Default; Representations and Warranties. At the time of

each such Loan and also after giving effect thereto (i) there shall exist no Default or Event of Default and (ii) all representations and warranties contained herein and in the other Credit Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on the date of the making of such Loan (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date).

5.02 Notice of Borrowing; Competitive Bid Loans. (a) Prior to

the making of each Revolving Loan, the Administrative Agent shall have received a Notice of Borrowing meeting the requirements of Section 1.03.

(b) Prior to the making of any Competitive Bid Loans, (i) all of the applicable conditions specified in Section 1.04 shall have been satisfied and (ii) the Company's Indebtedness shall be rated at least BBB-Senior Implied by S&P or at least Baa3 Senior Implied by Moody's.

5.03 Election to Become a Subsidiary Borrower. Prior to the

incurrence of any Revolving Loans by a Subsidiary Borrower which is not a Subsidiary Borrower on the Effective Date, the following additional conditions shall be satisfied:

(i) such new Subsidiary Borrower shall have duly authorized, executed and delivered to the Administrative Agent an Election to Become a Subsidiary Borrower in the form of Exhibit E, which shall be in full force and effect;

(ii) such Subsidiary Borrower shall have duly authorized, executed and delivered to the Administrative

Agent for the account of each of the Banks the appropriate Revolving Note in the amount, maturity and as otherwise provided herein; and

(iii) to the extent not previously accomplished, such Subsidiary Borrower shall have duly authorized, executed and delivered to the Administrative Agent counterparts of the Company/Sub Guaranty and each Collateral Document to the extent applicable, together with (x) such financing statements and instruments required to be delivered by the respective Collateral Documents and (y) such other documents, certificates, resolutions, opinions and writings that would have been required to be delivered pursuant to Sections 4.03 and 4.04 of this Agreement and Section 5.19 of the Original Five-Year Credit Agreement if such Subsidiary Borrower had been subject to such Sections on the Effective Date, all of which shall be in form and substance satisfactory to the Administrative Agent.

The occurrence of the Effective Date and the acceptance of the proceeds of each Loan shall constitute a representation and warranty by Parent and the respective Borrower to the Administrative Agent and each of the Banks that all the conditions specified in Section 4 and in this Section 5 and applicable to such Loan have been satisfied as of that time. All of the Revolving Notes, certificates, legal opinions and other documents and papers referred to in Section 4 and in this Section 5, unless otherwise specified, shall be delivered to the Administrative Agent at the Notice Office for the account of each of the Banks and, except for the Revolving Notes, in sufficient counterparts for each of the Banks and shall be in form and substance satisfactory to the Required Banks.

Notwithstanding anything to the contrary contained above or in Section 12.10, if the Effective Date does not occur on or prior to September 30, 1995, then it shall not thereafter occur (unless the Required Banks agree in writing to an extension of such date), and this Agreement shall cease to be of any force or effect.

SECTION 6. Representations, Warranties and Agreements. In order

to induce the Banks to enter into this Agreement and to make the Loans, each of Parent, the Company and each Subsidiary Borrower makes the following representations, warranties and agreements, in each case after giving effect to the Hotel Transaction, all of which shall survive the execution and delivery of this Agreement and the Revolving

Notes and the making of the Loans, with the occurrence of the Effective Date and the making of each Loan on or after the Effective Date being deemed to constitute a representation and warranty that the matters specified in this Section 6 are true and correct on and as of the Effective Date and on the date of each such Loan (it being understood and agreed that (i) any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date and (ii) for purposes of making any representation or warranty in this Section 6 after the Effective Date the term Documents shall not include the Hotel Transaction Documents).

6.01 Corporate or Partnership Status. Each of Parent and its

Subsidiaries (i) is a duly organized and validly existing corporation or partnership, in good standing under the laws of the jurisdiction of its organization, (ii) has the corporate or partnership power and authority to own its property and assets and to transact the business in which it is engaged and presently proposes to engage and (iii) is duly qualified and is authorized to do business and is in good standing in each jurisdiction where the ownership, leasing or operation of its property or the conduct of its business requires such qualifications except for failures to be so qualified which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

6.02 Corporate or Partnership Power and Authority. Each Credit

Party has the corporate or partnership power and authority to execute, deliver and perform the terms and provisions of each of the Documents to which it is party and has taken all necessary corporate or partnership action to authorize the execution, delivery and performance by it of each of such Documents. Each Credit Party has duly executed and delivered each of the Documents to which it is party, and each of such Documents constitutes its legal, valid and binding obligation enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law).

6.03 No Violation. Neither the execution, delivery or

performance by any Credit Party of the Documents to which it is a party, nor compliance by it with the terms and

provisions thereof, (i) will contravene any provision of any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality, (ii) will conflict with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to the Collateral Documents and, in the case of the Hotel Company and the Hotel Subsidiaries, pursuant to the Hotel Facility) upon any of the property or assets of Parent or any of its Subsidiaries pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement or loan agreement, or any other material agreement, contract or instrument, to which Parent or any of its Subsidiaries is a party or by which it or any of its property or assets is bound or to which it may be subject or (iii) will violate any provision of the certificate of incorporation, partnership agreement or by-laws of Parent or any of its Subsidiaries.

6.04 Governmental Approvals. No order, consent, approval,

license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made on or prior to the Effective Date), or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with, (i) the Hotel Transaction, (ii) the execution, delivery and performance of any Document or (iii) the legality, validity, binding effect or enforceability of any such Document.

6.05 Financial Statements; Financial Condition; Undisclosed

Liabilities; Projections; etc. (a) The statements of financial condition

of Parent and its Consolidated Subsidiaries at December 31, 1994 (including the December 31, 1994 financial statements contained in the Proxy Statement which shows the Hotel Business as discontinued operations) and March 31, 1995, and the related statements of income and cash flow and changes in shareholders' equity of Parent and its Consolidated Subsidiaries for the fiscal year and three-month period ended on such date, as the case may be, and furnished to the Banks prior to the Effective Date present fairly the financial condition of Parent and its Consolidated Subsidiaries at the date of such statements of financial condition and the results of the operations of Parent and its Consolidated Subsidiaries for the respective fiscal year or three-month period, as the case may be. All such financial statements have been prepared in accordance with generally accepted accounting principles and practices consistently applied. Since December 31, 1994 (but after giving effect to

the Hotel Transaction), there has been no material adverse change in the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

(b) On and as of the Effective Date, both before and after giving effect to the Hotel Transaction and to all Indebtedness (including the Loans) being incurred or assumed and Liens created by Parent and its Subsidiaries in connection therewith, (a) the sum of the assets, at a fair valuation, of each of Parent, the Company, each Subsidiary Borrower, Parent and its Subsidiaries taken as a whole and the Company and its Subsidiaries taken as a whole will exceed their respective debts; (b) none of Parent, the Company, any Subsidiary Borrower, Parent and its Subsidiaries taken as a whole or the Company and its Subsidiaries taken as a whole has incurred, nor do they intend to incur or believe that they will incur, debts beyond their ability to pay such debts as such debts mature; and (c) each of Parent, the Company, each Subsidiary Borrower, Parent and its Subsidiaries taken as a whole and the Company and its Subsidiaries taken as a whole will have sufficient capital with which to conduct its respective business. For purposes of this Section 6.05(b), "debt" means any liability on a claim, and "claim" means (i) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured or (ii) right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

(c) Except as fully disclosed in the financial statements delivered pursuant to Section 6.05(a), there were as of the Effective Date no liabilities or obligations with respect to Parent or any of its Subsidiaries of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, either individually or in aggregate, would be material to Parent and its Subsidiaries taken as a whole. As of the Effective Date, neither Parent nor any Borrower knows of any basis for the assertion against Parent or any of its Subsidiaries of any liability or obligation of any nature whatsoever that is not fully disclosed in the financial statements delivered pursuant to Section 6.05(a) which, either individually or in the aggregate, is material to Parent and its Subsidiaries taken as a whole.

(d) On and as of the Effective Date, (i) the financial projections (the "Projections") prepared by the Company and delivered to the Banks by the Administrative Agent prior to the Effective Date were prepared based upon the assumptions concerning various industry trends described therein for the periods presented, (ii) the Projections were based on good faith assumptions and estimates, and (iii) although a range of possible different assumptions and estimates might also be reasonable, the Company is not aware of any facts that would lead it to believe that the assumptions and estimates on which the Projections were based are not reasonable; provided that no assurance can be given that the projected results will be realized or with respect to the ability of the Company to achieve the projected results, and while the Projections are necessarily presented with numerical specificity, the actual results achieved during the periods presented in all likelihood will differ from the projected results and such differences may be material.

6.06 Litigation. There are no actions, suits or proceedings

pending or, to the best knowledge of Parent or any Borrower, threatened (i) with respect to any Document or the Hotel Transaction, (ii) with respect to any material Indebtedness of Parent or any of its Subsidiaries or (iii) that could reasonably be expected to materially and adversely affect the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

6.07 True and Complete Disclosure. All factual information

(taken as a whole) furnished by or on behalf of Parent or its Subsidiaries in writing to the Administrative Agent or any Bank (including, without limitation, all information contained in the Documents) for purposes of or in connection with this Agreement, the other Credit Documents or any transaction contemplated herein or therein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of Parent or its Subsidiaries in writing to the Administrative Agent or any Bank will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading in any material respect at such time in light of the circumstances under which such information was provided.

6.08 Use of Proceeds; Margin Regulations. (a) All proceeds of

the Loans shall be used by the Borrowers (i) to pay fees and expenses related to this Agreement and (ii)

for the Borrowers' and their Subsidiaries' general corporate purposes.

(b) No part of the proceeds of any Loan will be used to purchase or carry any Margin Stock or to extend credit for the purpose of purchasing or carrying any Margin Stock. Neither the making of any Loan nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulation G, T, U or X of the Board of Governors of the Federal Reserve System.

6.09 Tax Returns and Payments. Each of Parent and its

Subsidiaries and each Person for whose tax Parent or any of its Subsidiaries could be liable has filed or caused to be filed with the appropriate taxing authority, all Federal and all other material returns, statements, forms and reports for all taxes (the "Returns") required to be filed by it and has paid or caused to be paid (i) all material taxes due for the periods covered thereby and (ii) all taxes pursuant to any assessment received by Parent, any of its Subsidiaries or any such Person, excluding, in each case, any such taxes that have been contested in good faith and for which adequate reserves have been established in accordance with generally accepted accounting principles. Except as disclosed on Schedule II, as of the Effective Date, there is no action, suit, proceeding, investigation, audit, or claim now pending or, to the knowledge of Parent or any of its Subsidiaries, threatened by any governmental or taxing authority regarding any material taxes relating to Parent or any of its Subsidiaries. Except as disclosed on Schedule II, as of the Effective Date, neither Parent nor any of its Subsidiaries has entered into an agreement or waiver extending any statute of limitations relating to the payment or collection of any material taxes of Parent or any of its Subsidiaries.

6.10 Compliance with ERISA. Each Plan is in substantial

compliance with ERISA and the Code; no Reportable Event has occurred with respect to a Plan; no Plan is insolvent or in reorganization; no Plan has an Unfunded Current Liability; no Plan has an accumulated or waived funding deficiency, has permitted decreases in its funding standard account or has applied for an extension of any amortization period within the meaning of Section 412 of the Code; neither Parent nor any Subsidiary of Parent nor any ERISA Affiliate has incurred any material liability to or on account of a Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 401(a)(29), 4971 or 4975 of the Code or expects to incur any liability under any of the foregoing Sections with respect to

any Plan; no proceedings have been instituted by the PBGC to terminate or appoint a trustee to administer any Plan; no condition exists which presents a material risk to Parent or any Subsidiary of Parent or any ERISA Affiliate of incurring a liability to or on account of a Plan pursuant to the foregoing provisions of ERISA and the Code; no lien imposed under the Code or ERISA on the assets of Parent or any Subsidiary of Parent or any ERISA Affiliate exists or is likely to arise on account of any Plan; and Parent and its Subsidiaries may cease contributions to or terminate any employee benefit plan maintained by any of them without incurring any material liability to any person interested therein other than accrued benefits; it being understood that any representation or warranty made in this Section 6.10 with respect to any multiemployer plan (labor union) is to the best knowledge of Parent, the Company and each Subsidiary Borrower.

6.11 The Collateral Documents. (a) The provisions of the

Security Agreement are effective to create in favor of the Collateral Agent for the benefit of the Secured Parties a legal, valid and enforceable security interest in all right, title and interest of the Collateral Grantors in the Security Agreement Collateral described therein, and the Security Agreement creates a fully perfected first lien on, and security interest in, all right, title and interest of the Collateral Grantors, in all of the Security Agreement Collateral described therein, subject to no other Liens other than Permitted Liens. The recordation of the Security Agreement in the United States Patent and Trademark Office together with filings on Form UCC-1 made pursuant to the Security Agreement will be effective, under federal law, to perfect the security interest granted to the Collateral Agent in the trademarks and patents covered by the Security Agreement and the filing of the Security Agreement with the United States Copyright Office together with filings on Form UCC-1 made pursuant to the Security Agreement will be effective under federal law to perfect the security interest granted to the Collateral Agent in the copyrights covered by the Security Agreement. Each Collateral Grantor has good and marketable title to all Security Agreement Collateral described therein, free and clear of all Liens except those described above in this clause (a).

(b) The security interests created in favor of the Collateral Agent for the benefit of the Secured Parties under the Pledge Agreements constitute first perfected security interests in the Pledged Securities described in the Pledge Agreements, subject to no security interests of any other Person. No filings or recordings are required in order to

perfect (or maintain the perfection or priority of) the security interests created in the Pledged Securities under the Pledge Agreements.

(c) The security interests created in favor of the Collateral Agent for the benefit of the Secured Parties under the Assignment of Partnership Interests Agreement constitute first perfected security interests in the Partnership Interests described in the Assignment of Partnership Interests Agreement, subject to no security interests of any other Person. Except for filings that have been made prior to the Effective Date, no filings or recordings are required in order to perfect (or maintain the perfection or priority of) the security interests created in the Partnership Interests under the Assignment of Partnership Interests Agreement.

(d) The Mortgages create, as security for the obligations purported to be secured thereby, a valid and enforceable perfected security interest in and mortgage lien on all of the Mortgaged Properties in favor of the Collateral Agent for the benefit of the Secured Parties, superior to and prior to the rights of all third Persons (except that the security interest and mortgage lien created in the Mortgaged Properties may be subject to the Permitted Encumbrances related thereto) and subject to no other Liens (other than Liens permitted under Section 8.01). The Company or Harrah's Club, as the case may be, has good and marketable title to the following three Mortgaged Properties, Harrah's Reno Hotel Casino, Harrah's Lake Tahoe Hotel Casino (including Bill's Casino) and Harrah's Las Vegas Hotel Casino; Marina has good and marketable title to the Mortgaged Property at the Harrah's Atlantic City Hotel Casino; and Harrah's Laughlin has good and marketable title to the Mortgaged Property at Harrah's Laughlin Hotel Casino, in each case free and clear of all Liens except those described in the first sentence of this subsection (d).

(e) The Assignment of Leases and, to the extent not theretofore terminated, the Net Lease Agreements create, as security for the obligations purported to be secured thereby, a valid and enforceable perfected security interest in and Lien on the respective Collateral covered thereby in favor of the Collateral Agent for the benefit of the Secured Parties, superior to and prior to the rights of all third Persons and subject to no other Liens.

(f) Pursuant to the Collateral Documents, perfected security interests have been created in favor of the

Collateral Agent for the benefit of the Secured Parties in all of the Required Collateral.

6.12 Properties. Parent and each of its Subsidiaries have good

title to all material properties owned by them, free and clear of all Liens, other than Liens permitted by Section 8.01.

6.13 Capitalization. (a) On the Effective Date, the authorized

capital stock of Parent shall consist of 360,000,000 shares of common stock, \$1.50 par value per share, of which, as of March 31, 1995, 102,518,639 shares shall be issued and outstanding. All such outstanding shares have been duly and validly issued, are fully paid and nonassessable and are free of preemptive rights. As of the Effective Date and except as disclosed in the most recent report on Form 10-K or 10-Q filed by Parent with the SEC, Parent does not have outstanding any securities convertible into or exchangeable for its capital stock or outstanding any rights to subscribe for or to purchase, or any options for the purchase of, or any agreement providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its capital stock.

(b) On the Effective Date, the authorized capital stock of the Company shall consist of 1,000 shares of common stock, \$1.00 par value per share, all of which shares were issued and outstanding and owned by Parent. All such outstanding shares have been duly and validly issued, are fully paid and nonassessable and are free of preemptive rights. The Company does not have outstanding any securities convertible into or exchangeable for its capital stock or outstanding any rights to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its capital stock.

6.14 Subsidiaries. Except as otherwise agreed by the Required

Banks, Parent has no Subsidiaries other than (i) the Company and its Subsidiaries and (ii) Aster Insurance Ltd. All Subsidiaries of the Company as of the Effective Date, and the direct owner of the capital stock thereof, are listed on Schedule III. Schedule III also accurately shows, as of the Effective Date, with respect to each Subsidiary (i) whether such Subsidiary is a Material Subsidiary and (ii) whether such Subsidiary is a Guarantor.

6.15 Compliance with Statutes, etc. Each of Parent and its

Subsidiaries is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls), except such noncompliances as could not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

6.16 Investment Company Act. Neither Parent nor any of its

Subsidiaries is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

6.17 Public Utility Holding Company Act. Neither Parent nor any

of its Subsidiaries is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

6.18 Environmental Matters. (a) Parent and each of its

Subsidiaries have complied with, and on the date of each such Loan are in compliance with, all applicable Environmental Laws and the requirements of any permits issued under such Environmental Laws. There are no pending or, to the best knowledge of Parent or any Borrower after due inquiry, past or threatened Environmental Claims against Parent or any of its Subsidiaries or any Real Property owned or operated by Parent or any of its Subsidiaries that individually or in the aggregate could reasonably be expected to materially and adversely affect the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole. There are no facts, circumstances, conditions or occurrences on any Real Property owned or operated by Parent or any of its Subsidiaries or, to the best knowledge of Parent or any Borrower after due inquiry, on any property adjoining or in the vicinity of any such Real Property that, to the best knowledge of Parent or any Borrower after due inquiry, could reasonably be expected (i) to form the basis of an Environmental Claim against Parent or any of its Subsidiaries or any such Real Property that individually or in the aggregate could reasonably be expected to materially

and adversely affect the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole, or (ii) to cause any such Real Property to be subject to any restrictions on the ownership, occupancy, use or transferability of such Real Property by Parent or any of its Subsidiaries under any applicable Environmental Law.

(b) Hazardous Materials have not at any time been generated, used, treated or stored on, or transported to or from, any Real Property owned or operated by Parent or any of its Subsidiaries where such generation, use, treatment or storage has violated or could reasonably be expected to violate any Environmental Law. Hazardous Materials have not at any time been Released on or from any Real Property owned or operated by Parent or any of its Subsidiaries where such Release has violated or could reasonably be expected to violate any applicable Environmental Law. There are not now any underground storage tanks located on any Real Property owned or operated by Parent or any of its Subsidiaries which are not in compliance with all Environmental Laws.

(c) Notwithstanding anything to the contrary in this Section 6.18, the representations made in this Section 6.18 shall only be untrue if the aggregate effect of all failures and noncompliances of the types described above could reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

6.19 Labor Relations. Neither Parent nor any of its

Subsidiaries is engaged in any unfair labor practice that could reasonably be expected to have a material adverse effect on Parent and its Subsidiaries taken as a whole. There is (i) no unfair labor practice complaint pending against Parent or any of its Subsidiaries or, to the best knowledge of the Parent or any Borrower, threatened against any of them, before the National Labor Relations Board, and no grievance or arbitration proceeding arising out of or under any collective bargaining agreement is so pending against Parent or any of its Subsidiaries or, to the best knowledge of Parent or any Borrower, threatened against any of them, (ii) no strike, labor dispute, slowdown or stoppage pending against Parent or any of its Subsidiaries or, to the best knowledge of Parent or any Borrower, threatened against Parent or any of its Subsidiaries and (iii) to the best knowledge of Parent or any Borrower, no union representation question existing with respect to the employees of Parent or

any of its Subsidiaries, except (with respect to any matter specified in clause (i), (ii) or (iii) above, either individually or in the aggregate) such as could not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

6.20 Patents, Licenses, Franchises and Formulas. Each of Parent

and its Subsidiaries own all the patents, trademarks, permits, service marks, trade names, copyrights, licenses, franchises and formulas, or rights with respect to the foregoing, and has obtained assignments of all leases and other rights of whatever nature, necessary for the present conduct of its business, without any known conflict with the rights of others which, or the failure to obtain which, as the case may be, would result in a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

6.21 Existing Indebtedness. Schedule IV sets forth a true and

complete list of all Indebtedness of Parent and its Subsidiaries as of the Effective Date and which is to remain outstanding after giving effect thereto, in each case showing the respective borrower thereof (excluding Indebtedness under this Agreement and the 5-Year Credit Agreement), with Part A of such Schedule IV to indicate that Indebtedness which constitutes "Existing Indebtedness" under (and as defined in) the Original 5-Year Credit Agreement and Part B of such Schedule IV to indicate all such other Indebtedness outstanding on the Effective Date. The subordination provisions of the Subordinated Debt set forth on Schedule IV are enforceable against the respective borrower or guarantor thereunder, as the case may be, and all Obligations hereunder and under the other Credit Documents are within the definition of "Senior Debt," "Guarantor Senior Debt," "Designated Senior Debt" and "Designated Senior Debt of the Guarantor" included in such subordination provisions, as the case may be.

6.22 Hotel Transaction. At the time of consummation thereof,

the Hotel Transaction shall have been consummated in accordance with the terms of the respective Hotel Transaction Documents and all applicable laws and all conditions precedent thereto shall have been satisfied, or waived with the consent of the Required Banks. At the time of consummation thereof, all consents and approvals of, and filings and registrations with, and all other actions in

respect of, all governmental agencies, authorities or instrumentalities required in order to make or consummate the Hotel Transaction have been obtained, given, filed or taken and are or will be in full force and effect (or effective judicial relief with respect thereto has been obtained). All applicable waiting periods with respect thereto have or, prior to the time when required, will have, expired without, in all such cases, any action being taken by any competent authority which restrains, prevents, or imposes material adverse conditions upon the Hotel Transaction. Additionally, there does not exist any judgment, order or injunction prohibiting or imposing material adverse conditions upon the Hotel Transaction, or the making of any Loan or the performance by Parent or any other Credit Party of their obligations under the respective Documents. All actions taken by Parent and its Subsidiaries pursuant to or in furtherance of the consummation of the Hotel Transaction have been taken in compliance with the respective documents therefor and all applicable laws. The Hotel Transaction has been consummated in accordance with the terms of the Hotel Transaction Documents and all applicable laws.

6.23 No Other Ventures. Except as set forth on Schedule V, as

of the Effective Date, neither Parent nor any of its Subsidiaries is engaged in any Joint Venture or partnership with any other Person.

SECTION 7. Affirmative Covenants. Each of Parent, the Company

and each Subsidiary Borrower covenants and agrees that on and after the Effective Date and until the Total Revolving Loan Commitment has terminated and the Loans and the Revolving Notes, together with interest, Fees and all other obligations incurred hereunder and thereunder, are paid in full:

7.01 Information Covenants. Parent will furnish to each Bank:

(a) Quarterly Financial Statements. Within 45 days after the

close of the first three quarterly accounting periods in each fiscal year of Parent and within 90 days after the close of the fourth quarterly accounting period in each fiscal year of Parent, the consolidated balance sheet of Parent and its Consolidated Subsidiaries as at the end of such quarterly accounting period and the related consolidated statements of income and statement of cash flows, in each case for such quarterly accounting period and for the elapsed portion of the fiscal year ended with the last

day of such quarterly accounting period, in each case setting forth comparative figures for the related periods in the prior fiscal year, all of which shall be certified by the chief financial officer, controller or treasurer of Parent, subject to normal year-end audit adjustments.

(b) Annual Financial Statements. Within 120 days after the

close of each fiscal year of Parent, the consolidated balance sheet of Parent and its Consolidated Subsidiaries as at the end of such fiscal year and the related consolidated statements of income and retained earnings and statement of cash flows for such fiscal year setting forth comparative figures for the preceding fiscal year and certified by Arthur Andersen & Co. or such other independent certified public accountants of recognized national standing reasonably acceptable to the Required Banks, together with a statement of the firm of such independent accountants as to whether, in conducting their audit, anything came to their attention to cause them to believe that Parent and the Company were not in compliance with Sections 8.07, 8.08 and 8.09, insofar as such Sections relate to accounting and auditing matters, on the date of such statements.

(c) Budgets. No later than 90 days after the commencement of

each fiscal year of Parent, a budget which shall include an annual balance sheet for such fiscal year, quarterly statements of income and sources and uses of cash for each of the four fiscal quarters of such fiscal year, together with a business plan for such fiscal year, in each case consolidated for Parent and its Subsidiaries, and accompanied by a statement of the chief financial officer, controller or treasurer of Parent that the budget has been approved by the Board of Directors of Parent or the Company.

(d) Officer's Certificates. At the time of the delivery of the

financial statements provided for in Section 7.01(a) and (b), a certificate of the chief financial officer, controller or treasurer of Parent to the effect that, to the best of such officer's knowledge, no Default or Event of Default has occurred and is continuing or, if any Default or Event of Default has occurred and is continuing, specifying the nature and extent thereof, which certificate shall set forth (i) the calculations required to establish whether Parent and the Borrowers were in compliance with the provisions of Sections 2.03(c) and (d), 8.03(v), 8.04(vi), (ix)

through and including (xii), (xiv) and (xv), 8.05 and 8.07 through 8.09, inclusive, at the end of such fiscal quarter or year, as the case may be and (ii) the Senior Implied Indebtedness ratings, if any, assigned by Moody's and S&P to the Company's Indebtedness at the end of such fiscal quarter or year, as the case may be.

(e) Notice of Default or Litigation. Promptly upon, and in any

event within three Business Days after, an officer of Parent or any Borrower obtains knowledge thereof, notice of (i) the occurrence of any event which constitutes a Default or an Event of Default and (ii) any litigation or governmental investigation or proceeding (including any investigation by any Gaming Authority) pending (x) against Parent or any of its Subsidiaries which could reasonably be expected to materially and adversely affect the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole, (y) with respect to any material Indebtedness of Parent or any of its Subsidiaries or (z) with respect to any Credit Document.

(f) Other Reports and Filings. Promptly, (i) copies of all

financial statements, reports and proxy materials which Parent has mailed to its shareholders generally, (ii) copies of all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or its equivalent) and reports on Forms 10-K, 10-Q and 8-K (or their equivalent) which Parent or any of its Subsidiaries shall file with the Securities and Exchange Commission or any successor thereof (the "SEC") and (iii) to the extent not otherwise provided to the Banks, copies of all notices, reports and financial statements which Parent or any of its Subsidiaries shall deliver to holders of any issue of Indebtedness if the aggregate principal amount thereof exceeds (or upon the utilization of any used commitments may exceed) \$25,000,000 pursuant to the terms of the documentation governing any such issue of Indebtedness (or any trustee, agent or other representative therefor).

(g) Environmental Matters. Promptly upon, and in any event

within ten Business Days after, an officer of Parent or any Borrower obtains knowledge thereof, notice of one or more of the following environmental matters, unless such environmental matters could not, individually or when aggregated with all other such environmental

matters, be reasonably expected to materially and adversely affect the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole: (i) any pending or threatened Environmental Claim against Parent or any of its Subsidiaries or any Real Property owned or operated by Parent or any of its Subsidiaries; (ii) any condition or occurrence on or arising from any Real Property owned or operated by Parent or any of its Subsidiaries that (a) results in noncompliance by Parent or any of its Subsidiaries with any applicable Environmental Law or (b) could reasonably be expected to form the basis of an Environmental Claim against Parent or any of its Subsidiaries or any such Real Property; (iii) any condition or occurrence on any Real Property owned or operated by Parent or any of its Subsidiaries that could reasonably be expected to cause such Real Property to be subject to any restrictions on the ownership, occupancy, use or transferability by Parent or any of its Subsidiaries of such Real Property under any Environmental Law; and (iv) the taking of any removal or remedial action in response to the actual or alleged presence of any Hazardous Material on any Real Property owned or operated by Parent or any of its Subsidiaries as required by any Environmental Law or any governmental or other administrative agency; provided that in any

event Parent shall deliver to each Bank all notices received by Parent or any of its Subsidiaries from any government or governmental agency under, or pursuant to, CERCLA. All such notices shall describe in reasonable detail the nature of the claim, investigation, condition, occurrence or removal or remedial action and Parent's or such Subsidiary's response thereto. In addition, Parent will provide the Banks with copies of all material written communications by Parent or any of its Subsidiaries with any government or governmental agency relating to Environmental Laws, all material written communications with any person relating to Environmental Claims, and such detailed reports of any Environmental Claim as may reasonably be requested by the Banks.

(h) Other Information. From time to time, such other

information or documents (financial or otherwise) with respect to Parent or its Subsidiaries as the Administrative Agent or any Bank may reasonably request.

7.02 Books, Records and Inspections. Parent will, and will

cause each of its Subsidiaries to, keep proper books

of record and account in which full, true and correct entries in conformity with generally accepted accounting principles and all requirements of law shall be made of all dealings and transactions in relation to its business and activities. Parent will, and will cause each of its Subsidiaries to, permit officers and designated representatives of the Administrative Agent or any Bank to visit and inspect, at the Administrative Agent's or such Bank's expense and under guidance of officers of Parent or such Subsidiary, any of the properties of Parent or such Subsidiary, and to examine the books of account of Parent or such Subsidiary and discuss the affairs, finances and accounts of Parent or such Subsidiary with, and be advised as to the same by, its and their officers and independent public accountants, provided that a representative of Parent or such Subsidiary is present, all

at such reasonable times and intervals and to such reasonable extent as the Administrative Agent or such Bank may request, provided that the

Administrative Agent and the Banks shall have no right pursuant to this Section 7.02 to obtain any information relating to (i) the identity of gaming patrons obligated under Markers or (ii) any filings made pursuant to Regulation 6A or 6.090 of the Regulations of the Nevada Gaming Commission (except that the Administrative Agent and the Banks may review the reports of an independent auditor with respect to such filings).

7.03 Maintenance of Property; Insurance. (a) Parent will, and

will cause each of its Material Subsidiaries to, keep all property necessary in the reasonable conduct of its business in good working order and condition.

(b) Schedule VI sets forth a true and complete listing of all insurance maintained by Parent and its Subsidiaries as of the Effective Date. Parent will maintain, and will cause each of its Material Subsidiaries to maintain, (i) physical damage insurance on all real and personal property on an all risk basis (including the perils of flood and quake), covering the repair and replacement cost of all such property and consequential loss coverage for business interruption and extra expense, and (ii) such other insurance coverage in such amounts and with respect to such risks as the Administrative Agent or the Required Banks may reasonably request; provided, however, that flood, earthquake and business

interruption insurance will be required only to the extent available on a commercially reasonable basis and so long as it is consistent with reasonable and prudent insurance underwriting practices. All such insurance shall be provided by insurers having an A.M. Best general policy-holders service rating of not less than "B+VI" or such other

insurers as the Administrative Agent may approve in writing. In addition, all insurance with respect to the Collateral shall name the Collateral Agent as loss payee, for the benefit of the Secured Parties, and shall provide that (a) the proceeds thereof shall be paid directly to the Collateral Agent, subject to Section 3.01(c) of each Mortgage and Section 11 of the Security Agreement and (b) no cancellation, material change or reduction thereof shall be effective until at least 30 days after receipt by the Collateral Agent of written notice thereof. Parent will deliver to the Banks (i) upon request of any Bank through the Administrative Agent from time to time full information as to the insurance carried, (ii) for insurance with respect to the Collateral and all other material insurance, within five days of receipt of notice from any insurer, a copy of any notice of cancellation or material change in coverage from that existing on the date of this Agreement and (iii) forthwith, notice of any cancellation or nonrenewal of any insurance coverage of Parent or any of its Material Subsidiaries with respect to the Collateral or any other material insurance coverage of Parent or any of its Subsidiaries. Nothing in this Section 7.03(b) shall be construed to restrict the right of Parent or any Material Subsidiaries from obtaining blanket insurance as permitted under the Mortgages, or self insurance of certain risks to the extent such insurance is consistent with the past practices of Parent or such Material Subsidiary and consistent with reasonable and prudent insurance underwriting practices. The provisions of this Section 7.03(b) shall be deemed supplemental to, but not duplicative of, the provisions of the Security Agreement and the Mortgages. If Parent or any of its Material Subsidiaries shall fail to insure its property in accordance with this Section 7.03(b), the Collateral Agent shall have the right (but shall be under no obligation) upon notice to Parent or the respective Material Subsidiary to procure such insurance and Parent and each Borrower agrees to reimburse the Collateral Agent for all costs and expenses of procuring such insurance.

7.04 Corporate Franchises. Parent will, and will cause each of

its Material Subsidiaries to, do or cause to be done, all things necessary to preserve and keep in full force and effect its existence and its material rights, franchises, licenses and patents; provided, however, that

nothing in this Section 7.04 shall prevent (i) sales of stock or assets by Parent or any of its Subsidiaries in accordance with Section 8.02, (ii) the withdrawal by Parent or any of its Subsidiaries of its qualification as a foreign corporation in any jurisdiction where such withdrawal could not reasonably be expected to have a material adverse effect on the business,

operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole or (iii) the taking of any action respecting any right, franchise, license or patent determined by the management of Parent or such Subsidiary to be in the best interest of Parent or such Subsidiary.

7.05 Compliance with Statutes, etc. Parent will, and will cause

each of its Subsidiaries to, comply with all applicable statutes, regulations (including Gaming Regulations) and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property, except such noncompliances as could not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

7.06 Compliance with Environmental Laws. (a) Parent will

comply, and will cause each of its Subsidiaries to comply, in all material respects with all Environmental Laws applicable to ownership or use of the Required Collateral now or hereafter owned or operated by Parent or any of its Subsidiaries, will promptly pay or cause to be paid all costs and expenses incurred in such compliance, and will keep or cause to be kept all such Required Collateral free and clear of any Liens imposed pursuant to such Environmental Laws other than Liens which could not materially detract from the value of any such Required Collateral. Neither Parent nor any of its Subsidiaries will generate, use, treat, store, release or dispose of, or permit (to the extent within Parent's or such Subsidiary's reasonable control) the generation, use, treatment, storage, release or disposal of Hazardous Materials on any Real Property now or hereafter owned, leased or managed by Parent or any of its Subsidiaries, or transport or permit (to the extent within Parent's or such Subsidiary's reasonable control) the transportation of Hazardous Materials to or from any such Real Property except as in material compliance with all applicable Environmental Laws and reasonably required in connection with the operation, use and maintenance of any such Real Property in the conduct of Parent's or such Subsidiary's business.

(b) At the written request of the Administrative Agent or the Required Banks, which request shall specify in reasonable detail the basis therefor, at any time and from time to time after either (i) an Event of Default shall have

occurred and be continuing or (ii) the Banks shall have received notice under Section 7.01(g) for any event for which notice is required to be delivered for any such Real Property, Parent will provide, at Parent's sole cost and expense, an environmental site assessment report concerning any Real Property, prepared by an environmental consulting firm approved by the Required Banks, indicating the presence or absence of Hazardous Materials and the potential cost of any removal or remedial action in connection with any Hazardous Materials on such Real Property. If Parent fails to provide the same ninety (90) days after such request was made, the Administrative Agent may order the same, and Parent and each Borrower shall grant and hereby grants to the Administrative Agent and the Banks and their agents access to such Real Property and specifically grants the Administrative Agent and the Banks an irrevocable non-exclusive license, subject to the rights of tenants, to undertake such an assessment, all at Parent's and the Borrowers' expense.

7.07 ERISA. As soon as possible and, in any event, within 10

days after Parent or any Borrower or any ERISA Affiliate knows or has reason to know of the occurrence of any of the following, Parent will deliver to each of the Banks a certificate of the chief financial officer, controller or treasurer of Parent setting forth details as to such occurrence and the action, if any, which Parent, such Subsidiary or such ERISA Affiliate is required or proposes to take, together with any notices required or proposed to be given to or filed with or by Parent, such Subsidiary, such ERISA Affiliate, the PBGC, a Plan participant or the Plan administrator with respect thereto: that a Reportable Event has occurred; that an accumulated funding deficiency has been incurred or an application may be or has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code with respect to a Plan; that a Plan has been or may be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA; that a Plan has an Unfunded Current Liability giving rise to a lien under ERISA or the Code; that proceedings may be or have been instituted by the PBGC to terminate or appoint a trustee to administer a Plan; that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan; that Parent, any Subsidiary of Parent or any ERISA Affiliate will or may incur any liability (including any contingent, or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA

or with respect to a Plan under Section 401(a)(29), 4971 or 4975 of the Code or Section 409 or 502(i) or 502(l) of ERISA. Parent will deliver to each of the Banks a complete copy of the annual report (Form 5500) of each Plan (including, to the extent required to be filed with Form 5500, the related financial and actuarial statements and opinions and other supporting statements, certifications, schedules and information) required to be filed with the Internal Revenue Service. In addition to any certificates or notices delivered to the Banks pursuant to the first sentence hereof, copies of annual reports and any notices received by Parent or any Subsidiary of Parent or any ERISA Affiliate with respect to any Plan shall be delivered to the Banks no later than 10 days after the date such report has been filed with the Internal Revenue Service or such notice has been received by Parent, the Subsidiary or the ERISA Affiliate, as applicable.

7.08 End of Fiscal Years; Fiscal Quarters. Parent and the

Company will cause (i) each of its fiscal years to end on December 31, and (ii) each of its fiscal quarters to end on March 31, June 30, September 30 and December 31.

7.09 Performance of Obligations. Parent will, and will cause

each of its Subsidiaries to, perform all of its obligations under the terms of each mortgage, indenture, security agreement and other debt instrument by which it is bound, except such non-performances as could not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

7.10 Payment of Taxes. Parent will pay and discharge, and will

cause each of its Subsidiaries to pay and discharge, all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, in each case on a timely basis, and all lawful claims which, if unpaid, might become a lien or charge upon any properties of Parent or any of its Subsidiaries; provided

that neither Parent nor any of its Subsidiaries shall be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings if it has maintained adequate reserves with respect thereto in accordance with generally accepted accounting principles.

7.11 Registry. The Company hereby covenants that it shall

maintain a register on which it will record the Revolving Loan Commitments from time to time of each of the Banks, the Loans made by each of the Banks and each repayment in respect of the principal amount of the Loans of each Bank. Failure to make any such recordation, or any error in such recordation shall not affect any Borrower's obligations in respect of such Loans. Upon the written request of the Company, the Administrative Agent hereby agrees to use its reasonable efforts to provide to the Company such information, not otherwise available to the Company, as the Company shall reasonably request from time to time in order to enable it to fulfill its obligations pursuant to this Section 7.11 and the Company shall have no obligation to make any such recordation until it receives such requested information from the Administrative Agent. Without limiting the Company's obligations hereunder, the Company shall indemnify any Bank described in Section 3.04(b)(iii) or (iv) for any losses (including withholding of Taxes required) arising as a result of the Company's failure to comply with this Section 7.11. With respect to any Bank described in Section 3.04(b)(iii) or (iv), (a) the transfer of the Revolving Loan Commitments of such Bank and the rights to the principal of, and interest on, any Loan made pursuant to such Revolving Loan Commitments shall not be effective until such transfer is recorded on the register maintained by the Company with respect to ownership of such Revolving Loan Commitments and Loans and prior to such recordation all amounts owing to the transferor with respect to such Revolving Loan Commitments and Loans shall remain owing to the transferor and (b) the Company shall immediately record all such transfers when notified thereof by the transferor Bank and such transfer shall be made only through (x) the surrender of a Revolving Note and the reissuance of such Revolving Note by the Company to the new holder of the old Revolving Note or the issuance by the Company of a new Revolving Note to the new holder (the "Issuance System") or (y) a register maintained by the Company and referred to in the first sentence of this Section (the "Book Entry System"). The Borrowers jointly and severally agree to indemnify any transferee Bank from and against any and all losses, claims, damages and liabilities (including, without limitation, any amounts paid by the transferee to the transferor in connection with the transfer and all amounts which would otherwise be owing to the transferee if the transfer had been properly recorded) resulting from the Company's failure to record any such transfer through either the Issuance System or the Book Entry System.

7.12 Additional Guarantors; Additional Collateral; etc. (a) In

the event that at any time after the Effective Date any Person becomes (x) a First-Tier Material Subsidiary, (y) a Material Subsidiary pursuant to clause (b) of this Section 7.12 or clause (ii) of the definition thereof or (z) a guarantor under the 5-Year Credit Agreement, then Parent and the Company will, except as otherwise provided in the last sentence of this clause (a), cause such Person (each such Person a "Required Additional Guarantor"), within 30 days after it becomes a Required Additional Guarantor, to duly authorize, execute and deliver to the Administrative Agent counterparts of the Company/Sub Guaranty, together with such other documents, certificates, resolutions, opinions and writings that would have been required to be delivered pursuant to Sections 4.03, 4.04 and 4.13 if such Subsidiary had been a Guarantor on the Effective Date and subject to such Sections on such date, all of which shall be in form and substance satisfactory to the Administrative Agent. Notwithstanding the foregoing, any Subsidiary of the Company which is not a Wholly-Owned Subsidiary or which has incurred then outstanding Non-Recourse Indebtedness pursuant to Section 8.04(ix) or (x) shall not be required to become a Guarantor pursuant to the Company/Sub Guaranty.

(b) In the event that at any time after the Effective Date Parent or any of its Subsidiaries acquires any Required Collateral, or it is determined that any Required Collateral is not then subject to a perfected security interest pursuant to the relevant Collateral Documents or any additional collateral is provided under the 5-Year Credit Agreement, then in each such case perfected security interests shall immediately be granted in such Required Collateral or other collateral pursuant to the respective Collateral Documents and, to the extent reasonably determined necessary or desirable by the Administrative Agent, additional security documents shall be entered into in order to effectively grant such perfected security interests (all such additional security documents entered into pursuant to this Section 7.12(b), "Additional Collateral Documents"), together with such other documents, certificates, resolutions, instruments, financing statements, opinions and writings that would have been required to be delivered pursuant to Sections 4.03 and 4.04 of this Agreement and Sections 5.06 through 5.13 of the Original 5-Year Credit Agreement, as applicable, if perfected security interests had been created in respect of such Required Collateral or other collateral on or prior to the Effective Date, all of which shall be in form and substance satisfactory to the Administrative Agent.

(c) In the event that the Administrative Agent or the Required Banks at any time after the Effective Date determine in its or their good faith discretion (as a result of events or circumstances affecting the Collateral Agent or the Required Banks after the Effective Date) that real estate appraisals satisfying the requirements set forth in 12 C.F.R., Part 34-Subpart C, or any successor or similar statute, rule, regulation, guideline or order (any such appraisal a "Required Appraisal") are or were required to be obtained, or should be obtained, in connection with any Mortgaged Property or Mortgaged Properties, then, within 120 days after receiving written notice thereof from the Administrative Agent or the Required Banks, as the case may be, such Required Appraisal shall be delivered, at the expense of the Company, to the Administrative Agent, which Required Appraisal, and the respective appraiser, shall be satisfactory to the Administrative Agent.

SECTION 8. Negative Covenants. Each of Parent, the Company and

each Subsidiary Borrower covenants and agrees that on and after the Effective Date and until the Total Revolving Loan Commitment has terminated and the Loans and the Revolving Notes, together with interest, Fees and all other Obligations incurred hereunder and thereunder, are paid in full:

8.01 Liens. Parent will not, and will not permit any of its

Subsidiaries to, create, incur, assume or suffer to exist any Lien upon or with respect to any property or assets (real or personal, tangible or intangible) of Parent or any of its Subsidiaries, whether now owned or hereafter acquired, or sell any such property or assets subject to an understanding or agreement, contingent or otherwise, to repurchase such property or assets (including sales of accounts receivable with recourse to Parent or any of its Subsidiaries), or assign any right to receive income or permit the filing of any financing statement under the UCC or any other similar notice of Lien under any similar recording or notice statute; pro-

vided that the provisions of this Section 8.01 shall not prevent the

creation, incurrence, assumption or existence of the following (Liens described below are herein referred to as "Permitted Liens"):

(i) inchoate Liens for taxes, assessments or governmental charges or levies not yet due or Liens for taxes, assessments or governmental charges or levies being contested in good faith and by appropriate proceedings for which adequate reserves have been estab-

lished in accordance with generally accepted accounting principles;

(ii) Liens in respect of property or assets of Parent or any of its Subsidiaries imposed by law, which were incurred in the ordinary course of business and do not secure Indebtedness for borrowed money, such as carriers', warehousemen's, materialmen's and mechanics' liens and other similar Liens arising in the ordinary course of business, and (x) which do not in the aggregate materially detract from the value of Parent's or such Subsidiary's property or assets or materially impair the use thereof in the operation of the business of Parent or such Subsidiary or (y) which are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or assets subject to any such Lien;

(iii) Liens permitted pursuant to Section 9.01(iii) of the Original 5-Year Credit Agreement which remain in existence on the Effective Date and which are listed, and the property subject thereto described, in Schedule VII, but only to the respective date, if any, set forth in such Schedule VII for the removal and termination of any such Liens, without any renewals or extensions thereof;

(iv) Permitted Encumbrances;

(v) Liens created pursuant to the Collateral Documents;

(vi) leases or subleases granted to other Persons not materially interfering with the conduct of the business of Parent or any of its Subsidiaries or materially detracting from the value of the respective assets of Parent or such Subsidiary;

(vii) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security in the ordinary course of business;

(viii) Liens placed upon equipment or machinery used in the ordinary course of business of the Company or any of its Subsidiaries at the time of acquisition thereof by the Company or any such Subsidiary or within 90 days thereafter to secure Indebtedness incurred to pay all or

a portion of the purchase price thereof provided that (x) the aggregate principal amount of all Indebtedness secured by Liens permitted by this clause (viii) incurred in any fiscal year of Parent does not exceed \$1,000,000 and (y) in all events, the Lien encumbering the equipment or machinery so acquired does not encumber any other asset of Parent or such Subsidiary;

(ix) easements, rights-of-way, restrictions, encroachments and other similar charges or encumbrances, and minor title deficiencies, in each case not securing Indebtedness and not materially interfering with the conduct of the business of Parent or any of its Subsidiaries;

(x) Liens arising from precautionary UCC financing statement filings regarding operating leases;

(xi) Liens arising out of judgments or awards in respect of which Parent or any of its Subsidiaries shall in good faith be prosecuting an appeal or proceedings for review in respect of which there shall have been secured a subsisting stay of execution pending such appeal or proceedings provided that the aggregate amount of all such judgments or awards (and any cash and the fair market value of any property subject to such Liens) does not exceed \$15,000,000 at any time outstanding;

(xii) statutory and common law landlords' liens under leases to which Parent or any of its Subsidiaries is a party;

(xiii) Liens incurred or deposits made to secure the performance of tenders, bids, statutory obligations, government contracts, performance and return-of-money bonds and other obligations of a like nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(xiv) Liens securing reimbursement obligations with respect to commercial and standby letters of credit incurred by the Company or any of its Subsidiaries in the ordinary course of business provided that (x) each such letter of credit is in a face amount of less than \$1,000,000 and (y) the aggregate face amount of all such letters of credit does not exceed \$5,000,000;

(xv) restrictions pursuant to legends on stock required by (x) Gaming Regulations and (y) the

partnership agreement for Harrah's Jazz (as such partnership agreement is in effect on the Effective Date, which restrictions, in any event, do not prohibit the granting of the Liens on any Required Collateral or the exercise of remedies pursuant to the Collateral Documents), in each case to the extent such restrictions constitute a Lien;

(xvi) Liens securing Existing Casino Non-Recourse Financing permitted under Section 8.04(ix) so long as such Liens only encumber the Casino Property or the two Casino Properties (including the furniture, fixtures and equipment related thereto) in respect of which Existing Casino Non-Recourse Financing is then being or has theretofore been obtained, provided that such Liens may attach to any Casino Property only upon the occurrence of the respective Casino Release in accordance with the terms hereof;

(xvii) any Lien existing on any asset of any corporation at the time such corporation becomes a Subsidiary of Parent so long as any such Lien was not created in contemplation of such event;

(xviii) any Lien existing on any asset prior to the acquisition thereof by the Company or any of its Subsidiaries so long as any such Lien was not created in contemplation of such acquisition;

(xix) Liens on equipment or machinery subject to Capitalized Lease Obligations to the extent permitted by Section 8.04(v);

(xx) Liens securing Non-Recourse Indebtedness of Specified Subsidiaries permitted under Section 8.04(x) so long as such Liens only encumber the Gaming Properties owned by Specified Subsidiaries being developed or financed with such Non-Recourse Indebtedness, including any Real Property and furniture, fixtures and equipment related thereto, it being understood and agreed that such assets of Specified Subsidiaries also may secure Non-Recourse Indebtedness incurred by other Specified Subsidiaries pursuant to Section 8.04(x);

(xxi) Liens on the Company's or any of its Subsidiaries' respective equity interest in any Joint Venture so long as such Liens only secure Indebtedness of such Joint Venture; and

(xxii) Liens placed upon the Hotel Collateral securing the Indebtedness and other obligations of the Company and the Hotel Subsidiaries under the Hotel Facility, it being understood that such Liens shall not be permitted with respect to any assets or properties of Parent or any Subsidiary of Parent after the Effective Date.

8.02 Consolidation, Merger, Purchase or Sale of Assets, etc.

(a) Parent will not, and will not permit any of its Material Subsidiaries to, wind up, liquidate or dissolve its affairs or enter into any transaction of merger or consolidation, or convey, sell, lease or otherwise dispose of (or agree to do any of the foregoing at any future time) all or substantially all of its assets, whether in a single transaction or a series of related transactions, provided, however, (A) that in no event

shall Parent or any of its Subsidiaries sell, lease or otherwise dispose of the capital stock or partnership interest in any Material Subsidiary or any Casino Property unless, in the case of any sale of any Casino Property (including any fixtures, furniture and equipment related thereto), or the sale of capital stock or partnership interest of any Casino Owner that owns the related Casino Property, (i) such sale is for cash and the Net Sale Proceeds therefrom equals at least the Minimum Proceeds Amount for such Casino Property or the Casino Owner thereof, provided that no more than two Casino Properties or the two Casino Owners thereof in the aggregate may be the subject of a Casino Release, whether pursuant to this Section 8.02 or Section 8.04(ix), and only one of either the Atlantic City Property or the Las Vegas Property may be the subject of a Casino Release, (ii) the Casino Owner of such Casino Property, if a Subsidiary Borrower, ceases to be a Subsidiary Borrower and all Loans incurred by such Subsidiary Borrower are repaid in full, (iii) at the time of such sale no Default or Event of Default then exists or would exist after giving effect thereto and the Total Revolving Loan Commitment is reduced as required by Section 2.03(d), (B) Harrah's New Jersey may merge with and into Harrah's Atlantic City so long as at the time of such merger (i) no Default or Event of Default shall exist, (ii) all of the assets of Marina are distributed to the surviving corporation of such merger, (iii) the surviving corporation of such merger is a Wholly-Owned Subsidiary of the Company all of the capital stock of which is pledged by the Company pursuant to the terms of the Company/Sub Pledge Agreement and (iv) all steps are taken that are necessary, or in the opinion of the Collateral Agent desirable, to maintain the perfection and priority of the Liens on the Collateral theretofore owned by Marina pursuant

to the terms of the respective Collateral Documents, (C) the Hotel Transfer and the Hotel Stock Dividend shall be permitted, (D) the Company may transfer its ownership interest in any of the Casino Properties located in Nevada to Harrah's Club so long as at the time of any such transfer (i) no Default or Event of Default shall exist and (ii) all steps are taken that are necessary, or in the opinion of the Collateral Agent desirable, to maintain the perfection and priority of the Liens on the Collateral theretofore owned by the Company pursuant to the respective Collateral Documents and so transferred to Harrah's Club and (E) Casino Holding Company may merge with and into Harrah's Club so long as Harrah's Club is the surviving corporation of such merger Harrah's may merge with and into the Company so long as the Company is the surviving corporation of such merger, and Harrah's Club may merge with and into the Company so long as the Company is the surviving corporation of such merger, in each case so long as no Default or Event of Default then exists and all steps are taken that are necessary, or in the opinion of the Collateral Agent desirable, to maintain the perfection and priority of the Lien's on the Collateral theretofore owned by Harrah's Club and Harrah's, as applicable, pursuant to the terms of the respective Collateral Documents. Notwithstanding anything to the contrary contained above, the Company may transfer any Casino Property (and the fixtures, furniture and equipment related thereto) owned by it to a special purpose Wholly-Owned Subsidiary of the Company for the purpose of either (i) selling the capital stock of such special purpose Wholly-Owned Subsidiary pursuant to clause (A) of this Section 8.02 or (ii) permitting such special purpose Wholly-Owned Subsidiary to incur Existing Casino Non-Recourse Financing pursuant to Section 8.04(ix) so long as in either case such transfer occurs at the time of, or immediately prior to, such sale or the incurrence of such Existing Casino Non-Recourse Financing.

(b) Notwithstanding anything to the contrary contained in this Agreement, Parent will not, and will not permit any of its Subsidiaries to, sell, transfer or dispose of any Collateral (except for the Pledged Securities of any Hotel Subsidiary as part of the Hotel Transfer), except that (i) up to two Casino Properties (or the capital stock or partnership interests in the respective Casino Owners) may be sold in accordance with clause (A) of the proviso to the first sentence of Section 8.02(a), (ii) sales of inventory, materials and equipment may be made in the ordinary course of business, (iii) sales of obsolete, uneconomic or worn out equipment or materials shall be permitted and (iv) so long as

no Default or Event of Default then exists or would exist after giving effect thereto, Collateral (other than any Casino Property, the "Harrah's" name (although same may be used or licensed on a non-exclusive basis in connection with the extension of the Gaming Business of the Company and its Subsidiaries and Joint Ventures) and any capital stock or partnership interest in any Material Subsidiary) may be sold at fair market value as determined in good faith by the Company and so long as at least 75% of the gross proceeds therefrom consist of cash, and so long as any reduction to the Total Revolving Loan Commitment required by Section 2.03(d) and (e) is effected (and any resultant required payments are made pursuant to Section 3.02) in accordance with the terms thereof.

(c) To the extent the Required Banks waive in writing the provisions of this Section 8.02 with respect to the sale of any Collateral, or any Collateral is sold as permitted by this Section 8.02, such Collateral shall be sold free and clear of the Liens created by the Collateral Documents, and the Administrative Agent and Collateral Agent shall be authorized to take any actions deemed appropriate in order to effect the foregoing.

8.03 Dividends. Parent will not, and will not permit any of its

Subsidiaries to, authorize, declare or pay any Dividends with respect to Parent or any of its Subsidiaries, except that:

- (i) any Subsidiary of the Company may pay Dividends to the Company or any Wholly-Owned Subsidiary of the Company;
- (ii) any non-Wholly-Owned Subsidiary of the Company may pay cash Dividends to its shareholders generally on a pro rata basis;
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- (iii) so long as no Default or Event of Default shall exist (both before and after giving effect to the payment thereof), the Company may pay cash Dividends to Parent which are used by Parent to pay cash Dividends to its shareholders to the extent necessary, as determined in the good faith judgment of the Board of Directors of Parent or the Company, to prevent the filing of any disciplinary action by any Gaming Authority or to prevent the loss or secure the reinstatement of any license or franchise from any governmental agency, including Gaming Authorities, held by Parent or any of its Subsidiaries which license or franchise is conditioned

upon some or all of the holders of Parent's capital stock possessing prescribed qualifications, in each case only if such loss or failure to reinstate would have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole, provided that the aggregate amount of cash Dividends permitted to be paid pursuant to this clause (iii) shall not exceed \$5,000,000;

(iv) so long as no Default or Event of Default shall exist (both before and after giving effect to the payment thereof), the Company may pay cash Dividends to Parent in the amounts permitted pursuant to clauses (v) and (vi) of this Section 8.03, provided that Parent uses the proceeds thereof to pay Dividends within three days after receipt thereof for the purposes set forth in such clauses (v) and (vi);

(v) so long as no Default or Event of Default shall exist (both before and after giving effect to the payment thereof), Parent may pay cash Dividends in an aggregate amount for any fiscal year of Parent not to exceed the lesser of (x) 10% of Consolidated Net Income for the prior fiscal year and (y) \$20,000,000;

(vi) so long as no Default or Event of Default shall exist (both before and after giving effect to the payment thereof), Parent may redeem the Rights outstanding pursuant to the terms of the Rights Agreement, provided that (i) Parent shall not pay more than \$.05 per Right in connection therewith and (ii) the aggregate amount of Dividends paid pursuant to this clause (vi) shall not exceed \$2,500,000;

(vii) so long as no Default or Event of Default shall exist (both before and after giving effect to the payment thereof), the Company may pay cash Dividends to Parent so long as the proceeds thereof are promptly used by Parent to pay (i) operating expenses in the ordinary course of business and other similar corporate overhead costs and expenses and (ii) amounts necessary to fund Aster Insurance Ltd. in the ordinary course of its business;

(viii) the Company may pay cash Dividends to Parent in the amounts and at the times of any payment by Parent in respect of federal, state, franchise or other taxes

(provided that any refund shall be promptly returned by Parent to the Company); and

(ix) Parent and the Company may declare and, on the Effective Date pay, the Hotel Stock Dividend.

Nothing in this Section 8.03 shall prohibit the making of any Dividend within 45 days after the declaration thereof if such declaration was not prohibited by this Section 8.03 at the time of such declaration.

8.04 Indebtedness. Parent will not, and will not permit any of

its Subsidiaries to, contract, create, incur, assume or suffer to exist any Indebtedness, except:

(i) Indebtedness incurred pursuant to this Agreement and the other Credit Documents;

(ii) Indebtedness permitted under Section 9.04(ii) of the Original 5-Year Credit Agreement which remains outstanding on the Effective Date and which is listed on Schedule IV, provided that no

refinancings or renewals thereof shall be permitted except as expressly set forth on Part A of Schedule IV and then, in any event, such refinancings and renewals shall not be in excess of the respective amounts set forth on Part A of Schedule IV;

(iii) accrued expenses and current trade accounts payable incurred in the ordinary course;

(iv) unsecured Indebtedness of Parent or the Company under performance bonds and guarantees in respect of the completion of the construction of any property in accordance with the plans or standards as agreed with the obligee of such guarantee so long as such bonds or guarantees are incurred by Parent or the Company in the ordinary course of the Gaming Property development business of the Company and its Subsidiaries;

(v) Indebtedness of the Company or any of its Subsidiaries subject to Liens permitted under Section 8.01(viii) or evidenced by Capitalized Lease Obligations provided that such Capitalized Lease Obligations only relate to equipment or machinery (not constituting Collateral) of the Company or any of its Subsidiaries;

(vi) Indebtedness of the Company or any of its Subsidiaries consisting of (x) reimbursement obligations on

letters of credit, bankers acceptances or similar instruments,
provided that (i) the aggregate amount thereof at any one time

outstanding shall not exceed \$5,000,000 and (ii) any such Indebtedness in excess of \$1,000,000 in the aggregate at any one time outstanding shall be unsecured other than by documents of title and (y) surety, performance or appeal bonds to the extent permitted by Section 8.01(xi);

(vii) Indebtedness of the Company and the Hotel Subsidiaries under the Hotel Facility, it being understood that neither Parent nor any Subsidiary of Parent shall be liable in respect of such Indebtedness after the Effective Date;

(viii) Indebtedness of Parent, the Company or any Wholly-Owned Subsidiary of the Company to Parent, the Company or any Subsidiary of the Company (other than a Subsidiary that has incurred Existing Casino Non-Recourse Financing or other Non-Recourse Indebtedness) or Indebtedness of any Subsidiary of Parent to the Parent, the Company or any Wholly-Owned Subsidiary of the Company (other than a Subsidiary that has incurred Existing Casino Non-Recourse Financing or other Non-Recourse Indebtedness);

(ix) Existing Casino Non-Recourse Financing incurred by any Casino Owner (including any special purpose Wholly-Owned Subsidiary of the Company formed to become a Casino Owner in accordance with the last sentence of Section 8.02(a)) so long as (i) the net cash proceeds received by such Casino Owner therefrom equals at least the Minimum Proceeds Amounts for such Casino Property, (ii) if such Casino Owner is a Subsidiary Borrower, such Casino Owner ceases to be a Subsidiary Borrower and all Loans incurred by such Casino Owner are repaid in full, (iii) at the time of incurrence of such Existing Casino Non-Recourse Financing and after giving effect thereto, no Default or Event of Default shall exist, (iv) at the time of incurrence of such Existing Casino Non-Recourse Financing, the respective Casino Owner's business and assets shall consist substantially of only the Casino Property (including related fixtures, furniture and equipment) subject to such financing, (v) no more than two Casino Properties in the aggregate may be the subject of a Casino Release, whether pursuant to this Section 8.04(ix) or Section 8.02, and only one of either the Atlantic City Property or the Las Vegas Property may be the subject of a Casino Release and (vi)

at the time of the incurrence of such Existing Casino Non-Recourse Financing, the Total Revolving Loan Commitment shall be reduced as required by Section 2.03(c);

(x) Non-Recourse Indebtedness of Specified Subsidiaries to finance the development of Gaming Properties so long as the aggregate principal amount thereof at any time outstanding does not exceed \$300,000,000, it being understood and agreed, however, that (i) a Specified Subsidiary which has incurred outstanding Non-Recourse Indebtedness pursuant to this Section 8.04(x) may guaranty the Non-Recourse Indebtedness incurred pursuant to this Section 8.04(x) by other Specified Subsidiaries, and (ii) such Non-Recourse Indebtedness may be guaranteed by the Company and its other Subsidiaries to the extent provided in Section 8.04(xii);

(xi) Subordinated Debt of the Company not otherwise outstanding on the date hereof so long as (i) the terms and conditions thereof (including, but not limited to, subordination provisions) are no more favorable to the holders of such Subordinated Debt than those set forth in the 8-3/4% Senior Subordinated Notes Indenture (provided that the indebtedness covenant contained in any such other issue of Subordinated Debt shall have sufficient availability (without relying on any incurrence ratios) to justify the full amount of the Total Revolving Loan Commitment and the Total 5-Year Revolving Loan Commitment) or the 10-7/8% Senior Subordinated Notes Indenture and (ii) if such Subordinated Debt (or any portion thereof) constitutes Permitted Designated Indebtedness, the Total Revolving Loan Commitment shall be reduced as required by Section 2.03(c);

(xii) Parent and its Subsidiaries may guarantee on an unsecured basis obligations of Specified Subsidiaries, Joint Ventures and parties to management agreements with the Company or its Subsidiaries or with such Joint Ventures, in each case with respect to the development of Gaming Property in an amount not to exceed \$100,000,000 at any one time outstanding for any individual Gaming Property and \$325,000,000 at any one time outstanding for all such Gaming Properties, provided that (i) the aggregate limitation set forth above

shall be (A) increased (or decreased if Consolidated Net Income is negative) on the first day of each fiscal year

of the Company commencing on January 1, 1996 by an amount equal to 50% (or 100% for each fiscal year for which Consolidated Net Income is negative) of the Consolidated Net Income for the fiscal year last ended, and (B) decreased from time to time by the amount of Dividends paid by the Company to Parent pursuant to Section 8.03(iv) on and after the Effective Date and prior to the date of determination, (ii) the aggregate amount of guarantees permitted to be outstanding by Parent and its Subsidiaries pursuant to this Section 8.04(xii) shall be reduced by the amount of Investments outstanding pursuant to clause (i) of the proviso to Section 8.05 and (iii) the \$100,000,000 individual limitation set forth above shall not apply to the Cherokee Investments;

(xiii) Parent, the Company and Harrah's may guarantee on an unsecured basis any obligations (except that it may not provide any guaranties, direct or indirect, of Non-Recourse Indebtedness pursuant to this clause (xiii)) of their respective Subsidiaries;

(xiv) Indebtedness of Parent and the other Guarantors under the 5-Year Credit Agreement (but only to the extent that Parent or such other Guarantors are Guarantors under, or in respect of, this Agreement) in an aggregate principal amount not to exceed \$600,000,000 (as reduced by any mandatory reductions thereto as contemplated by Section 2.03(c) and (d)) at any one time outstanding; and

(xv) Indebtedness of Parent or any of its Subsidiaries not otherwise permitted under this Section 8.04 in an aggregate principal amount not to exceed \$25,000,000 at any one time outstanding.

At the time any Casino Owner obtains Existing Casino Non-Recourse Financing in accordance with clause (ix) of this Section 8.04, the Casino Property (and fixtures, furniture and equipment related thereto) subject to such financing shall be so financed free and clear of the Liens created by the respective Mortgage and Collateral Documents, and the Administrative Agent and Collateral Agent shall be authorized to take any actions deemed appropriate in order to effect the foregoing.

8.05 Advances, Investments and Loans. Parent will not, and will not permit any of its Subsidiaries to, directly or indirectly, lend money or credit or make advances to any

Person, or purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any other Person (collectively, "Investments") other than Investments in the ordinary course of business, Subsidiary Investments and other Investments existing on the Effective Date, provided that:

(i) Investments other than Subsidiary Investments shall not be made with respect to the development or operation of Gaming Properties or in connection with Gaming Businesses (and reasonable extensions thereof), except that Investments in any Joint Venture relating to the Gaming Business or Investments in parties to management agreements with the Company or its Subsidiaries or such Joint Ventures for gaming projects may be made so long as the aggregate amount thereof does not exceed \$100,000,000 at any one time outstanding (determined without regard to any write-downs or write-offs of such Investments) for any individual Gaming Business or gaming project or \$325,000,000 at any one time outstanding (determined without regard to any write-downs or write-offs of such Investments) for all such Gaming Businesses and gaming projects, provided that (w) the aggregate limitation set forth

above shall be (A) increased (or decreased if Consolidated Net Income is negative) on the first day of each fiscal year of the Company commencing on January 1, 1996 by an amount equal to 50% (or 100% for each fiscal year for which Consolidated Net Income is negative) of the Consolidated Net Income for the fiscal year last ended and (B) decreased from time to time by the amount of Dividends paid by the Company to Parent pursuant to Section 8.03(iv) on and after the Effective Date, (x) the aggregate amount of such Investments permitted to be made pursuant to this Section 8.05(i) shall be reduced by the aggregate amount of guarantees outstanding pursuant to Section 8.04(xii), (y) the \$100,000,000 individual limitation set forth above shall not apply to the Cherokee Investments and (z) Investments in, to or for the benefit of Harrah's Jazz and its Subsidiaries shall not be permitted to be made pursuant to this Section 8.05(i); and

(ii) Investments constituting Harrah's Jazz Investments shall be permitted, provided that the aggregate amount of all such Investments (other than in respect of the Harrah's Jazz Completion Obligation Loans, the Harrah's Jazz Title Indemnity Arrangements and the Harrah's Jazz Completion Guaranties), whether

made prior to, on or after the Effective Date, shall not exceed \$150,000,000.

Notwithstanding the foregoing provisions of this Section 8.05, Investments in the ordinary course of business shall not include the purchases of (i) Margin Stock and (ii) non-investment grade debt securities of any Person.

8.06 Transactions with Affiliates. Parent will not, and will

not permit any of its Subsidiaries to, enter into any transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate of Parent or any of its Subsidiaries, other than in the ordinary course of business and on terms and conditions substantially as favorable to Parent or such Subsidiary as would reasonably be obtained by Parent or such Subsidiary at that time in a comparable arm's-length transaction with a Person other than an Affiliate, except that (i) Dividends may be paid to the extent provided in Section 8.03, (ii) loans may be made and other transactions may be entered into by Parent and its Subsidiaries to the extent permitted by Sections 8.04 and 8.05 and (iii) transactions among Parent, the Company and any Subsidiary of the Company shall be permitted so long as any such transactions, individually or in the aggregate, would not have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

8.07 Maximum Leverage Ratio. Parent will not permit the ratio

of Consolidated Debt to Consolidated Net Worth at any time during a period set forth below to be greater than the ratio set forth opposite such period below:

Period -----	Ratio -----
Effective Date to and including December 31, 1996	2.75:1
January 1, 1997 to and including December 31, 1997	2.50:1
January 1, 1998 to and including December 31, 1998	2.25:1
January 1, 1999 and thereafter	2.00:1

8.08 Consolidated Interest Coverage Ratio. Parent will not

 permit the Consolidated Interest Coverage Ratio for any Test Period ended
 on the last day of a fiscal quarter set forth below to be less than the
 ratio set forth opposite such fiscal quarter below:

Fiscal Quarter -----	Ratio -----
Fiscal quarters ending June 30, 1995, September 30, 1995 and December 31, 1995	2.5:1
Fiscal quarters ending March 31, 1996 and thereafter	3.0:1

8.09 Minimum Consolidated Net Worth. Parent will not permit

 Consolidated Net Worth at any time during a period or calendar year set
 forth below to be less than the amount set forth opposite such period or
 calendar year below:

Period -----	Amount -----
Effective Date to and including December 31, 1995	\$ 450,000,000
Year ending December 31, 1996	\$ 550,000,000
Year ending December 31, 1997	\$ 650,000,000
Year ending December 31, 1998	\$ 800,000,000
Year ending December 31, 1999	\$1,000,000,000
Year ending December 31, 2000	\$1,000,000,000

8.10 Limitation on Payments and Modifications of Subordinated

 Debt; Modifications of Certificate of Incorporation, Partnership Agreements

and By-Laws. Parent will not, and will not permit any of its Subsidiaries

 to, (i) make (or give any notice in respect of) any voluntary or optional
 payment or prepayment on or redemption or acquisition for value of
 (including, without limitation, by way of depositing with the trustee with
 respect thereto money or securities before due for the purpose of paying
 when due) any Subordinated Debt (other than the Company's 8-3/8%
 Subordinated Debentures due 1996), (ii) make (or give any notice in respect
 of) any mandatory payment or prepayment on

or redemption or acquisition for value of (including, without limitation, by way of depositing with the trustee with respect thereto money or securities before due for the purpose of when due) any Subordinated Debt as a result of any sale of assets by Parent or any of its Subsidiaries, (iii) amend or modify, or permit the amendment or modification of, any provision of any Subordinated Debt or of any agreement (including, without limitation, any purchase agreement, indenture or loan agreement) relating thereto (except modifications relating to the 10-7/8% Senior Subordinated Notes Indenture and 8-3/4% Senior Subordinated Notes Indenture in order to obtain the respective holders' consent to the Hotel Transaction so long as the documentation with respect to such consent is in form and substance satisfactory to the Administrative Agent and the Required Banks), (iv) amend or modify, or permit the amendment or modification of, any financial or business covenants and/or defaults of the 5-Year Credit Agreement which would have the effect of making the same more stringent or restrictive as applied to Parent or any of its Subsidiaries in each case unless parallel changes are made to both this Agreement and the 5-Year Credit Agreement or (v) amend, modify or change its certificate of incorporation (including, without limitation, by the filing or modification of any certificate of designation), partnership agreement or by-laws except such modifications which would not have a material adverse effect on Parent and its Subsidiaries taken as a whole or an adverse effect on the rights and remedies of the Administrative Agent or the Banks under any of the Credit Documents. Notwithstanding anything to the contrary contained in clause (i) of this Section 8.10, the Company may prepay, repurchase, redeem, defease or otherwise retire Subordinated Debt if no Default or Event of Default then exists or would result therefrom to the extent necessary in the good faith judgment of the Board of Directors of Parent or the Company to prevent the filing of a disciplinary action by any Gaming Authority or to prevent the loss or secure the reinstatement of any license or franchise from any governmental agency (including the Gaming Authorities) held by Parent, the Company or any Subsidiary of Parent or the Company which license or franchise is conditioned upon some or all of the holders of such Subordinated Debt possessing prescribed qualifications, if such loss or failure to reinstate would have a material adverse effect on the business, operations, property, assets, liabilities, conditions (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole.

8.11 Limitation on Certain Restrictions on Subsidiaries. Parent

will not, and will not permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Subsidiary of Parent to (a) pay dividends or make any other distributions on its capital stock or any other interest or participation in its profits owned by Parent or any Subsidiary of Parent, or pay any Indebtedness owed to Parent or a Subsidiary of Parent, (b) make loans or advances to Parent or any Subsidiary of Parent or (c) transfer any of its properties or assets to Parent or any Subsidiary of Parent, except for such encumbrances or restrictions existing under or by reason of (i) regulatory actions or applicable law, (ii) this Agreement, the other Credit Documents and the 5-Year Credit Agreement, (iii) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of Parent or a Subsidiary of Parent, (iv) customary provisions restricting the assignment or transfer of any licensing agreement, franchise agreement, management contract, joint venture agreement or any similar types of agreement entered into by Parent or a Subsidiary of Parent in the ordinary course of business, (v) customary restrictions imposed in connection with any asset sale permitted by this Agreement for the benefit of the purchaser or owner of such asset, (vi) restrictions existing in any document executed in connection with Existing Casino Non-Recourse Financing so long as such restrictions only apply to the Casino Property (and any fixtures, furniture and equipment related thereto) serving as security for such financing, (vii) restrictions existing in any document executed in connection with Non-Recourse Indebtedness permitted under Section 8.04(x) so long as such restrictions only apply to the property serving as security for such debt, (viii) customary restrictions on the transfer of assets used to secure Indebtedness permitted to be incurred (and so long as the Liens are permitted to exist) by this Agreement, (ix) restrictions imposed in connection with any new gaming Subsidiaries of the Company which are not Material Subsidiaries and (x) restrictions imposed on the Company and the Hotel Subsidiaries pursuant to the Hotel Facility, provided that the restrictions imposed pursuant to the Hotel Facility shall not apply to Parent or any Subsidiary of Parent after the Effective Date.

8.12 Limitation on Issuance of Capital Stock. Parent will not

permit any of its Material Subsidiaries to issue any capital stock (including by way of sales of treasury stock) or any options or warrants to purchase, or securities convertible into, capital stock, except (i) for trans-

fers and replacements of then outstanding shares of capital stock, (ii) for stock splits, stock dividends and similar issuances which do not decrease the percentage ownership of Parent or any of its Subsidiaries in any class of the capital stock of such Subsidiary and (iii) to qualify directors to the extent required by applicable law.

8.13 Business. Parent will not, and will not permit any of its

Subsidiaries to, engage (directly or indirectly) in any business other than the business in which Parent or such Subsidiary is engaged on the Effective Date (after giving effect to the Hotel Transaction) and any other reasonably related businesses.

8.14 Ownership of Subsidiaries. Parent will maintain its direct

100% ownership interest in the Company, and, except as expressly provided in Section 8.02(a), the Company will maintain the same direct or indirect 100% ownership interest in each of the Material Subsidiaries, provided that if the Company owns (directly or indirectly) less than 100% of the capital stock or other equity interest of any Material Subsidiary at the time same becomes a Material Subsidiary, then the Company shall maintain at least such direct or indirect ownership interest in such Material Subsidiary so long as it remains a Material Subsidiary, it being understood that the Company may divest its ownership interest in the Hotel Company and the Hotel Subsidiaries as a result of the Hotel Stock Dividend.

8.15 Special Purpose Corporation. Parent will engage in no

material business activities other than the ownership of the capital stock of the Company.

SECTION 9. Events of Default. Upon the occurrence of any of the

following specified events (each an "Event of Default"):

9.01 Payments. Any Borrower shall (i) default in the payment

when due of any principal of any Loan or any Revolving Note or (ii) default, and such default shall continue unremedied for three or more days, in the payment when due of interest on any Loan or Revolving Note or any regularly accruing Fees, or (iii) default, and such default shall continue unremedied for five or more days after written notice to the Company by the Administrative Agent or any Bank, in the payment when due of any other Fees or amounts owing hereunder or under any other Credit Document, provided,

however, that such notice shall not be required to be given

if a Bankruptcy Event shall have occurred and be continuing; or

9.02 Representations, etc. Any representation, warranty or

statement made by any Credit Party herein or in any other Credit Document or in any certificate delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or

9.03 Covenants. Parent or any Borrower shall (i) default in the

due performance or observance by it of any term, covenant or agreement contained in Section 7.01(e)(i), 7.08 or 8 or (ii) default in the due performance or observance by it of any other term, covenant or agreement contained in this Agreement and such default shall continue unremedied for a period of 30 days after written notice to the Company by the Administrative Agent or any Bank; or

9.04 Default Under Other Agreements. Parent or any Subsidiary

of Parent shall (i) default in any payment of any Indebtedness (other than the Loans and the Revolving Notes) beyond the period of cure or grace, if any, provided in the instrument or agreement under which such Indebtedness was created or (ii) default in the observance or performance of any agreement or condition relating to any Indebtedness (other than the Loans and the Revolving Notes) or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Indebtedness to become due prior to its stated maturity, or (iii) any Indebtedness (other than the Loans and the Revolving Notes) of Parent or any Subsidiary of Parent shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof, provided that it shall not be a Default or an

Event of Default under this Section 9.04 unless the aggregate principal amount of all Indebtedness as described in preceding clauses (i) through (iii), inclusive, is at least \$25,000,000; or

9.05 Bankruptcy, etc. Parent or any Subsidiary of Parent shall

commence a voluntary case concerning itself under Title 11 of the United States Code entitled "Bankruptcy," as now or hereafter in effect, or any successor

thereto (the "Bankruptcy Code"); or an involuntary case is commenced against Parent or any Subsidiary of Parent, and the petition is not controverted within 10 days, or is not dismissed within 60 days, after commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of Parent or any Subsidiary of Parent, or Parent or any Subsidiary of Parent commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to Parent or any Subsidiary of Parent, or there is commenced against Parent or any Subsidiary of Parent any such proceeding which remains undismissed for a period of 60 days, or Parent or any Subsidiary of Parent is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or Parent or any Subsidiary of Parent suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of 60 days; or Parent or any Subsidiary of Parent makes a general assignment for the benefit of creditors; or any corporate action is taken by Parent or any Subsidiary of Parent for the purpose of effecting any of the foregoing; or

9.06 ERISA. (a) Any Plan shall fail to satisfy the minimum

funding standard required for any plan year or part thereof or a waiver of such standard or extension of any amortization period is sought or granted under Section 412 of the Code, any Plan shall have had a trustee appointed by the PBGC to administer such Plan, any Plan is, shall have been or is likely to be terminated or to be the subject of termination proceedings under ERISA, any Plan shall have an Unfunded Current Liability, Parent or any Subsidiary of Parent or any ERISA Affiliate has incurred or is likely to incur a liability to or on account of a Plan under Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 401(a)(29), 4971 or 4975 of the Code, or Parent or any Subsidiary of Parent has incurred or is likely to incur liabilities pursuant to one or more employee welfare benefit plans (as defined in Section 3(1) of ERISA) which provide benefits to retired employees (other than as required by Section 601 of ERISA) or employee pension benefit plans (as defined in Section 3(2) of ERISA); (b) there shall result from any such event or events the imposition of a lien, the granting of a security interest, or a liability or a material risk of incurring a liability; and (c) which lien, security interest or liability, in the opinion of the Required Banks, could reasonably be expected

to have a material adverse effect upon the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its Subsidiaries taken as a whole; or

9.07 Collateral Documents. At any time after the execution and

delivery thereof, any of the Collateral Documents shall cease to be in full force and effect, or shall cease to give the Collateral Agent for the benefit of the Secured Parties the Liens, rights, powers and privileges purported to be created thereby (including, without limitation, a perfected security interest in, and Lien on, all of the Collateral), in favor of the Collateral Agent, superior to and prior to the rights of all third Persons (except as permitted by Section 8.01), and subject to no other Liens (except as permitted by Section 8.01), or any Credit Party shall default in the due performance or observance of any term, covenant or agreement on its part to be performed or observed pursuant to any of the Collateral Documents and such default shall continue beyond any cure or grace period specifically applicable thereto pursuant to the terms of such Collateral Document; or

9.08 Guarantees. Any Guaranty or any provision thereof shall

cease to be a legal, valid and binding obligation enforceable against the obligor thereof, or any Guarantor or any Person acting by or on behalf of any Guarantor shall deny or disaffirm such Guarantor's obligations under its Guaranty, or any Guarantor shall default in its due performance of any term, covenant or agreement on its part to be performed or observed pursuant to its Guaranty; or

9.09 Judgments. One or more judgments or decrees shall be

entered against Parent or any Subsidiary of Parent involving in the aggregate for Parent and its Subsidiaries a liability (not paid or fully covered by a reputable insurance company) and such judgments and decrees either shall be final and non-appealable or shall not be vacated, discharged or stayed or bonded pending appeal for any period of 30 consecutive days, and the aggregate amount of all such judgments exceeds \$10,000,000; or

9.10 Gaming Authority. Any Gaming Authority having jurisdiction

over any Casino Property shall determine that Parent or any of its Subsidiaries that is required to be qualified under the Gaming Regulations does not qualify, or that the qualification or license of any of them with respect to any Casino Property should be revoked, not renewed or suspended for more than 30 days, or any such Gaming Authority

shall have appointed a conservator, supervisor or trustee to oversee any of the operations of any of them;

then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Administrative Agent, upon the written request of the Required Banks, shall by written notice to the Borrowers, take any or all of the following actions, without prejudice to the rights of the Administrative Agent, any Bank or the holder of any Note to enforce its claims against any Credit Party (provided that, if an Event

of Default specified in Section 9.05 shall occur with respect to Parent or any Borrower, the result which would occur upon the giving of written notice by the Administrative Agent to the Borrowers as specified in clauses (i) and (ii) below shall occur automatically without the giving of any such notice): (i) declare the Total Revolving Loan Commitment terminated, whereupon the Revolving Loan Commitment of each Bank shall forthwith terminate immediately and any Facility Fees shall forthwith become due and payable without any other notice of any kind; (ii) declare the principal of and any accrued interest in respect of all Loans and the Revolving Notes and all Obligations owing hereunder and thereunder to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Credit Party; and (iii) enforce, as Collateral Agent, all of the Liens and security interests created pursuant to the Collateral Documents.

SECTION 10. Definitions and Accounting Terms.

10.01 Defined Terms. As used in this Agreement, the following

terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Absolute Rate" shall mean an interest rate (rounded to the nearest .0001) expressed as a decimal.

"Additional Collateral Documents" shall have the meaning provided in Section 7.12(b).

"Adjusted Certificate of Deposit Rate" shall mean, on any day, the sum (rounded to the nearest 1/100 of 1%) of (1) the rate obtained by dividing (x) the most recent weekly average dealer offering rate for negotiable certificates of deposit with a three-month maturity in the secondary market as published in the most recent Federal Reserve System publication entitled "Select Interest Rates," published weekly

on Form H.15 as of the date hereof, or if such publication or a substitute containing the foregoing rate information shall not be published by the Federal Reserve System for any week, the weekly average offering rate determined by the Administrative Agent on the basis of quotations for such certificates received by it from three certificate of deposit dealers in New York of recognized standing or, if such quotations are unavailable, then on the basis of other sources reasonably selected by the Administrative Agent, by (y) a percentage equal to 100% minus the stated maximum rate of all reserve requirements as specified in Regulation D applicable on such day to a three-month certificate of deposit of a member bank of the Federal Reserve System in excess of \$100,000 (including, without limitation, any marginal, emergency, supplemental, special or other reserves), plus (2) the then daily net annual assessment rate as estimated by the Administrative Agent for determining the current annual assessment payable by the Administrative Agent to the Federal Deposit Insurance Corporation for insuring three-month certificates of deposit.

"Administrative Agent" shall mean Bankers Trust Company, in its capacity as Administrative Agent for the Banks hereunder, and shall include any successor to the Administrative Agent appointed pursuant to Section 11.09.

"Affiliate" shall mean, with respect to any Person, any other Person (i) directly or indirectly controlling (including, but not limited to, all directors and officers of such Person), controlled by, or under direct or indirect common control with, such Person or (ii) that directly or indirectly owns more than 5% of the voting securities or capital stock of such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"Agent" shall mean each of Bankers Trust Company, The Bank of New York, CIBC Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch.

"Agreement" shall mean this Credit Agreement, as modified, supplemented or amended from time to time.

"Applicable Facility Fee Percentage" shall mean 15/100 of 1% less the then applicable Reduction Discount.

"Applicable Margin" shall mean 3/4 of 1% less the then applicable Reduction Discount.

"Assignment and Assumption Agreement" shall mean the Assignment and Assumption Agreement substantially in the form of Exhibit F (appropriately completed).

"Assignment of Leases" shall mean the Assignment of Leases, dated as of July 22, 1993, between Marina and the Collateral Agent, as modified, supplemented or amended from time to time.

"Assignment of Partnership Interests Agreement" shall mean the Assignment of Partnership Interests Agreement, dated as of July 22, 1993, among Harrah's New Jersey, Harrah's Atlantic City and the Collateral Agent, as modified, supplemented or amended from time to time.

"Atlantic City Property" shall mean the Harrah's Atlantic City Hotel Casino.

"Bank" shall mean each financial institution listed on Schedule I, as well as any institution which becomes a "Bank" hereunder pursuant to Section 1.14 or 12.04(b) or (c), provided that in any event each such institution shall be a Qualified Person.

"Bank Default" shall mean (i) the refusal (which has not been retracted) of a Bank to make available its portion of any Borrowing or (ii) a Bank having notified in writing the Borrowers and/or the Administrative Agent that it does not intend to comply with its obligations under Section 1.01(a), in the case of either clause (i) or (ii) above as a result of any takeover of such Bank by any regulatory authority or agency.

"Bankruptcy Code" shall have the meaning provided in Section 9.05.

"Bankruptcy Event" shall mean any Default or Event of Default of the type described in Section 9.05.

"Base Rate" at any time shall mean the highest of (i) 1/2 of 1% in excess of the Adjusted Certificate of Deposit Rate, (ii) the Prime Lending Rate and (iii) 1/2 of 1% in excess of the overnight Federal Funds Rate.

"Base Rate Loan" shall mean any Revolving Loan designated or deemed designated as such by a Borrower at the time of the incurrence thereof or conversion thereto.

"Bidder Bank" shall mean each Bank that has informed the Administrative Agent and the Company in writing (which has not been retracted) that such Bank desires to participate generally in the bidding arrangements relating to Competitive Bid Borrowings.

"Book Entry System" shall have the meaning provided in Section 7.11.

"Borrower" shall have the meaning provided in the first paragraph of this Agreement.

"Borrowing" shall mean and include (i) the borrowing of one Type of Revolving Loan from all the Banks on a given date (or resulting from a conversion or conversions on such date) having in the case of Eurodollar Loans the same Interest Period, provided that Base Rate Loans incurred

pursuant to Section 1.11(b) shall be considered part of the related Borrowing of Eurodollar Loans and (ii) a Competitive Bid Borrowing.

"BTCO" shall mean Bankers Trust Company in its individual capacity.

"Business Day" shall mean (i) for all purposes other than as covered by clause (ii) below, any day except Saturday, Sunday and any day which shall be in New York City a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close and (ii) with respect to all notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, any day which is a Business Day described in clause (i) above and which is also a day for trading by and between banks in the New York inter-bank Eurodollar market.

"Capitalized Lease Obligations" of any Person shall mean all rental obligations which, under generally accepted accounting principles, are or will be required to be capitalized on the books of such Person, in each case taken at the amount thereof accounted for as indebtedness in accordance with such principles.

"Casino Holding Company" shall mean Casino Holding Company, a Delaware corporation.

"Casino Owner" shall mean any Subsidiary of the Company that owns a Casino Property.

"Casino Property" shall mean and include each of the Harrah's Reno Hotel Casino, Harrah's Lake Tahoe Hotel Casino (including Bill's Casino), Harrah's Las Vegas Hotel Casino, Harrah's Atlantic City Hotel Casino and Harrah's Laughlin Hotel Casino.

"Casino Release" shall mean the release of a specific Casino Property from the Liens created by the respective Collateral Documents as a result of the sale thereof pursuant to Section 8.02 or the incurrence of Existing Casino Non-Recourse Financing with respect thereto pursuant to Section 8.04(ix).

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as the same may be amended from time to time, 42 U.S.C. Sec. 9601 et seq.

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"Change of Control" shall mean (i) Parent shall cease to own 100% of the capital stock of the Company, (ii) the direct or indirect acquisition by any Person or group (as such term is defined in Section 13(d)(3) of the Securities Exchange Act) of beneficial ownership (as such term is defined in Rule 13D-3 promulgated under the Securities Exchange Act) of 25% or more of the outstanding shares of common stock of Parent, (iii) the Board of Directors of Parent shall not consist of a majority of Continuing Directors or (iv) any "change of control" or similar event shall occur under any issue of Indebtedness of Parent or any of its Subsidiaries in an aggregate principal amount which exceeds (or upon utilization of any unused commitments may exceed) \$25,000,000.

"Cherokee Casino" shall mean the casino to be constructed, developed and operated by the Eastern Band of Cherokee Indians in Cherokee, North Carolina, and the manager of which shall be Parent or a Wholly-Owned Subsidiary of Parent.

"Cherokee Investments" shall mean (i) one or more guaranties given by Parent and/or the Company for the benefit of the lenders providing construction financing for the Cherokee Casino and (ii) additional Investments in the Cherokee Casino.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and the rulings issued thereunder. Section references to the Code are to the Code, as in effect on the date of this Agreement, and to any subsequent provision of the Code, amendatory thereof, supplemental thereto or substituted therefor.

"Collateral" shall mean all property (whether real or personal) with respect to which any security interests have been granted (or purport to be granted) pursuant to any Collateral Document, including, without limitation, all Pledge Agreement Collateral, all Security Agreement Collateral and all Mortgaged Properties.

"Collateral Agent" shall mean and include the Administrative Agent acting as collateral agent for the Secured Parties pursuant to the Collateral Documents and any sub-agents or sub-trustees appointed by the Administrative Agent pursuant to the Master Collateral Agreement and permitted under applicable Gaming Regulations.

"Collateral Document" shall mean and include each Pledge Agreement, the Security Agreement, each Mortgage, the Assignment of Partnership Interests Agreement, the Assignment of Leases, each Net Lease Agreement, the Master Collateral Agreement and, after the execution and delivery thereof, each Additional Collateral Document.

"Collateral Grantor" shall mean and include Parent, the Company and each Subsidiary of the Company which is party to any Collateral Document, provided that, from and after the date of the release of all

Collateral of any Subsidiary of the Company from the provisions of the Collateral Documents, and so long as the respective Subsidiary at such time owns no Required Collateral, such Subsidiary shall cease to constitute a Collateral Grantor and the Collateral Agent shall be authorized to execute such documentation as is necessary or desirable to effect such release.

"Company" shall have the meaning provided in the first paragraph of this Agreement.

"Company/Sub Guaranty" shall mean the Company/Sub Guaranty, dated as of July 22, 1993, made by the Company and the other Guarantors party thereto, as modified, supplemented or amended from time to time.

"Company/Sub Pledge Agreement" shall mean the Company/Sub Pledge Agreement, dated as of July 22, 1993, among the Company, the other Collateral Grantors party thereto and the Collateral Agent, as modified, supplemented or amended from time to time.

"Competitive Bid Borrowing" shall mean a Borrowing of Competitive Bid Loans pursuant to Section 1.04 with respect to which the Company has requested that the Bidder Banks offer to make Competitive Bid Loans at Absolute Rates.

"Competitive Bid Loans" shall have the meaning provided in Section 1.01(b).

"Consent" shall mean each written consent from a holder of the 8-3/4% Senior Subordinated Notes and 10-7/8% Senior Subordinated Notes permitting the Company and the respective indenture trustee to enter into indenture supplements to the 8-3/4% Senior Subordinated Notes Indenture and the 10-7/8% Senior Subordinated Notes Indenture.

"Consolidated Debt" shall mean, at any time, the sum of the aggregate outstanding principal amount of all Indebtedness (including, without limitation, guarantees, Non-Recourse Debt and the principal component of Capitalized Lease Obligations) of Parent and its Consolidated Subsidiaries.

"Consolidated EBIT" shall mean, for any period, the Consolidated Net Income plus Consolidated Interest Expense (to the extent same was deducted in determining Consolidated Net Income) and provision for taxes, and without giving effect to any extraordinary gains or losses or gains or losses from sales of assets other than inventory sold in the ordinary course of business.

"Consolidated Interest Coverage Ratio" for any period shall mean the ratio of Consolidated EBIT to Consolidated Interest Expense.

"Consolidated Interest Expense" shall mean, for any period, the total consolidated interest expense of Parent and its Consolidated Subsidiaries (without deduction for minority interests in Subsidiaries) for such period (calculated without regard to any limitations on the payment thereof) plus, without duplication, (i) that portion of Capitalized Lease Obligations of Parent and its Consolidated Subsidiaries representing the interest factor for such period and (ii) the

Company's or such Consolidated Subsidiary's share of interest expense of any Joint Venture.

"Consolidated Net Income" shall mean, for any period, net income of Parent and its Consolidated Subsidiaries (without deduction for minority interests in Subsidiaries) for such period.

"Consolidated Net Worth" shall mean, at any time, the net worth of Parent and its Consolidated Subsidiaries determined on a consolidated basis.

"Consolidated Subsidiaries" shall mean, as to any Person, all Subsidiaries of such Person which are consolidated with such Person for financial reporting purposes in accordance with generally accepted accounting principles in the United States.

"Contingent Obligation" shall mean, as to any Person, any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing (including, without limitation, as a result of such Person being a general partner of the other Person, unless the underlying obligation is expressly made non-recourse as to such general partner) any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation (whether arising by virtue of partnership arrangements, by agreement to keepwell, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise) or (ii) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect the obligee against loss in respect thereof (in whole or in part), provided that the term Indebtedness shall not include endorsements

for collection or deposit in the ordinary course of business.

"Continuing Directors" shall mean the directors of Parent on the Effective Date and each other director, if such other director's nomination for election to the Board of Directors of Parent is recommended by a majority of the then Continuing Directors.

"Credit Documents" shall mean this Agreement, each Revolving Note, each Guaranty and each Collateral Document.

"Credit Party" shall mean Parent, the Company and each other Subsidiary of Parent that is a Subsidiary Borrower, a Guarantor or a Collateral Grantor.

"Default" shall mean any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

"Defaulting Bank" shall mean any Bank with respect to which a Bank Default is in effect.

"Disqualified Stock" shall mean any capital stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part on, or prior to, or is exchangeable for debt securities of Parent or its Subsidiaries prior to, the first anniversary of the Final Maturity Date.

"Dividend" with respect to any Person shall mean that such Person has declared or paid a dividend or returned any equity capital to its stockholders or authorized or made any other distribution, payment or delivery of property (other than common stock of such Person) or cash to its stockholders as such, or redeemed, retired, purchased or otherwise acquired, directly or indirectly, for a consideration any shares of any class of its capital stock outstanding on or after the Effective Date (or any options or warrants issued by such Person with respect to its capital stock), or set aside any funds for any of the foregoing purposes, or shall have permitted any of its Subsidiaries to purchase or otherwise acquire for a consideration any shares of any class of the capital stock of such Person outstanding on or after the Effective Date (or any options or warrants issued by such Person with respect to its capital stock). Without limiting the foregoing, "Dividends" with respect to any Person shall also include all payments made or required to be made by such Person with respect to any stock appreciation rights, plans, equity incentive or achievement plans or any similar plans or setting aside of any funds for the foregoing purposes.

"Documents" shall mean the Credit Documents and the Hotel Transaction Documents.

"Dollars" and the sign "\$" shall each mean freely transferable lawful money of the United States.

"Effective Date" shall have the meaning provided in Section

12.10.

"8-3/4% Senior Subordinated Notes" shall mean the Company's 8-3/4% Senior Subordinated Notes due 2000.

"8-3/4% Senior Subordinated Notes Indenture" shall mean the indenture relating to the 8-3/4% Senior Subordinated Notes.

"Election to Become a Subsidiary Borrower" shall mean an Election to Become a Subsidiary Borrower substantially in the form of Exhibit E, which shall be executed by each Subsidiary of the Company which becomes a Subsidiary Borrower after the date hereof.

"End Date" shall have the meaning provided in the definition of Reduction Discount.

"Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, directives, claims, liens, notices of noncompliance or violation, investigations of which Parent or any Borrower has received notice or proceedings relating in any way to any Environmental Law or any permit issued, or any approval given, under any such Environmental Law (hereafter, "Claims"), including, without limitation, (a) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief in connection with alleged injury or threat of injury to health, safety or the environment due to the presence of Hazardous Materials.

"Environmental Law" means any Federal, state, foreign or local statute, law, rule, regulation, ordinance, code, guideline, written policy and rule of common law now or hereafter in effect and in each case as amended, including any judicial or administrative order, consent decree or judgment, relating to the environment, employee health and safety or Hazardous Materials, including, without limitation, CERCLA; RCRA; the Federal Water Pollution Control Act, 33 U.S.C. Sec. 1251 et seq.; the Toxic Substances Control Act, 15 U.S.C. Sec. 2601 et seq.; the Clean Air Act, 42 U.S.C. Sec. 7401 et seq.; the Safe Drinking Water Act, 42 U.S.C. Sec. 3803 et seq.; the Oil Pollution Act of 1990, 33 U.S.C. Sec. 2701 et seq.; the Emergency Planning and the Community Right-to-Know Act of

1986, 42 U.S.C. Sec. 11001 et seq., the Hazardous Material Transportation Act,
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49 U.S.C. Sec. 1801 et seq. and the Occupational Safety and Health Act, 29
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U.S.C. Sec. 651 et seq.; and any state and local or foreign counterparts or
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equivalents, in each case as amended from time to time.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement, and to any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean each person (as defined in Section 3(9) of ERISA) which together with Parent or any Subsidiary of Parent would be deemed to be a "single employer" within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"Eurodollar Loan" shall mean each Revolving Loan designated as such by a Borrower at the time of the incurrence thereof or conversion thereto.

"Eurodollar Rate" shall mean (a) the arithmetic average (rounded to the nearest 1/1000 of 1%) of the offered quotation to first-class banks in the New York interbank Eurodollar market by each Reference Bank for Dollar deposits of amounts in immediately available funds comparable to the outstanding principal amount of the Eurodollar Loan of such Reference Bank with maturities comparable to the Interest Period applicable to such Eurodollar Loan commencing two Business Days thereafter as of 10:00 A.M. (New York time) on the date which is two Business Days prior to the commencement of such Interest Period, divided by (b) a percentage equal to 100% minus the then stated maximum rate of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves required by applicable law) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency funding or liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D); provided that if one or more of the Reference Banks fails to provide the Administrative Agent with its aforesaid rate, then the Eurodollar Rate shall be determined based on the rate or rates provided to the Administrative Agent by the other Reference Bank or Banks.

"Event of Default" shall have the meaning provided in Section 9.

"Existing Casino Non-Recourse Financing" shall mean Non-Recourse Indebtedness incurred by any Casino Owner pursuant to Section 8.04(ix) and which is to be secured solely by the Casino Property (including any fixtures, furniture and equipment related thereto) owned by such Casino Owner, except that if two Casino Properties are subject to Existing Casino Non-Recourse Financings, then each issue (or either issue) of such Existing Casino Non-Recourse Financing may be cross-collateralized by the other Casino Property subject to Existing Casino Non-Recourse Financing.

"Facility Fee" shall have the meaning provided in Section 2.01(a).

"Federal Funds Rate" shall mean for any period, a fluctuating interest rate equal for each day during such period to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal Funds brokers of recognized standing selected by the Administrative Agent.

"Fees" shall mean all amounts payable pursuant to or referred to in Section 2.01.

"Final Maturity Date" shall mean the 364th day from the Effective Date, as the same may be extended from time to time pursuant to Section 2.04, it being understood and agreed, however, that no extension pursuant to such Section 2.04 shall be effective if the Final Maturity Date would extend beyond July 31, 2000.

"First-Tier Material Subsidiary" shall mean each Material Subsidiary which is a direct Subsidiary of the Company.

"5-Year Banks" shall mean the lenders from time to time party to the 5-Year Credit Agreement.

"5-Year Credit Agreement" shall mean the Credit Agreement, dated as of July 22, 1993 and amended and restated

as of June 9, 1995, among Parent, the Company, the Subsidiaries of the Company party thereto, the 5-Year Banks, the Agents and Bankers Trust Company, as Administrative Agent, as amended, modified, supplemented, extended, refinanced or replaced from time to time in accordance with the terms thereof and hereof.

"Former Bank" shall have the meaning provided in Section 12.04(c).

"Gaming Authority" shall mean the governmental authorities charged with the administration and enforcement of the Gaming Regulations.

"Gaming Business" shall mean the businesses and operations of the Company and its Subsidiaries with respect to, and the properties and assets of the Company and its Subsidiaries used in connection with, the Casino Properties and any other casinos, hotel casinos or gaming businesses now or in the future owned by the Company or any of its Subsidiaries or in which Parent or any of its Subsidiaries has an interest either through a Joint Venture or as a party to a management agreement.

"Gaming Property" of any Person shall mean those properties and assets of such Person which relate to such Person's casino or hotel casino businesses and operations.

"Gaming Regulations" shall mean the laws, rules, regulations and orders applicable to the casino and gaming business or activities of Parent, the Company or any of their Subsidiaries, as in effect from time to time, including the policies, interpretations and administration thereof by the Gaming Authorities.

"Guaranteed Obligations" shall mean the irrevocable and unconditional guaranty made by Parent under the Parent Guaranty to the Administrative Agent and each Bank for the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of the principal and interest on each Revolving Note issued by each Borrower to the Administrative Agent and such Bank, and Loans made, under this Agreement, together with all the other obligations and liabilities (including, without limitation, indemnities, fees and interest thereon) of each of the Borrowers to such Bank now existing or hereafter incurred under, arising out of or in connection with this Agreement or any other Credit Document and the due performance and compliance with the terms of the Credit Documents by the Borrowers.

"Guarantor", at any time, shall mean each of the Initial Guarantors and each Required Additional Guarantor which has executed and delivered a counterpart of the Company/Sub Guaranty in accordance with Section 7.12(a), provided that, from and after the date of the release of -----
any Subsidiary of the Company from the provisions of the Company/Sub Guaranty in accordance with the terms thereof or hereof, such Subsidiary shall cease to constitute a Guarantor.

"Guaranty" shall mean and include the Parent Guaranty and the Company/Sub Guaranty.

"Harrah's" shall mean Harrah's, a Nevada corporation.

"Harrah's Atlantic City" shall mean Harrah's Atlantic City, Inc., a New Jersey corporation.

"Harrah's Club" shall mean Harrah's Club, a Nevada corporation.

"Harrah's Jazz" shall mean Harrah's Jazz Company, a Louisiana general partnership.

"Harrah's Jazz Completion Guaranties" shall mean one or more completion guaranties heretofore given by Parent and/or the Company in favor of certain lenders to Harrah's Jazz, the City of New Orleans and one or more other governmental agencies of the State of Louisiana.

"Harrah's Jazz Completion Obligation Loans" shall mean any payments made by Parent and/or the Company under the Harrah's Jazz Completion Guaranties or the Harrah's Jazz Title Indemnity Arrangements to the extent that such payments are characterized as additional loans or advances made by Parent and/or the Company to Harrah's Jazz.

"Harrah's Jazz Investments" shall mean Investments in or to Harrah's Jazz and/or for the benefit of Harrah's Jazz, including the Harrah's Jazz Completion Obligation Loans, the Harrah's Jazz Completion Guaranties and the Harrah's Jazz Title Indemnity Arrangements.

"Harrah's Jazz Title Indemnity Arrangements" shall mean those certain indemnity agreements heretofore given by Parent and the Company to the title insurance companies providing title insurance for Harrah's Jazz's casino the City of New Orleans.

"Harrah's Laughlin" shall mean Harrah's Laughlin, Inc., a Nevada corporation.

"Harrah's New Jersey" shall mean Harrah's New Jersey, Inc., a New Jersey corporation.

"Hazardous Materials" means (a) any petroleum or petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls, and radon gas; (b) any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous waste," "hazardous materials," "extremely hazardous substances," "restricted hazardous waste," "toxic substances," "toxic pollutants," "contaminants," or "pollutants," or words of similar import, under any applicable Environmental Law; and (c) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority.

"Hotel Business" shall mean the businesses and operations of the Company and its Subsidiaries with respect to, and the properties and assets of the Company and its Subsidiaries used in connection with, its existing (immediately prior to the Effective Date) hotel businesses and operations and any other hotels owned by the Company or any of its Subsidiaries immediately prior to the Effective Date that are not included in the Gaming Business or in which Parent or any of its Subsidiaries has an interest either through a Joint Venture or as a party to a management or franchise agreement.

"Hotel Collateral" shall mean the collateral securing the Hotel Facility, which collateral shall only consist of the properties constituting the Hotel Business of the Company and the Hotel Subsidiaries (including the capital stock of the Hotel Subsidiaries).

"Hotel Company" shall mean Promus Hotel Corporation, a newly formed Wholly-Owned Subsidiary of the Company.

"Hotel Facility" shall mean two new senior secured credit facilities aggregating \$350,000,000 which shall be (i) secured by the Hotel Collateral and (ii) guaranteed by the Hotel Subsidiaries.

"Hotel Property" shall mean any hotel, any land or building under development or any other property or asset which relates to the Hotel Business of Parent and its Subsidiaries other than those properties or assets which are included as Gaming Properties.

"Hotel Stock Dividend" shall mean, collectively, (i) the distribution by the Company to Parent as a stock dividend of all of the capital stock of the Hotel Company and (ii) the distribution by Parent to its stockholders immediately thereafter as a stock dividend of all of the capital stock of the Hotel Company.

"Hotel Subsidiaries" shall mean those existing Subsidiaries of the Company which are engaged in the Hotel Business and which are set forth on Schedule VIII.

"Hotel Transaction" shall mean, collectively, the Hotel Stock Dividend, the Hotel Transfer, the entering into of the Hotel Facility and the incurrence by the Company of at least \$210,000,000 of loans thereunder, the assignment to, and the assumption by, the Hotel Company of the Hotel Facility, the obtaining of the Consents and the entering into of the related indenture supplements and the obtaining of the consent of Parent's shareholders to the Hotel Transaction.

"Hotel Transaction Documents" shall mean (i) the Hotel Facility, (ii) the Consents, the indenture supplements to the 8-3/4% Senior Subordinated Notes Indenture and the 10-7/8% Senior Subordinated Notes Indenture and the Proxy Statement delivered to Parent's shareholders in connection with the Hotel Transaction and (iii) the Distribution Agreement, the Tax Sharing Agreement, the Trademark Assignment Agreement and an Employee Benefits Allocation Agreement, which agreements are in the forms delivered to the Administrative Agent pursuant to Section 4.04(b) and are to be entered into by the Company and the Hotel Company in connection with the Hotel Transfer and the Hotel Stock Dividend.

"Hotel Transfer" shall mean the transfer by the Company to the Hotel Company of the Hotel Properties and Hotel Business of the Company and the capital stock of the Hotel Subsidiaries, it being understood and agreed that \$210,000,000 of proceeds from the loans incurred by the Company under the Hotel Facility on the Effective Date shall not be transferred by the Company to the Hotel Company.

"Indebtedness" shall mean, as to any Person, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all obligations of such person as lessee which are capitalized in accordance with generally accepted accounting principles, (v) all obligations of such Person to reimburse or repay any bank or other Person in respect of amounts paid or available to be drawn under a letter of credit, banker's acceptance, surety, performance or appeal bond or any similar instrument (each such obligation to be valued at the face amount of such instrument), (vi) all Indebtedness of others secured by a Lien on any asset of such Person, (vii) all Contingent Obligations of such Person with respect to any Indebtedness of any other Person and (viii) the amount of any Disqualified Stock.

"Initial Guarantors" shall mean each of Parent, the Company, Casino Holding Company, Embassy Development Corporation, Embassy Equity Development Corporation, ESI Equity Development Corporation, Hampton Inn Equity Development Corporation, Hampton Inns, Inc., Harrah's, Harrah's Atlantic City, Harrah's Club, Harrah's Las Vegas, Inc., Harrah's Laughlin, Harrah's New Jersey, Harrah's Reno Holding Company, Inc., Homewood Suites Equity Development Corporation and Marina; provided, that from and after the Effective Date, Embassy Development Corporation, Embassy Equity Development Corporation, ESI Equity Development Corporation, Hampton Inn Equity Development Corporation, Hampton Inns, Inc. and Homewood Suites Equity Development Corporation shall be (and hereby are) released from the Company/Sub Guaranty and shall no longer constitute Guarantors.

"Interest Determination Date" shall mean, with respect to any Eurodollar Loan, the second Business Day prior to the commencement of any Interest Period relating to such Eurodollar Loan.

"Interest Period" shall have the meaning provided in Section 1.10.

"Interest Rate Protection or Other Hedging Agreements" shall mean one or more (i) interest rate protection agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements), (ii) foreign exchange contracts, currency swap agreements or other

similar agreements or arrangements designed to protect against the fluctuations in currency values and/or (iii) other types of hedging agreements from time to time entered into by the Company or any of its Subsidiaries.

"Investments" shall have the meaning provided in Section 8.05.

"Issuance System" shall have the meaning provided in Section 7.11.

"Issue" shall mean each of the two different types of Senior Debt, there being two separate Issues for purposes of this Agreement, i.e.,

the Indebtedness under this Agreement and the Indebtedness under the 5-Year Credit Agreement.

"Joint Venture" shall mean any entity or arrangement between the Company or any of its Subsidiaries (so long as the Company and its Subsidiaries own 50% or less of such entity) and one or more Persons other than Parent or any of its Subsidiaries (whether now existing or created in the future) for (i) the joint ownership, management, construction or development of any Gaming Property or (ii) the joint ownership or operation of any Gaming Business.

"Las Vegas Property" shall mean the Harrah's Las Vegas Hotel Casino.

"Leaseholds" of any Person means all the right, title and interest of such Person as lessee or licensee in, to and under leases or licenses of land, improvements and/or fixtures.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), preference, priority or other security agreement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing or similar statement or notice filed under the UCC or any other similar recording or notice statute, and any lease having substantially the same effect as any of the foregoing).

"Loan" shall mean each Revolving Loan and each Competitive Bid Loan.

"Margin Reduction Period" shall mean each period which shall commence on a date on which the financial state-

ments are delivered pursuant to Section 7.01(a) or (b) and which shall end on the earlier of (i) the date of actual delivery of the next financial statements pursuant to Section 7.01(a) or (b) and (ii) the latest date on which the next financial statements are required to be delivered pursuant to Section 7.01(a) or (b).

"Margin Stock" shall have the meaning provided in Regulation U.

"Marina" shall mean Marina Associates, a New Jersey general partnership.

"Markers" shall have the meaning provided in the Master Collateral Agreement.

"Master Collateral Agreement" shall mean the Master Collateral Agreement, dated as of July 22, 1993, among Parent, the Company, the other Collateral Grantors, the Administrative Agent and the Collateral Agent, as modified, supplemented or amended from time to time.

"Material Subsidiary" shall mean each of (a) each Initial Guarantor other than Parent and the Company, (b) each Subsidiary Borrower and each Collateral Grantor and (c) as at the date of determination, (i) any direct or indirect Subsidiary of Parent that holds any license or licenses needed to conduct gaming operations with respect to any Casino Property (which has not theretofore been released from the respective Mortgage encumbering same in accordance with the terms thereof), (ii) any direct or indirect Subsidiary of Parent that owns any Collateral or Required Collateral or that directly or indirectly owns stock of a Subsidiary which owns Collateral or Required Collateral or (iii) any Subsidiary of Parent that (together with its Subsidiaries) accounts for, or holds, at least 10% of any of (x) the consolidated assets of Parent and its Subsidiaries, (y) the consolidated revenues of Parent and its Subsidiaries or (z) the Consolidated EBIT of Parent and its Subsidiaries, in each case as determined at the end of each fiscal quarter of Parent and, in the case of preceding clauses (y) and (z), for the Test Period then last ended, it being understood and agreed that Harrah's Jazz and Desplaines Development Limited Partnership shall not be considered Material Subsidiaries under this sub-clause (iii) to the extent that such Subsidiaries would otherwise constitute such a Material Subsidiary so long as such Subsidiaries would not otherwise constitute a Material Subsidiary under any of the other clauses of this definition.

"Maturity Date" shall mean, with respect to each Bank, the Final Maturity Date in effect at the time such Bank first became party to this Agreement, as the same may be extended pursuant to Section 2.04, provided that such extension has been consented to by such Bank. It is understood that in the event that a Bank does not consent to an extension of the Final Maturity Date, the Maturity Date for such Bank shall be the Final Maturity Date in effect immediately prior to the effectiveness of such extension.

"Minimum Proceeds Amount" with respect to any Casino Property (or with respect to the Casino Owner that owns such Casino Property) shall mean the amount set forth below opposite such Casino Property:

Harrah's Atlantic City	
Hotel Casino	\$250,000,000
Harrah's Las Vegas	
Hotel Casino	\$250,000,000
Harrah's Reno	
Hotel Casino	\$150,000,000
Harrah's Lake Tahoe	
Hotel Casino	
(including Bill's Casino)	\$150,000,000
Harrah's Laughlin	
Hotel Casino	\$150,000,000.

"Moody's" shall mean Moody's Investors Service, Inc.

"Mortgage" shall mean each of (i) the Deed of Trust, Leasehold Deed of Trust, Assignment, Assignment of Leases and Rents, Security Agreement and Financing Statement, dated as of July 22, 1993, from the Company, Harrah's Laughlin, Inc. and Harrah's Reno Holding Company, Inc., as Grantors, to First American Title Insurance Company of Nevada, as Trustee, and BTCo, as Beneficiary, as modified, supplemented or amended from time to time and (ii) the Mortgage, Leasehold Mortgage, Assignment, Assignment of Leases and Rents and Security Agreement, dated as of July 22, 1993, from Marina and the Company, as Mortgagors, to BTCo, as Collateral Agent and Mortgagee, as modified, supplemented or amended from time to time.

"Mortgage Amendment" shall have the meaning provided in Section 4.09(i).

"Mortgage Policies" shall mean each of the mortgage title insurance policies delivered pursuant to Section 5.10(ii) of the Original 5-Year Credit Agreement.

"Mortgaged Property" shall mean and include each of the Casino Properties until same are released from the Liens created by the respective Mortgage in accordance with the terms hereof and thereof.

"Net Lease Agreement" shall mean each of (i) the Net Lease Agreement, dated as of July 22, 1993, among Parent, the Company, Harrah's, Harrah's Club and the Collateral Agent (Harrah's Hotel and Casino, Lake Tahoe), (ii) the Net Lease Agreement, dated as of July 22, 1993, among Parent, the Company, Harrah's Las Vegas, Inc. and the Collateral Agent (Harrah's Hotel and Casino, Las Vegas), (iii) the Net Lease Agreement, dated as of July 22, 1993, among Parent, the Company, Harrah's Club and the Collateral Agent (Harrah's Hotel and Casino, Reno) and (iv) the Net Lease Agreement, dated as of July 22, 1993, among Parent, the Company, Harrah's Laughlin and the Collateral Agent (Harrah's Laughlin Hotel and Casino), in each case as modified, supplemented or amended from time to time, it being understood and agreed that in the event the Company transfers its ownership interest in any of the Casino Properties located in Nevada to Harrah's Club as permitted by Section 8.02(a), the Net Lease Agreement with respect to each such Casino Property may be terminated.

"Net Sale Proceeds" shall mean for any sale of assets, the gross cash proceeds (including any cash received by way of deferred payment pursuant to a promissory note, receivable or otherwise, but only as and when received) received from any sale of assets, net of reasonable transaction costs and payments of unassumed liabilities relating to the assets sold at the time of, or within 60 days after, the date of such sale and the amount of such gross cash proceeds required to be used to repay any Indebtedness (other than Indebtedness of the Banks pursuant to the Credit Documents) which is secured by the respective assets which were sold.

"Non-Continuing Bank" shall mean, at any time, each Bank the Maturity Date of which has not been extended pursuant to Section 2.04.

"Non-Defaulting Bank" shall mean and include each Bank other than a Defaulting Bank.

"Non-Recourse Indebtedness" shall mean (x) with respect to any Casino Owner or Owners, Indebtedness incurred by such Casino Owner or Owners meeting the requirements of Existing Casino Non-Recourse Financing and which shall be (i) secured only by the Casino Property or Properties owned by such Casino Owner or Owners, including any fixtures, furniture and equipment related thereto (it being understood and agreed that, if two Casino Properties are subject to Existing Casino Non-Recourse Financings, then such properties may cross-collateralize the other issue of Existing Casino Non-Recourse Financing) and (ii) expressly made non-recourse to Parent and its Subsidiaries other than the respective Casino Owners, provided that recourse may be had to the respective property serving as security therefor and (y) with respect to any Specified Subsidiary, Indebtedness incurred by such Specified Subsidiary which shall be (i) secured only by Gaming Properties being developed with Non-Recourse Indebtedness incurred pursuant to Section 8.04(x), including any fixtures, furniture and equipment related thereto and (ii) non-recourse to Parent and its Subsidiaries, provided that recourse may be had to the extent permitted by Section 8.04(x) and to the respective property or properties serving as security therefor.

"Notice of Borrowing" shall have the meaning provided in Section 1.03(a).

"Notice of Competitive Bid Borrowing" shall have the meaning provided in Section 1.04(a).

"Notice of Conversion" shall have the meaning provided in Section 1.07.

"Notice Office" shall mean the office of the Administrative Agent located at 130 Liberty Street, New York, New York 10006, Attention: Patricia Rapisarda, or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"Obligations" shall mean all amounts owing to the Administrative Agent, the Collateral Agent or any Bank pursuant to the terms of this Agreement or any other Credit Document.

"Original 5-Year Credit Agreement" shall mean the Credit Agreement, dated as of July 22, 1993, among Parent, the Company, the Subsidiaries of the Company party thereto, the financial institutions party thereto and Bankers Trust

Company, as Administrative Agent, as in effect immediately prior to the Effective Date.

"Parent" shall have the meaning provided in the first paragraph of this Agreement.

"Parent Guaranty" shall mean the guaranty provided by Parent pursuant to Section 13.

"Parent Pledge Agreement" shall mean the Parent Pledge Agreement, dated as of July 22, 1993, between Parent and the Collateral Agent, as modified, supplemented or amended from time to time.

"Payment Office" shall mean the office of the Administrative Agent located at One Bankers Trust Plaza, New York, New York 10006, or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"Percentage" of any Bank at any time shall mean a fraction (expressed as a percentage) the numerator of which is the Revolving Loan Commitment of such Bank at such time and the denominator of which is the Total Revolving Loan Commitment at such time, provided that, if the

Percentage of any Bank is to be determined after the Total Revolving Loan Commitment has been terminated, then the Percentage of such Bank shall be determined immediately prior (and without giving effect) to such termination.

"Permitted Designated Indebtedness" shall mean (i) any Existing Casino Non-Recourse Financing and (ii) all Subordinated Debt (or portions thereof) incurred pursuant to Section 8.04(xi) to the extent the aggregate amount of Subordinated Debt incurred after the Effective Date pursuant to said Section is in excess of \$200,000,000.

"Permitted Encumbrance" shall mean, with respect to any Mortgaged Property, such exceptions to title as are set forth in the Mortgage Policy with respect thereto.

"Permitted Liens" shall have the meaning provided in Section 8.01.

"Person" shall mean any individual, partnership, joint venture, firm, corporation, association, trust or other enterprise or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" shall mean any multiemployer or single-employer plan, as defined in Section 4001 of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribute of), Parent or a Subsidiary of Parent or an ERISA Affiliate, and each such plan for the five year period immediately following the latest date on which Parent, or a Subsidiary of Parent or an ERISA Affiliate maintained, contributed to or had an obligation to contribute to such plan.

"Pledge Agreements" shall mean and include the Parent Pledge Agreement and the Company/Sub Pledge Agreement.

"Pledged Securities" shall have the meaning assigned that term in the respective Pledge Agreements.

"Prime Lending Rate" shall mean the rate which BTCo announces from time to time as its prime lending rate, the Prime Lending Rate to change when and as such prime lending rate changes. The Prime Lending Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. BTCo may make commercial loans or other loans at rates of interest at, above or below the Prime Lending Rate.

"Projections" shall have the meaning provided in Section 6.05(d).

"Proxy Statement" shall mean Parent's Proxy Statement dated April 25, 1995 which was delivered to Parent's shareholders in connection with the Hotel Transaction.

"Qualified Person" shall mean, with respect to any Bank party to this Agreement on the Effective Date or that becomes a Bank pursuant to Section 1.14, 12.04(b) or 12.04(c), a banking or other licensed lending institution within the meaning of the New Jersey Gaming Regulations or a financial source or qualifier approved under the Gaming Regulations of the State of New Jersey applicable to lenders (or waived or exempted from the applicable requirements thereof) and which shall not have been found unsuitable under the Gaming Regulations of the State of Nevada applicable to lenders and which meets the requirements of all other

jurisdictions regulating the gaming business of Parent and its Subsidiaries to the extent that the Company has so notified the Banks of such requirements of such other jurisdiction pursuant to Section 12.04(e).

"RCRA" shall mean the Resource Conservation and Recovery Act, as the same may be amended from time to time, 42 U.S.C. Sec. 6901 et seq.

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"Real Property" of any Person shall mean all the right, title and interest of such Person in and to land, improvements and fixtures, including Leaseholds.

"Reduction Discount" shall mean initially zero and from and after the first day of any Margin Reduction Period (the "Start Date") to and including the last day of such Margin Reduction Period (the "End Date"), the Reduction Discount shall be the respective percentage per annum set forth in clause (A), (B) or (C) below if, but only if, as of the last day of the most recent fiscal quarter of Parent ended immediately prior to such Start Date (the "Test Date") the conditions in clause (A), (B) or (C) below are met:

(A) (x) in the case of Eurodollar Loans, 1/8 of 1% and (y) in the case of the Facility Fee, 4/100 of 1% in each case if, but only if, as of the Test Date for such Start Date either of the following conditions are met and the conditions set forth in none of clauses (B) and (C) below are satisfied:

(i) the Consolidated Interest Coverage Ratio for the Test Period ended on such Test Date shall be greater than 3.00:1.00; or

(ii) the Indebtedness of the Company on such Test Date shall be rated at least BBB- Senior Implied by S&P or Baa3 Senior Implied by Moody's;

(B) (x) in the case of Eurodollar Loans, 3/8 of 1% and (y) in the case of the Facility Fee, 5.5/100 of 1% in each case if, but only if, as of the Test Date for such Start Date either of the following conditions are met and the conditions set forth in clause (C) below are not satisfied:

(i) the Consolidated Interest Coverage Ratio for the Test Period ended on such Test Date shall be greater than 3.50:1.00; or

(ii) the Indebtedness of the Company on such Test Date shall be rated at least BBB Senior Implied by S&P or Baa2 Senior Implied by Moody's; or

(C) (x) in the case of Eurodollar Loans, 1/2 of 1% and (y) in the case of the Facility Fee, 7/100 of 1% in each case if, but only if, as of the Test Date for such Start Date either of the following conditions are met:

(i) the Consolidated Interest Coverage Ratio for the Test Period ended on such Test Date shall be greater than 4.00:1.00; or

(ii) the Indebtedness of the Company on such Test Date shall be rated at least BBB+ Senior Implied by S&P or Baa1 Senior Implied by Moody's.

Notwithstanding anything to the contrary above in this definition, the Reduction Discount shall be reduced to zero at all times when a Default under Section 7.01(a) or (b) shall exist or an Event of Default shall exist.

"Reference Banks" shall mean Bankers Trust Company, The Sumitomo Bank, Limited, New York Branch, Credit Lyonnais and The Bank of New York.

"Register" shall have the meaning provided in Section 1.06(d).

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Regulation G" shall mean Regulation G of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"Regulation T" shall mean Regulation T of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"Regulation U" shall mean Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"Regulation X" shall mean Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"Release" means disposing, discharging, injecting, spilling, pumping, leaking, leaching, dumping, emitting, escaping, emptying, seeping, placing, pouring and the like, into or upon any land or water or air, or otherwise entering into the environment.

"Replaced Bank" shall have the meaning provided in Section 1.14.

"Replacement Bank" shall have the meaning provided in Section 1.14.

"Reply Date" shall have the meaning provided in Section 1.04(b).

"Reportable Event" shall mean an event described in Section 4043(c) of ERISA with respect to a Plan as to which the 30-day notice requirement has not been waived by the PBGC.

"Requested Extension Effective Date" shall have the meaning provided in Section 2.04(a).

"Required Additional Guarantor" shall have the meaning provided in Section 7.12(a).

"Required Appraisal" shall have the meaning provided in Section 7.12(c).

"Required Banks" shall mean Non-Defaulting Banks, the sum of whose Revolving Loan Commitments (or after the termination thereof, outstanding Revolving Loans and Competitive Bid Loans) represent an amount greater than fifty percent of the sum of the Total Revolving Loan Commitment (or after the termination thereof, the sum of the then total outstanding Revolving Loans and Competitive Bid Loans).

"Required Collateral" shall mean and include all the following assets and property:

- (i) each Casino Property;
- (ii) 100% of the capital stock of the Company;
- (iii) 100% of the capital stock of each of Harrah's, Harrah's Club, Casino Holding Company, Harrah's Atlantic City, Harrah's New Jersey, Harrah's Reno Holding Company, Inc., Harrah's Laughlin and Harrah's Las Vegas, Inc.;

(iv) 100% of the partnership interests in Marina;

(v) 100% of the capital stock or partnership interests, as the case may be, of each Subsidiary Borrower;

(vi) 100% of the capital stock or partnership interests, as the case may be, in any other Subsidiary of the Company which owns assets or property, or is the direct or indirect parent of any Subsidiary which owns assets or property, which constitutes Required Collateral pursuant to any of the other clauses of this definition;

(vii) 100% of the capital stock or partnership interests owned directly by the Company in any Guarantor or Material Subsidiary;

(viii) all of the Company's and its Subsidiaries' interests in building fixtures and personal property located in or owned or used in connection with the Casino Properties, including (subject to applicable Gaming Regulations) gaming equipment; all trademarks and trade names (including the Harrah's name, subject to a non-exclusive license to be granted to the Company in accordance with the terms of the Collateral Documents) and other intangible property owned or used in connection with the Casino Properties; and all licenses and permits held in connection with the Casino Properties (excluding (x) gaming licenses and (y) non-transferable liquor licenses and other non-transferable licenses); and all revenues derived from the Casino Properties located in Nevada, including (subject to applicable Gaming Regulations) gaming revenues; and

(ix) the assignment of leases and net lease agreements effected pursuant to the Assignment of Leases and Net Lease Agreements.

Notwithstanding anything to the contrary contained above, assets or property shall cease to constitute Required Collateral at such time, if any, as same are released pursuant to the terms of the respective Collateral Documents and this Agreement.

"Required Secured Parties" shall have the meaning provided in the Master Collateral Agreement.

"Returns" shall have the meaning provided in Section 6.09.

"Revolving Loan" shall have the meaning provided in Section 1.01(a).

"Revolving Loan Commitment" shall mean, for each Bank, the amount set forth opposite such Bank's name in Schedule I directly below the column entitled "Revolving Loan Commitment," as same may be (x) reduced from time to time pursuant to Sections 2.02, 2.03 and/or 9 or (y) adjusted from time to time as a result of assignments to or from such Bank pursuant to Section 1.14, 12.04(b) or 12.04(c).

"Revolving Note" shall have the meaning provided in Section 1.06(a).

"Rights" shall have the meaning provided in the Rights Agreement.

"Rights Agreement" shall mean the Rights Agreement, dated as of February 7, 1990, between Parent and The Bank of New York, as Rights Agent, as in effect on the date hereof.

"S&P" shall mean Standard & Poor's Corporation.

"SEC" shall have the meaning provided in Section 7.01(f).

"Section 3.04(b)(iii) Certificate" shall have the meaning provided in Section 3.04(b).

"Secured Parties" shall have the meaning assigned that term in the Collateral Documents.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Securities Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Security Agreement" shall mean the Security Agreement, dated as of July 22, 1993, among the Company, the other Collateral Grantors party thereto and the Collateral Agent, as modified, supplemented or amended from time to time.

"Security Agreement Collateral" shall mean all "Collateral" as defined in the Security Agreement.

"Senior Debt" shall mean the Indebtedness under this Agreement and the Indebtedness under the 5-Year Credit Agreement.

"Share" shall mean, for each Issue, (A) if the event requiring a mandatory commitment reduction to Senior Debt pursuant to Section 2.03(c) or (d) would, in accordance with the terms of the 5-Year Credit Agreement, give rise to a mandatory commitment reduction to the Total 5-Year Revolving Loan Commitment, then the "Share" (x) applicable to the Total 5-Year Revolving Loan Commitment shall equal the lesser of (1) the amount required to be applied to reduce the commitments in respect of Senior Debt pursuant to Section 2.03(c) or (d) multiplied by a fraction the numerator of which is the amount of the Total 5-Year Revolving Loan Commitment then in effect and the denominator of which is the sum of (i) the Total 5-Year Revolving Loan Commitment then in effect plus (ii) the Total Revolving Loan Commitment then in effect and (2) the maximum amount which would be required to be applied to mandatorily reduce the Total 5-Year Revolving Loan Commitment in accordance with the terms of the 5-Year Credit Agreement as a result of the respective event requiring a reduction to the commitments in respect of Senior Debt pursuant to Section 2.03(c) or (d) and (y) applicable to the Total Revolving Loan Commitment shall equal the remainder of the amount required to be applied to reduce the commitments in respect of Senior Debt pursuant to Section 2.03(c) or (d), less the "Share" applicable to the Total 5-Year Revolving Loan Commitment as determined pursuant to preceding clause (x), and (B) if the event giving rise to a mandatory commitment reduction in respect of Senior Debt would not require a mandatory reduction to the Total 5-Year Revolving Loan Commitment of the 5-Year Credit Agreement in accordance with the terms of the 5-Year Credit Agreement, the "Share" of each Issue shall equal (x) in the case of the 5-Year Credit Agreement, \$0 and (y) in the case of this Agreement, the amount required to be applied to Senior Debt pursuant to Section 2.03(c) or (d).

"Specified Subsidiary" shall mean any Subsidiary of the Company (other than any Subsidiary Borrower, Collateral Grantor or Casino Owner) so long as such Subsidiary has no material assets other than the Gaming Properties to be developed and financed with Non-Recourse Indebtedness incurred pursuant to Section 8.04(x).

"Start Date" shall have the meaning provided in the definition of Reduction Discount.

"Sub-Limit" shall mean (i) with respect to Marina, \$150,000,000 and (ii) with respect to each other Subsidiary of the Company that becomes a Subsidiary Borrower after the date hereof, such aggregate amount as shall be established by the Administrative Agent and the Required Banks at the time such Subsidiary becomes a Subsidiary Borrower hereunder.

"Subordinated Debt" shall mean each issue of Subordinated Debt of the Company as is set forth on Schedule IV as well as any additional issuance of Subordinated Debt by the Company that is permitted under Section 8.04(xi).

"Subsidiary" shall mean, as to any Person, (i) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person and/or one or more Subsidiaries of such Person and (ii) any partnership, association, joint venture or other entity in which such Person and/or one or more Subsidiaries of such Person has more than a 50% equity interest at the time.

"Subsidiary Borrower" shall mean Marina and any other Wholly-Owned Subsidiary of the Company that is found acceptable to, and approved in writing by, the Administrative Agent and the Required Banks, provided that at the time any such Subsidiary incurs Existing Casino Non-Recourse Financing pursuant to Section 8.04(ix) or the Casino Property owned by such Subsidiary is sold pursuant to Section 8.02, such Subsidiary shall cease to be a Subsidiary Borrower.

"Subsidiary Investments" shall mean any Investment by the Company in one or more of its Subsidiaries provided that (x) any acquisition of a new Subsidiary shall be through a transaction not involving the acquisition by the Company or any of its Subsidiaries of Margin Stock and (y) any new Subsidiary so acquired shall be engaged primarily in the Gaming Business.

"Substitute Bank" shall have the meaning in Section 12.04(c).

"Taxes" shall have the meaning provided in Section 3.04(a).

"10-7/8% Senior Subordinated Notes" shall mean the Company's 10-7/8% Senior Subordinated Notes due 2002.

"10-7/8% Senior Subordinated Notes Indenture" shall mean the indenture relating to the 10-7/8% Senior Subordinated Notes.

"Test Date" shall have a meaning provided in the definition of Reduction Discount.

"Test Period" shall mean the four consecutive fiscal quarters of Parent then last ended (in each case taken as one accounting period).

"Total 5-Year Revolving Loan Commitment" shall mean the "Total Revolving Loan Commitment" under, and as defined in, the 5-Year Credit Agreement.

"Total 5-Year Outstandings" shall mean, at any time, the aggregate principal amount of all loans outstanding pursuant to the 5-Year Credit Agreement and the aggregate amount of all letters of credit and, without duplication, unreimbursed drawings thereunder outstanding pursuant to the 5-Year Credit Agreement.

"Total Outstandings" shall mean, at any time, the aggregate outstanding principal amount of Loans.

"Total Revolving Loan Commitment" shall mean, at any time, the sum of the Revolving Loan Commitments of each of the Banks.

"Total Unutilized Revolving Loan Commitment" shall mean, at any time, an amount equal to the remainder of (x) the then Total Revolving Loan Commitment less (y) the sum of the aggregate principal amount of Revolving Loans and Competitive Bid Loans then outstanding.

"Type" shall mean the type of Loan determined with regard to the interest option applicable thereto, i.e., whether a Base Rate Loan or a Eurodollar Loan.

"UCC" shall mean the Uniform Commercial Code as from time to time in effect in the relevant jurisdiction.

"Unfunded Current Liability" of any Plan means the amount, if any, by which the actuarial present value of the accumulated benefits under the Plan as of the close of its most recent plan year, determined in accordance with Statement of Financial Accounting Standards No. 35, based upon the actuarial assumptions used by the Plan's actuary in the most recent annual valuation of the Plan, exceeds the fair market value of the assets allocable thereto, determined in accordance with Section 412 of the Code.

"United States" and "U.S." shall each mean the United States of America.

"Wholly-Owned Subsidiary" shall mean, as to any Person, (i) any corporation 100% of whose capital stock (other than director's qualifying shares) is at the time owned by such Person and/or one or more Wholly-Owned Subsidiaries of such Person and (ii) any partnership, association, joint venture or other entity in which such Person and/or one or more Wholly-Owned Subsidiaries of such Person has a 100% equity interest at such time.

"Withdrawal Period" shall have the meaning provided in Section 12.04(d).

SECTION 11. The Administrative Agent and Agents.

11.01 Appointment. The Banks hereby designate Bankers Trust

Company as Administrative Agent (for purposes of this Section 11, the term "Administrative Agent" shall include Bankers Trust Company in its capacity as Collateral Agent pursuant to the Collateral Documents) to act as specified herein and in the other Credit Documents. The Banks hereby designate Bankers Trust Company, The Bank of New York, CIBC Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale, and The Sumitomo Bank, Limited, New York Branch, as Agents to act as specified herein and in the other Credit Documents. Each Bank hereby irrevocably authorizes, and each holder of any Revolving Note by the acceptance of such Revolving Note shall be deemed irrevocably to authorize, the Administrative Agent or any Agent to take such action on its behalf under the provisions of this Agreement, the other Credit Documents and any other instruments and agreements referred to herein or therein and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of the Administrative Agent or any Agent by the terms hereof and thereof and such other

powers as are reasonably incidental thereto. The Administrative Agent and any Agent may perform any of their duties hereunder by or through their respective officers, directors, agents (including any sub-agents or sub-trustees to act as a Collateral Agent pursuant to the Master Collateral Agreement or any other Collateral Document) or employees. Each Bank further agrees to be bound by all of the terms and conditions set forth in the Collateral Documents.

11.02 Nature of Duties. Neither the Administrative Agent nor any

Agent shall have any duties or responsibilities except those expressly set forth in this Agreement and the Collateral Documents, it being understood and agreed, however, that none of the Agents in their capacities as such shall have any duties or responsibilities under the Credit Documents. Neither the Administrative Agent, any Agent nor any of their officers, directors, agents or employees shall be liable for any action taken or omitted by it or them hereunder or under any other Credit Document or in connection herewith or therewith, unless caused by its or their gross negligence or willful misconduct. The duties of the Administrative Agent and Agents shall be mechanical and administrative in nature; neither the Administrative Agent nor any Agent shall have by reason of this Agreement or any other Credit Document a fiduciary relationship in respect of any Bank or the holder of any Revolving Note; and nothing in this Agreement or any other Credit Document, expressed or implied, is intended to or shall be so construed as to impose upon the Administrative Agent or any Agent any obligations in respect of this Agreement or any other Credit Document except as expressly set forth herein or therein.

11.03 Lack of Reliance on the Administrative Agent and Agents.

Independently and without reliance upon the Administrative Agent or any Agent, each Bank and the holder of each Revolving Note, to the extent it deems appropriate, has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of Parent and its Subsidiaries in connection with the making and the continuance of the Loans and the taking or not taking of any action in connection herewith and (ii) its own appraisal of the creditworthiness of Parent and its Subsidiaries and, except as expressly provided in this Agreement, neither the Administrative Agent nor any Agent shall have any duty or responsibility, either initially or on a continuing basis, to provide any Bank or the holder of any Revolving Note with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time or times thereafter. Neither the Administrative

Agent nor any Agent shall be responsible to any Bank or the holder of any Revolving Note for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, perfection, collectibility, priority or sufficiency of this Agreement or any other Credit Document or the financial condition of Parent or any of its Subsidiaries or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or any other Credit Document, or the financial condition of Parent or any of its Subsidiaries or the existence or possible existence of any Default or Event of Default.

11.04 Certain Rights of the Administrative Agent. If the

Administrative Agent shall request instructions from the Required Banks with respect to any act or action (including failure to act) in connection with this Agreement or any other Credit Document, the Administrative Agent shall be entitled to refrain from such act or taking such action unless and until the Administrative Agent shall have received instructions from the Required Banks; and the Administrative Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Bank or the holder of any Revolving Note shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder or under any other Credit Document in accordance with the instructions of the Required Banks.

11.05 Reliance. The Administrative Agent and each Agent shall be

entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telex, teletype or telecopier message, cablegram, radiogram, order or other document or telephone message signed, sent or made by any Person that the Administrative Agent or such Agent believed to be the proper Person, and, with respect to all legal matters pertaining to this Agreement and any other Credit Document and its duties hereunder and thereunder, upon advice of counsel selected by the Administrative Agent or such Agent.

11.06 Indemnification. To the extent the Administrative Agent or

any Agent is not reimbursed and indemnified by the Credit Parties, the Banks will reimburse and indemnify the Administrative Agent or such Agent, in proportion to their respective "percentages" as used in determining the Required Banks, for and against any and all liabilities,

obligations, losses, damages, penalties, claims, actions, judgments, costs, expenses or disbursements of whatsoever kind or nature which may be imposed on, asserted against or incurred by the Administrative Agent or such Agent in performing its duties hereunder or under any other Credit Document, in any way relating to or arising out of this Agreement or any other Credit Document; provided that no Bank shall be liable for any portion of such

liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's or such Agent's gross negligence or willful misconduct.

11.07 The Administrative Agent and the Agents in their Individual

Capacities. With respect to its obligation to make Loans under this Agree-

ment, the Administrative Agent and each Agent shall have the rights and powers specified herein for a "Bank" and may exercise the same rights and powers as though it were not performing the duties specified herein; and the term "Banks," "Required Banks," "holders of Revolving Notes" or any similar terms shall, unless the context clearly otherwise indicates, include each of the Administrative Agent and Agent in its individual capacity. The Administrative Agent and each Agent may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with any Credit Party or any Affiliate of any Credit Party as if it were not performing the duties specified herein, and may accept fees and other consideration from the Borrowers or any other Credit Party for services in connection with this Agreement and otherwise without having to account for the same to the Banks.

11.08 Holders. The Administrative Agent may deem and treat the

payee of any Revolving Note as the owner thereof for all purposes hereof unless and until a written notice of the assignment, transfer or endorsement thereof, as the case may be, shall have been filed with the Administrative Agent. Any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is the holder of any Revolving Note shall be conclusive and binding on any subsequent holder, transferee, assignee or indorsee, as the case may be, of such Revolving Note or of any Revolving Note or Revolving Notes issued in exchange therefor.

11.09 Resignation by the Administrative Agent and Agents.

(a) The Administrative Agent and any Agent may resign from the performance of all its functions and duties hereunder and/or under the other Credit Documents at any time

by giving 15 Business Days' prior written notice to the Company and the Banks. In the case of the resignation by the Administrative Agent, such resignation shall take effect upon the appointment of a successor Administrative Agent pursuant to clauses (b) and (c) below or as otherwise provided below. In the case of a resignation by an Agent, such resignation shall become effective immediately.

(b) Upon any such notice of resignation, the Company shall appoint a successor Administrative Agent hereunder or thereunder who shall be a commercial bank or trust company reasonably acceptable to the Required Banks (it being understood and agreed that any Bank is deemed to be acceptable to the Required Banks), provided that, if a Default or an Event of

Default exists at the time of such resignation, the Required Banks shall appoint such successor Administrative Agent.

(c) If a successor Administrative Agent shall not have been so appointed within such 15 Business Day period, the Administrative Agent, with the consent of the Company, shall then appoint a successor Administrative Agent who shall serve as Administrative Agent hereunder or thereunder until such time, if any, as the Company or Required Banks, as the case may be, appoint a successor Administrative Agent as provided above.

(d) If no successor Administrative Agent has been appointed pursuant to clause (b) or (c) above by the 30th Business Day after the date such notice of resignation was given by the Administrative Agent, the Administrative Agent's resignation shall become effective and the Banks shall thereafter perform all the duties of the Administrative Agent hereunder and/or under any other Credit Document until such time, if any, as the Required Banks appoint a successor Administrative Agent.

SECTION 12. Miscellaneous.

12.01 Payment of Expenses, etc. (a) The Borrowers jointly and

severally shall: (i) whether or not the transactions herein contemplated are consummated, pay all reasonable out-of-pocket costs and expenses of the Administrative Agent (including, without limitation, the reasonable fees and disbursements of White & Case and local counsel and all appraisal fees, trustee's fees, documentary and recording taxes, title insurance and recording, filing and other expenses) in connection with the preparation, execution and delivery of this Agreement and the other Credit Documents and the docu-

ments and instruments referred to herein and therein and any amendment, waiver or consent relating hereto or thereto, of the Administrative Agent in connection with its syndication efforts with respect to this Agreement and of the Administrative Agent and each of the Banks in connection with the enforcement of this Agreement and the other Credit Documents and the documents and instruments referred to herein and therein (including, without limitation, the reasonable fees and disbursements of counsel (including allocated costs of in-house counsel) for the Administrative Agent and for each of the Banks); (ii) pay and hold each of the Banks harmless from and against any and all present and future stamp, excise and other similar taxes with respect to the foregoing matters and save each of the Banks harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to such Bank) to pay such taxes; and (iii) indemnify the Administrative Agent, each Agent and each Bank, and each of their respective officers, directors, employees, representatives and agents from and hold each of them harmless against any and all liabilities, obligations (including removal or remedial actions), losses, damages, penalties, claims, actions, judgments, suits, costs, expenses and disbursements (including reasonable attorneys' (including allocated costs of in-house counsel) and consultants' fees and disbursements) incurred by, imposed on or assessed against any of them as a result of, or arising out of, or in any way related to, or by reason of, (a) any investigation, litigation or other proceeding (whether or not the Administrative Agent, any Agent or any Bank is a party thereto) related to the entering into and/or performance of this Agreement or any other Credit Document or the proceeds of any Loans hereunder or the consummation of any transactions contemplated herein (including, without limitation, the Hotel Transaction) or in any other Credit Document or the exercise of any of their rights or remedies provided herein or in the other Credit Documents, or (b) the actual or alleged presence of Hazardous Materials in the air, surface water or groundwater or on the surface or subsurface of any Real Property owned or at any time operated by Parent or any of its Subsidiaries, the generation, storage, transportation, handling or disposal of Hazardous Materials at any location, whether or not owned or operated by Parent or any of its Subsidiaries, the non-compliance of any Real Property with foreign, federal, state and local laws, regulations, and ordinances (including applicable permits thereunder) applicable to any Real Property, or any Environmental Claim relating in any way to Parent, any of its Subsidiaries, their operations or any Real Property owned or at any time operated by Parent or any of

its Subsidiaries, including, in each case, without limitation, the reasonable fees and disbursements of counsel and other consultants incurred in connection with any such investigation, litigation or other proceeding (but excluding any losses, liabilities, claims, damages or expenses to the extent incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified). To the extent that the undertaking to indemnify, pay or hold harmless the Administrative Agent, any Agent or any Bank set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, the Borrowers shall make the maximum contribution to the payment and satisfaction of each of the indemnified liabilities which is permissible under applicable law.

(b) The Borrowers further jointly and severally agree to pay the reasonable legal fees of gaming counsel for the Administrative Agent in Nevada and New Jersey and any other relevant state and all reasonable costs (including costs of investigation) associated with any qualification (or exemption or waiver therefrom) of any Bank under, or compliance in connection with the Gaming Regulations in connection with the syndication under this Agreement, provided that in the event that any assignee Bank or potential assignee Bank is not already a Qualified Person (before giving effect to any actions taken to become such in connection with this Agreement), then all costs associated with such Person becoming a Qualified Person shall be borne by the respective assignee Bank or potential assignee Bank. Notwithstanding the foregoing, after a Bank has been replaced pursuant to Section 1.14, the Borrowers shall not be required to reimburse such Bank for any such costs incurred by it after the date of such replacement.

12.02 Right of Setoff. In addition to any rights now or

hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default, each Bank is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to any Credit Party or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other Indebtedness at any time held or owing by such Bank (including, without limitation, by branches and agencies of such Bank wherever located) to or for the credit or the account of the Credit Parties against and on account of the Obligations and liabilities of the Credit Parties to such Bank under this Agreement or under any of the other Credit Documents, includ-

ing, without limitation, all interests in Obligations purchased by such Bank pursuant to Section 12.06(b), and all other claims of any nature or description arising out of or connected with this Agreement or any other Credit Document, irrespective of whether or not such Bank shall have made any demand hereunder and although said Obligations, liabilities or claims, or any of them, shall be contingent or unmatured, provided that such right

of set-off may only be exercised by any such Bank if Nevada Revised Statutes 40.430(4)(g) (1989) remains in force and effect without modification, and such Bank has received advice of New Jersey and Nevada counsel acceptable to the Administrative Agent that there is no other provision of Nevada or New Jersey law, as appropriate, under which such action of set off might jeopardize any right of the Collateral Agent or any Bank in or with respect to any Collateral. The provisions of the foregoing proviso to this Section 12.02 are for the benefit of the Banks only, and may be amended, modified or waived in any respect by the Required Banks without the requirements of prior notice to or consent by any Credit Party and does not constitute a waiver of any rights against any Credit Party or against any Collateral.

12.03 Notices. Except as otherwise expressly provided herein,

all notices and other communications provided for hereunder shall be in writing (including telegraphic, telex, telecopier or cable communication) and mailed, telegraphed, telexed, telecopied, cabled or delivered: if to Parent or any Borrower, at such Credit Party's address specified opposite its signature below or in the respective Election to Become a Subsidiary Borrower; if to any Bank, at its address specified opposite its name below; and if to the Administrative Agent, at its Notice Office; or, as to any Credit Party or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties hereto and, as to each Bank, at such other address as shall be designated by such Bank in a written notice to the Company and the Administrative Agent. All such notices and communications shall, when mailed, telegraphed, telexed, telecopied, or cabled or sent by overnight courier, be effective when deposited in the mails, delivered to the telegraph company, cable company or overnight courier, as the case may be, or sent by telex or telecopier, except that notices to the Administrative Agent and the Company shall not be effective until received by such Person.

12.04 Benefit of Agreement. (a) This Agreement shall be binding

upon and inure to the benefit of and be enforceable by the respective successors and assigns of the

parties hereto; provided, however, except as provided in Sections 8.02,

8.04(ix) and 12.17(a), no Borrower may assign or transfer any of its rights, obligations or interest hereunder or under any other Credit Document without the prior written consent of the Administrative Agent and the Banks (although any Subsidiary Borrower may, at its request and with the consent of the Required Banks, otherwise cease to be a Subsidiary Borrower hereunder so long as no Default or Event of Default then exists and all Loans incurred by such Subsidiary are repaid in full and, provided

further, that, although any Bank may transfer, assign or grant participa-

tions in its rights hereunder, such Bank shall remain a "Bank" for all purposes hereunder (and may not transfer or assign all or any portion of its Revolving Loan Commitments hereunder except as provided in Section 12.04(b)) and the transferee, assignee or participant, as the case may be, shall not constitute a "Bank" hereunder and, provided further, that no Bank

shall transfer or grant any participation under which the participant shall have rights to approve any amendment to or waiver of this Agreement or any other Credit Document except to the extent such amendment or waiver would extend the final scheduled maturity of any Loan or Revolving Note in which such participant is participating, or reduce the rate or extend the time of payment of interest or Fees thereon (except in connection with a waiver of applicability of any post-default increase in interest rates) or reduce the principal amount thereof, or increase the amount of the participant's participation over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default or of a mandatory reduction in the Total Revolving Loan Commitment shall not constitute a change in the terms of such participation, and that an increase in any Revolving Loan Commitment or Loan shall be permitted without the consent of any participant if the participant's participation is not increased as a result thereof). In the case of any such participation, the participant shall not have any rights under this Agreement or any of the other Credit Documents (the participant's rights against such Bank in respect of such participation to be those set forth in the agreement executed by such Bank in favor of the participant relating thereto) and the Borrowers shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement and the other Credit Documents and all amounts payable by the Borrowers hereunder shall be determined as if such Bank had not sold such participation. Any agreement pursuant to which any Bank may grant such a participation shall be in a form approved by the Administrative Agent and Parent and shall be satisfactory under the Gaming Regulations of the State of New

Jersey so as not to require participants to be approved financial sources or qualified under such Gaming Regulations applicable to lenders.

(b) Notwithstanding the foregoing, any Bank (or any Bank together with one or more other Banks) may (x) assign all or a portion of its Revolving Loan Commitments and related outstanding Obligations hereunder to its parent company and/or any affiliate of such Bank which is at least 50% owned by such Bank or its parent company or to one or more Banks or (y) assign all, or if less than all, a portion equal to at least \$2,500,000 in the aggregate for the assigning Bank or assigning Banks, of such Revolving Loan Commitments and related outstanding Obligations hereunder, in either case to one or more Qualified Persons, each of which assignees shall become a party to this Agreement as a Bank by execution of an Assignment and Assumption Agreement, provided that, (i) at such time Schedule I shall be

deemed modified to reflect the Revolving Loan Commitments of such new Bank and of the existing Banks, (ii) new Revolving Notes will be issued to such new Bank and to the assigning Bank upon the request of such new Bank or assigning Bank, such new Revolving Notes to be in conformity with the requirements of Section 1.06 to the extent needed to reflect the revised Revolving Loan Commitments, (iii) the consent of the Administrative Agent shall be required in connection with any assignment (which consent shall not be unreasonably withheld) and (iv) the Administrative Agent shall receive at the time of each such assignment, from either the assigning or assignee Bank or Banks, the payment of a non-refundable assignment fee of \$3,500 in the case of any assignment to a Qualified Person which is not a Bank immediately prior to such assignment or \$1,000 in the case of any assignment to a then existing Bank. To the extent of any assignment pursuant to this Section 12.04(b), the assigning Bank shall be relieved of its obligations hereunder with respect to its assigned Revolving Loan Commitments. At the time of each assignment pursuant to this Section 12.04(b) to a Person which is not already a Bank hereunder and which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for Federal income tax purposes, the respective assignee Bank shall, to the extent legally entitled to do so, provide to the Borrowers in the case of a Bank described in clause (ii) or (iv) of Section 3.04(b), the forms described in such clause (ii) or (iv), as the case may be. To the extent that an assignment of all or any portion of a Bank's Revolving Loan Commitments and related outstanding Obligations pursuant to Section 1.14 or this Section 12.04(b) would, at the time of such assignment, result in increased costs under Section

1.11, 1.12 or 3.04 from those being charged by the respective assigning Bank prior to such assignment, then the Borrowers shall not be obligated to pay such increased costs (although the Borrowers shall be obligated to pay any other increased costs of the type described above resulting from changes after the date of the respective assignment).

(c) If the New Jersey Gaming Authorities shall determine that any Bank is not qualified as an approved financial source or otherwise does not meet the standards pursuant to the Gaming Regulations in New Jersey, or the Nevada Gaming Authorities shall determine that any Bank does not meet the Suitability Standards under the Nevada Gaming Regulations or any other Gaming Authority with jurisdiction over the gaming business of Parent and its Subsidiaries shall determine that any Bank does not meet its suitability standards (in any such case, a "Former Bank"), the Administrative Agent or the Company shall have the right (but not the duty) to designate a bank or banks (in each case, a "Substitute Bank," which may be any Bank or Banks that agree to become a Substitute Bank) that has agreed to assume the rights and obligations of the Former Bank, subject to receipt by the Administrative Agent of evidence that such Substitute Bank is a Qualified Person. The Substitute Bank shall assume the rights and obligations of the Former Bank under this Agreement pursuant to an Assignment and Assumption Agreement, which assumption shall be required to comply with, and shall become effective in accordance with, the provisions of Section 12.04(b), provided that the purchase price to be paid by the

Substitute Bank to the Administrative Agent for the account of the Former Bank for such assumption shall equal the sum of (i) the unpaid principal amount of any Revolving Notes held or Loans made by the Former Bank plus accrued interest thereon plus (ii) such Former Bank's pro rata share of

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accrued Fees to the date of the assumption, and, provided further, the

Borrowers shall pay all obligations owing to the Former Bank under the Credit Documents (including all obligations, if any, owing pursuant to Section 1.12, but excluding those amounts in respect of which the purchase price is being paid as provided above). Each Bank agrees that if it becomes a Former Bank, upon payment to it by the Borrowers of all such amounts, if any, owing to it under the Credit Documents, it will execute and deliver an Assignment and Assumption Agreement, upon payment of such purchase price.

(d) Notwithstanding the provisions of subsection (c) of this Section 12.04, if any Bank becomes a Former Bank, and if the Administrative Agent or the Company fails to find

a Substitute Bank pursuant to subsection (c) of this Section within any time period specified by the appropriate Gaming Authority for the withdrawal of a Former Bank (the "Withdrawal Period"), the Borrowers shall, immediately (i) prepay in full the outstanding principal amount of each Revolving Note held or Loan made by such Former Bank, together with accrued interest thereon to the earlier of (x) the date of payment or (y) the last day of any Withdrawal Period, and (ii) if no Default or Event of Default then exists, terminate the Revolving Loan Commitment of such Former Bank at which time the other Banks' Percentages will be automatically adjusted as a result thereof.

(e) Subject to the last sentence of this Section 12.04(e), each Bank agrees that all participations and assignments made hereunder shall be subject to, and made in compliance with, all Gaming Regulations applicable to lenders. Each Bank agrees further that it will not grant participations or assignments prior to receiving notice from the Administrative Agent that it has completed the primary syndication of this facility. The Administrative Agent shall provide such notice to the Banks promptly after completing such primary syndication. Each Bank agrees to notify the New Jersey Gaming Authorities of any dispute arising between such Bank and any participant concerning Collateral located in New Jersey. Each Borrower hereby acknowledges that unless the Company has provided the Banks with a written opinion of counsel as to the suitability standards applicable to lenders of any relevant Gaming Authority (excluding New Jersey and Nevada except to the extent that the suitability standards set forth in the Gaming Regulations of such States change from those in effect on the Effective Date as described in the gaming memoranda delivered to the Banks prior to the Effective Date) with jurisdiction over the Gaming Business of Parent and its Subsidiaries, no Bank shall have the responsibility of determining whether or not a potential assignee of such Bank would be a Qualified Person under the Gaming Regulations of any such jurisdiction.

(f) Nothing in this Agreement shall prevent or prohibit any Bank from pledging its Loans and Revolving Notes hereunder to a Federal Reserve Bank in support of borrowings made by such Bank from such Federal Reserve Bank.

12.05 No Waiver; Remedies Cumulative. No failure or delay on the part of the Administrative Agent or any Bank or any holder of any Revolving Note in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between the Borrowers or

any other Credit Party and the Administrative Agent or any Bank or the holder of any Revolving Note shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights, powers and remedies herein or in any other Credit Document expressly provided are cumulative and not exclusive of any rights, powers or remedies which the Administrative Agent or any Bank or the holder of any Revolving Note would otherwise have. No notice to or demand on any Credit Party in any case shall entitle any Credit Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Administrative Agent or any Bank or the holder of any Revolving Note to any other or further action in any circumstances without notice or demand.

12.06 Payments Pro Rata. (a) Except as otherwise provided in

this Agreement, the Administrative Agent agrees that promptly after its receipt of each payment from or on behalf of a Borrower in respect of any Obligations hereunder, it shall distribute such payment to the Banks (other than any Bank that has consented in writing to waive its pro rata share of
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any such payment) pro rata based upon their respective shares, if any, of
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the Obligations with respect to which such payment was received.

(b) Each of the Banks agrees that, if it should receive any amount hereunder (whether by voluntary payment, by realization upon security, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Credit Documents, or otherwise), which is applicable to the payment of the principal of, or interest on, the Loans or Facility Fees, of a sum which with respect to the related sum or sums received by other Banks is in a greater proportion than the total of such Obligation then owed and due to such Bank bears to the total of such Obligation then owed and due to all of the Banks immediately prior to such receipt, then such Bank receiving such excess payment shall purchase for cash without recourse or warranty from the other Banks an interest in the Obligations of the respective Party to such Banks in such amount as shall result in a proportional participation by all the Banks in such amount; provided that if all or any portion of such excess amount is

thereafter recovered from such Bank, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

(c) Notwithstanding anything to the contrary contained herein, the provisions of the preceding Sections 12.06(a) and (b) shall be subject to the express provisions of this Agreement which require, or permit, differing payments to be made to Non-Defaulting Banks as opposed to Defaulting Banks.

12.07 Calculations; Computations. (a) The financial statements

to be furnished to the Banks pursuant hereto shall be made and prepared in accordance with generally accepted accounting principles in the United States consistently applied throughout the periods involved (except as set forth in the notes thereto or as otherwise disclosed in writing by Parent to the Banks); provided that, (i) except as otherwise specifically provided

herein, all computations determining compliance with Sections 8.03 through 8.05, inclusive, and Sections 8.07 through 8.09, inclusive, shall utilize accounting principles and policies in conformity with those used to prepare the historical financial statements delivered to the Banks pursuant to Section 6.05(a), provided that for all Test Periods which include periods prior to the Effective Date, all calculations used in determining the Consolidated Interest Coverate Ratio for such Test Periods (both for purposes of Section 8.08 and the definition of Reduction Discount) shall be made on a pro forma basis as if the Hotel Transaction had been consummated

on the first day of each such Test Period and all historical financial information shall be restated (on a basis consistent with that methodology used in the Proxy Statement) to retroactively reflect the Hotel Business as discontinued operations and to exclude from such calculations the results of operations of the Hotel Business, and (ii) at no time shall Harrah's Jazz and its Subsidiaries be treated as Subsidiaries of Parent for purposes of this Agreement even though (x) Harrah's Jazz and its Subsidiaries may at any time fall within the definition of "Subsidiary" or (y) generally accepted accounting principles would require otherwise but shall instead be treated as an equity investment by Parent.

(b) All computations of interest, Facility Fees and other Fees hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, Facility Fees or other Fees are payable.

12.08 GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE; WAIVER OF

JURY TRIAL. (a) THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS AND THE

RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL, EXCEPT AS OTHERWISE

PROVIDED IN CERTAIN OF THE MORTGAGES, BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF PARENT AND EACH BORROWER HEREBY IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH OF PARENT AND EACH BORROWER HEREBY IRREVOCABLY DESIGNATES, APPOINTS AND EMPOWERS CT CORPORATION SYSTEM, WITH OFFICES ON THE DATE HEREOF AT 1633 BROADWAY, NEW YORK, NEW YORK 10019 AS ITS DESIGNEE, APPOINTEE AND AGENT TO RECEIVE, ACCEPT AND ACKNOWLEDGE FOR AND ON ITS BEHALF, AND IN RESPECT OF ITS PROPERTY, SERVICE OF ANY AND ALL LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS WHICH MAY BE SERVED IN ANY SUCH ACTION OR PROCEEDING. IF FOR ANY REASON SUCH DESIGNEE, APPOINTEE AND AGENT SHALL CEASE TO BE AVAILABLE TO ACT AS SUCH, EACH SUCH CREDIT PARTY AGREES TO DESIGNATE A NEW DESIGNEE, APPOINTEE AND AGENT IN NEW YORK CITY ON THE TERMS AND FOR THE PURPOSES OF THIS PROVISION SATISFACTORY TO THE ADMINISTRATIVE AGENT. EACH OF PARENT AND EACH BORROWER FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH CREDIT PARTY AT ITS ADDRESS SET FORTH OPPOSITE ITS SIGNATURE BELOW, SUCH SERVICE TO BECOME EFFECTIVE 30 DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT, ANY BANK OR THE HOLDER OF ANY REVOLVING NOTE TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST ANY SUCH CREDIT PARTY IN ANY OTHER JURISDICTION.

(b) EACH OF PARENT AND EACH BORROWER HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT BROUGHT IN THE COURTS REFERRED TO IN CLAUSE (a) ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

12.09 Counterparts. This Agreement may be executed in any number

of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Borrowers and the Administrative Agent.

12.10 Effectiveness. This Agreement shall become effective on

the date (the "Effective Date") and at the time on which (i) Parent, the Company, each existing Subsidiary Borrower and each Bank shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered the same to the Administrative Agent at its Notice Office or, in the case of the Banks, shall have given to the Administrative Agent telephonic (confirmed in writing), written or telex notice (actually received) at such office that the same has been signed and mailed to it and (ii) the conditions contained in Sections 4 and 5 are met to the satisfaction of the Administrative Agent and the Required Banks. Unless the Administrative Agent has received actual notice from any Bank that the conditions contained in Sections 4 and 5 have not been met to its satisfaction, upon the satisfaction of the condition described in clause (i) of the immediately preceding sentence and upon the Administrative Agent's good faith determination that the conditions described in clause (ii) of the immediately preceding sentence have been met, then the Effective Date shall have been deemed to have occurred, regardless of any subsequent determination that one or more of the conditions thereto had not been met (although the occurrence of the Effective Date shall not release Parent or any Borrower from any liability for failure to satisfy one or more of the applicable conditions contained in Section 4 or 5). The Administrative Agent will give Parent, the Company, each existing Subsidiary Borrower and each Bank prompt written notice of the occurrence of the Effective Date.

12.11 Headings Descriptive. The headings of the several sections

and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

12.12 Amendment or Waiver. (a) Neither this Agreement nor any

other Credit Document nor any terms hereof or thereof may be changed, waived, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the respective Credit Parties party thereto

(except as otherwise provided in Section 12.02) and the Required Banks (or the Required Secured Parties in the case of a change, waiver, discharge or termination with respect to a Collateral Document to the extent provided therein), provided that no such change, waiver, discharge or termination

shall, without the consent of each Bank (other than a Defaulting Bank) (with Obligations being directly affected thereby), (i) extend the final scheduled maturity of any Loan or Revolving Note, or reduce the rate or extend the time of payment of interest or Fees thereon, or reduce the principal amount thereof, (ii) release all or substantially all of the Collateral (except as expressly provided in the Collateral Documents) under all the Collateral Documents, provided that such release of Collateral may

be effected by only the Required Banks if at the time of such release the Company's Indebtedness shall be rated at least BBB- Senior Implied by S&P or Baa3 Senior Implied by Moody's, (iii) amend, modify or waive any provision of this Section 12.12, (iv) reduce the percentage specified in the definition of Required Banks (it being understood that, with the consent of the Required Banks, additional extensions of credit pursuant to this Agreement may be included in the determination of the Required Banks on substantially the same basis as the extensions of Revolving Loan Commitments are included on the Effective Date) or (v) except as set forth in Section 8.02, 8.04(ix) or 12.17(a), consent to the assignment or transfer by any Borrower of any of its rights and obligations under this Agreement (although any Subsidiary Borrower may, at its request and with the consent of the Required Banks, otherwise cease to be a Subsidiary Borrower hereunder so long as no Default or Event of Default exists and all Loans incurred by such Subsidiary Borrower are repaid in full; provided

further, that no such change, waiver, discharge or termination shall (x)

increase the Revolving Loan Commitment of any Bank over the amount thereof then in effect without the consent of such Bank (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default or of a mandatory reduction in the Total Revolving Loan Commitment shall not constitute an increase of the Revolving Loan Commitment of any Bank, and that an increase in the available portion of any Revolving Loan Commitment of any Bank shall not constitute an increase in the Revolving Loan Commitment of such Bank), (y) without the consent of the Administrative Agent, amend, modify or waive any provision of Section 11 or any other provision as same relates to the rights or obligations of the Administrative Agent and (z) without the consent of the Collateral Agent, amend, modify or waive any provision relating to the rights or obligations of the Collateral Agent.

(b) If, in connection with any proposed change, waiver, discharge or termination to any of the provisions of this Agreement as contemplated by clauses (i) through (v), inclusive, of the first proviso to Section 12.12(a), the consent of the Required Banks is obtained but the consent of one or more of such other Banks whose consent is required is not obtained, then the Company shall have the right, so long as all non-consenting Banks whose individual consent is required are treated as described in either clauses (A) or (B) below, to either (A) replace each such non-consenting Bank or Banks with one or more Replacement Banks pursuant to Section 1.14 so long as at the time of such replacement, each such Replacement Bank consents to the proposed change, waiver, discharge or termination or (B) terminate such non-consenting Bank's Revolving Loan Commitment and repay all outstanding Loans of such Bank in accordance with Sections 2.02(b) and/or 3.01(iv), provided that, unless the Revolving Loan Commitments are

terminated, and Loans repaid, pursuant to preceding clause (B) are immediately replaced in full at such time through the addition of new Banks or the increase of the Revolving Loan Commitments and/or outstanding Loans of existing Banks (who in each case must specifically consent thereto), then in the case of any action pursuant to preceding clause (B) the Required Banks (determined before giving effect to the proposed action) shall specifically consent thereto, provided further, that in any event the

Company shall not have the right to replace a Bank, terminate its Revolving Loan Commitment or repay its Loans solely as a result of the exercise of such Bank's rights (and the withholding of any required consent by such Bank) pursuant to the second proviso to Section 12.12(a).

12.13 Survival. All indemnities set forth herein (including,

without limitation, in Sections 1.11, 1.12, 3.04, 11.06 and 12.01) shall survive the execution, delivery and termination of this Agreement and the Revolving Notes and the making and repayment of the Loans.

12.14 Domicile of Loans. Each Bank may transfer and carry its

Loans at, to or for the account of any office, Subsidiary or Affiliate of such Bank. Notwithstanding anything to the contrary contained herein, to the extent that a transfer of Loans pursuant to this Section 12.14 would, at the time of such transfer, result in increased costs under Section 1.11, 1.12 or 3.04 from those being charged by the respective Bank prior to such transfer, then the Borrowers shall not be obligated to pay such increased costs (although the Borrowers shall be obligated to pay any other increased

costs of the type described above resulting from changes after the date of the respective transfer).

12.15 Application of Gaming Regulations. Parent, the Company,

each Subsidiary Borrower and the Banks acknowledge that (i) the consummation of the transactions contemplated by the Credit Documents is subject to the Gaming Regulations (and Parent, the Company and each Subsidiary Borrower represent and warrant that all requisite approvals thereunder have been duly obtained) and (ii) the exercise of remedies under the Collateral Documents with respect to the Collateral will be subject to the Gaming Regulations.

12.16 Confidentiality. (a) Subject to the provisions of clause

(b) of this Section 12.16, each Bank agrees that it will use its best effort not to disclose without the prior consent of the Company (other than to its employees, auditors or counsel or to another Bank if the Bank or such Bank's holding or parent company in its sole discretion determines that any such party should have access to such information) any information with respect to Parent or any of its Subsidiaries which is now or in the future furnished pursuant to this Agreement or any other Credit Document and which is designated by the Company to the Banks in writing as confidential, provided that any Bank may disclose any such information (a)

as has become generally available to the public, (b) as may be required or appropriate in any report, statement or testimony submitted to any municipal, state or Federal regulatory body having or claiming to have jurisdiction over such Bank or to the Federal Reserve Board or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States or elsewhere) or their successors, (c) as may be required or appropriate in respect to any summons or subpoena or in connection with any litigation, (d) in order to comply with any law, order, regulation or ruling applicable to such Bank, and (e) to any prospective or actual transferee or participant in connection with any contemplated transfer or participation of any of the Revolving Notes or Revolving Loan Commitments or any interest therein by such Bank, provided, that such prospective

transferee executes an agreement with such Bank containing provisions substantially identical to those contained in this Section.

(b) Each Borrower hereby acknowledges and agrees that each Bank may share with any of its affiliates any information related to Parent or any of its Subsidiaries (including, without limitation, any nonpublic customer informa-

tion regarding the creditworthiness of Parent and its Subsidiaries).

12.17 Miscellaneous. (a) Notwithstanding anything to the

contrary contained in this Agreement, the Required Banks may consent to a corporate reorganization of Parent and its Subsidiaries, which corporate reorganization may include the transfer of one or more Subsidiaries of the Company as direct Subsidiaries of Parent. In connection with any such corporate reorganization, the Required Banks may, at their option, require that Parent or one or more of its Subsidiaries become direct borrowers with respect to the Obligations. In addition, any necessary amendments or supplements to this Agreement or the other Credit Documents to effect such corporate reorganization, including to preserve the perfection and priority of the Liens created under the Collateral Documents and retaining the benefits of the Guarantees, may be made with consent of the Required Banks.

(b) Each of the Banks hereby acknowledges that the law firms of Vargas & Bartlett, Norris, McLaughlin & Marcus and Saiber Schlesinger Satz & Goldstein have jointly represented the Banks and the Credit Parties in connection with certain of the local real estate and/or gaming matters related to the transactions contemplated by this Agreement. Each of the Banks further acknowledges that such dual representation may give rise to a conflict of interest under the Rules of Professional Conduct under the laws of the States of New Jersey and Nevada. In that such connection, the Administrative Agent, on behalf (and with the authority) of the Banks and at the request of such law firms, signed certain waivers in the forms of Exhibits R-1, R-2 and R-3, respectively to the Original 5-Year Credit Agreement. Each of the Banks understands the contents of such waivers and acknowledges that such waivers remain in effect.

Section 12.18. Certain Agreements with Respect to Existing

Indentures. (a) The Borrowers agree that they shall not incur or suffer

to exist at any time any Debt (as defined in the 10-7/8% Senior Subordinated Notes Indenture) pursuant to clause (a) of the first paragraph of Section 1008 of the 10-7/8% Senior Subordinated Notes Indenture, except that (x) Debt pursuant to this Agreement and the 5-Year Credit Agreement shall be justified as outstanding pursuant to said clause (a) and (y) other Debt in an aggregate outstanding principal amount not to exceed \$768,000,000 less the sum of (a) the then Total Revolving Loan Commitment (or if greater, the Total Outstandings at such time) and (b) the

Total 5-Year Revolving Loan Commitment (or, if greater, the Total 5-Year Outstandings at such time) may be outstanding at any time pursuant to said clause (a). For purposes of determining compliance with the 10-7/8% Senior Subordinated Notes Indenture, all incurrences of Loans will be deemed incurred pursuant to clause (a) of the first paragraph of Section 1008 of the 10-7/8% Senior Subordinated Notes Indenture. The Borrowers represent and warrant that all Indebtedness incurred under this Agreement shall be permitted to be incurred and remain outstanding pursuant to the 10-7/8% Senior Subordinated Notes Indenture, and the Borrowers hereby also covenant and agree that they shall not take any action with respect to the incurrence of any Indebtedness (including under this Agreement) which is inconsistent with this Section 13.18(a). This clause (a) shall cease to be of further force or effect at such time as all 10-7/8% Senior Subordinated Notes have been repaid in full and the provisions of Section 1008 of the 10-7/8% Senior Subordinated Notes Indenture are no longer effective.

(b) The Borrowers agree that they (x) shall not incur or suffer to exist at any time any Debt (as defined in the 8-3/4% Senior Subordinated Notes Indenture) pursuant to clause (a) of the first paragraph of Section 1008 of the 8-3/4% Senior Subordinated Notes Indenture, except that up to \$125,000,000 of outstanding Debt incurred from time to time pursuant to this Agreement may be justified as outstanding pursuant to said clause (a) and up to \$450,000,000 (plus the amount of all reductions to the Total Revolving Loan Commitment after the Effective Date so long as the Debt outstanding under this Agreement does not exceed the Total Revolving Loan Commitment as so reduced) of Debt outstanding from time to time pursuant to the 5-Year Credit Agreement may be justified as having been incurred pursuant to said clause (a) and (y) shall not incur or suffer to exist at any time more than \$25,000,000 of outstanding Debt (other than pursuant to this Agreement) pursuant to clause (f) of the first paragraph of Section 1008 of the 8-3/4% Senior Subordinated Notes Indenture, thereby leaving at least \$25,000,000 under said clause (f) to justify outstanding Debt pursuant to this Agreement. For purposes of determining compliance with the 8-3/4% Senior Subordinated Notes Indenture for all incurrences of Loans under this Agreement, up to \$125,000,000 of Loans incurred under this Agreement will be deemed incurred pursuant to clause (a) of the first paragraph of Section 1008 of the 8-3/4% Senior Subordinated Notes Indenture and up to \$25,000,000 of Loans incurred under this Agreement will be deemed incurred pursuant to clause (f) of the first paragraph of such Section 1008. The Borrowers

represent and warrant that all Indebtedness incurred under this Agreement shall be permitted to be incurred and remain outstanding pursuant to the 8-3/4% Senior Subordinated Notes Indenture, and the Borrowers hereby also covenant and agree that they shall not take any action with respect to the incurrence of any Indebtedness (including under this Agreement) which is inconsistent with this Section 12.18(b). This clause (b) shall cease to be of further force or effect at such time as all 8-3/4% Senior Subordinated Notes have been repaid in full and the provisions of Section 1008 of the 8-3/4% Senior Subordinated Notes Indenture are no longer effective.

SECTION 13. Parent Guaranty.

13.01 The Guaranty. In order to induce the Administrative Agent

and Banks to enter into this Agreement and to extend credit hereunder and in recognition of the direct benefits to be received by Parent from the proceeds of the Loans, Parent hereby agrees with the Administrative Agent and the Banks as follows: Parent hereby unconditionally and irrevocably guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, by acceleration or otherwise, of any and all of the Guaranteed Obligations of the Borrowers to the Administrative Agent and the Banks. If any or all of the Guaranteed Obligations of the Borrowers to the Administrative Agent and the Banks becomes due and payable hereunder, Parent unconditionally promises to pay such indebtedness to the Administrative Agent and the Banks, or order, on demand, together with any and all reasonable expenses which may be incurred by the Administrative Agent or the Banks in collecting any of the Guaranteed Obligations.

13.02 Bankruptcy. Additionally, Parent unconditionally and

irrevocably guarantees the payment of any and all of the Guaranteed Obligations of the Borrowers to the Administrative Agent and the Banks whether or not due or payable by the Borrowers upon the occurrence in respect of any Borrowers of any of the events specified in Section 9.05, and unconditionally and irrevocably promises to pay such Guaranteed Obligations to the Administrative Agent or the Banks, as the case may be, or order, on demand, in Dollars.

13.03 Nature of Liability. The liability of Parent hereunder is

exclusive and independent of any security for or other guaranty of the Guaranteed Obligations of the Borrowers whether executed by Parent, any other Guarantor, any other guarantor or by any other party, and the liability of Parent

hereunder shall not be affected or impaired by (a) any direction as to application of payment by any Borrower or by any other party (other than for misappropriation of funds by the respective Bank), or (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the Guaranteed Obligations of any Borrower, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any dissolution, termination or increase, decrease or change in personnel by any Borrower, or (e) any payment made to the Administrative Agent or the Banks on the indebtedness which the Administrative Agent or such Banks repay to such Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and Parent waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

13.04 Independent Obligation. The obligations of Parent

hereunder are independent of the obligations of any other Guarantor, any other guarantor or any Borrower, and a separate action or actions may be brought and prosecuted against Parent whether or not action is brought against any other Guarantor, any other guarantor or any Borrower and whether or not any other Guarantor, any other guarantor or any Borrower be joined in any such action or actions. Parent waives, to the fullest extent permitted by law, the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by any Borrower or other circumstance which operates to toll any statute of limitations as to such Borrower shall operate to toll the statute of limitations as to Parent.

13.05 Authorization. Parent authorizes the Administrative Agent

and the Banks without notice or demand (except (i) as shall be required by applicable statute and cannot be waived and (ii) for any consents of the respective Credit Parties required by the terms of the respective Credit Documents), and without affecting or impairing its liability hereunder, from time to time to:

(a) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew, increase, accelerate or alter, any of the Guaranteed Obligations (including any increase or decrease in the rate of interest thereon), any security therefor, or any liability incurred directly or indirectly in respect thereof, and the Parent Guaranty herein made shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered;

(b) take and hold security for the payment of the Guaranteed Obligations and sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset thereagainst;

(c) exercise or refrain from exercising any rights against any Borrower or others or otherwise act or refrain from acting;

(d) release or substitute any one or more endorsers, guarantors, any Borrower or other obligors;

(e) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of any Borrower to its creditors other than the Administrative Agent and the Banks;

(f) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of the Borrowers to the Administrative Agent and the Banks regardless of what liability or liabilities of Parent or the Borrowers remain unpaid; and/or

(g) consent to or waive any breach of, or any act, omission or default under, this Agreement or any of the instruments or agreements referred to herein, or otherwise amend, modify or supplement this Agreement or any of such other instruments or agreements.

13.06 Reliance. It is not necessary for the Administrative

Agent or the Banks to inquire into the capacity or powers of Parent or its Subsidiaries or the officers, directors, partners or agents acting or purporting to act on its behalf, and any Guaranteed Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

13.07 Subordination. Any of the indebtedness of the Borrowers

relating to the Guaranteed Obligations now or hereafter owing to Parent is hereby subordinated to the Guar-

anted Obligations of the Borrowers owing to the Administrative Agent and the Banks, provided that payment may be made by any Borrower on any such indebtedness relating to the Guaranteed Obligations owing to Parent so long as the same is not prohibited by this Agreement and provided further, that

if the Administrative Agent so requests at a time when an Event of Default exists, all such indebtedness relating to the Guaranteed Obligations of the Borrowers to Parent shall be collected, enforced and received by Parent for the benefit of the Banks and be paid over to the Administrative Agent on behalf of the Administrative Agent and the Banks on account of the Guaranteed Obligations of the Borrowers to the Administrative Agent and the Banks, but without affecting or impairing in any manner the liability of Parent under the other provisions of this Parent Guaranty. Prior to the transfer by Parent of any note or negotiable instrument evidencing any of the indebtedness relating to the Guaranteed Obligations of the Borrowers to Parent, Parent shall mark such note or negotiable instrument with a legend that the same is subject to this subordination.

13.08 Waiver. (a) Parent waives any right (except as shall be

required by applicable statute and cannot be waived) to require the Administrative Agent or the Banks to (i) proceed against any Borrower, any other Guarantor, any other guarantor or any other party, (ii) proceed against or exhaust any security held from any Borrower, any other Guarantor, any other guarantor or any other party or (iii) pursue any other remedy in the Administrative Agent's or the Banks' power whatsoever. Parent waives any defense based on or arising out of any defense of any Borrower, any other Guarantor, any other guarantor or any other party other than payment in full of the Guaranteed Obligations, including, without limitation, any defense based on or arising out of the disability of any Borrower, any other Guarantor, any other guarantor or any other party, or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of any Borrower other than payment in full of the Guaranteed Obligations. The Administrative Agent and the Banks may, at their election, foreclose on any security held by the Administrative Agent, the Collateral Agent or the Banks by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Administrative Agent and the Banks may have against any Borrower or any other party, or any security, without affecting or impairing in any way the liability of Parent hereunder except to the extent the Guaranteed Obliga-

tions have been paid. Parent waives any defense arising out of any such election by the Administrative Agent and the Banks, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of Parent against any Borrower or any other party or any security.

(b) Parent waives all presentments, demands for performance, protests and notices, including without limitation notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Parent Guaranty, and notices of the existence, creation or incurring of new or additional Guaranteed Obligations. Parent assumes all responsibility for being and keeping itself informed of the Borrowers' financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which Parent assumes and incurs hereunder, and agrees that the Administrative Agent and the Banks shall have no duty to advise Parent of information known to them regarding such circumstances or risks.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Agreement as of the date first above written.

Address:
- - - - -

1023 Cherry Road
Memphis, Tennessee 38117
Tel: (901) 762-8600
Fax: (901) 762-8777
Attention: Treasurer

THE PROMUS COMPANIES INCORPORATED

By _____
Title:

with a copy to the same
address to the attention
of the Corporate Secretary

1023 Cherry Road
Memphis, Tennessee 38117
Tel: (901) 762-8600
Fax: (901) 762-8777
Attention: Treasurer

EMBASSY SUITES, INC.

By _____
Title:

with a copy to the same
address to the attention
of the Corporate Secretary

1023 Cherry Road
Memphis, Tennessee 38117
Tel: (901) 762-8600
Fax: (901) 762-8777
Attention: Treasurer

MARINA ASSOCIATES

By: HARRAH'S ATLANTIC CITY, INC.,
a general partner

with a copy to the same
address to the attention
of the Corporate Secretary

By _____
Title:

By: HARRAH'S NEW JERSEY, INC.,
a general partner

By _____
Title:

130 Liberty Street
New York, New York 10006
Tel: (212) 250-9094
Fax: (212) 250-7218
Attention: Mary Kay Coyle

BANKERS TRUST COMPANY,
Individually and as
Administrative Agent
and as an Agent

By _____
Title:

165 Broadway
New York, New York 10006
Tel: (212) 335-4529
Fax: (212) 608-2371
Attention: Philip Marsden

THE LONG-TERM CREDIT BANK OF JAPAN,
LIMITED, NEW YORK BRANCH,
Individually and as an Agent

By _____
Title:

with a copy to

245 Peachtree Center Avenue
Suite 2801
Atlanta, Georgia 30303
Tel: (404) 659-7210
Fax: (404) 658-9751
Attention: Rebecca Sedlar

One NationsBank Plaza-M-5
Nashville, Tennessee 37239-1697
Tel: (615) 749-3524
Fax: (615) 749-4640
Attention: Ashley Crabtree

NATIONSBANK OF GEORGIA, N.A.,
Individually and as an Agent,

By _____
Title:

2029 Century Park East
Suite 2900
Los Angeles, California 90067
Tel: (310) 788-7104
Fax: (310) 551-1537

SOCIETE GENERALE, Individually and
as an Agent

By _____
Title:

Attention: Donald L. Schubert

277 Park Avenue
6th Floor
New York, New York 10172
Tel: (212) 224-4129
Fax: (212) 224-5188
Attention: Suresh Tata

THE SUMITOMO BANK, LIMITED,
NEW YORK BRANCH, Individually
and as an Agent

By _____
Title:

555 South Flower Street
Entertainment Media, 10th Floor
Los Angeles, California 90071
Tel: (213) 228-2768
Fax: (213) 228-2641

BANK OF AMERICA NATIONAL TRUST
AND SAVING ASSOCIATION

By _____
Title:

Attention: Scott Faber

550 South Hope Street
Suite 2500
Los Angeles, California 90071
Tel: (213) 243-5555
Fax: (213) 892-0111

THE NIPPON CREDIT BANK, LTD.,
LOS ANGELES AGENCY

Attention: Jay Schwartz

By

Title:

Atlanta Agency
600 Peachtree Street, N.E.
Suite 2700
Atlanta, Georgia 30308

THE BANK OF NOVA SCOTIA

By

Title:

Tel: (404) 877-1500
Fax: (404) 888-8998
Attention: F.C.H. Ashby (Operations Contact)

with a copy to

Houston Representative Office
1100 Louisiana, Suite 3000
Houston, Texas 77002
Tel: (713) 752-0900
Fax: (713) 752-2425

Park Avenue Tower
65 East 55th Street
New York, New York 10022
Tel: (212) 644-0660
Fax: (212) 644-0644
Attention: Lalit Malhotra

GIROCREDIT BANK A.G. DER
SPARKASSEN, GRAND CAYMAN
ISLAND BRANCH

By

Title:

By

Title:

Park Avenue Plaza
55 East 52nd Street
New York, New York 10055
Tel: (212) 339-1117

THE TOKAI BANK, LIMITED,
NEW YORK BRANCH

By

Title:

Fax: (212) 754-2170
Attention: Stuart Schulman

One Wall Street
New York, New York 10286
Tel: (212) 635-6898
Fax: (212) 635-6434
Attention: Greg Batson

THE BANK OF NEW YORK,
Individually and as an
Agent

By

Title:

300 South Grand Avenue
Los Angeles, California 90071
Tel: (213) 617-6226
Fax: (213) 346-0157
Attention: Paul Chakmak

CIBC INC., Individually and as
an Agent

By

Title:

303 Peachtree Street
Suite 4400
Atlanta, Georgia 30308
Tel: (404) 524-3700
Fax: (404) 584-5249
Attention: David Cawrse

CREDIT LYONNAIS, ATLANTA AGENCY,
Individually and as an Agent

By

Title:

c/o Credit Lyonnais,
Atlanta Agency
303 Peachtree Street
Suite 4400
Atlanta, Georgia 30308

CREDIT LYONNAIS CAYMAN ISLAND
BRANCH

By

Title:

Tel: (404) 524-3700
Fax: (404) 584-5249
Attention: David Cawrse

707 Wilshire Boulevard
Los Angeles, California 90017
Tel: (213) 614-3903
Fax: (213) 614-2569
Attention: Edith Lim

FIRST INTERSTATE BANK OF
CALIFORNIA,
Individually and as Agent

By

Title:

One Boatmen's Plaza
800 Market Street
12th Floor
St. Louis, Missouri 63101
Tel: (314) 466-7651

THE BOATMEN'S NATIONAL BANK
OF ST. LOUIS

By _____

Title:

Fax: (314) 466-6499
Attention: Doug Thornsberry

One Peachtree Center
Suite 4420
303 Peachtree Street
Atlanta, Georgia 30308

THE DAIWA BANK, LIMITED

By _____

Title:

Tel: (404) 524-6544
Fax: (404) 523-7983
Attention: Terry Herron

By _____

Title:

4894 Poplar Avenue
Memphis, Tennessee 38117
Tel: (901) 762-5688
Fax: (901) 762-5665

FIRST AMERICAN NATIONAL BANK

By _____

Title:

Attention: David May

165 Madison Avenue
Memphis, Tennessee 38101
Tel: (901) 523-4444
Fax: (901) 523-4267
Attention: Steve Wade

FIRST TENNESSEE BANK NATIONAL
ASSOCIATION

By _____

Title:

One Ninety One Peachtree
Tower
191 Peachtree Street
Suite 3600
Atlanta, Georgia 30303-1757

THE INDUSTRIAL BANK OF JAPAN,
LIMITED

By _____

Title:

Tel: (404) 524-8770

Fax: (404) 524-8509 (for Credit Matters)
Attention: Jackie Brunetto

Fax: (404) 577-6818 (for Administrative Matters)
Attention: Business Operations Department

6000 Midlantic Drive
Mount Laurel, New Jersey 08054
Tel: (609) 778-2683
Fax: (609) 778-2673
Attention: Denise Killen

MIDLANTIC BANK, N.A.
(formerly known as Midlantic
National Bank)

By _____
Title:

Georgia-Pacific Center
Suite 4750
133 Peachtree Street, N.E.
Atlanta, Georgia 30303
Tel: (404) 586-8809
Fax: (404) 589-1629
Attention: Virginia Mahoney

THE SANWA BANK, LIMITED,
ATLANTA AGENCY

By _____
Title:

555 S.W. Oak Street
Suite 400
Portland, Oregon 97204
Tel: (503) 275-3192
Fax: (503) 275-4267

UNITED STATES NATIONAL BANK
OF OREGON

By _____
Title:

Attention: Claire Jones

210 East Capitol Street
P.O. Box 1200
Jackson, Mississippi 39215
Tel: (601) 968-4749
Fax: (601) 354-8315
Attention: Larry C. Ratzlaff

DEPOSIT GUARANTY NATIONAL BANK

By _____
Title:

520 Madison Avenue
New York, New York 10022
Tel: (212) 838-7700
Fax: (212) 755-2349
Attention: Jay Kato

THE MITSUBISHI TRUST & BANKING
CORP.

By _____
Title:

1211 Avenue of the Americas
New York, New York 10036
Tel: (212) 852-6023
Fax: (212) 852-6163
Attention: Alan Bookspan

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, NEW YORK BRANCH

By _____
Title:

By _____
Title:

101 California Street
Suite 4550
San Francisco, California 94111
Tel: (415) 984-3703
Fax: (415) 362-3524

ABN AMRO BANK N.V.

By _____
Title:

By _____
Title:

6000 Poplar Avenue
Suite 145
Memphis, Tennessee 38119
Tel: (901) 766-7561

THIRD NATIONAL BANK

By _____
Title

Fax: (901) 766-7565
Attention: Carol Yochen

210 Baronne Street
4th Floor
New Orleans, Louisiana 70161
Tel: (504) 561-1989
Fax: (504) 561-1316

FIRST NATIONAL BANK OF COMMERCE

By _____
Title:

Attention: Louis Ballero

SCHEDULE I

REVOLVING LOAN COMMITMENTS

Bank	Revolving Loan Commitment
Bankers Trust Company	\$ 11,500,000
The Bank of New York	\$ 8,500,000
CIBC Inc.	\$ 8,500,000
Credit Lyonnais	\$ 8,500,000
First Interstate Bank of California	\$ 8,500,000
The Long-Term Credit Bank of Japan, Limited, New York Branch	\$ 8,500,000
NationsBank of Georgia, N.A.	\$ 8,500,000
Societe General	\$ 8,500,000
The Sumitomo Bank, Limited, New York Branch	\$ 7,500,000
Bank of America National Trust and Saving Association	\$ 6,500,000
The Bank of Nova Scotia	\$ 6,500,000
The Industrial Bank of Japan, Limited	\$ 6,000,000
The Mitsubishi Trust & Banking Corp.	\$ 6,000,000
The Tokai Bank, Limited, New York Branch	\$ 6,000,000
The Sanwa Bank, Limited, Atlanta Agency	\$ 5,000,000
Midlantic Bank, N.A.	\$ 4,000,000
United States National Bank of Oregon	\$ 4,000,000
Westdeutsche Landesbank Girozentrale, New York Branch	\$ 3,500,000
ABN Amro Bank N.V.	\$ 3,000,000
The Boatmen's National Bank of St. Louis	\$ 3,000,000
First American National Bank	\$ 3,000,000
First Tennessee Bank National Association	\$ 3,000,000
The Nippon Credit Bank, Ltd., Los Angeles Agency	\$ 3,000,000
The Daiwa Bank, Limited	\$ 2,000,000
Deposit Guaranty National Bank	\$ 2,000,000
Girocredit Bank A.G. Der Sparkassen, Grand Cayman Branch	\$ 2,000,000
Third National Bank	\$ 2,000,000
First National Bank of Commerce	\$ 1,000,000

TOTAL:	\$150,000,000 =====

SCHEDULE II

TAX MATTERS

SCHEDULE III

SUBSIDIARIES

SCHEDULE IV

EXISTING INDEBTEDNESS

SCHEDULE V

JOINT VENTURES

SCHEDULE VI

INSURANCE

SCHEDULE VII

EXISTING LIENS

SCHEDULE VIII

HOTEL SUBSIDIARIES

NOTICE OF BORROWING

[Date]

Bankers Trust Company, as
Administrative Agent for
the Banks party to
the Credit Agreement
referred to below
One Bankers Trust Plaza
New York, New York 10006

Attention:

Gentlemen:

The undersigned, _____ (the "Borrower"), refers

to the Credit Agreement, dated as of June 9, 1995 (as amended from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated), Harrah's Operating Company, Inc. (formerly known as Embassy Suites, Inc.), each Subsidiary Borrower, the financial institutions from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and you, as Administrative Agent, and hereby gives you notice, irrevocably, pursuant to Section 1.03 of the Credit Agreement, that the undersigned hereby requests a Borrowing of Revolving Loans under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 1.03 of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is _____,
19___.1/

- -----
1/ Shall be a Business Day at least one Business Day in the case of Base Rate Loans and three Business Days in the case of Eurodollar Rate Loans, in each case after the date hereof.

(ii) The aggregate principal amount of the Proposed Borrowing is \$_____.

(iii) The Revolving Loans to be made pursuant to the Proposed Borrowing shall be initially maintained as [Base Rate Loans] [Eurodollar Loans].

(iv) The initial Interest Period for the Proposed Borrowing is ____ month(s).^{2/}

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in the Credit Agreement and in the other Credit Documents are and will be true and correct in all material respects, both before and after giving effect to the Proposed Borrowing and to the application of the proceeds thereof, as though made on such date (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date); and

(B) no Default or Event of Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds thereof.

Very truly yours,

[NAME OF BORROWER]

By

Name:

Title:

- -----
^{2/} To be included for a Proposed Borrowing of Eurodollar Loans.

NOTICE OF COMPETITIVE
BID BORROWING

[Date]

Bankers Trust Company, as Administrative Agent
for the Banks parties
to the Credit Agreement
(as defined below)
130 Liberty Street
New York, New York 10006
Attention:

Gentlemen:

The undersigned, refers to the Credit Agreement, dated as of June 9, 1995 (as amended from time to time, the "Credit Agreement," the terms defined therein being used herein as therein defined), among Harrah's Entertainment, Inc. (formerly known as the Promus Companies Incorporated), Harrah's Operating Company, Inc. (formerly known as Embassy Suites, Inc. (the "Company")), each Subsidiary Borrower, the financial institutions from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and you, as Administrative Agent, and hereby gives you notice pursuant to Section 1.04(a) of the Credit Agreement that the undersigned hereby requests a Competitive Bid Borrowing under the Credit Agreement, and in that connection sets forth the terms on which such Competitive Bid Borrowing (the "Proposed Competitive Bid Borrowing") is requested to be made:

(A) The Business Day of the
Proposed Competitive Bid
Borrowing

(B) Aggregate Principal
Amount of the Proposed
Competitive Bid
Borrowing

(C) Reply Date

EXHIBIT B

(D) Maturity Date -----

(E) Interest Payment
Date(s) -----

(F) Moody's Senior Implied
Indebtedness Rating -----

(G) S&P's Senior Implied
Indebtedness Rating -----

(H) -----

(I) -----

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Competitive Bid Borrowing:

(A) the representations and warranties contained in the Credit Agreement and in the other Credit Documents are and will be true and correct in all material respects, both before and after giving effect to the Proposed Competitive Bid Borrowing and to the application of the proceeds thereof, as though made on such date (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date); and

(B) no Default or Event of Default has occurred and is continuing, or would result from such Proposed Competitive Bid Borrowing or from the application of the proceeds thereof.

Very truly yours,

HARRAH'S OPERATING
COMPANY, INC.

By _____ Name:
Title:

REVOLVING NOTE

\$

New York, New York

_____, 199_

FOR VALUE RECEIVED, _____, a _____

[corporation][general partnership] (the "Borrower"), hereby promises to pay to the order of _____ (the "Bank"), in lawful money of

the United States of America in immediately available funds, at the office of Bankers Trust Company located at One Bankers Trust Plaza, New York, New York 10006 on the Maturity Date (as defined in the Agreement referred to below) for the Bank the principal sum of _____ DOLLARS (\$_____) or, if less, the then unpaid principal amount of all Revolving Loans (as defined in the Agreement) made by the Bank pursuant to the Agreement.

The Borrower promises also to pay interest on the unpaid principal amount hereof in like money at said office from the date hereof until paid at the rates and at the times provided in Section 1.09 of the Agreement.

This Note is one of the Revolving Notes referred to in the Credit Agreement, dated as of June 9, 1995, among Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated), Harrah's Operating Company, Inc. (formerly known as Embassy Suites, Inc.), each Subsidiary Borrower (as defined in the Agreement), the financial institutions from time to time party thereto (including the Bank), Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent (as from time to time in effect, the "Agreement"), and is entitled to the benefits thereof and of the other Credit Documents (as defined in the Agreement). This Note is secured by the Collateral Documents (as defined in the Agreement) and is entitled to the benefits of the Guaranty (as defined in the Agreement). As provided in the Agreement, this Note is subject to voluntary prepayment and mandatory

repayment prior to the Final Maturity Date, in whole or in part.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

[NAME OF BORROWER]

By

Title:

Section 3.04(b)(iii) Certificate

Reference is hereby made to the Credit Agreement, dated as of June 9, 1995, among Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated), Harrah's Operating Company, Inc. (formerly known as Embassy Suites, Inc.), each Subsidiary Borrower, the financial institutions from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent, as amended to the date hereof (the "Credit Agreement"). Pursuant to the provisions of Section 3.04(b)(iii) of the Credit Agreement, the undersigned hereby certifies that it is not a "bank" as such term is used in Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended.

[NAME OF BANK]

By:

Title:

Date:

ELECTION TO BECOME A SUBSIDIARY BORROWER

[Date]

Bankers Trust Company, as Administrative Agent
One Bankers Trust Plaza
New York, New York 10006

Gentlemen:

The undersigned, [name of Subsidiary Borrower], a _____ corporation, refers to the Credit Agreement, dated as of June 9, 1995 (as amended from time to time, the "Credit Agreement"), among Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated), Harrah's Operating Company, Inc. (formerly known as Embassy Suites, Inc.), each other Subsidiary Borrower party thereto, the financial institutions from time to time party thereto, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent. All capitalized terms used herein and not otherwise defined herein shall have the meaning set forth in the Credit Agreement.

The undersigned, desiring to incur Loans under the Credit Agreement hereby elects, as required by Section 5.03 of the Credit Agreement, to become a Subsidiary Borrower for purposes of the Credit Agreement, effective from the date hereof. The undersigned confirms that the representations and warranties set forth in Section 6 of the Credit Agreement are true and correct as to the undersigned and its Subsidiaries as of the date hereof, and the undersigned hereby agrees to comply with all the obligations of a Borrower under, and to be bound in all respects by the terms of, the Credit Agreement as if the undersigned were an original signatory thereto. The undersigned, simultaneously with its execution hereof, is delivering the appropriate Revolving Note to the Administrative Agent for the account of each of the Banks, in accordance with the terms of the Credit

Agreement. All notices and other communications provided for under the Credit Agreement may be sent to the address specified below.

Very truly yours,

Address: [NAME OF SUBSIDIARY BORROWER]

By _____
Title:

Acknowledged and Agreed:

HARRAH'S ENTERTAINMENT, INC.

By: _____
Title:

HARRAH'S OPERATING COMPANY, INC.

By: _____
Title:

BANKERS TRUST COMPANY,
as Administrative Agent

By: _____
Title:

ASSIGNMENT AND ASSUMPTION AGREEMENT

Date _____, 19__

Reference is made to the Credit Agreement described in Item 2 of Annex I hereto (as such Credit Agreement may hereafter be amended, supplemented or otherwise modified from time to time, the "Credit Agreement"). Unless defined in Annex I hereto, terms defined in the Credit Agreement are used herein as therein defined. _____ (the "Assignor") and _____ (the "Assignee") hereby agree as follows:

1. The Assignor hereby sells and assigns to the Assignee without recourse and without representation or warranty (other than as expressly provided herein), and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the Credit Agreement as of the date hereof which represents the percentage interest specified in Item 4 of Annex I hereto (the "Assigned Share") of all of the outstanding rights and obligations under the Credit Agreement relating to the Revolving Loan Commitment of the Assignor, including, without limitation, all rights and obligations with respect to the Assigned Share of the Revolving Loans.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the other Credit Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or the other Credit Documents or any other instrument or document furnished pursuant thereto; and (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of Parent, any Borrower or any other Subsidiary of Parent or the performance or observance by any Credit Party of any of its respective obligations under the Credit Agreement or the other Credit Documents to which it is a party or any other instrument or document furnished pursuant thereto.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement and the other Credit Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption Agreement; (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the Agents, the Assignor or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms that it is a Qualified Person; (iv) appoints and authorizes the Administrative Agent (including the Administrative Agent in its capacity as Collateral Agent) to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Credit Documents as are delegated to the Administrative Agent or the Collateral Agent, as the case may be, by the terms thereof, together with such powers as are reasonably incidental thereto; [and] (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Bank[; and (vi) to the extent legally entitled to do so, attaches the forms described in the penultimate sentence of Section 12.04(b) of the Credit Agreement]1/.

4. Following the execution of this Assignment and Assumption Agreement by the Assignor and the Assignee, an executed original hereof (together with all attachments) will be delivered to the Administrative Agent. The effective date of this Assignment and Assumption Agreement shall be the date of execution hereof by the Assignor and the Assignee and the receipt of the consent of Bankers Trust Company and receipt by the Administrative Agent of the administrative fee referred to in such Section 12.04(b), unless otherwise specified in Item 5 of Annex I hereto (the "Settlement Date").

5. Upon the delivery of a fully executed original hereof to the Administrative Agent, as of the Settlement Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Assumption Agreement, have the rights and obligations of a Bank thereunder and under the other Credit Documents and (ii) the Assignor shall, to the extent provided in this Assignment

- -----
1/ Include if the Assignee is organized under the laws of a jurisdiction outside of the United States.

and Assumption Agreement, relinquish its rights and be released from its obligations under the Credit Agreement and the other Credit Documents.

6. It is agreed that the Assignee shall be entitled to (x) all interest on the Assigned Share of the Revolving Loans at the rates specified in Item 6 of Annex I; and (y) all Facility Fees on the Assigned Share of the Total Revolving Loan Commitment at the rate specified in Item 7 of Annex I hereto, which, in each case, accrue on and after the Settlement Date; such interest and Facility Fees to be paid by the Administrative Agent directly to the Assignee. It is further agreed that all payments of principal made on the Assigned Share of the Revolving Loans which occur on and after the Settlement Date will be paid directly by the Administrative Agent to the Assignee. Upon the Settlement Date, the Assignee shall pay to the Assignor an amount specified by the Assignor in writing which represents the Assigned Share of the principal amount of the respective Revolving Loans made by the Assignor pursuant to the Credit Agreement which are outstanding on the Settlement Date, net of any closing costs, and which are being assigned hereunder. The Assignor and the Assignee shall make all appropriate adjustments in payments under the Credit Agreement for periods prior to the Settlement Date directly between themselves.

7. THIS ASSIGNMENT AND ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Assignment and Assumption Agreement, as of the date first above written, such execution also being made on Annex I hereto.

Accepted this ____ day [NAME OF ASSIGNOR]
of _____, 19__ as Assignor

By _____
Title:

[NAME OF ASSIGNEE]
as Assignee

By _____
Title:

Acknowledged and Agreed:

BANKERS TRUST COMPANY,
as Administrative Agent

By _____
Title:

ANNEX FOR ASSIGNMENT AND ASSUMPTION AGREEMENT

ANNEX I

1. Borrowers:

Harrah's Operating Company, Inc. and each Subsidiary Borrower party thereto.

2. Name and Date of Credit Agreement:

Credit Agreement, dated as of June 9, 1995, among Harrah's Entertainment, Inc. (formerly known as The Promus Companies Incorporated), Harrah's Operating Company, Inc. (formerly known as Embassy Suites, Inc.), each Subsidiary Borrower, the Banks party thereto from time to time, Bankers Trust Company, The Bank of New York, CIBC, Inc., Credit Lyonnais, Atlanta Agency, First Interstate Bank of California, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Georgia, N.A., Societe Generale and The Sumitomo Bank, Limited, New York Branch, as Agents, and Bankers Trust Company, as Administrative Agent, as amended to the date hereof.

3. Date of Assignment Agreement:

4. Amounts (as of date of item #3 above):

Revolving
Loan Com-
mitment

a. Aggregate Amount
for all Banks \$_____

b. Assigned Share^{2/} _____%

c. Amount of
Assigned Share \$_____

5. Settlement Date: _____, 199__

- -----

2/ Percentage taken to 12 decimal places.

6. Rate of Interest to the Assignee: As set forth in Section 1.09 of the Credit Agreement (unless otherwise agreed to by the Assignor and the Assignee)3/

7. Facility Fee: As set forth in Section 2.01(a) of the Credit Agreement (unless otherwise agreed to by the Assignor and the Assignee)4/

8. Notice:

ASSIGNOR:

Attention:
Telephone:
Telecopier:
Reference:

ASSIGNEE:

Attention:
Telephone:
Telecopier:
Reference:

Payment Instructions:

- -----
3/ The Borrower and the Administrative Agent shall direct the entire amount of the interest to the Assignee at the rate set forth in Section 1.09 of the Credit Agreement, with the Assignor and Assignee effecting the agreed upon sharing of the interest through payments by the Assignee to the Assignor.

4/ The Company and the Administrative Agent shall direct the entire amount of the Facility Fees to the Assignee at the rate set forth in Section 2.01(a) of the Credit Agreement, with the Assignor and the Assignee effecting the agreed upon sharing of Facility Fees through payment by the Assignee to the Assignor.

ASSIGNOR:

Attention:
Reference:

ASSIGNEE:

Reference:

Accepted and Agreed:

[NAME OF ASSIGNEE]

[NAME OF ASSIGNOR]

By -----

By -----

(Print Name and Title)

(Print Name and Title)

EMPLOYEE BENEFITS & OTHER EMPLOYMENT MATTERS
ALLOCATION AGREEMENT

by and between

THE PROMUS COMPANIES INCORPORATED
(to be known as Harrah's Entertainment, Inc.)

and

PROMUS HOTEL CORPORATION

dated as of June , 1995

TABLE OF CONTENTS

	Page

ARTICLE I DEFINITIONS	1
Section 1.01 Definitions	1
Aggregate Spread	1
Asset Transfer Agreement	2
Assumed Deferred Compensation Liabilities	2
Base Matching Contribution	2
COBRA	2
Code	2
Collective Bargaining Agreement	2
Commission	2
Common Stock	2
(i) Employer Common Stock	2
(ii) Harrah's Entertainment Common Stock	2
(iii) PHC Common Stock	2
(iv) Promus Common Stock	2
Conversion Award	3
Current Plan Year	3
Cut-off Date	3
Deferred Compensation Plan	3
(i) Harrah's Entertainment Deferred Compensation Plan	3
(ii) Harrah's Entertainment Executive Deferred Compensation Plan	3
(iii) PHC Deferred Compensation Plan	3
(iv) PHC Executive Deferred Compensation Plan	3
(v) Promus Deferred Compensation Plan	3
(vi) Promus Executive Deferred Compensation Plan	4
Director	4
Discretionary Matching Contribution	4
Distribution Agreement	4
Distribution Date	4
Distribution Record Date	4
Employee	4
(i) Harrah's Employee	4
(ii) Hotel Terminee	4
(iii) PHC Employee	4
(iv) Promus Employee	5
(v) Promus Terminee	5
(vi) Retained Employee	5
(vii) Transferred Employee	5

Employee Bonus Plan	5
(i) Harrah's Entertainment Bonus Plan	5

(ii) PHC Bonus Plan	5
(iii) Promus Bonus Plan	5
Employer	5
Employer Restricted Stock Plan	5
(i) Harrah's Entertainment Restricted Stock Plan	5
(ii) PHC Restricted Stock Plan	6
(iii) Promus Restricted Stock Plan	6
ERISA	6
Existing Stock Plans	6
(i) Promus Restricted Stock Plan	6
(ii) Promus Stock Option Plan	6
HMO	6
Human Resources Committee	6
IRS	6
Medical/Dental Plan	6
(i) Harrah's Entertainment Medical/Dental Plans	6
(ii) PHC Medical/Dental Plans	6
(iii) Promus Medical/Dental Plans	6
Medical Retirees	6
PHC Business	7
PHC Individual	7
PHC Participant	7
Plan	7
Post-Conversion Stock Price	7
Pre-Distribution Stock Price	7
Prior Plan Year	7
Promus	7
Promus Employee Stock Purchase Plan	7
Promus Individual	8
Promus Stock Option	8
Qualified Beneficiary	8
(i) Harrah's Entertainment Qualified Beneficiary	8
(ii) PHC Qualified Beneficiary	8
(iii) Promus Qualified Beneficiary	8
Rabbi Trust	8
(i) Harrah's Entertainment Rabbi Trust	8
(ii) PHC Rabbi Trust	8
(iii) Promus Rabbi Trust	8
Restricted Stock	8
Retained Business	9
Retained Individual	9
Retiree Medical/Dental Benefits	9
Savings and Retirement Plan	9

(i) Harrah's Entertainment Savings and Retirement Plan	9
(ii) Promus Savings and Retirement Plan	9
(iii) PHC Savings and Retirement Plan	9
Service Credit	9
Stock Option	9
Stock Plan	9
Stock Option Plan	9
Transferred Individual	9
Welfare Plan	10
Section 1.02 Other Terms	10
Section 1.03 Certain Constructions	10
Section 1.04 Sections	10
Section 1.05 Survival	10
ARTICLE II EMPLOYEE BENEFITS	10
Section 2.01 Employment	10
(a) Allocation of Responsibilities on Distribution Date	10
(b) Assumption of Liabilities on Distribution Date	10
(c) Service Credits	11
(i) Distribution Date Transfers	11
(ii) Post-Distribution Date Terminations	11
(d) Post-Distribution Date Transfers Through December 31, 1995	11
Section 2.02 Savings and Retirement Plans	12
(a) Establishment of PHC Savings and Retirement Plan	12
(b) Obligation to Make Base Matching Contribution	12
(c) Transfer and Acceptance of Account Balances	12
(d) Harrah's Entertainment to Provide Information	13
(e) Regulatory Filings	13
(f) Account Balances of Retained Employees	13
(g) Post-Distribution Employment Transfers Through December 31, 1995	14
(h) Post-Distribution Employment Transfers After December 31, 1995	14
Section 2.03 Deferred Compensation Plans	14
(a) PHC Deferred Compensation Plans	14
(b) Harrah's Entertainment Deferred Compensation Plans	15
(c) Post-Distribution Employment Transfers	16
(d) Special Provisions With Respect To Allocation of Deferred Compensation Liabilities of Michael D. Rose ("Mr. Rose")	16
(1) Proration to Harrah's Entertainment Executive Deferred Compensation Plan	16
(2) Proration to PHC Executive Deferred Compensation Plan	16
(3) Proration Applicable to Each Year of Deferral	16
Section 2.04 Stock Plans	17
(a) PHC Stock Plans	17
(b) Harrah's Entertainment Stock Plans	17

(c) Effect of the Distribution on Awards Made Prior to the Cut-off Date	17
(i) Restricted Stock	17
(A) Dividend	17
(B) Harrah's Entertainment Restricted Stock	17
(C) PHC Restricted Stock	18
(ii) Adjustment of Stock Options	18
(A) Harrah's Entertainment Stock Options	18
(B) PHC Stock Options	18
Section 2.05 Promus Employee Stock Purchase Plan.	19
(a) Calculation of Bonuses for Transferred Employees For the Current Plan Year	19
(b) Payment of Bonuses for Current Plan Year	20
(c) Harrah's Entertainment Bonus Plan	20
(d) No Right to Bonus Created	20
Section 2.07 Harrah's Entertainment Medical/Dental Plans	20
(a) Liability for Claims	20
(b) Continuation Coverage Administration	20
(c) Continuation Coverage Claims	20
(d) Liability for Medical Retirees	21
Section 2.08 PHC Medical/Dental Plans	21
(a) Establishment of New PHC Medical/Dental Plans	21
(b) Harrah's Entertainment to Provide Information	21
(c) Liability for Claims	22
(d) Continuation Coverage Administration	22
(e) Continuation Coverage Claims	22
Section 2.09 Vacation and Sick Pay Liabilities	23
(a) Division of Liabilities	23
(b) Funded Reserves	23
(c) Post-Distribution Transfers	23
Section 2.10 Adjustments for Welfare Plans	24
Section 2.11 Preservation of Right To Amend or Terminate Plans	24
Section 2.12 Reimbursement	24
Section 2.13 Payroll Reporting and Withholding	24
(a) Form W-2 Reporting	24
(b) Forms W-4 and W-5	25
(c) Garnishments, Tax Levies, Child Support Orders, and Wage Assignments	25
(d) Authorizations for Payroll Deductions	25
(e) Withholding Taxes on Account of The Distribution to Promus Restricted Stockholders Who Are Transferred Employees	25
ARTICLE III LABOR AND EMPLOYMENT MATTERS	26
Section 3.01 Separate Employers	26
Section 3.02 Employment Policies and Practices	26

Section 3.03	Collective Bargaining Agreements	26
Section 3.04	Claims	26
(a)	Scope	26
(b)	Employment-Related Claims	26
(c)	Obligation to Indemnify	27
(d)	Pre-Distribution Employment-Related Claims	27
(e)	Other Employment-Related Claims	28
(f)	Post-Distribution Employment-Related Claims	28
(g)	Special Matters	28
(i)	Medical Retirees	28
(ii)	Promus Deferred Compensation Plan	28
(iii)	Administrative Services In Connection With The PHC Savings And Retirement Plan	28
(iv)	Allocation of Group Insurance Reserves	29
Section 3.05	Funding of Union Plans	29
Section 3.06	Notice of Claims	29
Section 3.07	Assumption of Unemployment Tax Rates	29
Section 3.08	Intercompany Service Charge	29
Section 3.09	Employees on Leave of Absence	29
Section 3.10	No Third Party Beneficiary Rights	30
Section 3.11	Attorney-Client Privilege	30
ARTICLE IV	DEFAULT	30
Section 4.01	Default	30
Section 4.02	Force Majeure	30
ARTICLE V	MISCELLANEOUS	31
Section 5.01	Relationship of Parties	31
Section 5.02	Access to Information; Cooperation	31
Section 5.03	Assignment	31
Section 5.04	Headings	31
Section 5.05	Severability of Provisions	31
Section 5.06	Parties Bound	31
Section 5.07	Notices	31
Section 5.08	Further Action	32
Section 5.09	Waiver	32
Section 5.10	Governing Law	32
Section 5.11	Consent to Jurisdiction	32
Section 5.12	Entire Agreement	32

EMPLOYEE BENEFITS & OTHER EMPLOYMENT MATTERS

ALLOCATION AGREEMENT

THIS EMPLOYEE BENEFITS & OTHER EMPLOYMENT MATTERS ALLOCATION AGREEMENT ("Agreement") is made and entered into as of June __, 1995, by and between THE PROMUS COMPANIES INCORPORATED, a Delaware corporation ("Promus"), to be known as HARRAH'S ENTERTAINMENT, INC. after the spin off of Promus' hotel business, and PROMUS HOTEL CORPORATION, a Delaware corporation ("PHC", and collectively with Promus, the "Parties"), effective as of the Distribution Date (as herein after defined).

R E C I T A L S

WHEREAS, subject to shareholder approval and certain other conditions, Promus intends to spin-off its hotel business by distributing a special dividend of one share of PHC Common Stock per two shares of Promus Common Stock to the holders of shares of Promus Common Stock (the "Distribution"); and

WHEREAS, in connection with said spin-off, PROMUS and PHC have entered into a Distribution Agreement (the "Distribution Agreement"); and

WHEREAS, pursuant to the aforesaid Distribution Agreement, Promus and PHC have agreed to enter into an agreement allocating responsibilities with respect to employee compensation, benefits, labor and certain other employment matters pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Promus and PHC agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. As used in this Agreement, the following terms shall have the meanings indicated below:

Aggregate Spread: the difference between the exercise price of a Promus Stock Option and the Pre-Distribution Stock Price, multiplied by the number of shares covered by such Promus Stock Option remaining unexercised on the Cut-off Date.

Asset Transfer Agreement: the Asset Transfer Agreement, dated as

of _____, 1995 between the Trustees of the Promus Savings and Retirement

Plan and the Trustees of the PHC Savings and Retirement Plan, which provides for the spin-off of that portion of the Promus Savings and Retirement Plan attributable to Transferred Employees and Hotel Terminees to the PHC Savings and Retirement Plan.

Assumed Deferred Compensation Liabilities: all liabilities and

obligations of Promus to Transferred Employees accrued through the Cut-off Date with respect to the Promus Executive Deferred Compensation Plan and the Promus Deferred Compensation Plan, along with earnings required to be credited to account balances included therein through the Cut-off Date, to be assumed by PHC in accordance with Section 2.03.

Base Matching Contribution: the base matching contribution of

Promus under the Promus Savings and Retirement Plan (as provided in the Promus Savings and Retirement Plan document).

COBRA: Code Section 4980B and ERISA Sections 601 through 608,

establishing employer requirements for continuation of health care benefits for the benefit of certain current and former employees or dependents thereof.

Code: the Internal Revenue Code of 1986, as amended, or any

successor legislation.

Collective Bargaining Agreement: any collective bargaining

agreement or other labor agreement to which Promus or any of its subsidiaries or affiliates was a party on or before the Cut-off Date.

Commission: the Securities and Exchange Commission.

Common Stock: the common stock of Promus, Harrah's Entertainment

or PHC, as more specifically described below:

(i) Employer Common Stock: Harrah's Entertainment Common

Stock in the case of Retained Employees and Promus Terminees and PHC Common Stock in the case of PHC Employees; or

(ii) Harrah's Entertainment Common Stock: the common stock,

par value \$0.10 per share, of Harrah's Entertainment after the Distribution Date; or

(iii) PHC Common Stock: the common stock, par value

\$0.10 per share, of PHC; or

(iv) Promus Common Stock: the common stock, par value \$0.10

per share, of Promus prior to the Distribution Date.

Conversion Award: an award of an option to acquire Common Stock

made to a Transferred Employee or a Retained Employee to reflect the effect of the Distribution on awards of Promus Stock Options held on the Cut-off Date, in accordance with Section 2.04.

Current Plan Year: the plan year or fiscal year, to the extent

applicable with respect to any Plan, during which the Distribution occurs.

Cut-off Date: the Distribution Date.

Deferred Compensation Plan: a plan of deferred compensation that

is not intended to be tax-qualified under Section 401(a) of the Code and that is maintained for Employees of Promus and their beneficiaries, or for Employees of Harrah's Entertainment or PHC and their beneficiaries, as described below:

(i) Harrah's Entertainment Deferred Compensation Plan: the

Promus Deferred Compensation Plan, as continued by Harrah's Entertainment pursuant to Section 2.03(b) after the Distribution Date for eligible Harrah's Employees, Harrah's Entertainment Directors and any Promus Terminees receiving benefits or entitled to receive deferred benefits under the Promus Deferred Compensation Plan; or

(ii) Harrah's Entertainment Executive Deferred Compensation

Plan: the Promus Executive Deferred Compensation Plan, as continued by

Harrah's Entertainment pursuant to Section 2.03(b) after the Distribution Date for eligible Harrah's Employees, Harrah's Entertainment Directors and any Promus Terminees receiving benefits or entitled to receive deferred benefits under the Promus Executive Deferred Compensation Plan; or

(iii) PHC Deferred Compensation Plan: the Promus Hotel

Corporation 1995 Deferred Compensation Plan for eligible PHC Employees (and eligible PHC Directors for the remainder of the Current Plan Year and with respect to cash compensation in any succeeding Plan Year); or

(iv) PHC Executive Deferred Compensation Plan: the Promus

Executive Deferred Compensation Plan for eligible PHC Employees; or

(v) Promus Deferred Compensation Plan: The Promus

Companies Incorporated Deferred Compensation Plan dated October 16, 1991, for Promus Employees (and eligible Promus Directors for the remainder of the Current Plan Year and with

respect to cash compensation in any succeeding Plan Year); or

(vi) Promus Executive Deferred Compensation Plan: The

Promus Companies Incorporated Executive Deferred Compensation Plan for eligible Promus Employees or Promus Directors (for the remainder of the Current Plan Year).

Director: a member of the Board of Directors of Harrah's

Entertainment, Promus or PHC, as the context indicates.

Discretionary Matching Contribution: the employer discretionary

matching contribution under the Employer's Savings and Retirement Plan, as may be determined by the Chief Executive Officer in his sole and absolute discretion.

Distribution Agreement: the agreement described in the second

recital of this Agreement.

Distribution Date: the date on which the Distribution occurs.

Distribution Record Date: June 21, 1995.

Employee: an individual who is identified as being in any of the

following categories:

(i) Harrah's Employee: any individual who is (a) a

Retained Employee, or (b) not a Retained Employee but becomes an employee of Harrah's Entertainment on or after the Distribution Date; or

(ii) Hotel Terminee: any Promus Terminee who, as of

January 1, 1995 had terminated his employment with Promus within the five consecutive years preceding that date or who had terminated his employment with Promus between January 1, 1995 and the Distribution Date and whose remaining account balances as of the Distribution Date under the Promus Savings and Retirement Plan are entirely unvested and whose last employment with Promus was primarily related to a Transferred Business; or

(iii)PHC Employee: any individual who is (a) a

Transferred Employee, or (b) not a Transferred Employee but becomes an employee of PHC on or after the Distribution Date; or

(iv) Promus Employee: any individual who is an employee of

Promus prior to the Distribution Date; or

(v) Promus Terminee: any individual formerly employed by

Promus who terminated such employment prior to the Distribution Date, including but not limited to any Promus employee or director who has retired prior to the Distribution Date; or

(vi) Retained Employee: any individual who immediately

prior to the Distribution was a Promus Employee and who is an Employee of Harrah's Entertainment immediately following the Distribution; or

(vii) Transferred Employee: any individual who

immediately prior to the Distribution was a Promus Employee and whose employment, immediately after the Distribution, is to be transferred to PHC pursuant to the Spin-off. It also includes any director of Promus who resigns from the Promus Board before the Distribution and concurrently or within 90 days thereafter is elected to the PHC Board.

Employee Bonus Plan: a plan providing incentive compensation to

eligible Employees based upon achievement of performance criteria by the Employer or the operating unit of the Employer to which the Employee is assigned, as more particularly described below:

(i) Harrah's Entertainment Bonus Plan: the Promus Bonus

Plan as renamed and continued by Harrah's Entertainment after the Distribution; or

(ii) PHC Bonus Plan: the Promus Hotel Corporation Annual

Management Bonus Plan, as established by PHC pursuant to Section 2.06, effective as of the Distribution Date; or

(iii) Promus Bonus Plan: The Promus Companies

Incorporated Annual Management Bonus Plan as in effect on the Distribution Date.

Employer: Harrah's Entertainment, PHC or Promus, as the context

indicates.

Employer Restricted Stock Plan: a plan which provides for awards

of additional compensation to key Employees and non-employee Directors in the form of shares of Employer Restricted Stock, as described below:

(i) Harrah's Entertainment Restricted Stock Plan: the

Harrah's Entertainment, Inc. 1990 Restricted Stock Plan, as the Promus Restricted Stock Plan shall be renamed and continued immediately after the Distribution pursuant to Section 2.04(b).

(ii) PHC Restricted Stock Plan: the Promus Hotel

Corporation 1995 Restricted Stock Plan as established by PHC effective as of the Distribution pursuant to Section 2.04(a).

Employer Stock Option Plan: a plan which provides for awards

of additional compensation to eligible Employees in the form of nonqualified or incentive options to purchase Employer Common Stock, as more particularly described below:

(i) Harrah's Entertainment Stock Option Plan: the

Harrah's Entertainment, Inc. 1990 Stock Option Plan, as the Promus Stock Option Plan shall be renamed and continued by Harrah's Entertainment immediately after the Distribution pursuant to Section 2.04(b); or

(ii) PHC Stock Option Plan: the Promus Hotel Corporation

1995 Stock Option Plan, as established by PHC pursuant to Section 2.04(a).

ERISA: the Employee Retirement Income Security Act of 1974, as

amended, or any successor legislation.

Existing Stock Plans: certain stock-based compensation plans

maintained by Promus prior to the Distribution Date for eligible Promus Employees and eligible Promus Directors, as described below:

(i) Promus Restricted Stock Plan: the Promus Companies

Incorporated 1990 Restricted Stock Plan, a plan which provides for awards of additional compensation to key Employees and non-Employee Directors in the form of shares of Promus Restricted Stock; and

(ii) Promus Stock Option Plan: the Promus Companies

Incorporated 1990 Stock Option Plan, which provides for awards of non-qualified and incentive stock options to eligible Promus Employees.

Harrah's Entertainment: Harrah's Entertainment, Inc., a Delaware

corporation (to which Promus shall change its name after the spin-off of Promus' hotel business), or any of its direct or indirect subsidiaries.

Harrah's Entertainment Stock Option: an option to purchase Harrah's

Entertainment Common Stock pursuant to the Harrah's Entertainment Stock Option Plan.

HMO: any health maintenance organization organized under 42

U.S.C. Sec. 300e-9, or a state health maintenance organization statute that provides medical services for Retained Individuals or PHC Individuals under any Plan.

Human Resources Committee: the Human Resources Committee of the

Board of Directors of Promus, Harrah's Entertainment or PHC, as the context indicates.

IRS: the Internal Revenue Service.

Medical/Dental Plan: a Welfare Plan providing health benefits to

Employees and their dependents as described below:

(i) Harrah's Entertainment Medical/Dental Plans: the

Promus Medical/Dental Plans as renamed and continued by Harrah's Entertainment after the Distribution pursuant to Section 2.07; or

(ii) PHC Medical/Dental Plans: the Medical/Dental Plans to

be established by PHC in accordance with Section 2.08(a); or

(iii) Promus Medical/Dental Plans: any Medical/Dental

Plans maintained prior to the Distribution Date for Promus Individuals.

Medical Retirees: any Promus Terminatee (or dependent or

beneficiary thereof) who was retired or disabled on or before the Cut-off
Date, and who was receiving or other-

wise entitled to receive Retiree Medical/Dental Benefits, other than, or in addition to, coverage mandated by COBRA, as a retiree (or dependent or beneficiary thereof) under any Promus Medical/Dental Plan immediately prior to the Distribution.

PHC: Promus Hotel Corporation, a Delaware corporation, or any of

its direct or indirect subsidiaries.

PHC Individual: any individual who (i) is a Transferred Employee,

or (ii) a PHC Employee, or (iii) is a dependent or beneficiary of any individual described in clause (i) or (ii).

PHC Participant: as defined in Section 2.02(a).

PHC Stock Option: an option to purchase PHC Common Stock pursuant

to the PHC Stock Option Plan.

Plan: any plan, policy, arrangement, contract or agreement

providing compensation benefits for any group of Employees or former Employees or individual Employee or former Employee, or the dependents or beneficiaries of any such Employee or former Employee, whether formal or informal or written or unwritten, and including, without limitation, any means, whether or not legally required, pursuant to which any benefit is provided by an Employer to any Employee or former Employee or the beneficiaries of any such Employee or former Employee, adopted or entered into by a Party prior to, or upon, the Distribution. The term "Plan" as used in this Agreement does not include any contract, agreement or understanding entered into by Promus prior to the Distribution or Harrah's Entertainment or PHC after the Distribution relating to settlement of actual or potential Employee related litigation claims.

Post-Conversion Stock Price: the average of the per share New York

Stock Exchange closing prices of PHC Common Stock or Harrah's Entertainment Common Stock, as the context indicates, during the ten-trading day period immediately following the Distribution Date.

Pre-Distribution Stock Price: the New York Stock Exchange

closing price per share for Promus Common Stock on the Distribution Date (before giving effect to the Distribution).

Prior Plan Year: a plan year or fiscal year or portion thereof,

to the extent applicable with respect to any Plan, ending on or prior to the Cut-off Date.

Promus: The Promus Companies Incorporated, a Delaware

corporation (which will be renamed Harrah's Entertainment, Inc. effective as of the Distribution Date), or any of its direct or indirect subsidiaries.

Promus Employee Stock Purchase Plan: that certain arrangement

between Promus and Merrill Lynch which provides Promus Employees with the opportunity to purchase Promus Common Stock in market transactions at reduced commissions, the cost of such commissions being borne by Promus.

Promus Individual: any individual who is (i) a Promus Employee,

(ii) a Promus Terminee, or (iii) a dependent or beneficiary of any individual specified in clauses (i) or (ii).

Promus Stock Option: an option to purchase Promus Common Stock

pursuant to the Promus Stock Option Plan.

Qualified Beneficiary: an individual (or dependent thereof) who

either (1) experiences a "qualifying event" (as that term is defined in Code Section 4980B(f)(3) and ERISA Section 603) while a participant in any Medical/Dental Plan, or (2) becomes a "qualified beneficiary" (as that term is defined in Code Section 4980B(g)(1) and ERISA 607(3)) under any Medical/Dental Plan, and who is included in any one of the following categories:

(i) Harrah's Entertainment Qualified Beneficiary: any

Retained Individual (or dependent thereof) who, on or before the Cut-off Date, was a Qualified Beneficiary under any Promus Medical/Dental Plan; or

(ii) PHC Qualified Beneficiary: any Transferred Individual

(or dependent thereof) who, on or before the Cut-off Date, was a Qualified Beneficiary under any Promus Medical/Dental Plan; or

(iii) Promus Qualified Beneficiary: any Promus Individual

who, immediately following the Distribution, is not a Harrah's Entertainment Qualified Beneficiary or a PHC Qualified Beneficiary and who, immediately prior to the Distribution, was a Qualified Beneficiary under any Promus Medical/Dental Plan.

Rabbi Trust: a trust maintained by an Employer which holds

assets to satisfy certain contingent or deferred payment obligations of an Employer to an Employee under a Deferred Compensation Plan or severance agreement with such Employee, as more particularly described below:

(i) Harrah's Entertainment Rabbi Trust: the Promus Rabbi

Trust as renamed, amended and continued by Harrah's Entertainment immediately after the Distribution; or

(ii) PHC Rabbi Trust: the Escrow Agreement to be entered

into between PHC and NationsBank effective immediately after the Distribution; or

(iii) Promus Rabbi Trust: the Escrow Agreement dated

February 6, 1990, between Promus and NationsBank (formerly Sovran Bank), as amended.

Restricted Stock: shares of Employer Common Stock issued

pursuant to an Employer Restricted Stock Plan.

Retained Business: any business or operation of Promus or its

subsidiaries which is, pursuant to the Distribution Agreement, to be conducted, following the Distribution, by Harrah's Entertainment.

Retained Individual: any individual who (i) is a Retained

Employee, or (ii) is, as of the Cut-off Date, a Promus Terminee whose last employment with Promus or subsidiary of Promus was with a Retained Business, or (iii) is a dependent or beneficiary of any individual described in clause (i) or (ii).

Retiree Medical/Dental Benefits: health, medical and dental

benefits provided to a Promus Terminee (or a dependent or beneficiary thereof) who is a retiree under any Promus Medical/Dental Plan, not including any coverage mandated by COBRA.

Savings and Retirement Plan: any of the following Plans, as the

context indicates, maintained pursuant to Section 401(a) of the Code:

(i) Harrah's Entertainment Savings and Retirement Plan:

the Promus Savings and Retirement Plan, as renamed, amended and continued after the Distribution Date pursuant to Section 2.02(g); or

(ii) Promus Savings and Retirement Plan: The Promus

Companies Incorporated Savings and Retirement Plan, as maintained by Promus immediately prior to the Distribution Date; or

(iii) PHC Savings and Retirement Plan: the Savings and

Retirement Plan established by PHC pursuant to Section 2.02(a) as of the Distribution Date primarily for the benefit of PHC Employees.

Service Credit: the period taken into account under any Plan for

purposes of determining length of service or plan participation to satisfy eligibility, vesting, benefit accrual and similar requirements under such Plan.

Stock Option: a nonqualified or incentive option to purchase

Employer Common Stock under an Employer Stock Option Plan.

Stock Plan: a stock-based compensation plan maintained by an

Employer for the benefit of its Employees.

Transferred Business: any business or operation of Promus or its

subsidiaries which is, pursuant to the Distribution Agreement, to be conducted by PHC immediately following the Distribution.

Transferred Individual: any individual who (i) is a Transferred

Employee or (ii) is, as of the Cut-off Date, a Promus Terminee (x) whose last employment with Promus or a subsidiary of Promus was with a Transferred Business or (y) whose employment with Promus was primarily related to the hotel business to be conducted by PHC after the

Distribution, or (iii) is a dependent or beneficiary of any individual described in clause (i) or (ii).

Welfare Plan: any Plan which provides medical, health,

disability, accident, life insurance, death, dental or any other welfare benefit, including, without limitation, any post-employment benefit, but excluding vacation benefits covered under Section 2.09.

Section 1.02 Other Terms. Any capitalized terms used herein

but not defined herein shall have the meaning set forth in the Distribution Agreement.

Section 1.03 Certain Constructions. References to the singular

in this Agreement shall refer to the plural and vice-versa and references to the masculine shall refer to the feminine and vice-versa.

Section 1.04 Sections. References to a "Section" are, unless

otherwise specified, to one of the Sections of this Agreement.

Section 1.05 Survival. Obligations described in this Agreement

shall remain in full force and effect and shall survive the Distribution Date.

ARTICLE II

EMPLOYEE BENEFITS

Section 2.01 Employment.

(a) Allocation of Responsibilities on Distribution Date.

On the Distribution Date, except to the extent retained or assumed by Harrah's Entertainment under this Agreement or any other agreement relating to the Distribution, PHC shall retain or assume, as the case may be, responsibility as employer for the Transferred Employees. On the Distribution Date, except to the extent retained or assumed by PHC under this Agreement or any other agreement relating to the Distribution, Harrah's Entertainment shall retain or assume, as the case may be, responsibility as employer for the Retained Employees. The assumption or retention of responsibility as employer by Harrah's Entertainment or PHC described in this Section 2.01 shall not, of itself, constitute a severance or a termination of employment under any Plan of severance maintained by Promus nor shall it constitute a change of control of Promus for purposes of any Plan.

(b) Assumption of Liabilities on Distribution Date: Except

as specifically provided in this Agreement, or as otherwise agreed by the Parties:

(i) Immediately following the Distribution, Harrah's Entertainment shall assume or retain, as the case may be, all benefit obligations and all related rights in connection with any Plan with respect to the Retained Employees

and Promus Terminees; provided, however, that with respect to such Retained

Employees or Promus Terminees who become employed by PHC after the Distribution, any benefit obligations and all related rights in connection with any Plan with respect to such employment with PHC shall be assumed by PHC; and

(ii) Immediately following the Distribution, PHC shall assume or retain, as the case may be, all benefit obligations and all related rights in connection with any Plan with respect to the Transferred Employees, and Harrah's Entertainment shall have no further liability with respect thereto; provided, however, that with respect to such Transferred Employees

or Promus Terminees who return to employment with Harrah's Entertainment after the Distribution, any benefit obligations and all related rights in connection with any Plan with respect to such employment with Harrah's Entertainment shall be assumed by Harrah's Entertainment.

(c) Service Credits.

(i) Distribution Date Transfers. In connection with

the Distribution and for purposes of determining Service Credits under any Plans, Harrah's Entertainment shall credit each Retained Employee and PHC shall credit each PHC Employee with such Employee's Service Credits and original hire date as reflected in the Promus payroll system records as of the Cut-off Date. Such Service Credits and hire date shall continue to be maintained as described herein for as long as the Employee does not terminate employment or as otherwise may be required by applicable law or any applicable Plan.

(ii) Post-Distribution Date Terminations. Subject to

the provisions of applicable law and to Sections 2.01(d), 2.02(g), 2.03(c) and 2.09(c) herein (governing post-Distribution transfers through December 31, 1995), (x) PHC may, in the case of Transferred Employees, in its sole discretion, make such decisions as it deems appropriate with respect to determining Service Credits accrued after the Distribution Date for such Employees, and (y) Harrah's Entertainment may, in the case of Retained Employees, in its sole discretion, make such decisions as it deems appropriate with respect to determining Service Credits accrued after the Distribution Date for such Employees.

(d) Post-Distribution Date Transfers Through December 31,

1995: Notwithstanding any provision of this Agreement to the contrary,

except to the extent prohibited by law or any applicable agreement, where an Employee leaves the service of one Party to immediately begin employment with the other Party at any time on or before December 31, 1995, such Employee's accrued benefits, account balances, or other rights or interests, to the extent transferable, under any Plan maintained by the former Employer shall

be transferred to the applicable Plan of the new Employer. The Parties hereby agree to amend any Plan to the extent necessary to comply with the preceding sentence of this Section 2.01(d). This Section 2.01(d) shall not apply to any benefits, balances, rights or interests of such Employees in any Employer Stock Option Plan or Employer Restricted Stock Plan.

Section 2.02 Savings and Retirement Plans.

(a) Establishment of PHC Savings and Retirement Plan.

Effective as of the Distribution Date, PHC shall take, or cause to be taken, all action necessary and appropriate to establish and administer a new Plan named the PHC Savings and Retirement Plan and Trust in substantially the form approved by the Promus Board of Directors at its April 5, 1995 meeting. The PHC Savings and Retirement Plan shall be a spin off of that portion of the Promus Savings and Retirement Plan which is attributable to (i) Transferred Employees who, immediately prior to the Distribution Date, were participants in or otherwise entitled to benefits under the Promus Savings and Retirement Plan ("PHC Participants"), and (ii) Hotel Terminees. PHC shall provide benefits under such PHC Savings and Retirement Plan after the Distribution for all such Transferred Employees and Hotel Terminees (and PHC Employees admitted to participation in such Plan after the Distribution) subject to the terms and provisions of such Plan. The PHC Savings and Retirement Plan shall be intended to qualify for tax-favored treatment under Sections 401(a) and 401(k) of the Code and to comply with the requirements of ERISA.

(b) Obligation to Make Base Matching Contribution.

Effective as of the Cut-off Date, PHC shall assume, and shall be solely responsible for, Promus's obligation to make payment of the Base Matching Contributions to the account of any Transferred Employee who is a participant under the Promus Savings and Retirement Plan for the portion of the Current Plan Year ending on the Cut-off Date. For the remainder of the 1995 Plan Year (the Distribution Date through December 31, 1995) the rate of Base Matching Contributions made to the PHC Savings and Retirement Plan will continue at the same rate that Base Matching Contributions are made prior to the Distribution under the Promus Savings and Retirement Plan. Commencing with the 1996 Plan Year, Base Matching Contributions under the PHC Savings and Retirement Plan will be as set forth in such Plan as it may be amended or, with respect to discretionary contributions (including Discretionary Matching Contributions) at the sole determination of the PHC Chief Executive Officer or the PHC Human Resources Committee, or as otherwise provided in such Plan.

(c) Transfer and Acceptance of Account Balances. As soon

as practicable after the Distribution Date, Harrah's Entertainment shall cause the trustees of the Harrah's Entertainment Savings and Retirement Plan to transfer to the trustees or other funding agent of the PHC Savings and Retirement Plan the amounts (in cash, securities, other property or a combination thereof) representing the account balances of all PHC Participants and Hotel Terminees, said amounts to be established as account balances or accrued benefits of such individuals under the PHC Savings and Retirement Plan. Each such transfer shall comply with Section 414(1) of the Code and the requirements of ERISA and the regulations promulgated thereunder. PHC shall cause the trustees or other funding agent of the PHC Savings and Retirement to accept the plan-to-plan transfer from the Harrah's

Entertainment Savings and Retirement Plan trustees, and to credit the accounts of such Transferred Employees and Hotel Terminees under the PHC Savings and Retirement Plan with amounts transferred on their behalf, as provided in an Asset Transfer Agreement between the plans. On and after the Distribution Date, PHC shall be responsible for guaranteeing the recovery of the April 11, 1991 balances of the Executive Life investment of Transferred Employees and Hotel Terminees to the extent required by Addendum A to the PHC Savings and Retirement Plan and pursuant to the applicable closing agreement with the IRS related thereto.

(d) Harrah's Entertainment to Provide Information.

Harrah's Entertainment shall provide PHC, as soon as practicable after the Distribution Date (with the cooperation of PHC to the extent that relevant information is in the possession of PHC, and in accordance with Section 5.02), with a list of Transferred Employees and Hotel Terminees who, to the best knowledge of Harrah's Entertainment, were participants in or otherwise entitled to benefits under the Promus Savings and Retirement Plan on the Cut-off Date, together with a listing of each participant's Service Credits under such Plan and a listing of each such Transferred Employee's or Hotel Terminee's account balance thereunder, and each Transferred Employee's investment election and beneficiary designation. Harrah's Entertainment shall, as soon as practicable after the Distribution Date and in accordance with Section 5.02, provide PHC with such additional information in the possession of Harrah's Entertainment (and not already in the possession of PHC) as may be reasonably requested by PHC and necessary for PHC to administer effectively the PHC Savings and Retirement Plan.

(e) Regulatory Filings. PHC and Harrah's Entertainment

shall, in connection with the plan-to-plan transfer described in Section 2.02(c), cooperate in making any and all appropriate filings required by the Commission or the IRS, or required under the Code or ERISA or any applicable securities laws and the regulations thereunder, and take all such action as may be necessary and appropriate to cause such plan-to-plan transfer to take place as soon as practicable after the Distribution Date or otherwise when required by law. Further, PHC shall seek a favorable IRS determination letter that the PHC Savings and Retirement Plan, as organized, satisfies all qualification requirements under Section 401(a) of the Code. Notwithstanding the foregoing, such plan-to-plan transfers shall take place pending issuance of such favorable determination letter. PHC and Harrah's Entertainment shall each make any necessary amendments on a retroactive basis to the PHC Savings and Retirement Plan or the Harrah's Entertainment Savings and Retirement Plan, respectively, as required by the IRS to issue the favorable determination letter described above.

(f) Account Balances of Retained Employees: Except as

provided in Section 2.02(a), on the Distribution Date, Harrah's Entertainment shall retain sole responsibility for all liabilities and obligations under the Promus Savings and Retirement Plan (including but not limited to, liabilities and obligations to Promus Terminees except as to accounts of Hotel Terminees that are transferred to the PHC Savings and Retirement Plan pursuant to Section 2.02(c)), and PHC shall have no liability or obligation with respect thereto. As soon as practicable after the Distribution Date, Harrah's Entertainment shall take, or cause to be taken, all action necessary and appropriate to amend and rename the Promus Savings and Retirement Plan as the "Harrah's Entertainment Savings and Retirement Plan". Harrah's Entertainment shall provide future benefits thereunder accruing after the

Cut-off Date for all Retained Employees who, on the Cut-off Date, were participants in or otherwise entitled to benefits under the Promus Savings and Retirement Plan and for Harrah's Employees who are admitted to participate in the Harrah's Entertainment Savings and Retirement Plan on or after the Distribution Date.

(g) Post-Distribution Employment Transfers. To

the extent permitted by applicable law, the accounts in the Harrah's Entertainment Savings and Retirement Plan of any Retained Employee or Harrah's Employee who transfers employment to PHC on or prior to December 31, 1995 (or, only with respect to Retained Employees or Harrah's Employees who work in the Harrah's Entertainment Information Technology Department and who transfer to a similar position with PHC, thirty months following the Distribution), or through such extended period as may be agreed by Promus (or Harrah's Entertainment) and PHC with respect to any Employee or group of Employees, may be transferred to the PHC Savings and Retirement Plan. The business operation or business unit from which such employee terminates employment shall promptly notify the administrator of the Savings and Retirement Plan in which any such employee participates of the occurrence of any transfers subject to the provisions of this Section 2.02(g). To the extent necessary, the Harrah's Entertainment Savings and Retirement Plan and the PHC Savings and Retirement Plan will be amended to permit such transfers.

Section 2.03 Deferred Compensation Plans.

(a) PHC Deferred Compensation Plans. Effective as of the

Distribution Date, PHC shall assume or retain sponsorship of and shall be solely responsible for all Assumed Deferred Compensation Liabilities, and Harrah's Entertainment shall transfer to the PHC Rabbi Trust an amount of assets held in the Promus Rabbi Trust sufficient to fund the Assumed Deferred Compensation Liability with approximately the same relative funding coverage as existed immediately prior to the Distribution. Upon completion of such transfer, Harrah's Entertainment shall have no additional liability or obligation with respect to the Assumed Deferred Compensation Liabilities. Except as otherwise provided herein,

PHC shall not be responsible for any liabilities or obligations of Promus or Harrah's Entertainment under any Deferred Compensation Plan. Effective as of the Distribution Date, the PHC Board of Directors shall adopt the PHC Executive Deferred Compensation Plan and the PHC Deferred Compensation Plan and shall provide future deferred compensation benefits thereunder accruing after the Cut-off Date for all Transferred Employees, (or any beneficiaries of such Transferred Employee) who, on the Cut-off Date, were participants in or otherwise entitled to current or deferred benefits under the Promus Executive Deferred Compensation Plan or the Promus Deferred Compensation Plan, as the case may be, and for PHC Employees and PHC Directors who are admitted to participate therein on or after the Distribution Date. PHC shall be responsible for all reporting and withholding obligations relating to the Assumed Deferred Compensation Liabilities with respect to pay-outs made after the Cut-off Date to PHC Employees who, on the Cut-off Date, were participants in or otherwise entitled to benefits under the Promus Executive Deferred Compensation Plan. All accrued benefits, rights and service credit shall carry over from the Promus Deferred Compensation Plans to the PHC Deferred Compensation Plans. Any such Director who retires from the Promus Board prior to the Distribution and commences service on the PHC Board within 90 days of such retirement shall be credited with and vested in the Retirement Rate (as described in the PHC Executive Deferred Compensation Plan) under the PHC Executive Deferred Compensation Plan, which Retirement Rate for the Current Plan Year and all prior plan years shall be the same as the Retirement Rate under the Promus Executive Deferred Compensation Plan for each corresponding plan year.

(b) Harrah's Entertainment Deferred Compensation Plans.

Except as provided in Section 2.03(a), on the Distribution Date, Harrah's Entertainment shall retain sole responsibility for all liabilities and obligations under the Promus Deferred Compensation Plans (including but not limited to, liabilities and obligations to Promus Terminees or their beneficiaries), and PHC shall have no liability or obligation with respect thereto. As soon as practicable after the Distribution Date, Harrah's Entertainment shall take, or cause to be taken, all action necessary and appropriate to amend and rename the Promus Executive Deferred Compensation Plan and the Promus Deferred Compensation Plans as the "Harrah's Entertainment, Inc. Executive Deferred Compensation Plan" and the "Harrah's Entertainment, Inc. Deferred Compensation Plan" (collectively, the "Retained Deferred Compensation Plans"). Harrah's Entertainment shall provide future benefits thereunder accruing after the Cut-off Date for all Retained Employees, Promus Directors, Promus Terminees and Harrah's Entertainment Directors who, on the Cut-off Date, were participants in or otherwise entitled to benefits under the Retained Deferred Compensation Plans and for Harrah's Employees and eligible Harrah's Entertainment Directors who are admitted to participate therein on or after the Distribution Date. All accrued benefits, rights and Service Credit shall continue under the Retained Deferred Compensation Plans.

(c) Post-Distribution Employment Transfers Through December

31, 1995. For purposes of determining whether a termination of employment

has occurred under the Promus Executive Deferred Compensation Plan or the Promus Deferred Compensation Plan, termination of employment shall not be deemed to occur where an Employee leaves the service of PHC or Harrah's Entertainment to immediately begin employment with Harrah's Entertainment or PHC, respectively, at any time on or before December 31, 1995 (i.e., leaving Harrah's Entertainment employment to work for PHC, or leaving PHC employment to work for Harrah's Entertainment); in any such case, the business operation or business unit from which such Employee terminates employment shall promptly notify the administrator of the Deferred Compensation Plan in which such Employee participates of the occurrence of any termination subject to the provisions of this Section 2.03(c). Whichever Party is the former Employer shall inform the successor Employer of any termination of employment of such transferred Employee, and the former Employer shall inform the Plan administrator of the applicable Deferred Compensation Plan in which such transferred Employee was a participant. Upon such transfer of employment by such transferred Employee, the account balances of such Employee in the applicable Deferred Compensation Plan may be transferred to the applicable Deferred Compensation Plan of the successor Employer in a manner complying with Section 2.03(a) and the successor Employer shall be solely responsible for the payment of such account balances. This special rule shall apply both to the Assumed Deferred Compensation Liabilities and Retained Deferred Compensation Liabilities.

(d) Special Provisions With Respect To Allocation of

Deferred Compensation Liabilities of Michael D. Rose ("Mr. Rose").

Notwithstanding anything in this Section 2.03 to the contrary, Mr. Rose's Promus Executive Deferred Compensation Plan account balances as of the Distribution Date shall be prorated as follows:

(1) Proration to Harrah's Entertainment Executive

Deferred Compensation Plan. Harrah's Entertainment shall retain and be

solely responsible for 58.33 percent of Mr. Rose's Promus Executive Deferred Compensation Plan account balance (the "Rose Retained Account Balance") and shall administer it under the Harrah's Entertainment Executive Deferred Compensation Plan. PHC shall have no liability or obligation with respect to the Rose Retained Account Balance.

(2) Proration to PHC Executive Deferred Compensation

Plan. Promus shall transfer to PHC 41.67 percent of Mr. Rose's Executive

Deferred Compensation Plan account balance (the "Rose Transferred Account Balance"), and PHC shall administer such balance under the PHC Executive Deferred Compensation Plan, unless otherwise agreed by the Parties. Harrah's Entertainment shall have no further liability or obligation with respect to the Rose Transferred Account Balance, unless otherwise agreed by the Parties.

(3) Proration Applicable to Each Year of Deferral.

The percentage allocations under this Section 2.03(d) shall be applied to each year of deferral under the Promus Executive Deferred Compensation Plan and its accrued interest as of the Distribution Date. It is agreed Mr. Rose is vested at the Retirement Rate under the Executive Deferred Compensation Plans of both Parties.

Section 2.04 Stock Plans.

(a) PHC Stock Plans. Effective as of the Distribution

Date, PHC shall take, or cause to be taken, all action necessary and appropriate to establish and administer new stock-based compensation plans named the "Promus Hotel Corporation 1995 Stock Option Plan" and the "Promus Hotel Corporation 1995 Restricted Stock Plan" in substantially the form approved by the Promus Board of Directors at its April 5, 1995 meeting. PHC shall provide future benefits thereunder accruing after the Cut-off Date for all Transferred Employees and PHC Directors who, on the Cut-off Date, were participants in or otherwise entitled to benefits under the Existing Stock Plans and for PHC Employees and PHC Directors who are admitted to participate in the PHC Stock Plans on or after the Distribution Date.

(b) Harrah's Entertainment Stock Plans. On the

Distribution Date, except with respect to shares surrendered for Replacement Shares (as defined below) and options replaced with PHC Stock Options, Harrah's Entertainment shall retain sole responsibility for all liabilities and obligations under the Existing Stock Plans, and PHC shall have no liability or obligation with respect thereto. As soon as practicable after the Distribution Date, Harrah's Entertainment shall take, or cause to be taken, all action necessary and appropriate to amend and rename the Promus Restricted Stock Plan and the Promus Stock Option Plan Plans as the "Harrah's Entertainment, Inc. 1990 Restricted Stock Plan" and the "Harrah's Entertainment, Inc. 1990 Stock Option Plan". Harrah's Entertainment shall provide future benefits thereunder accruing after the Cut-off Date for all Retained Employees and Harrah's Entertainment directors who, on the Cut-off Date, were participants in or otherwise entitled to benefits under the Existing Stock Plans and for Harrah's Employees and Harrah's Entertainment directors who are admitted to participate therein on or after the Distribution Date.

(c) Effect of the Distribution on Awards Made Prior to the

Cut-off Date.

(i) Restricted Stock.

(A) Dividend: All Employees who hold Restricted

Stock as of the Distribution Record Date shall receive as part of the Distribution one unrestricted share of PHC Common Stock for every two shares of Promus Restricted Stock they hold. Fractional interests will be paid in cash. Shares of PHC Common Stock so received shall be unrestricted.

(B) Harrah's Entertainment Restricted Stock: As

soon as possible after the Distribution, Retained Employees who have been granted shares of Promus Restricted Stock as of the Cut-off Date shall retain such shares, which shall become Harrah's Entertainment Common Stock. Shares so retained shall be subject to the same terms and conditions as the shares of Promus Restricted Stock surrendered in exchange therefor.

(C) PHC Restricted Stock: As soon as possible

following the Distribution, Transferred Employees who have been granted shares of Promus Restricted Stock as of the Cut-off Date shall surrender such shares, and shall receive shares of PHC Restricted Stock in replacement thereof (the "Replacement Shares"). The number of Replacement Shares so received by a Transferred Employee shall be determined by multiplying the number of shares of Promus Restricted Stock held by such Employee by a fraction, the numerator of which is equal to the sum of the Pre-Distribution Stock Price minus one half of the PHC Post-Conversion Stock Price, and the denominator of which is the PHC Post-Conversion Stock Price. Fractional shares will not be awarded, rather, they will be rounded to the next highest share. The Replacement Shares shall be subject to the same terms and conditions as the shares of Promus Restricted Stock surrendered and replaced by such Replacement Shares.

(ii) Adjustment of Stock Options. As soon as possible

following the Distribution, each Employee who is a grantee of a nonqualified or incentive award of a Promus Stock Option shall receive for each such award a Conversion Award intended to maintain the Aggregate Spread of such Employee. Retained Employees shall receive Conversion Awards for options to purchase Harrah's Entertainment Common Stock, and Transferred Employees shall receive Conversion Awards for Options to purchase PHC Common Stock, pursuant to one of the following sets of formulas, as applicable:

(A) Harrah's Entertainment Stock Options:

(1) Number of Shares Subject to Options:

The number of shares of Harrah's Entertainment Common Stock subject to a Harrah's Entertainment Stock Option held by a Retained Employee shall be determined by multiplying the number of shares of Promus Common Stock subject to Promus Stock Options held by such Employee by a fraction, the numerator of which is the Pre-Distribution Stock Price, and the denominator of which is the Post-Distribution Harrah's Entertainment Stock Price. Fractional shares shall be rounded to the next highest whole share.

(2) Adjustment of Option Price: The

exercise price of a Conversion Award of a Harrah's Entertainment Stock Option held by a Retained Employee shall be determined by multiplying the exercise price of the Promus Stock Option from which it is being converted by a fraction, the numerator of which is the Harrah's Entertainment Post-Conversion Stock Price and the denominator of which is the Pre-Distribution Stock Price. The exercise price shall be rounded down to the next lowest whole cent.

(B) PHC Stock Options:

(1) Number of Shares Subject to Options:

The number of shares of PHC Common Stock subject to a PHC Stock Option held by a Transferred Employee shall be determined by multiplying the number of shares of Promus Common Stock subject to the Promus Stock Option held by such Employee by a fraction, the numerator of which is the Pre-Distribution Stock Price, and the denominator of which is the

Post-Distribution PHC Stock Price. Fractional shares shall be rounded to the next highest whole share.

(2) Adjustment of Option Price: The

exercise price of a Conversion Award of a PHC Stock Option held by a Transferred Employee shall be determined by multiplying the exercise price of the Promus Stock Option from which it is being converted by a fraction, the numerator of which is the PHC Post-Conversion Stock Price and the denominator of which is the Pre-Distribution Stock Price. The exercise price shall be rounded down to the next lowest whole cent.

Section 2.05 Promus Employee Stock Purchase Plan. The Promus

Employee Stock Purchase Plan shall continue in effect after the Distribution and shall be renamed the "Harrah's Entertainment Employee Stock Purchase Plan". Transferred Employees who were participants in the Promus Employee Stock Purchase Plan shall no longer be eligible to participate in such plan. Harrah's Entertainment shall provide Transferred Employees the opportunity to withdraw their investments from the Harrah's Entertainment Employee Stock Purchase Plan after the Distribution Date. PHC may, in its sole discretion and on terms it may determine, establish a similar Employee Stock Purchase Plan.

Section 2.06 Employee Bonus Plans.

(a) Calculation of Bonuses for Transferred Employees for

the Current Plan Year.

(i) Calculation of Bonuses for Transferred Employees

Not Employed in a Transferred Business. With respect to the Current Plan Year,

Harrah's Entertainment shall credit to each Transferred Employee (and to each Harrah's Employee who terminates employment with Harrah's Entertainment to immediately begin employment with PHC after the Distribution Date but not later than December 31, 1995) currently employed by a division or operating unit of Promus which is not a Transferred Business a prorated portion of the bonus to which such Employee would be entitled under the Promus Bonus Plan determined as if such Employee had remained employed by Harrah's Entertainment for the entire Current Plan Year. Such bonus shall be prorated based upon the length of such Employee's employment with Promus and/or Harrah's Entertainment, as the case may be, during the Current Plan Year, pursuant to procedures adopted in that certain memorandum of understanding dated March 9, 1995 by and between Promus and PHC. PHC shall calculate such Transferred Employee's bonus under the PHC Bonus Plan in accordance with the terms of the PHC Bonus Plan for the remainder of the Current Plan Year, prorated based upon the length of such Transferred Employee's employment with PHC for the Current Plan Year.

(ii) Calculation of Bonuses for Transferred Employees

Covered By Operating Unit Matrix. Bonuses of Transferred Employees who are

employed by a division or operating unit that is a Transferred Business shall be calculated for the entire Current Plan Year, without proration, under the PHC Bonus Plan pursuant to the operating

unit matrix established for such division or operating unit under the Promus Bonus Plan.

(b) Payment of Bonuses for Current Plan Year. PHC shall

pay to Transferred Employees the entire amount of the bonus as calculated by Harrah's Entertainment and PHC pursuant to Section 2.06(a). Harrah's Entertainment shall pay to PHC the portion of such bonus attributable to such Transferred Employee's employment with Promus and/or Harrah's Entertainment, as the case may be, during the Current Plan Year.

(c) Harrah's Entertainment Bonus Plan. Harrah's

Entertainment shall assume and retain the Promus Annual Bonus Plan, which shall be renamed the "Harrah's Entertainment Annual Management Bonus Plan" and shall continue to provide benefits thereunder to eligible Harrah's Employees. Bonuses of Retained Employees shall be calculated and paid pursuant to the terms of the Harrah's Entertainment Bonus Plan, as such may be amended from time to time, during the Current Plan Year and any subsequent Plan Year.

(d) No Right to Bonus Created. Bonuses may be awarded in

the absolute discretion of the Parties, subject to the terms of the applicable Employee Bonus Plan, and this section 2.06 shall not be construed as creating any right or entitlement in favor of any third party to receive any bonus under any Employee Bonus Plan.

Section 2.07 Harrah's Entertainment Medical/Dental Plans.

(a) Liability for Claims. Except as otherwise provided

herein, as of the Distribution Date, Harrah's Entertainment shall assume or retain and shall be responsible for, or cause its insurance carriers or HMOs to be responsible for, all liabilities and obligations related to claims assembled or incurred or premiums owed through the Cut-off Date in respect of any Retained Employee or any dependent or beneficiary hereof, Promus Terminatee or any dependent beneficiary hereof and, with respect to CORBA, the Promus qualified beneficiary or Harrah's Entertainment Qualified Beneficiary (whether such claims are asserted or incurred before, on or after the Cut-off Date) under any Promus Medical/Dental Plan and claims asserted or incurred or premiums due after the Cut-off Date in respect of any Retained Employee or any dependent or beneficiary hereof, Promus Terminatee or any dependent beneficiary hereof and, with respect to CORBA, the Promus qualified beneficiary or Harrah's Entertainment Qualified Beneficiary under any Harrah's Entertainment Medical/Dental Plan, and PHC shall have no liability or obligation with respect thereto.

(b) Continuation Coverage Administration. As of the

Distribution Date, Harrah's Entertainment shall assume or retain and shall be solely responsible for, or cause its insurance carriers or HMOs to be responsible for, providing and administering the continuation coverage required by COBRA as it relates to any Promus Qualified Beneficiary or Harrah's Entertainment Qualified Beneficiary, except as provided in Section 2.08(d), and PHC shall have no liability or obligation with respect thereto.

(c) Continuation Coverage Claims. As of the Distribution

Date, and except as provided in Sections 2.08(a) and (e), Harrah's Entertainment shall assume or retain and shall be responsible for, or cause its insurance carriers or HMOs to be responsible for, all liabilities and obligations in connection with claims asserted or incurred or premiums owed through the Cut-off Date under any Promus Medical/Dental Plan in respect of any Promus Qualified Beneficiary or and claims asserted or incurred or premiums owed after the

Cut-off Date under any Harrah's Entertainment Medical/Dental Plan in respect of any Promus Qualified Beneficiary or Harrah's Entertainment Qualified Beneficiary, and PHC shall have no liability or obligation with respect thereto. Through December 31, 1995, or through such other period to the extent required by COBRA, each Promus Qualified Beneficiary and each Harrah's Entertainment Qualified Beneficiary shall, to the extent applicable, for all purposes under any new Harrah's Entertainment Medical/Dental Plan (i) have coverage which is substantially comparable to that provided immediately prior to the Distribution Date, (ii) have no preexisting condition limitation imposed other than that which is or was already imposed under the applicable existing Plan, and (iii) be credited with or otherwise have taken into account, to the extent applicable, the expenses incurred towards deductibles, out-of-pocket limits, maximum benefit payments, and any benefit usage towards plan limits credited to such individual as of the Cut-off Date under the terms of the applicable existing Plan as if such expenses and usage had originally been credited to such individual under a Harrah's Entertainment Medical/Dental Plan.

(d) Liability for Medical Retirees. As of the Distribution

Date, Harrah's Entertainment shall assume or retain, as the case may be, and shall be solely responsible for, or cause its insurance carriers or HMOs to be responsible for, all liabilities and obligations whatsoever in connection with claims asserted or incurred or premiums owed through or after the Cut-off Date under the retiree coverage provisions of any Promus Medical/Dental Plan (or successor thereto) or any Harrah's Entertainment Medical/Dental Plan in respect of any Medical Retiree, and PHC shall have no liability or obligation with respect thereto.

Section 2.08 PHC Medical/Dental Plans

(a) Establishment of New PHC Medical/Dental Plans. As soon

as practicable after the date hereof and effective as of the Distribution Date, PHC shall take, or cause to be taken, all action necessary and appropriate to establish and administer (or continue to administer) the PHC Medical/Dental Plans and to provide benefits thereunder for all Transferred Employees (and any dependents or beneficiaries thereof) and PHC Qualified Beneficiaries (with respect to continuation coverage under COBRA only) who, immediately prior to the Distribution Date, were participants in or otherwise entitled to benefits under the Promus Medical/Dental Plans. Each such individual shall, to the extent applicable, for all purposes under the new PHC Medical/Dental Plans (i) have coverage which is substantially comparable to that provided immediately prior to the Distribution Date, (ii) have no preexisting condition limitation imposed other than that which is or was already imposed under the applicable existing Plan, and (iii) be credited with or otherwise have taken into account, to the extent applicable, Service Credits, any expenses incurred towards deductibles, out-of-pocket limits, maximum benefit payments, and any benefit usage towards plan limits credited to such individual as of the Cut-off Date under the terms of the applicable existing Plan as if such service had been rendered to PHC and as if such expenses and usage had originally been credited to such individual under the new PHC Medical/Dental Plans.

(b) Harrah's Entertainment to Provide Information. As soon

as practicable after the Distribution Date, Harrah's Entertainment shall provide PHC (with the

cooperation of PHC to the extent that relevant information is in the possession of PHC, and in accordance with Section 5.02), with a list of individuals (and dependents thereof) employed by PHC who were, to the best knowledge of Harrah's Entertainment, participants in or otherwise entitled to benefits under the Promus Medical/Dental Plans immediately prior to the Distribution Date, together with a listing of each such individual's Service Credit under such Plans and a listing of each such individual's expenses incurred towards deductibles, out-of-pocket limits, maximum benefit payments, and any benefit usage towards plan limits thereunder. Harrah's Entertainment shall, as soon as practicable after the Distribution Date, in accordance with Section 5.02 provide PHC with such additional information in the possession of Harrah's Entertainment (and not already in the possession of PHC) as may be reasonably requested by PHC and necessary for PHC to establish and administer effectively any new PHC Medical/Dental Plan.

(c) Liability for Claims. As of the Distribution Date, PHC

shall assume and shall be responsible for, or cause its insurance carriers or HMOs to be responsible for, all liabilities and obligations in connection with claims asserted or incurred or premiums due on and after the Cut-off Date in respect of any Transferred Employee (or any dependent or beneficiary thereof) and, with respect to COBRA any PHC Qualified Beneficiary (whether such claims are asserted or incurred before, on or after the Cut-off Date) under any Promus Medical/Dental Plan and Harrah's Entertainment shall have no liability or obligation with respect thereto.

(d) Continuation Coverage Administration. As of the

Distribution Date, PHC shall assume or retain, as the case may be, and shall be solely responsible for, or cause its insurance carriers or HMOs to be responsible for, providing and administering the continuation coverage mandated by COBRA as it relates to any PHC Qualified Beneficiary, and Harrah's Entertainment shall have no liability or obligation with respect thereto.

(e) Continuation Coverage Claims. As of the Distribution

Date, PHC shall be solely responsible for, or cause its insurance carriers or HMOs to be responsible for, all liabilities and obligations whatsoever in connection with claims asserted or incurred or premiums due through and after the Cut-off Date under any Promus Medical/Dental Plan (or successor thereto) in respect of any PHC Qualified Beneficiary, and Harrah's Entertainment shall have no liability or obligation with respect thereto. Through December 31, 1995, or through such other period to the extent required by COBRA, each PHC Qualified Beneficiary, shall, to the extent applicable, for all purposes under the Plans established by PHC (i) have coverage which is substantially comparable to that provided to him or her immediately prior to the Distribution Date, (ii) have no preexisting condition limitation imposed other than that which is or was already imposed under the applicable existing Plan, and (iii) be credited with or otherwise have taken into account, to the extent applicable, the expenses incurred towards deductibles, out-of-pocket limits,

maximum benefit payments, and any benefit usage towards plan limits credited to such individual as of the Cut-off Date under the terms of the applicable existing Plan as if such expenses and usage had originally been credited to such individual under a PHC Medical/Dental Plan.

Section 2.09 Vacation and Sick Pay Liabilities.

(a) Division of Liabilities. Effective on the Distribution

Date, PHC shall assume, as to the Transferred Employees, and Harrah's Entertainment shall retain, as to the Retained Employees, all accrued liabilities (whether vested or unvested, and whether funded or unfunded) for vacation and sick leave in respect of such employees as of the Cut-off Date. PHC shall be solely responsible for the payment of such vacation or sick leave to PHC Employees after the Cut-off Date, and Harrah's Entertainment shall be solely responsible for the payment of such vacation or sick leave to Retained Employees after the Cut-off Date. Each Party shall provide to its own Employees on the Distribution Date the same vested and unvested balances of vacation and sick leave as credited to such Employee on the Promus payroll system on the Cut-off Date.

(b) Funded Reserves. Assets attributable to funded

reserves for the vacation leave liabilities being divided in accordance with Section 2.09(a) (whether held in a trust, a voluntary employees beneficiary association, or any other funding vehicle) shall be divided in accordance with the division of liabilities described above, i.e., assets attributable to obligations to Transferred Employees shall be transferred to PHC, and all remaining assets shall be retained by or within the control of Harrah's Entertainment; provided however, that assets of any Promus trust which is exempt from tax under Section 501(c)(9) of the Code established to provide vacation leave benefits to Employees of Promus shall be transferred only into another tax-exempt trust with comparable terms established to provide vacation leave benefits to PHC Employees.

(c) Post-Distribution Transfers. Through December 31,

1995, an Employee who leaves the service of one Party to immediately begin employment with the other Party (i.e., leaving Harrah's Entertainment employment to work for PHC, or leaving PHC employment to work for Harrah's Entertainment) shall be provided by the successor employer with the same balance of vested and unvested vacation and sick leave hours as had been accrued by the former Employer through such termination date. The former Employer shall promptly notify the successor Employer in writing of the occurrence of any termination subject to the provisions of this Section 2.09(c), and shall make a payment to such successor Employer within thirty (30) days of the aforesaid termination date in an amount equal to the value of the terminating Employee's vested balance of vacation leave accrued by the former Employer through such termination date, based on the Employee's final rate of pay with the former Employer. No payment shall be made by the former Employer to the successor Employer for any sick leave or unvested vacation leave balance relating to any post-Distribution transfer.

Section 2.10 Adjustments for Welfare Plans. Except as otherwise

expressly provided herein. Harrah's Entertainment shall retain all liabilities accrued through the Cut-off Date under all Welfare Plans of Promus to the extent relating to Retained Individuals, Promus Qualified Beneficiaries, Promus Terminees and Medical Retirees, and PHC shall be responsible for all liabilities accrued under such Welfare Plans, to the extent relating to PHC Individuals or PHC Qualified Beneficiaries as of the Cut-off Date.

Section 2.11 Preservation of Right To Amend or Terminate Plans.

Except as otherwise expressly provided in this Article II, no provisions of this Agreement, including, without limitation, the agreement of Harrah's Entertainment or PHC to make a contribution or payment to or under any Plan herein referred to for any period, shall be construed as a limitation on the right of Harrah's Entertainment or PHC to amend such Plan or terminate its participation therein which Harrah's Entertainment or PHC would otherwise have under the terms of such Plan or otherwise, and no provision of this Agreement shall be construed to create a right in any employee or former employee, or dependent or beneficiary of such employee or former employee under a Plan which such person would not otherwise have under the terms of the Plan itself; provided, however, that neither Party shall amend

any Plan to the extent that such amendment would have the effect of increasing the liabilities of the other Party under any Plan of the other Party, without such other Party's consent.

Section 2.12 Reimbursement. Promus and PHC acknowledge that

Harrah's Entertainment, on the one hand, and PHC, on the other hand, may incur costs and expenses, including, but not limited to, contributions to Plans and the payment of insurance premiums arising from or related to any of the Plans which are, as set forth in this Agreement, the responsibility of the other Party hereto. Accordingly, Harrah's Entertainment and PHC shall reimburse each other, as soon as practicable, but in any event within thirty (30) days of receipt from the other Party of appropriate verification, for all such costs and expenses.

Section 2.13 Payroll Reporting and Withholding.

(a) Form W-2 Reporting. PHC and Harrah's Entertainment

hereby adopt the "alternative procedure" for preparing and filing IRS Forms W-2 (Wage and Tax Statements), as described in Section 5 of Revenue Procedure 84-77, 1984-2 IRS Cumulative Bulletin 753 ("Rev. Proc. 84-77"). Under this procedure PHC as the successor employer shall provide all required Forms W-2 to all Transferred Employees reflecting all wages paid and taxes withheld by both Promus as the predecessor and PHC as the successor employer for the entire year during which the Distribution takes place. Harrah's Entertainment shall provide all required Forms W-2 to all Retained Employees reflecting all wages and taxes paid and withheld by Promus before the Distribution Date and by Harrah's Entertainment on and after the Distribution Date.

In connection with the aforesaid agreement under Rev. Proc. 84-77, each business unit or business operation of Promus shall be assigned to either Harrah's Entertainment or PHC, depending upon whether it is a Retained Business or a Transferred Business, and each Retained Employee or Transferred Employee associated with such business unit or business operation shall be assigned for payroll reporting purposes to

Harrah's Entertainment or PHC, as the case may be. Harrah's Entertainment and PHC shall be responsible for filing IRS Forms 941 for their respective Employees.

(b) Forms W-4 and W-5. PHC and Harrah's Entertainment

agree to adopt the alternative procedure of Rev. Proc. 84-77 for purposes of filing IRS Forms W-4 (Employee's Withholding Allowance Certificate) and W-5 (Earned Income Credit Advance Payment Certificate). Under this procedure Harrah's Entertainment shall provide to PHC as the successor employer all IRS Forms W-4 and W-5 on file with respect to each Transferred Employee, and PHC will honor these forms until such time, if any, that such Transferred Employee submits a revised form.

(c) Garnishments, Tax Levies, Child Support Orders, and

Wage Assignments. With respect to Employees with garnishments, tax levies,

child support orders, and wage assignments in effect with Promus on the Cut-off Date, PHC as the successor employer with respect to each Transferred Employee shall honor such payroll deduction authorizations and will continue to make payroll deductions and payments to the authorized payee, as specified by the court or governmental order which was filed with Promus.

(d) Authorizations for Payroll Deductions. Unless

otherwise prohibited by this or another agreement entered into in connection with the Distribution, or by a Plan document, with respect to Transferred Employees with authorizations for payroll deductions in effect with Promus on the Cut-off Date, PHC as the successor employer will honor such payroll deduction authorizations relating to each Transferred Employee, and shall not require that such Transferred Employee submit a new authorization to the extent that the type of deduction by PHC does not differ from that made by Promus. Such deduction types include, without limitation, contributions to any Plan, U.S. Savings Bonds, and United Giver's Fund; scheduled loan repayments to the Profit Sharing Plan or to an employee credit union; and Direct Deposit of Payroll, bonus advances, union dues, employee relocation loans, and other types of authorized company receivables usually collectible through payroll deductions.

(e) Withholding Taxes on Account of The Distribution to

Promus Restricted Stockholders Who Are Transferred Employees. PHC shall

cooperate with Harrah's Entertainment in the collection of withholding tax liability of Transferred Employees who received the Distribution on account of Promus Restricted Stock held by such Transferred Employee on the Distribution Date. PHC shall collect such amounts, by payroll deduction or otherwise, commencing on October 2, 1995, from those Transferred Employees who have not as of that date satisfied the full amount of their liability for such withholding taxes to Harrah's Entertainment. Such payroll deductions shall be made ratably over 6 to 10 pay periods as determined by Harrah's Entertainment. Any amount collected on account of such liability shall be remitted to Harrah's Entertainment as soon as practicable after collection.

ARTICLE III

LABOR AND EMPLOYMENT MATTERS

Notwithstanding any other provision of this Agreement or any other Agreement between PHC and Harrah's Entertainment to the contrary, PHC and Harrah's Entertainment understand and agree that:

Section 3.01 Separate Employers. On and after the Distribution

Date and the separation of Employees into their respective companies, PHC and Harrah's Entertainment will be separate and independent employers.

Section 3.02 Employment Policies and Practices. Subject to the

provisions of ERISA and Sections 2.01(b) on Service Credits and 2.02(g), 2.03(c) and 2.09(c) governing post-Distribution transfers through December 31, 1995, and except as limited by applicable law or agreement, PHC and Harrah's Entertainment may adopt, continue, modify or terminate such employment policies, compensation practices, retirement plans, welfare benefit plans, and other employee benefit plans of any kind or description, as each may determine, in its sole discretion, are necessary or appropriate.

Section 3.03 Collective Bargaining Agreements. With regard to

Employees covered by a Collective Bargaining Agreement on the Cut-off Date who become PHC Employees or Retained Employees, PHC and Harrah's Entertainment promise and covenant to each other not to take any action which disrupts or otherwise negatively impacts the labor relations of the other. PHC and Harrah's Entertainment will diligently work to substitute the appropriate employer for Promus in Collective Bargaining Agreements.

Section 3.04 Special Matters.

(a) Administrative Services In Connection With

The PHC Savings And Retirement Plan. It is agreed that Promus will provide

administrative services to the PHC Savings and Retirement Plan from the Distribution Date through December 31, 1995 at a reasonable fee to be agreed upon by Promus and the Trustees of the PHC Savings

and Retirement Plan, which fee shall comply with ERISA and other applicable law. Such services will be substantially similar to the services provided by Promus employees to the Promus Savings and Retirement Plan. These administrative services may be extended beyond December 31, 1995, if agreed to by Promus and the Trustees of the PHC Savings and Retirement Plan.

(b) Allocation of Group Insurance Reserves. The

Parties hereby agree to divide and allocate any surplus balances and any reserves relating to any group insurance Plan maintained by Promus prior to the Distribution, in accordance with a formula and procedures to be adopted by the Parties prior to the Distribution Date.

Section 3.05 Funding of Union Plans. Without limitation to the

scope and application of Section 3.04, any claims by or on behalf of employees or their collective bargaining agent or any federal, state or local governmental agency for alleged underfunding of, or failure to make payments to, union or collectively bargained health, welfare and pension plans and funds based on acts or omissions with respect to such plans and funds occurring on or before the Distribution Date or arising from or in connection with the Distribution, or resulting from actuarial recalculation by auditors of such plans and funds, will be the sole responsibility of each Party as to its own employees (i.e., PHC with respect to Transferred Employees, and Harrah's Entertainment with respect to Retained Employees), and the responsible Party will indemnify, defend, and hold harmless the other from any such claims.

Section 3.06 Notice of Claims. Without limitation to the scope

and application to each Party in the performance of its duties under Sections 3.04 and 3.05 herein, each Party will notify in writing and consult with the other Party prior to making any settlement of an employee claim, for the purpose of avoiding any prejudice to such other Party arising from the settlement.

Section 3.07 Assumption of Unemployment Tax Rates. Changes in

state unemployment tax experience from that of Promus as of the Cut-off Date shall be handled as follows. In the event an option exists to allocate state unemployment tax experience of Promus, the Promus experience shall be transferred to PHC if this results in the lowest aggregate unemployment tax costs for both Harrah's Entertainment and PHC combined, and the Promus experience shall be retained by Harrah's Entertainment if this results in the lowest aggregate unemployment tax costs for Harrah's Entertainment and PHC combined.

Section 3.09 Employees on Leave of Absence. After the

Distribution Date, PHC shall assume responsibility, if any, as employer for all Employees returning from an

approved leave of absence who prior to the Distribution Date were employed in a Transferred Business. After the Distribution Date, Harrah's Entertainment shall assume responsibility, if any, as employer for all Employees returning from an approved leave of absence who prior to the Distribution Date were not employed in a Transferred Business.

Section 3.10 No Third Party Beneficiary Rights.

(a) Neither this Agreement nor any other intercompany agreement between PHC and Harrah's Entertainment is intended to nor does it create any third party contractual or other common law rights. No person shall be deemed a third-party beneficiary of the agreements between PHC and Harrah's Entertainment.

(b) Nothing contained in this Agreement shall confer upon any Employee any right with respect to continuance of employment by either Party, nor shall anything herein interfere with the right of either party to terminate the employment of any Employee at any time, with or without cause, or restrict a Party in the exercise of its independent business judgment in modifying any of the terms and conditions of the employment of an Employee, except as provided by applicable law.

(c) No provision of this Agreement shall create any third party beneficiary rights in any Employee, any beneficiary or dependent thereof, or any collective bargaining representative thereof, with respect to the compensation, terms and conditions of employment and benefits that may be provided to any Employee by either Party or under any benefit plan which a Party may maintain.

Section 3.11 Attorney-Client Privilege. The provisions herein

requiring either Party to this Agreement to cooperate shall not be deemed to be a waiver of the attorney/ client privilege for either Party nor shall it require either Party to waive its attorney/client privilege.

ARTICLE IV

DEFAULT

Section 4.01 Default. If either Party materially defaults

hereunder, the non-defaulting Party shall be entitled to all remedies provided by law or equity (including reasonable attorneys' fees and costs of suit incurred).

Section 4.02 Force Majeure. PHC and Harrah's Entertainment

shall incur no liability to each other due to a default under the terms and conditions of this Agreement resulting from fire, flood, war, strike, lock-out, work stoppage or slow-down, labor disturbances, power failure, major equipment breakdowns, construction delays, accident, riots, acts of God, acts of United States' enemies, laws, orders or at the insistence or result of any governmental authority or any other delay beyond each other's reasonable control.

ARTICLE V
MISCELLANEOUS

Section 5.01 Relationship of Parties. Nothing in this

Agreement shall be deemed or construed by the Parties or any third party as creating the relationship of principal and agent, partnership or joint venture between the Parties, it being understood and agreed that no provision contained herein, and no act of the Parties, shall be deemed to create any relationship between the Parties other than the relationship set forth herein.

Section 5.02 Access to Information; Cooperation. Harrah's

Entertainment and PHC and their authorized agents shall be given reasonable access to and may take copies of all information relating to the subjects of this Agreement (to the extent permitted by federal and state confidentiality laws) in the custody of the other Party, including any agent, contractor, subcontractor, agent or any other person or entity under the contract of such Party. The Parties shall provide one another with such information within the scope of this Agreement as is reasonably necessary to administer each Party's Plans. The Parties shall cooperate with each other to minimize the disruption caused by any such access and providing of information.

Section 5.03 Assignment. Neither Party shall, without the

prior written consent of the other, have the right to assign any rights or delegate any obligations under this Agreement.

Section 5.04 Headings. The headings used in this Agreement are

inserted only for the purpose of convenience and reference, and in no way define or limit the scope or intent of any provision or part hereof.

Section 5.05 Severability of Provisions. Neither Harrah's

Entertainment nor PHC intend to violate statutory or common law by executing this Agreement. If any section, sentence, paragraph, clause or combination of provisions in this Agreement is in violation of any law, such sections, sentences, paragraphs, clauses or combinations shall be inoperative and the remainder of this Agreement shall remain in full force and effect and shall be binding upon the Parties.

Section 5.06 Parties Bound. This Agreement shall inure to the

benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns. Nothing herein, expressed or implied, shall be construed to give any other person any legal or equitable rights hereunder.

Section 5.07 Notices. All notices, consents, approvals and

other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given when delivered personally or by overnight courier or three days after being mailed by registered or certified mail (postage prepaid, return receipt requested) to the named representatives of the Parties at the following addresses (or at such other address for a

Party as shall be specified by like notice, except that notices of changes of address shall be effective upon receipt):

(a) if to Harrah's Entertainment:

Harrah's Entertainment, Inc.
1023 Cherry Road
Memphis, Tennessee 38117
Attention: General Counsel

(b) if to PHC:

Promus Hotel Corporation
6800 Poplar Avenue, Suite 200
Memphis, Tennessee 38138
Attention: General Counsel

PHC and Harrah's Entertainment agree that, upon the request of either Party, the requested Party will give copies of all of its notices, consents, approvals and other communications hereunder to any lender to the requesting Party or other person specified by such requesting Party.

Section 5.08 Further Action. PHC and Harrah's Entertainment

each shall cooperate in good faith and take such steps and execute such papers as may be reasonably requested by the other Party to implement the terms and provisions of this Agreement.

Section 5.09 Waiver. PHC and Harrah's Entertainment each agree

that the waiver of any default under any term or condition of this Agreement shall not constitute a waiver of any subsequent default or nullify the effectiveness of that term or condition.

Section 5.10 Governing Law. All controversies and disputes

arising out of or under this Agreement shall be determined pursuant to the laws of the State of Tennessee, regardless of the laws that might be applied under applicable principles of conflicts of laws.

Section 5.11 Consent to Jurisdiction. The Parties irrevocably

submit to the exclusive jurisdiction of (a) the Courts of the State of Tennessee, Shelby County, or (b) any federal district court where there is federal jurisdiction for the purpose of any suit, action or other Court proceeding arising out of this Agreement.

Section 5.12 Entire Agreement. This Agreement and the

Distribution Agreement constitute the entire understanding between the Parties hereto, and supersede all

prior written or oral communications, relating to the subject matter covered by said agreements. To the extent that the terms of this Agreement and similar terms of the Distribution Agreement are in conflict, the interpretation given to the conflicting terms of the Distribution Agreement shall govern the interpretation and performance of this Agreement. No amendment, modification, extension or failure to enforce any condition of this Agreement by either Party shall be deemed a waiver of any of its rights herein. This Agreement shall not be amended except by a writing executed by the Parties.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

THE PROMUS COMPANIES INCORPORATED, a
Delaware corporation

By: _____
Name:
Title:

PROMUS HOTEL CORPORATION, a
Delaware corporation

By: _____
Name:
Title:

RISK MANAGEMENT ALLOCATION AGREEMENT

AGREEMENT between The Promus Companies Incorporated, a Delaware corporation ("Promus"), to be known as Harrah's Entertainment, Inc. after the Distribution (as hereinafter defined), and Promus Hotel Corporation, a Delaware corporation and an indirect wholly-owned subsidiary of Promus ("PRH").

RECITALS

WHEREAS, subject to certain conditions, Promus intends to spin off its hotel business by distributing all of the outstanding shares of common stock of PRH to the holders of Promus common stock (the "Distribution");

WHEREAS, in connection with the Distribution, Promus and PRH have entered into a Distribution Agreement (the "Distribution Agreement") setting forth the principal corporate transactions required to effect the Distribution and setting forth the agreements that will govern certain matters following the Distribution; and

WHEREAS, pursuant to the aforesaid Distribution Agreement, Promus and PRH have agreed to enter into an agreement allocating responsibilities with respect to risk management matters pursuant to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01. General. As used in this Agreement, the following terms

shall have the following meanings:

Claim: Any demand for payment with respect to an injury, loss,

liability, damage or expense arising out of insured or insurable occurrences or events under one or more of the Policies, the Excess Policies or Self Insurance Programs, including any IBNR Losses for which a demand for payment is subsequently made.

Claims Administration: The processing of Claims including the

reporting of Claims to the insurance carrier, management and defense of Claims and providing for appropriate releases upon settlement of Claims.

Distribution Date: The date determined by the Promus Board as the

date on which the Distribution shall be effected.

Excess Policies: The insurance policies described in Section 3.03 of

this Agreement.

IBNR Losses: "Incurred but not reported" losses for which reserves

are routinely established.

Insurance Administration: With respect to each Policy (including Self

Insurance Programs) and Excess Policy, the accounting for premiums,
retrospectively rated premiums, defense costs, adjuster's fees, indemnity
payments, deductibles and retentions as appropriate under the terms and
conditions of each of the Policies; and the reporting to excess insurance
carriers of any losses or claims in accordance with Policy provisions, and
the distribution of Insurance Proceeds as contemplated by this Agreement.

Insurance Proceeds: Those moneys (i) received by an insured from an

insurance carrier or (ii) paid by an insurance carrier on behalf of the
insured, in either case net of any applicable premium adjustment,
retrospectively-rated premium, deductible, retention, cost or reserve paid
or held by or for the benefit of such insured.

Policies: Insurance policies and insurance contracts of any kind

relating to the PRH Business or the Retained Business as conducted prior to
the Distribution Date, including without limitation primary and excess
policies, comprehensive general liability policies, automobile, aircraft
and workers' compensation insurance policies, state workers' compensation
funds in Ohio and Washington, and self-insurance and captive insurance
company arrangements, including any "fronted policies" with respect to
Self Insurance Programs, together with the rights, benefits and privileges
thereunder.

Post-Distribution Claims: Claims asserted against the PRH Group or

the Promus Group with respect to any injury, loss, liability, damage or
expense incurred after the Distribution Date.

PRH Claims: Claims arising in or in connection with the PRH Business.

PRH Policies: All Policies, current or past, which are owned by or on

behalf of Promus or any of its Affiliates or predecessors, which relate to
the PRH Business but do not relate to the Casino Business, and which
Policies are either maintained by PRH or assignable to PRH.

PRH Reserve: The reserve described in Section 3.01 of this Agreement.

Promus Claims: Claims arising in or in connection with the Retained

Business.

Self Insurance Programs: Those self-insured programs administered by

Promus for the benefit of its employees, properties and operating
businesses covering Claims arising prior to the Distribution Date,
including without limitation prospective funding of (a) workers'
compensation claims with the approval of state self-insurance departments,
(b) claims within the deductible of an insurance policy (including
property, workers' compensation, general liability, automobile liability
policies), and (c) reinsurance of an insurance company insuring Promus for
property, workers' compensation, general liability, or automobile liability.

Shared Policies: All Policies, current or past, which are owned or

maintained by or on behalf of Promus or any of its Subsidiaries or their
respective predecessors which relate to both the Casino Business and the
PRH Business, and all other Policies not constituting PRH Policies or
Retained Policies.

Section 1.02. Other Terms. Any capitalized terms used herein but not

defined herein shall have the meaning set forth in the Distribution Agreement.

ARTICLE II
THE DISTRIBUTION

Section 2.01. Effective Date. This Agreement shall be effective on

the Distribution Date, and shall expire five (5) years thereafter, unless
sooner terminated as provided herein.

Section 2.02. Post-Distribution Claims. Effective as of 12:01 a.m.

on the day following the Distribution Date, Promus and PRH will have separate
risk management programs for the negotiation and execution of insurance
contracts, risk identification and treatment, risk control, claims
management, and risk retention and financing. With the exception of Claims
under the Excess Policies, which will be handled as described in Section 3.03
of this Agreement, Promus shall be solely responsible for the administration
and payment of Post-Distribution Claims relating to the Retained Business, and
PRH shall be solely responsible for the administration and payment of Post-
Distribution Claims relating to the PRH Business.

Section 2.03. Pre-Distribution Claims. The PRH Liabilities as

defined in the Distribution Agreement shall include any and all PRH Claims
asserted against the PRH Group or the Promus Group and which were incurred
or claimed to have been incurred on or prior to the Distribution Date. The
Retained Liabilities as defined in the Distribution Agreement shall include
any and all Promus Claims asserted against the PRH Group or the Promus
Group and which were incurred or claimed to have been incurred on or prior to
the Distribution Date.

ARTICLE III
INSURANCE POLICIES AND RESERVES

Section 3.01. Reserves.

(a) PRH shall be entitled to reserves recorded by Promus or its
captive insurance company, Aster Insurance Ltd., with respect to the PRH
Claims (the "PRH Reserve") in accordance with the terms and conditions of
this Agreement. The amount of the PRH Reserve shall be determined by
allocating a portion of Promus's reserve for insured losses (including

losses insured under Self Insurance Programs) in the following manner: As soon as is reasonably practicable after the Distribution Date, PRH Claims which were incurred or claimed to be incurred prior to the Distribution Date (including an estimate of PRH Claims incurred but not reported) shall be valued by Becher + Carlson, Promus's actuary, as of the Distribution Date. The parties will instruct Becher + Carlson to value the PRH Claims using the same or similar methods used in previous valuations of the Claims and without regard to the value of the Promus Claims. PRH Claims shall be paid from the PRH Reserve in the manner provided in this Agreement. Promus's liability for PRH Claims shall be limited to the amount of the PRH Reserve.

(b) Promus shall be entitled to any reserves established by Promus or any of its Subsidiaries with respect to the Retained Liabilities, or the benefit of reserves held by any insurance carrier with respect to the PRH Liabilities or the Retained Liabilities, subject to the rights of PRH to the PRH Reserve as provided herein.

Section 3.02. Insurance Policies and Rights Included Within the PRH Assets. The PRH Assets as defined in the Distribution Agreement shall include (a) any and all rights of an insured party under each of the Shared Policies, specifically including rights of indemnity and the right to be defended by or at the expense of the insurer, with respect to all injuries, losses, liabilities, damages and expenses incurred or claimed to have been incurred on or prior to the Distribution Date by any party in or in connection with the conduct of the PRH Business or, to the extent any claim is made against PRH or any of its Subsidiaries, the Retained Business, and which injuries, losses, liabilities, damages and expenses may arise out of insured or insurable occurrences or events under one or more of the Shared Policies; provided, however, that nothing in this clause shall be deemed to constitute (or to reflect) the assignment of the Shared Policies, or any of them, to PRH and provided, further, that the foregoing shall not limit the generality of the definition of the PRH Assets set forth in Section 1.01 of the Distribution Agreement or the effect of Section 2.02 thereof; and (b) the PRH Policies.

Section 3.03. Excess Liability Policies.

(a) After the Distribution, Promus shall provide continued coverage for PRH Claims under the following excess liability insurance policies (the "Excess Policies") until the expiration of the Excess Policies on June 1, 1997, or such later date as may be agreed by the parties:

- The X. L. Insurance Company Ltd. policy number UMB01565, with a limit of liability of \$50 million per occurrence, \$100 million annual aggregate, and attaching at \$100 million.
- The ACE Limited policy number PRMU750/4, with a limit of liability of \$150 million and attaching at \$150 million.

Forty-seven percent (47%) of the additional premiums, if any, for such coverage shall be reimbursed by PRH within 10 business days of the Distribution Date or any policy renewal date.

(b) In the event either party hereto makes a Claim which results in a reduction of the policy limits of one or both of the Excess Policies, the party making such Claim shall be required to reinstate the original policy limit of any affected Excess Policy at its sole cost, unless otherwise agreed by the other party. Each party agrees to be reasonable if requested to waive the foregoing requirement, taking into account the remaining term of the affected Excess Policy, the cost of reinstatement and the availability of alternative insurance coverage.

Section 3.04. Treatment of Claims Against PRH Reserve.

(a) If any person, corporation, firm or entity shall assert a claim against PRH or any PRH Subsidiary with respect to any injury, loss, liability, damage or expense incurred or claimed to have been incurred on or prior to the Distribution Date in or in connection with the conduct of the PRH Business or, to the extent any claim is made against PRH or any of its Subsidiaries, the Retained Business, and which injury, loss, liability, damage or expense may arise out of insured or insurable occurrences or events under a Self

Insurance Program or otherwise be chargeable to the PRH Reserve, PRH shall be entitled to payment of such Claim and related expenses from the PRH Reserve in the manner described in this Section 3.04. Promus shall make available an imprest bank account for use by PRH or its agent (including, without limitation, its third party administrator) in paying PRH Claims. PRH or its agent shall submit documentation to Promus on a monthly basis detailing payments made from the imprest bank account during the preceding month for PRH Claims and requesting replenishment of the account in like amount. The requests for replenishment shall be accompanied by reasonable supporting documentation. Promus shall replenish the imprest bank account in accordance with procedures and requirements contained in existing contractual arrangements among Promus, Promus's third party administrator (which is also PRH's third party administrator) and Old Republic Insurance Company, or in such other manner as the parties may from time to time agree. The amount of the PRH Reserve shall be reduced by the amount of any payment made by Promus of the PRH Claims, whether by funding the imprest bank account or otherwise. The obligation of Promus to fund the imprest bank account or to otherwise pay PRH Claims at any time shall be limited to the balance remaining in the PRH Reserve after reductions to such reserve as provided herein.

(b) Upon the expiration or earlier termination of this Agreement, Promus will pay to PRH the cash equivalent of the balance, if any, then remaining in the PRH Reserve.

Section 3.05. Treatment of Claims Under the Shared Policies and the Excess Policies. -----

If any person, corporation, firm or entity shall assert a claim against PRH or any PRH Subsidiary with respect to any injury, loss, liability, damage or expense incurred or claimed to have been incurred on or prior to the Distribution Date in or in connection with the conduct of the PRH Business or, to the extent any claim is made against PRH or any of its Subsidiaries, the Retained Business, and which injury, loss, liability, damage or expense may arise out of insured or insurable occurrences or events under one or more of the Shared Policies or the Excess Policies, Promus shall at the time such claim is asserted be deemed to assign, without need of further documentation, to PRH any and all rights of an insured party under the applicable Shared Policy or Excess Policy with respect to such asserted claim, specifically including rights of indemnity and the right to be defended by or at the expense of the insurer; provided, however, that -----

nothing in this sentence shall be deemed to constitute (or to reflect) the assignment of the Shared Policies or the Excess Policies, or any of them, to PRH.

ARTICLE IV
ADMINISTRATION

Section 4.01. Administration. Notwithstanding the provisions of -----
Article III of the Distribution Agreement, but subject to any contrary
provisions of this Agreement, from and after the Distribution Date: (a)
Promus shall be responsible for (i) the Insurance Administration of the
Shared Policies and the Excess Policies and (ii) Claims Administration with
respect to the Promus Claims; provided, that the administration of the -----
Shared Policies and the Excess Policies by Promus is in no way intended to
limit, inhibit, or preclude any right to insurance coverage for any Claim
of a named insured under the Shared Policies and the Excess Policies,
including but not limited to PRH and any of its operations, subsidiaries
and Affiliates; and (b) PRH shall be responsible for (i) the Insurance
Administration of the PRH Policies, and (ii) Claims Administration with
respect to the PRH Claims.

Section 4.02 Insurance Premiums. Except as otherwise provided

in this Agreement, (a) PRH shall pay that portion of the premiums
(retrospectively-rated or otherwise) with respect to Shared Policies
and the Excess Policies as are attributable to the PRH Liabilities, and
(b) Promus shall pay that portion of the premiums (retrospectively-rated
or otherwise) with respect to Shared Policies and the Excess Policies as
are attributable to the PRH Liabilities. Each party shall have the right
but not the obligation to pay the entire premium required under the terms
and conditions of any of the respective Policies to the extent the other
party does not pay its proportionate share thereof and to be reimbursed by
the non-paying party for the portion of the premium attributable to the
Liabilities of such party.

Section 4.03 Allocation of Insurance Proceeds. Insurance Proceeds

received with respect to claims, costs and expenses under the Policies
shall be paid to PRH with respect to the PRH Liabilities and to Promus with
respect to the Retained Liabilities. Payment of the allocable portions of
indemnity costs of Insurance Proceeds resulting from the liability policies
will be made to the appropriate party upon receipt from the insurance
carrier. In the event that the aggregate limits on any Shared Policies or
Excess Policies are exceeded, the parties agree to provide an equitable
allocation of Insurance Proceeds received after the Distribution Date based
upon their respective bona fide claims. The parties agree to use their
best efforts to cooperate with respect to insurance matters.

Section 4.04. Agreement for Waiver of Conflict and Shared Defense.

In the event that Claims of both PRH and Promus exist relating to the same
occurrence, PRH and Promus agree to jointly defend and to waive any
conflict of interest necessary to the conduct of that joint defense.
Nothing in this paragraph shall be construed to limit or otherwise alter in
any way the indemnity obligations of the parties to this Agreement,
including those created by this Agreement, the Distribution Agreement, by
operation of law or otherwise.

Section 4.05. Surety Bonds and Letters of Credit. Promus or its

Subsidiaries have posted surety bonds to secure obligations for self-
insured workers' compensation losses as required by various state insurance
departments (the "Surety Bonds") and the letters of credit to insurance
companies that front Promus's workers' compensation, general and automobile
liability insurance ("LOCs"). PRH shall replace all Surety Bonds and LOC's
relating to the PRH Business within three (3) months after the Distribution
Date. Promus shall keep any such Surety Bonds and LOCs in place after the
Distribution to secure obligations relating to periods preceding the
Distribution Date until their replacement by PRH or until three (3) months
after the Distribution Date, whichever first occurs, provided, that PRH

shall be responsible for payment of all obligations secured by the Surety Bonds and LOCs constituting PRH Liabilities (and shall reimburse Promus for any payment made directly by Promus with respect to such PRH Liabilities), and Promus shall be responsible for all such obligations constituting Retained Liabilities (and shall reimburse PRH for any payments made directly by PRH on behalf of such Retained Liabilities), consistent with the allocations of PRH Liabilities and Retained Liabilities set forth in the Distribution Agreement. PRH will be responsible for the cost of any Surety Bonds and LOCs outstanding after the Distribution Date that relate to the PRH Business.

Section 4.06. Expenses. Except as otherwise provided herein, each party will bear the cost of its performance of this Agreement. In the event that Promus should incur any material cost or expense in connection with the PRH Claims or any of them or as a result of providing services hereunder relating to the PRH Claims, which cost or expense was not contemplated at the time this Agreement was executed, PRH agrees to reimburse Promus for the reasonable amount of such cost or expense upon presentation of appropriate supporting documentation. Promus and PRH each agree to negotiate in good faith to resolve any disagreement concerning whether a cost or expense is reimbursable under this Section 4.06 or whether the amount thereof is reasonable.

Section 4.07. Third Party Administrator. PRH has retained Alexis, Inc. to serve as its third party administrator with respect to the PRH Claims and the Post-Distribution Claims relating to the PRH Business. PRH agrees not to change third party administrators without the prior written consent of Promus, which consent shall not be unreasonably withheld.

ARTICLE V

INDEMNIFICATION

Section 5.01. Indemnification of Promus. Except as otherwise expressly set forth herein, Promus shall indemnify, defend and hold harmless PRH and each of the PRH Subsidiaries, and each of their respective directors, officers, employees, agents and Affiliates and each of the heirs, executors, successors and assigns of any of the foregoing (the "PRH Indemnitees") from and against the Promus Claims and any and all losses, Liabilities and damages, including, without limitation, the costs and expenses of any and all Actions, threatened Actions, demands, assessments, judgments, settlements and compromises relating thereto and attorneys' fees and any and all expenses whatsoever reasonably incurred in investigating, preparing or defending against any such Actions or threatened Actions ("Indemnifiable Losses") of the PRH Indemnitees arising out of or due to the failure or alleged failure of Promus or any of its Affiliates to pay,

perform or otherwise discharge in due course any of the Promus Claims.

Section 5.02. Indemnification by PRH. Except as otherwise expressly

set forth herein, PRH shall indemnify, defend and hold harmless Promus and
each of the Retained Subsidiaries, and each of their directors, officers,
employees, agents and Affiliates and each of the heirs, executors,
successors and assigns of any of the foregoing (the "Promus Indemnitees")

from and against the PRH Claims and any and all losses, Liabilities, damages, including, without limitation, the costs and expenses of any and all Actions, threatened Actions, demands, assessments, judgments, settlements and compromises relating thereto and attorneys' fees and any and all expenses whatsoever reasonably incurred in investigation, preparing or defending against any such Actions or threatened Actions ("Indemnifiable Losses") of the Promus Indemnitees arising out of or due to the failure or alleged failure of PRH or any of its Affiliates to pay, perform or otherwise discharge in due course any of the PRH Claims.

Section 5.03. Insurance Proceeds. The amount which any party (an -----
"Indemnifying Party") is or may be required to pay to any other Person (an "Indemnitee") pursuant to Section 5.01 or Section 5.02 shall be reduced (including, without limitation, retroactively) by any Insurance Proceeds or other amounts actually recovered by or on behalf of such Indemnitee in reduction of the related Indemnifiable Loss. If an Indemnitee shall have received the payment required by this Agreement from an Indemnifying Party in respect of an Indemnifiable Loss and shall subsequently actually receive Insurance Proceeds, or other amounts in respect of such Indemnifiable Loss as specified above, then such Indemnitee shall pay to such Indemnifying Party a sum equal to the amount of such Insurance Proceeds or other amounts actually received.

Section 5.04. Procedure for Indemnification. The procedure for -----
indemnification under this Agreement shall be the same as that set forth in the Distribution Agreement.

ARTICLE VI

DEFAULT

Section 6.01. Events of Default. It shall be an Event of

Default hereunder if either party:

(a) fails to perform any covenant, warranty or agreement under this Agreement, and such breach continues for more than 30 days after receipt of written notice thereof; or

(b) (i) either party generally fails to pay its debts as they become due; (ii) either party becomes insolvent or makes an assignment for the benefit of creditors; (iii) a receiver, trust conservator or liquidator of either party, or of all or any substantial part of its assets, is appointed with or without the application or consent of the other party and is not contested or, if contested, not dismissed with 90 days; or (iv) a petition is filed by or against either party requesting the entry of an order for relief under the Bankruptcy Code or any amendment thereto, or under any other state or federal insolvency law or laws providing for the relief of debtors and is acquiesced to or, if contested, is not dismissed within 90 days.

Section 6.02. Remedies.

(a) If any Event of Default shall occur with respect to Promus, PRH shall have the right, in addition to all other rights and remedies available to it, to terminate this Agreement with respect to future rights and obligations without any liability to PRH for such termination, and Promus shall pay to PRH the then-remaining balance in the PRH Reserve.

(b) If any Event of Default shall occur with respect to PRH, Promus shall have the right, in addition to all other rights and remedies available to it, to terminate this Agreement with respect to future rights and obligations without any liability to Promus for such termination, except for the obligation of Promus to pay to PRH the then-remaining balance in the PRH Reserve as provided in Section 3.04(b) of this Agreement.

(c) Neither party shall be liable to the other for consequential damages.

(d) Except as expressly set forth herein, nothing shall limit the rights and remedies of the parties hereto at law or in equity.

ARTICLE VII
MISCELLANEOUS

Section 7.01. Relationship of Parties. Nothing in this Agreement

shall be deemed or construed by the parties or any third party as creating the relationship of principal and agent, partnership or joint venture between the parties, it being understood and agreed that no provision contained herein, and no act of the parties, shall be deemed to create any relationship between the parties other than the relationship set forth herein.

Section 7.02. Access to Information; Cooperation. Promus and PRH and

their authorized agents will be given reasonable access to and may take copies of all information relating to the subjects of this Agreement (to the extent permitted by federal and state confidentiality laws) in the custody of the other party, including any agent, contractor, subcontractor, agent or any other person or entity under the contract of such party, including the risk management information system ("RMIS"), claims management system of any third party administrator. and any other information relating to PRH Claims. The parties will cooperate with each other to minimize the disruption caused by any such access and providing of information.

Section 7.03. Arbitration of Disputes.

(a) Any controversy or claim arising out of this Agreement, or any breach of this Agreement, shall be settled by arbitration in accordance with the Rules of the American Arbitration Association then in effect, as modified by this Section 7.03 or by the further agreement of the parties.

(b) Such arbitration shall be conducted in Memphis, Tennessee.

(c) Any judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The arbitrators shall not, under any circumstances, have any authority to award punitive, exemplary or similar damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Agreement.

(d) Nothing contained in this Section 7.03 shall limit or restrict in any way the right or power of a party at any time to seek injunctive relief in any court and to litigate the issues relevant to such request for injunctive relief before such court (i) to restrain the other party from breaching this Agreement or (ii) for specific enforcement of this Section 7.03. The parties agree that any legal remedy available to a party with respect to a breach of this Section 7.03 will not be adequate and that, in addition to all other legal remedies, each party is entitled to an order specifically enforcing this Section 7.03.

(e) The parties hereby consent to the jurisdiction of the federal

courts located in Memphis, Tennessee for all purposes.

(f) Neither party nor the arbitrators may disclose the existence or results of any arbitration under this Agreement or any evidence presented during the course of the arbitration without the prior written consent of both parties, except as required to fulfill applicable disclosure and reporting obligations, or as otherwise required by law.

(g) Each party shall bear its own costs incurred in the arbitration. If either party refuses to submit to arbitration any dispute required to be submitted to arbitration pursuant to this Section 7.03, and instead commences any other proceeding, including, without limitation, litigation, then the party who seeks enforcement of the obligation to arbitrate shall be entitled to its attorneys' fees and costs incurred in any such proceeding.

Section 7.04. Assignment. Neither party shall, without the prior

written consent of the other, have the right to assign any rights or delegate any obligations under this Agreement.

Section 7.05. Parties Bound. This Agreement shall inure to the

benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Nothing herein, expressed or implied, shall be construed to give any other person any legal or equitable rights hereunder.

Section 7.06. Notices. All notices, consents, approvals and other
communications given or made pursuant hereto shall be in writing and shall
be deemed to have been duly given when delivered personally or by overnight
courier or three days after being mailed by registered or certified mail
(postage prepaid, return receipt requested) to the named representatives of
the parties at the following addresses (or at such other address for a
party as shall be specified by like notice, except that notices of changes
of address shall be effective upon receipt):

(a) if to Promus

Harrah's Entertainment, Inc.
1023 Cherry Road
Memphis, Tennessee 38117
Attention: Corporate Secretary

(b) if to PRH

Promus Hotel Corporation
6800 Poplar Avenue, Suite 200
Memphis, Tennessee 38138
Attention: Corporate Secretary

Section 7.07. Further Action. PRH and Promus each shall cooperate in
good faith and take such steps and execute such papers as may be reasonably
requested by the other party to implement the terms and provisions of this
Agreement.

Section 7.08. Waiver. PRH and Promus each agree that the waiver of
any default under any term or condition of this Agreement shall not
constitute a waiver of any subsequent default or nullify the effectiveness
of that term or condition.

Section 7.09. Governing Law. All controversies and disputes arising
out of or under this Agreement shall be determined pursuant to the laws of
the State of Tennessee.

Section 7.10. Entire Agreement. This Agreement and the Distribution

Agreement constitute the entire understanding between the parties hereto,
and supersede all prior written or oral communications, relating to the
subject matter covered by said agreements. No amendment, modification,
extension or failure to enforce any condition of this Agreement by either
party shall be deemed a waiver of any of its rights herein. This Agreement
shall not be amended except by a writing executed by the parties.

IN WITNESS WHEREOF, the parties have executed this Agreement as of
this _____ day of _____, 1995.

THE PROMUS COMPANIES INCORPORATED,
a Delaware corporation

By: _____
Name:
Title:

PROMUS HOTEL CORPORATION, a
Delaware corporation

By: _____
Name:
Title:

TAX SHARING AGREEMENT

TAX SHARING AGREEMENT, dated as of June 30, 1995, among The Promus Companies, Incorporated, a Delaware corporation ("Promus") to be renamed Harrah's Entertainment, Inc. ("HEI"), Promus Hotel Corporation, a Delaware corporation ("PHC"), and their respective direct and indirect subsidiaries. References herein to a "party" (or "parties") to this Agreement, shall refer to Promus, PHC, and where appropriate and the context so requires, HEI.

WHEREAS, Promus and its subsidiaries have joined in filing consolidated Federal Income Tax Returns and certain consolidated, combined or unitary state Income Tax Returns;

WHEREAS, Promus and PHC have entered into that certain Plan of Reorganization and Distribution Agreement, dated as of the date hereof (the "Distribution Agreement"), pursuant to which Promus will distribute all of the outstanding common stock in PHC (such stock to be received by Promus immediately before in a Code Section 355 distribution from Embassy Suites, Inc. ("Embassy"), a wholly-owned subsidiary of Promus) to its stockholders in a transaction intended to qualify for tax-free treatment under Code Section 355 (the "Spin-off");

WHEREAS, pursuant to the Spin-off, (i) PHC and its subsidiaries will leave the Promus Group and (ii) Promus will change its name to Harrah's Entertainment, Inc.; and

WHEREAS, the parties hereto wish to provide for (i) allocations of, and indemnifications against, certain liabilities for Taxes, (ii) the preparation and filing of Tax Returns on a basis consistent with prior practice and the payment of Taxes with respect thereto, and (iii) certain related matters;

NOW THEREFORE, in consideration of their mutual promises, the parties hereby agree as follows:

1. Definitions.

When used herein the following terms shall have the following meanings:

"Affiliate" -- with respect to any corporation (the "given corporation"), each person, corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the given corporation. For purposes of this definition, "control" means the possession, directly or indirectly, of 50% or more of the voting power or value of outstanding voting interests.

1

"Affiliated Group" -- an affiliated group of corporations within the meaning of Code Section 1504(a) for the Taxable Period or, for purposes of any state income tax matters, any consolidated, combined or unitary group of corporations within the meaning of the corresponding provisions of tax law for the state in question.

"After-Tax Basis" -- any indemnity payment made hereunder shall give effect to, and be reduced by the value of, any and all applicable deductions, losses, credits, offsets or other tax items for Federal, state or other Tax purposes attributable to the payment of the indemnified liability, which value shall be determined on an assumed basis by (a) multiplying the amount of such deductions, losses, offsets or other tax items (such amount determined as if such deductions, losses, offsets or other tax items will generate an immediate deduction for the full amount ultimately available) by (i) 39% or (ii) if no state income tax benefit shall result therefrom, 35% (such percentages to increase or decrease on a percentage-for-percentage basis with any subsequent increases or decreases in the current 35% highest marginal income tax rate for corporations) and (b) valuing any credits or other direct reduction of Tax on a dollar-for-dollar basis. For example, if a deductible interest payment of \$100 is indemnified hereunder, the indemnification payment with respect thereto shall be reduced by \$39 to \$61.

"Closing" -- the time when the Spin-off shall become effective on the Closing Date.

"Closing Date" -- the date on which the Spin-off is effected by HEI.

"Code" -- the Internal Revenue Code of 1986, as amended, or any successor thereto, as in effect for the Taxable Year in question.

"Combined Jurisdiction" -- for any Taxable Period, any state, local or foreign jurisdiction in which Promus or a Promus Affiliate is included in a consolidated, combined, unitary or similar return with Promus or any Promus Affiliate for state, local or foreign Income Tax purposes.

"Distribution Agreement" -- as defined in the preamble to this Agreement.

"Embassy" -- as defined in the preamble to this Agreement.

"Embassy Location-Specific Tax and Information Returns" -- as defined in Section 2(a)(i)(D) of this Agreement.

"Final Determination" -- (i) a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and unappealable; (ii) a closing agreement or accepted offer in compromise under Code Sections 7121 or 7122, or comparable agreements under the laws of other jurisdictions; or (iii) any other final settlement with the IRS or other Taxing Authority, or (iv) the expiration of an applicable statute of limitations.

"HEI"-- as defined in the preamble to this Agreement.

"HEI Group" -- HEI and each corporation that joins with HEI in filing a consolidated federal income tax return for any Post-Closing Taxable Period. For purposes of this Agreement, the HEI Group shall exist from the beginning of the day immediately after the Closing Date. To the extent applicable, to any state income tax matters, the "HEI Group" shall include all corporations joining in the filing of a consolidated, combined or unitary income tax return for the state and period in question.

"HEI Member" -- a corporation that was immediately before the Spin-off a Promus Member and becomes a member of the HEI Group at the beginning of the day immediately after the Closing Date.

"Income Tax(es)" -- with respect to any corporation or group of corporations, any and all Taxes based upon or measured by net income (regardless of whether denominated as an "income tax," a "franchise tax" or otherwise), imposed by any Taxing Authority, together with any related interest, penalties or other additions thereto.

"Indemnified Party" -- as defined in Section 3(e) of this Agreement.

"Indemnifying Party" -- as defined in Section 3(e) of this Agreement.

"Information Return(s)" -- with respect to any corporation or Affiliated Group, any and all reports, returns, declarations or other filings (other than Tax Returns) required to be supplied to any Tax Authority.

"IRS" -- the United States Internal Revenue Service.

"Other Tax(es)" -- with respect to any corporation or Affiliated Group, any and all Taxes, other than Income Taxes, together with any related interest, penalties or other additions thereto.

"Overdue Rate" -- a rate of interest per annum that fluctuates with the Federal short-term rate established from time to time pursuant to Code Section 6621.

"PHC"-- as defined in the preamble to this Agreement.

"PHC Group" -- PHC and each corporation that joins with PHC in filing a consolidated federal income tax return for any Post-Closing Taxable Period. For purposes of this Agreement, the PHC Group shall exist from the beginning of the day immediately after the Closing Date. To the extent applicable to any state income tax matters, the "PHC Group" shall include all corporations joining in the filing of a consolidated, combined or unitary income tax return for the state and period in question.

"PHC Member" -- a corporation that was a Promus Member and becomes a member of the PHC Group at the beginning of the day immediately after the Closing Date.

"Post-Closing Straddle Period" -- with respect to any Straddle Period, the period beginning on the day after the Closing Date and ending on the last day of such Taxable Year.

"Post-Closing Taxable Period" -- a Taxable Year that begins on the day immediately after the Closing Date, including any Post-Closing Straddle Period.

"Pre-Closing Straddle Period" -- with respect to any Straddle Period, the period beginning on the first day of such Taxable Year and ending on the close of business on the Closing Date.

"Pre-Closing Taxable Period" -- a Taxable Year that ends at or before the close of business on the Closing Date, including any Pre-Closing Straddle Period.

"Promus" -- as defined in the Preamble to this Agreement.

"Promus Group" -- HEI and each corporation that joined with HEI in filing a consolidated federal income tax return for any Pre-Closing Taxable Period. For purposes of this Agreement, the Promus Group shall terminate at the close of business on the Closing Date. To the extent applicable to any state income tax matters, the "Promus Group" shall include all corporations joining in the filing of a consolidated, combined or unitary income tax return for the state and period in question.

"Promus Member" -- a corporation that was a member of the Promus Group at the close of business on the Closing Date.

"Representative" -- with respect to any person or entity, any of such person's or entity's directors, officers, employees, agents, consultants, accountants, attorneys and other advisors.

"Spin-off" -- as defined in the Preamble to this Agreement.

"Straddle Period" -- any Taxable Year beginning before and ending after the close of business on the Closing Date.

"Tax(es)" -- any net income, gross income, gross receipts, sales, use, excise, franchise, transfer, payroll, premium, property or windfall profits tax, alternative or add-on minimum tax, or other tax, fee or assessment, together with any interest and any penalty, addition to tax or additional amount imposed by any Taxing Authority, whether any such tax is imposed directly or through withholding.

"Taxable Period" -- either a Pre-Closing Taxable Period or a Post-Closing Taxable Period.

"Taxable Year" -- a taxable year (which may be shorter than a full calendar or fiscal year), year of assessment or similar period with respect to which any Tax may be imposed.

"Tax Benefit(s)" -- (i) in the case of an Income Tax for which a consolidated Federal, or a consolidated, combined or unitary state or other, Tax Return is filed, the amount by which the Tax liability of the Affiliated Group or other relevant group of corporations is actually reduced on a "with and without" basis (by deduction, entitlement to refund, credit, offset or otherwise, whether available in the current Taxable Year, as an adjustment to taxable income in any other Taxable Year or as a carryforward or carryback, and including the effect on other Income or Other Taxes of such reduction), plus any interest received with respect to any related Tax refund, and (ii) in the case of any Other Tax, the amount by which the Tax liability of a corporation is actually reduced on a "with and without" basis (by deduction, entitlement to refund, credit, offset or otherwise, whether available in the current Taxable Year, as an adjustment to taxable income in any other Taxable Year or as a carryforward or carryback, and including the effect on other Income or Other Taxes of such reduction), plus any interest received with respect to any related Tax refund.

"Taxing Authority" -- the IRS and any other domestic or foreign governmental authority responsible for the administration of any Tax.

"Tax Practices" -- the most recently applied policies, procedures and practices employed by the Promus Group in the preparation and filing of, and positions taken on, any Tax Returns of Promus or any Promus Member or Promus Affiliate for any Pre-Closing Taxable Period.

"Tax Return(s)" -- with respect to any corporation or Affiliated Group, all returns, reports, estimates, information statements, declarations and other filings relating to, or required to be filed in connection with, the payments or refund of any Tax.

"Tax Treatment" -- as defined in Section 3(c) hereto.

2. Obligations, Responsibilities and Rights of HEI and PHC.

(a) Preparation and Filing of Tax Returns.

(i) By HEI. HEI shall prepare and timely file (or

cause to be prepared and timely filed):

(A) all Tax and Information Returns for Income Taxes of the Promus Group and any Promus Member for any Pre-Closing Taxable Period other than a Pre-Closing Straddle Period;

(B) all Tax and Information Returns for Income Taxes of the Promus Group, the HEI Group, any Promus Member and any HEI Member (other than such Returns solely for any PHC Member or any group of PHC Members) for all Straddle Periods;

(C) all Tax and Information Returns for Income Taxes of the HEI Group and any HEI Member for all Post-Closing Taxable Periods;

(D) all Tax and Information Returns for Other Taxes for all Taxable Periods relating to (i) all Promus Members (except for PHC Members), the HEI Group, and the HEI Members (but not including any hotel location-specific or hotel activity-specific Tax and Information Returns filed by Embassy or Harrah's Operating Company, Inc. ("Embassy Location-Specific Tax and Information Returns")), and (ii) any New York City or State of New York real property transfer Taxes relating to the transfer or deemed transfer of any real property owned or leased by any Promus Member during any Pre-Closing Taxable Period (including, without limitation, any such Taxes resulting from the Spin-off);

(E) all Information Returns required to be filed by the Promus Group or any Promus Member at or before the close of business on the Closing Date and by any HEI Member after the close of business on the Closing Date, as well as any Information Returns required from the Promus Group or any Promus Member with respect to the formation of the PHC Group or the Spin-off; and

(F) all Tax and Information Returns not otherwise required to be filed by HEI or PHC pursuant to this Section 2(a)(i) and Section 2(a)(ii).

(ii) By PHC. PHC shall prepare and timely file (or

cause to be prepared and timely filed);

(A) all Information Returns for Income Taxes of any PHC Member;

(B) all Tax and Information Returns for Income Taxes of any PHC Member or any group of PHC Members (other than such Returns for the Promus Group or any Promus Member) for all Straddle Periods;

(C) all Tax and Information Returns for Income Taxes of the PHC Group and any PHC Member for all Post-Closing Taxable Periods;

(D) to the extent not filed by the close of business on the Closing Date, all Tax Returns for Other Taxes for all Taxable Periods relating to (i) all PHC Members, and (ii) Embassy Location-Specific Tax and Information Returns; and

(E) all Information Returns required to be filed by the PHC Group or any PHC Member after the close of business on the Closing Date.

(b) Provision of Filing Information. HEI (or PHC, as the case may be) shall cooperate and assist PHC (or HEI) in the preparation and filing of all Tax and Information Returns subject to Section 2(a) and submit to PHC (or HEI) (i) all necessary filing information in a manner consistent with past Tax Practices and (ii) all other information reasonably requested by PHC (HEI) in connection with the preparation of such Tax and Information Returns promptly after such request. It is expressly understood and agreed that PHC's (or HEI's) ability to discharge its Tax and Information Return preparation and filing responsibilities is contingent upon HEI (or PHC) providing PHC (or HEI) with all cooperation, assistance and information reasonably necessary or requested for the filing of such Tax and Information Returns and that HEI (or PHC) shall indemnify PHC (or HEI), and PHC's (or HEI's) indemnification obligations of Section 3 shall not apply, if, and to the extent that, penalties, interest or other additions to Taxes are incurred as a result of material inaccuracies in such information or of failures, material in nature, to provide such information and assistance.

(c) Taxable Year. PHC and HEI agree that, for Income Tax purposes, (i) the PHC Members shall be included in the consolidated Federal Income Tax Return of the Promus Group for the Taxable Year that ends at the close of business on the Closing Date (and in all corresponding consolidated, combined or unitary state or other Income Tax Returns of the Promus Group) and (ii) the PHC Group and each PHC Member shall begin a new Taxable Year for purposes of such Federal and, to the extent permitted by law, state Income Taxes on the day after the Closing Date. The parties further agree that, to the extent permitted by applicable law, all Federal, state or other Income Tax Returns shall be filed consistently with this position.

(d) Advance Review of Tax Returns. At least fifteen (15) days prior to the filing of any Federal Income Tax Return (including amendments thereto) that includes a PHC Member, and at least ten (10) days prior to the filing of any Tax Return other than any Federal Income Tax Return (including amendments thereto) that includes a PHC Member, HEI shall provide PHC with the portion of such Tax Return related to any PHC Member. In the case of each Tax Return subject to the conformity requirements of Section 2(e) and filed pursuant to Section 2(a), PHC shall provide HEI with copies of any such Tax Return at least fifteen (15) days prior to the filing thereof (including amendments thereto). PHC and its Representatives (or HEI and its Representatives, as the case may be) shall have the right to review all workpapers related to such portions of such Tax Returns prior to the filing of any such Tax Return. HEI (or PHC, as the case may be) shall consult with PHC (or HEI) regarding its comments with respect to such Tax Returns and shall in good faith (A) consult with PHC (or HEI) in an effort to resolve any differences with respect to the preparation and accuracy of such Tax Returns and their consistency with past Tax Practices and (B) consider PHC's (or HEI's) recommendations for alternative positions with respect to items reflected on such Tax Returns; provided, however, that HEI (or PHC) shall not be required to consider any such recommendation if the result thereof would adversely affect the Taxes of the HEI Group or any HEI Member (or the PHC Group or any PHC Member) for any Post-Closing Taxable Period and may condition the acceptance of any such recommendation upon the receipt of appropriate

indemnification from PHC (HEI) for any increases in Taxes that may result from the adoption of the relevant alternative position.

(e) Consistent Positions on Tax Returns. HEI (or PHC, as the case may be) shall prepare all Tax Returns filed pursuant to Section 2(a) for all Taxable Years ended on or before December 31, 1996 in a manner consistent with past Tax Practices except as otherwise required by changes in applicable law or material underlying facts. Whether by original or amended Tax Returns or otherwise, (i) HEI shall not (A) voluntarily accelerate or shift deductions and other similar items into a Pre-Closing Taxable Period or (B) voluntarily defer or shift income and other similar items into a Post-Closing Taxable Period, and (ii) PHC shall not (A) voluntarily defer or shift deductions and other similar items into a Post-Closing Taxable Period or (B) voluntarily accelerate or shift income and other similar items into a Pre-Closing Taxable Period; provided, however, that this Section 2(e) shall not preclude the correction of mathematical or material factual errors or other adjustments necessary to conform any such Tax Return to applicable law or past Tax Practices.

(f) Allocation of Straddle Period Taxes. For purposes of this Agreement, Taxes shall be allocated between the Pre- and Post-Closing Straddle Periods, in HEI's reasonable judgment after consulting with appropriate PHC personnel, in the following manner:

(i) To the extent not impractical, Income Taxes shall be allocated on the basis of the actual taxable income for each such period, determined by closing the books of the Promus Group at the close of business on the Closing Date.

(ii) To the extent that such an allocation based on a closing of the books is impractical, HEI shall be authorized to use any reasonable method, including allocations based on (x) allocations of taxable income, loss, gain, deduction and credits made for Federal Income Tax purposes, (y) rounding to the next nearest month-end, or (z) the actual number of days in the Pre- and Post-Closing Straddle Periods in proportion to the number of days in the entire Straddle Period.

(g) Payment of Taxes. HEI shall pay all Taxes shown to be due and payable on all Tax Returns filed by HEI pursuant to Section 2(a)(i) hereof and, subject to Section 3(b), all Taxes that shall thereafter become due and payable with respect to such Tax Returns as a result of a Final Determination. PHC shall pay all Taxes shown to be due and payable on all Tax Returns filed by PHC pursuant to Section 2(a)(ii) hereof and, subject to Section 3(a), all Taxes that shall thereafter become due and payable with respect to any such Tax Returns as a result of a Final Determination.

(h) Amendments to Tax Returns. HEI (or PHC, as the case may be) shall be entitled to amend Tax Returns filed by HEI (or PHC) pursuant to Section 2(a); provided, however, that PHC shall not amend for any reason whatsoever any Tax Return of HEI or any HEI Member for Pre-Closing Taxable Periods or Pre-Closing Straddle Periods, except (A) after written notice to HEI, pursuant to a change in accounting method granted by a Taxing

Authority pursuant to a request made prior to the Closing Date, or (B) with HEI's written consent (which consent may be withheld at HEI's sole discretion). PHC shall not amend any Tax Return of the PHC Group or any PHC Member for any Post-Closing Taxable Period ended on or before December 31, 1996, or any Pre-Closing Straddle Period, except (A) pursuant to the settlement or other resolution of a contest subject to Section 6 or (B) with HEI's written consent (which consent shall not be unreasonably withheld); provided, however, that such prohibition shall not extend to the correction of mathematical or material factual errors or other adjustments necessary to conform such Tax Returns to applicable law or past Tax Practices.

(i) Refunds of Taxes.

(i) HEI shall be entitled to any refund (including for purposes of this Section 2(i), any Tax Benefits realized by the PHC Group or any PHC Member in lieu of any refund) of (x) any and all Taxes of the Promus Group or any Promus Member (excluding PHC and the PHC Members) for all Pre-Closing Taxable Periods and all Pre-Closing Straddle Periods, and (y) any and all Taxes of the HEI Group or any HEI Member for all Post-Closing Taxable Periods (except for Taxes in connection with Embassy Location-Specific Tax and Information Returns). PHC shall be entitled to any refund (including for purposes of this Section 2(i), any Tax Benefits realized by the Promus Group or any Promus Member (excluding PHC and the PHC Members) or the HEI Group or any HEI Member in lieu of any refund) of (x) any and all Taxes of the PHC Group or any PHC Member for all Taxable Periods, and (y) any and all Taxes in connection with Embassy Location-Specific Tax and Information Returns. Any such refunds attributable to a Straddle Period shall be allocated between the Pre-Closing Straddle Period and Post-Closing Straddle Period on a basis consistent with the method used to allocate the Tax liability for such Straddle Period.

(ii) Except as otherwise provided in this Agreement, if HEI or any HEI Member (or PHC or any PHC Member, as the case may be) receives a Tax refund or Tax Benefit to which PHC or any PHC Member (or HEI or any HEI Member) is entitled pursuant to this Agreement, HEI (or PHC) shall pay (in accordance with Section 4) the amount of such Tax refund or Tax Benefit (including any interest received thereon) to PHC (or HEI) promptly after receipt thereof.

(iii) The realization of, and procedural requirements with respect to, any Tax Benefit under this Section 2(i) shall be governed by Section 3(e).

(j) Carrybacks. PHC shall not file any carryback claim for federal Income Taxes or state, local or foreign Income Taxes in a Combined Jurisdiction for the PHC Group or any PHC Member into a Pre-Closing Taxable Period without the prior written consent of HEI, which consent shall not be unreasonably withheld.

(k) NOL, ITC and AMT Credit Benefits. The Tax Returns of the Promus Group for Taxable Years prior to and including the Taxable Year that includes the Closing Date may reflect that certain PHC Members have attributable to them, under applicable Federal and state Income Tax law, certain net operating loss carryforwards, investment tax credit

carryforwards and alternative minimum tax credit carryforwards (the "Carryforwards"). The parties hereto agree that the PHC Group and the PHC Members shall be exclusively entitled to use and benefit from the Carryforwards without compensation to the Promus Group or any Promus Member. PHC hereby acknowledges and agrees (on its behalf and on behalf of all PHC Members) that the exact amount of the Carryforwards is not presently known and may not be definitively determined until a Final Determination has been reached for all Pre-Closing Taxable Periods of the Promus Group and each Promus Member. PHC further agrees that it shall have no recourse against the Promus Group, any Promus Member, HEI Group or any HEI Member regardless of (a) what amount of such Carryforwards will ultimately be available to the PHC Group and the PHC Members in Post-Closing Taxable Years and (b) whether the Carryforwards shall be subject to any limitation imposed as a result of the application of Code Sections 382 and 383, the Treasury regulations thereunder or other applicable law. HEI hereby agrees to take any action or make any election reasonably required to permit PHC and the PHC Members to utilize the Carryforwards; provided, however, that no such action or election shall be required if it would adversely affect in any way the Income Tax liabilities of the HEI Group or any HEI Member for any Taxable Year. The parties also hereby agree that the provisions of this Section 2(k) shall apply with respect to any similar carryforwards available under applicable state, local or foreign Income Tax law.

(1) Tax Reserves. The Tax reserves of the Promus Group, as reported on the financial statements dated as of the Closing Date, shall be apportioned between the HEI Group and the PHC Group based on the allocation of the related Tax liabilities as provided in this Section 2.

3. Indemnification.

(a) By HEI.

(i) Taxes. Subject to Sections 2(b) and 3(b), HEI

shall indemnify and hold PHC and PHC Members harmless (on an After-Tax Basis) against any and all (A) federal, state, local and foreign Income Taxes of (x) the predecessor group of the Promus Group for all Pre-Closing Taxable Periods ending on or prior to February 7, 1990 and (y) the Promus Group for all Pre-Closing Taxable Periods beginning after February 7, 1990 (but excluding Income Taxes solely attributable to the operations of any PHC Member), (B) state, local and foreign Income Taxes of any Promus Members (excluding PHC Members) or HEI Members for all Taxable Periods and (C) federal, state, local and foreign Other Taxes (except for Other Taxes paid in connection with Embassy Location-Specific Tax and Information Returns) of any Promus Members or HEI Members for all Taxable Periods.

(ii) Member Liability. Subject to Sections 2(b) and

3(b), HEI shall indemnify and hold PHC and the PHC Members harmless (on an After-Tax Basis) against each and every liability for Taxes of the Promus Group under Treasury Regulation Section 1.1502-6 or any similar law, rule or regulation administered by any Taxing Authority, together with any related interest, penalties and other additions.

(iii) Pre-existing Indemnification Obligations.

HEI shall indemnify and hold PHC and the PHC Members harmless (on an After-Tax Basis) against any liability for Taxes of any person other than PHC or a PHC Member for any Taxable Year; provided, however, that such liability shall only be indemnified hereunder if it shall arise from, or be imposed under or pursuant to, a contract, agreement, indemnity or other arrangement that (A) is legally binding upon PHC or such a PHC Member, and was in full force and effect, both (x) at the close of business on the Closing Date and (y) at the time such liability arises and is imposed against PHC or the PHC Member and (B) has not been amended, modified, changed, altered, restored, reinstated, extended or otherwise affected by any action, inaction or other event occurring after the close of business on the Closing Date. With respect to any claim for indemnification under this Section 3(a)(iii), HEI shall be entitled to enforce all rights and defenses available to PHC or any PHC Member with respect to any contest of the underlying Taxes of such other person and any available rights or defenses with respect to the imposition of such liability against PHC or the PHC Member in a manner consistent with Section 6 as if such underlying Taxes or such liability were an indemnified "Tax" for purposes of such Section.

(iv) Bass Litigation. HEI shall indemnify and hold PHC

harmless (on an After-Tax Basis) against any liability for Taxes arising from the Settlement Agreement, dated March 17, 1995, which effected the settlement of the litigation styled as Bass Public Limited Company, Bass

International Holdings N.V., (U.S.A.) Incorporated, Holiday Corporation and

Holiday Inns, Inc. v. The Promus Companies Incorporated, formerly pending

in the United States District Court for the Southern District of New York (92 Civ. 0969).

(b) By PHC.

(i) Taxes. Subject to Sections 3(a)(ii), (iii) and

(iv), PHC shall indemnify and hold HEI and HEI Members harmless (on an After-Tax Basis) against any and all (A) federal, state, local and foreign Income Taxes of the Promus Group for all Pre-Closing Taxable Periods beginning after February 7, 1990 to the extent solely attributable to the operations of any PHC Member, (B) federal, state, local and foreign Income Taxes of the PHC Group and any PHC Members for all Post-Closing Taxable Periods and (C) federal, state, local and foreign Other Taxes of PHC Members and Other Taxes paid in connection with Embassy Location-Specific Tax and Information Returns for all Taxable Periods.

(ii) Post-Closing Transactions. Notwithstanding any

contrary provision in this Agreement or in the Distribution Agreement, PHC shall indemnify and hold the HEI Group and the HEI Members harmless (on an After-Tax Basis) against any Taxes imposed on or against the Promus Group (including Promus Members) or the HEI Group (including the HEI Members) that are attributable to, or arise from, transactions or events outside the ordinary course of business of PHC and the PHC Members occurring on the Closing Date after the Closing.

(c) Assumed Tax Treatments. The parties expressly agree for all purposes to treat the Spin-off as a tax-free transaction under Code Sections 355 and 368 (the "Tax Treatment"). Each party hereto also expressly agrees not to take (and to cause each of its

Affiliates not to take) any action inconsistent with the treatment of the Spin-off and all related transactions in accordance with the Tax Treatment and to take (and to cause each of its affiliates to take) any and all actions reasonably available to such party (or affiliate) to support and defend such treatment. Notwithstanding anything to the contrary in Sections 3(a) or 3(b), if, solely as a result of any action by a party hereto (or an Affiliate thereof other than the other party hereto) or its shareholders (in their capacities as shareholders of such party) occurring after the Closing Date (such party being the "acting party" for purposes of this Section 3(c)), a Final Determination results in the Tax Treatment being incorrect and as a result thereof additional Taxes are incurred, or any Tax Benefit is eliminated in a Pre-Closing Taxable Period, the acting party shall indemnify and hold harmless the other party hereto for all such additional Taxes or lost Tax Benefits. If both Promus and PHC shall be "acting parties" for purposes of the preceding sentence, then (a) if it can be clearly determined which such party (or Affiliate or shareholders thereof) took the first action that irrevocably created the basis for the Tax Treatment being incorrect, such party shall indemnify and hold harmless the other party for all such additional Taxes or lost Tax Benefits, or (b) if it cannot be so determined, the parties shall each bear (and indemnify the other party against) 50% of such additional Taxes or lost Tax Benefits. Any such claim for indemnification shall otherwise be handled in the manner specified under this Section 3, but shall not affect in any manner the provisions of Sections 5 and 6 with respect to cooperation and control of contests and audits.

(d) Certain Reimbursements. PHC (or HEI, as the case may be) shall notify HEI (or PHC) of any Taxes paid by the PHC Group or any PHC Member (or the HEI Group or any HEI Member) which are subject to indemnification under this Section 3. To the extent not otherwise provided in this Section 3, any other notification contemplated by this Section 3(d) shall include a detailed calculation (including, if applicable, separate allocations of such Taxes between Pre- and Post-Closing Taxable Periods and Pre- and Post-Closing Straddle Periods and supporting work papers) and a brief explanation of the basis for indemnification hereunder. Whenever a notification described in this Section 3(d) is given, the notified party shall pay the amount requested in such notice to the notifying party in accordance with Section 4, but only to the extent that the notified party agrees with such request. To the extent the notified party disagrees with such request, it shall, within 20 days, so notify the notifying party, whereupon the parties shall use their best efforts to resolve any such disagreement. To the extent not otherwise provided for in this Section 3 or in Section 4, any payment made after such 20-day period shall include interest at the Overdue Rate from the date such payment would have been made under Section 4 based upon the original notice given by the notifying party.

(e) Tax Benefits Arising from Timing Adjustments. If and to the extent that any Tax liability is indemnified under this Section 3 as a result of a deferral, delay, acceleration or other timing adjustment with respect to the accrual, recognition or utilization of any item of loss, deduction, credit, income or gain of the party indemnified (the "Indemnified Party") (and not as a result of the outright elimination or denial of such item), the Indemnified Party shall (i) make, file or report in a proper and timely manner, at the earliest time permitted by law, a claim for or with respect to, such item, (ii) provide an annual notice to the party providing such indemnification (the "Indemnifying Party") of the Indemnified Party's realization of any Tax Benefit in other Taxable Periods as a result of any such item, and (iii) pay to the

Indemnifying Party the amount of any Tax Benefit that it may thereafter obtain as a result of its use of such item; provided, however, that clauses (ii) and (iii) hereof shall apply only after an indemnification payment under this Section 3 has been received; and provided, further, that the provisions of this Section 3(e) shall not apply if, and to the extent that, any such item has been taken into account for purposes of determining the After-Tax Basis for the related indemnification payment. The notices contemplated by clauses (iii) above shall be accompanied by (1) appropriate supporting Tax Returns (for past, current and, when available, future Taxable Years), documentation, schedules and workpapers, and (2) such other Tax Returns (for past, current and, when available, future Taxable Years), documentation and information as the Indemnifying Party shall reasonably request, to enable the Indemnifying Party to monitor the effect of such loss, credit, savings or Tax Benefit on the actual Tax liabilities, payments and refunds of the Indemnified Party. For purposes of this Agreement: (A) a Tax Benefit related to an overpayment or refund of Taxes shall be deemed to have been realized at the time (x) an actual cash refund or payment is received or (y) such overpayment is applied against other Taxes due; (B) where a party has other losses, deductions, credits or similar items available to it, any losses, deductions, credits or items for which the other party would be entitled to a payment under this Agreement shall be treated as the last items utilized to produce a Tax Benefit; and (C) in determining the amount of the Tax Benefit realized, the amount by which the tax liability of a corporation (or an Affiliated Group) for a Taxable Period is reduced because of such an item shall be equal to the excess of (I) such corporation's Tax liability for such Taxable Period if such item had not been taken into account, over (II) the corporation's actual Tax liability for such Taxable Period. Each of HEI and PHC shall take, and shall cause the members of their respective Affiliated Groups to take, as promptly as practicable, all reasonable steps to ensure that all available Tax Benefits are realized at the earliest possible time.

(f) Loss of Deductions or Tax Benefits. Appropriate payments shall be made between the parties to take account of subsequent losses of, or changes in (i) any deductions, losses, credits, offsets or other tax items taken into account for purposes of determining the After-Tax Basis of any indemnification payment or (ii) any Tax Benefit that has been claimed and paid for by the Indemnified Party under Section 3(e)(iii) above.

4. Method, Timing and Character of Payments Required by This Agreement.

(a) Payment Procedures. HEI and PHC hereby agree to the following monthly reporting and payment system with respect to all amounts that shall become due and payable hereunder between the parties: (1) HEI (or PHC, as the case may be) shall prepare and deliver to PHC (or HEI), on or before the 5th calendar day of the following month (or, if such day is not a business day, the next business day thereafter), a comprehensive monthly report of all amounts that have become due hereunder to HEI (or PHC) or HEI's (or PHC's) subsidiaries; and (2) the net amount due between HEI and its subsidiaries on the one hand and PHC and its subsidiaries on the other hand as of such month-end (including any amounts remaining unpaid, plus interest thereon, from prior months) shall become due and payable on the 10th calendar day of the following month (or, if such day is not a business day, the next business day thereafter). The parties hereby agree to consult with each other in good faith to resolve any differences with respect to such monthly reports and payments. HEI's (or PHC's) failure to prepare or distribute

any such monthly report shall not relieve or defer its obligation to pay any amounts it may owe to PHC (or HEI) hereunder.

(b) Payment in Immediately Available Funds; Interest. All payments made pursuant to this Agreement shall be made in immediately available funds. Except as otherwise provided herein, any payment not made when due and payable under Section 4(a) shall thereafter bear interest at the Overdue Rate.

(c) Characterization of Payments. Any payment (other than interest thereon) made hereunder by HEI to PHC or by PHC to HEI shall be treated by all parties for Tax purposes to the extent permitted by law, and for accounting purposes to the extent permitted by generally accepted accounting principles, as non-taxable dividend distributions or capital contributions made prior to the close of business on the Closing Date.

5. Tax Returns; Cooperation; Document Retention; Confidentiality.

(a) Tax Returns. Promptly upon reasonable request, each party shall deliver to the other party a copy of all filed Income Tax Returns for all Post-Closing Taxable Periods ending prior to January 1, 2000 and make available to the other party for inspection a copy of all filed Income Tax Returns for all Post-Closing Taxable Periods ending after December 31, 1999 and prior to January 1, 2010.

(b) Provision of Cooperation, Documents and Other Information. Upon the reasonable request of any party to this Agreement, HEI and PHC shall provide (and shall cause the members of their respective Affiliated Groups to provide) the requesting party, promptly upon request, with such cooperation and assistance, documents, and other information, without charge, as may reasonably be requested by such party in connection with (i) the preparation and filing of any original or amended Tax Return, (ii) the conduct of any audit or other examination or any judicial or administrative proceeding involving to any extent Taxes or Tax Returns within the scope of this Agreement, or (iii) the verification by a party of an amount payable hereunder to, or receivable hereunder from, another party. Such cooperation and assistance shall include, without limitation: (i) the provision on demand of books, records, Tax Returns, documentation or other information relating to any relevant Tax Return; (ii) the execution of any document that may be necessary or reasonably helpful in connection with the filing of any Tax Return by the Promus Group, a Promus Member, the HEI Group, a HEI Member, the PHC Group or a PHC Member, or in connection with any audit, proceeding, suit or action of the type generally referred to in the preceding sentence, including, without limitation, the execution of powers of attorney and extensions of applicable statutes of limitations, with respect to Tax Returns which HEI may be obligated to file on behalf of PHC Members pursuant to Section 2(a); (iii) the prompt and timely filing of appropriate claims for refund; and (iv) the use of reasonable best efforts to obtain any documentation from a governmental authority or a third party that may be necessary or helpful in connection with the foregoing. Each party shall make its employees and facilities available on a mutually convenient basis to facilitate such cooperation.

(c) Retention of Books and Records. HEI, each HEI Member, PHC and each PHC Member shall retain or cause to be retained all Tax Returns, and all books, records, schedules, workpapers, and other documents relating thereto, until the expiration of the later of (i) all applicable statutes of limitations (including any waivers or extensions thereof), and (ii) any retention period required by law or pursuant to any record retention agreement. The parties hereto shall notify each other in writing of any waivers, extensions or expirations of applicable statutes of limitations. The parties shall provide written notice of any intended destruction of the documents referred to in this subsection. A party giving such a notification shall not dispose of any of the foregoing materials without first offering to transfer possession thereof to all notified parties.

(d) Status and Other Information Regarding Audits and Litigation. HEI (or PHC, as the case may be) shall use reasonable best efforts to keep PHC (or HEI) advised, as to the status of Tax audits and litigation involving any issue relating to any Taxes, Tax Returns or Tax Benefits subject to indemnification under this Agreement. To the extent relating to any such issue, HEI (or PHC) shall promptly furnish PHC (or HEI) copies of any inquiries or requests for information from any Taxing Authority or any other administrative, judicial or other governmental authority, as well as copies of any revenue agent's report or similar report, notice of proposed adjustment or notice of deficiency.

(e) Confidentiality of Documents and Information. Except as required by law or with the prior written consent of the other party, all Tax Returns, documents, schedules, work papers and similar items and all information contained therein, which Tax Returns and other materials are within the scope of this Agreement, shall be kept confidential by the parties hereto and their Representatives, shall not be disclosed to any other person or entity and shall be used only for the purposes provided herein.

6. Contests and Audits.

(a) Notification of Audits or Disputes. Upon the receipt by HEI or any HEI Member (or PHC or any PHC Member, as the case may be) of notice of any pending or threatened Tax audit or assessment which may affect the liability for Taxes that are subject to indemnification hereunder, HEI (or PHC) shall promptly notify the other in writing of the receipt of such notice.

(b) Control and Settlement. HEI shall have the right to control, and to represent the interests of all affected taxpayers in, any Tax audit or administrative, judicial or other proceeding relating, in whole or in part, to any Pre-Closing Taxable Period or any other Taxable Period for which HEI is responsible, in whole or in part, for Taxes under Sections 2(g) and (3), and to employ counsel of its choice at its expense; provided, however, that, with respect to such issues that may impact PHC or any PHC Member for any Post-Closing Taxable Period, HEI shall (i) afford PHC full opportunity to participate in any such proceedings in a reasonable manner at PHC's expense and to review any submissions related to such issues, (ii) in good faith, consult with PHC regarding its comments with respect to such proceedings and submissions in an effort to resolve any differences with respect to HEI's positions with regard

to such issues, consider PHC's recommendations for alternative positions with respect to such issues and advise PHC of the reasons for rejecting any such alternative position, (iii) in good faith consult with PHC as to strategy and settlement decisions with respect to such proceedings and submissions and (iv) use its best efforts to arrive at a settlement of such proceedings that reflects the ultimate merits of the issues rather than the respective indemnification obligations of the parties pursuant to Section 3. In the event of any disagreement regarding the proceedings, HEI shall have the ultimate control of the contest and any settlement or other resolution thereof. PHC shall have the right to control, and to represent the interests of all affected taxpayers in, any Tax audit or administrative, judicial or other proceeding relating, in whole or in part, to any Post-Closing Taxable Period of the PHC Group, or relating to any other Taxable Period for which PHC is solely responsible, for Taxes under Section 2(g) and (3), and to employ counsel of its choice at its expense; provided, however, that PHC shall (i) afford HEI full opportunity to participate in any such proceedings in a reasonable manner at HEI's expense and to review any submissions related thereto and (ii) not agree to settle any such proceeding in a manner that could reasonably have a material and adverse effect on (A) any indemnification obligation of HEI hereunder, (B) any Tax liability of the Promus Group or any Promus Member for any Pre-Closing Taxable Period or (C) any Tax liability of the HEI Group or any HEI Member for any Post-Closing Taxable Period, without the prior written consent of HEI, which consent shall not be unreasonably withheld.

(c) Delivery of Powers of Attorney and Other Documents.

PHC (or HEI, as the case may be) shall execute and deliver to HEI (or PHC), promptly upon request, powers of attorney authorizing HEI (or PHC) to extend statutes of limitations, receive refunds, negotiate settlements and take such other actions that HEI or PHC reasonably considers to be appropriate in exercising its control rights pursuant to Section 6(b), and any other documents reasonably necessary to effect the exercising of such control rights.

7. Miscellaneous.

(a) Effectiveness. This Agreement shall be effective from and after the Closing Date and shall survive until the expiration of any applicable statute of limitations; provided, however, that this Agreement shall terminate immediately upon a termination of the Distribution Agreement in accordance with the terms of Section 9.07 thereof and thereafter this Agreement shall be of no further force and effect.

(b) Entire Agreement. This Agreement contains the entire agreement among the parties hereto with respect to the subject matter hereof. This Agreement terminates and supersedes, on a prospective basis only, any and all other sharing or allocation agreements with respect to Taxes in effect at the time between the Promus Group and the PHC Members, but shall not affect any such agreement to the extent applicable only among HEI Members.

(c) Guarantees of Performance. HEI and PHC hereby guarantee the complete and prompt performance by the members of their respective Affiliated Groups of all of their obligations and undertakings pursuant to this Agreement. If, subsequent to the close of business on the Closing Date, either HEI or PHC shall be acquired by another entity such that

50% or more of its common stock is in common control, such acquirer shall, by making such acquisition, simultaneously agree to jointly and severally guarantee the complete and prompt performance by the acquired corporation and any Affiliate of the acquired corporation of all of their obligations and undertakings pursuant to this Agreement.

(d) Severability. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable, the enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions hereof without including any of such which may hereafter be declared invalid, void or unenforceable. In the event that any such term, provision, covenant or restriction is hereafter held to be invalid, void or unenforceable, the parties hereto agree to use their best efforts to find and employ an alternate means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction.

(e) Indulgences, etc. Neither the failure nor any delay on the part of any party hereto to exercise any right under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right preclude any other or further exercise of the same or any other right, nor shall any waiver of any right with respect to any occurrence be construed as a waiver of such right with respect to any other occurrence.

(f) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without regard to the conflict of law principles thereof, except with respect to matters of law concerning the internal corporate affairs of any corporate entity which is a party to or subject of this Agreement, and as to those matters the law of the jurisdiction under which the respective entity derives its powers shall govern.

(g) Notices. All notices, requests, demands and other communications required or permitted under this Agreement that are routine in nature shall be made in writing and shall be delivered by hand or mailed by registered or certified mail (return receipt requested) to the designated representative of the tax department of each party and confirmed by a copy thereof directed to the general counsel of each party, while all notices, requests, demands and other communications of material importance shall be made in the manner provided in Section 9.04 of the Distribution Agreement and confirmed by a copy thereof directed to the designated representative of the tax department of each party.

(h) Modification or Amendment. This Agreement may be amended at any time by written agreement executed and delivered by duly authorized officers of PHC and HEI.

(i) Successors and Assigns. A party's rights and obligations under this Agreement may not be assigned without the prior written consent of the other party. All of the provisions of this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns, and shall survive any acquisition, disposition or other corporate restructuring or transaction involving either party.

(j) No Third-Party Beneficiaries. This Agreement is solely for the benefit of the parties to this Agreement and their respective Affiliates and should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without this Agreement.

(k) Other. This Agreement may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all of such counterparts shall together constitute one and the same instrument. The section numbers and captions herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof.

(l) Predecessors and Successors. To the extent necessary to give effect to the purposes of this Agreement, any reference to any corporation, Affiliated Group or member of an Affiliated Group shall also include any predecessors or successors thereto, by operation of law or otherwise.

(m) Tax Elections. Nothing in this Agreement is intended to change or otherwise affect any previous tax election made by or on behalf of the Promus Group (including the election with respect to the calculation of earnings and profits under Code Section 1552 and the regulations thereunder). HEI, as common parent of the HEI Group, shall continue to have sole discretion to make any and all elections with respect to all members of the Promus Group for all Pre-Closing Taxable Periods for which it is obligated to file Tax or Information Returns under Section 2(a)(i).

(n) Injunctions. The parties acknowledge that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or were otherwise breached. The parties hereto shall be entitled to an injunction of injunctions to prevent breaches hereto and to enforce specifically the terms and provisions hereof in any court having jurisdiction; such remedy shall be in addition to any other remedy available at law or in equity.

(o) Further Assurances. Subject to the provisions hereof, the parties hereto shall make, execute, acknowledge and deliver such other instruments and documents, and take all such other actions, as may be reasonably required in order to effectuate the purposes of this Agreement and to consummate the transactions contemplated hereby. Subject to the provisions hereof, each party shall, in connection with entering into this Agreement, performing its obligations hereunder and taking any and all actions relating hereto, comply with all applicable laws, regulations, orders and decrees, obtain all required consents and approvals and make all required filings with any governmental agency, other regulatory or administrative

agency, commission or similar authority and promptly provide the other party with all such information as it may reasonably request in order to be able to comply with the provisions of this sentence.

(p) Setoff. Except as provided in Section 4(a), all payments to be made by any party under this Agreement shall be made without setoff, counterclaim or withholding, all of which are expressly waived.

(q) Costs and Expenses. Unless otherwise specifically provided herein, each party agrees to pay its own costs and expenses resulting from the fulfillment of its respective obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, or have caused this Agreement to be duly executed on their respective behalf by their respective officers thereunto duly authorized, as of the day and year above written.

THE PROMUS COMPANIES,
INCORPORATED AND SUBSIDIARIES

By: _____

Name: _____

Title: _____

The Promus Companies, Incorporated

PROMUS HOTEL CORPORATION AND
SUBSIDIARIES

By: _____

Name: _____

Title: _____

Promus Hotel Corporation

Amendment to

 The Promus Companies Incorporated ("Company")

 Executive Deferred Compensation Plan ("Plan")

 May 26, 1995

Pursuant to paragraph 9.1 of the Plan, the Human Resources Committee of the Company's Board of Directors adopted this amendment to the Plan on May 26, 1995:

1. The following Section 5.12 is added to the Plan:

"5.12 Spin-off Transactions. Notwithstanding anything

 in the Plan to the contrary, in the event any business of Promus or its subsidiaries is spun-off and a Participant becomes an employee or director of the company owning the spun-off business (the "Spin-Off Company") which adopts a deferred compensation plan that is substantially the same as the Plan, then the Human Resources Committee of the Board of Directors of Promus in its discretion may determine as follows prior to the spin-off:

(a) any director-Participant who resigns as a director of the Company and who, within 90 days, commences service as a director of the Spin-Off Company will not be treated as having terminated service or employment as a director for purposes of paying Plan benefits, and his or her entire Account balance and all obligations associated therewith will be transferred to the corresponding Plan of the Spin-Off Company;

(b) a transfer of employment of a Participant to the Spin-Off Company in connection with the spin-off will not be considered a termination of employment for purposes of paying Plan benefits or of forfeiting matching contributions and interest thereon;

(c) a transferred Participant's Account balance as of the effective date of the spin-off and all obligations related thereto will be transferred to the corresponding plan of the Spin-Off Company;

(d) any Participant who will immediately after the effective date of the spin-off continue to be employed by Promus (or a subsidiary thereof) and will also be employed by the Spin-Off Company (or a subsidiary thereof) will have the right to designate in writing (to be signed prior to the effective date of the spin-off) a percentage (from zero to 100%) of his or her Account Balance as of such effective date that will be transferred to the Spin-Off Company (such percentage being applied to the balances attributable to each year of deferral) which transfer will include the transfer of all obligations associated therewith. (To the extent such designation is not made, the Participant's Account will remain in the Plan pursuant to its terms.);

(e) Any employee or director transferring to the Spin-Off Company will receive credit for and will be vested in the Retirement Account Interest Rate under the Plan and under the Spin-Off Company's corresponding plan if such Rate is earned or otherwise vested or credited under the Plan on or prior to the effective date of the spin-off; and

(f) Except to the extent related to that portion of a Participant's Account balance that is retained in the Plan pursuant to the above Section 5.12(e), no benefits will be payable under the Plan to a Participant whose Account balance (or portion thereof) is transferred to the Spin-Off Company.

2. Subparagraph (e) of paragraph 5.2 of the Plan is deleted.
3. Paragraph 2.4 of the Plan is amended to read as follows:

"2.4 Change of Control. A Change of Control shall be

deemed to have occurred, subject to subparagraph (iv)
hereof, if any of the events in subparagraphs (i), (ii)
or (iii) occur:

(i) Any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than an employee benefit plan of Promus, or a trustee or other fiduciary holding securities under an employee benefit plan of Promus, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 25% or more of Promus's then outstanding voting securities carrying the right to vote in elections of persons to the Board of Directors, regardless of comparative voting power of such voting securities, and regardless of whether or not the Board of Directors shall have approved such Change in Control; or

(ii) During any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors and any new director (other than a director designated by a person who shall have entered into an agreement with Promus to effect a transaction described in subparagraphs (i) or (iii) of this paragraph) whose election by the Board of Directors or nomination for election by Promus's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(iii) The holders of securities of Promus entitled to vote thereon approve the following:

(A) A merger or consolidation of Promus with any other corporation regardless of which entity is the surviving company, other than a merger or consolidation which would result in the voting securities of Promus carrying the right to vote in elections of persons to the Board of Directors outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 80% of Promus's then outstanding voting securities carrying the right to vote in elections of persons to the Board of Directors, or such securities of such surviving entity outstanding immediately after such merger or consolidation, or

(B) A plan of complete liquidation of Promus or an agreement for the sale or disposition by Promus of all or substantially all of Promus's assets.

(iv) Notwithstanding the definition of a "Change in Control" of Promus as set forth in this paragraph 2.4, the Human Resources Committee of the Board of Directors (the "Committee") shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control of Promus has occurred, and the date of the occurrence of such Change in Control and any incidental matters relating thereto, with respect to a transaction or series of transactions which have resulted or will result in a substantial portion of the assets or business of Promus (as determined immediately prior to the transaction or series of transactions by the Committee in its sole discretion which determination shall be final and conclusive) being held by a corporation at least 80% of whose voting securities are held, immediately following such transaction or series of transactions, by holders of the voting securities of Promus (determined immediately prior to such transaction or series of transactions). The Committee may exercise such discretionary authority without regard to whether one or more of the transactions in such series of transactions would otherwise constitute a Change in Control of Promus under the definition set forth in this paragraph 2.4."

Executed as of this 26th day of May, 1995.

THE PROMUS COMPANIES INCORPORATED

By: _____
William S. McCalmont
Vice President

Amendment to

 The Promus Companies Incorporated ("Company")

 Deferred Compensation Plan ("Plan")

 May 26, 1995

Pursuant to paragraph 11 of the Plan, the Human Resources Committee of the Company's Board of Directors adopted this amendment on May 26, 1995:

The following Section 5.8 is added to the Plan:

"5.8 Spin-off Transactions. Notwithstanding anything

in the Plan to contrary, in the event any business of Promus or its subsidiaries is spun-off and a Participant becomes an employee or director of the company owning the spun-off business (the "Spin-Off Company") which adopts a deferred compensation plan that is substantially the same as the Plan, then the Human Resources Committee of the Board of Directors of Promus may in its discretion determine as follows prior to such spin-off:

(a) any director-Participant who resigns as a director of Promus and who, within 90 days, commences service as a director of the Spin-Off Company will not be treated as having terminated service as a director for purposes of paying Plan benefits, and his or her entire Account balance and all obligations associated therewith will be transferred to the corresponding Plan of the Spin-Off Company;

(b) a transfer of employment of a Participant to the Spin-Off Company will not be considered a termination of employment for purposes of paying Plan benefits or of forfeiting matching contributions and interest thereon;

(c) a transferred Participant's Account balance as of the effective date of the spin-off and all obligations related thereto will be transferred to the corresponding plan of the Spin-Off Company; and

(d) any Participant who will immediately after the effective date of the spin-off be employed by Promus (or a subsidiary thereof) and also by the Spin-Off Company (or a subsidiary thereof) will have the right to designate in writing (to be signed prior to the effective date of the spin-off) a percentage (from zero to 100%) of his or her Account balance that will be transferred to the Spin-Off Company (such percentage being applied to the balances attributable to each year of deferral) which will include the transfer of all obligations associated therewith. (To the extent such designation is not made, the Account Balance will remain in the Plan pursuant to its terms); and

(e) Except to the extent related to that portion of a Participant's Account balance that is retained in the Plan pursuant to the above Section 5.8(d), no benefits will be payable under the Plan to a Participant whose Account balance (or portion thereof) is transferred to the Spin-Off Company.

Executed as of this 26th day of May, 1995.

THE PROMUS COMPANIES INCORPORATED

By: _____

William S. McCalmont
Vice President

AMENDMENT TO ESCROW AGREEMENT

WHEREAS, The Promus Companies Incorporated has entered into an Escrow Agreement (the "Escrow Agreement"), dated February 6, 1990 and amended October 29, 1993, by and between The Promus Companies Incorporated, a Delaware corporation (the "Company"), the subsidiaries of the Company listed on the execution page of this Agreement ("Subsidiaries"), and NationsBank (formerly Sovran Bank and formerly Commerce Union Bank, (the "Escrow Agent").

WHEREAS, pursuant to Section 5.2 of the Escrow Agreement, the Company maintains the right to amend the Escrow Agreement by an instrument in writing signed on behalf of the parties to the Escrow Agreement together with the written consent of Participants having at least 50 percent of all amounts then accounted for in the Escrow Fund with respect to their accounts (which consent is attached hereto as Exhibit A).

WHEREAS, pursuant to the distribution of a dividend of common stock in Promus Hotel Corporation to the shareholders of The Promus Companies Incorporated (the "Distribution"), certain employees of the Company will be transferred to Promus Hotel Corporation ("PHC") and, with respect such employees who have an account in or rights under the Plans (as defined in the Escrow Agreement), PHC will assume all liabilities and obligations of the Company to such transferred employees, accrued through the Distribution with respect to the Promus Executive Deferred Compensation Plan and the Promus Deferred Compensation Plan, along with earnings required to be credited to account balances included therein through the Distribution, to be assumed by PHC if the Company transfers to the escrow agreement maintained by PHC an amount of assets held in the Escrow Agreement sufficient to fund the Assumed Deferred Compensation Liability with approximately the same relative funding coverage as existed immediately prior to the Distribution.

WHEREAS, pursuant to Section 5.2 of the Escrow Agreement, the parties hereto hereby adopt this amendment to the Escrow Agreement, this amendment to become effective upon the distribution of a dividend of common stock in Promus Hotel Corporation to the shareholders of The Promus Companies Incorporated.

NOW THEREFORE, in consideration of the mutual agreements contained herein and for other good and valuable consideration the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Section 1.2 of the Plan shall be amended to read in its entirety as follows:

SECTION 1.2 Participants. The Participants are:

Barksdale, James L.	Meeks, D. Michael
Barnhart, Neil F.	Mon, Hector H.
Bollenbach, Stephen F.	Morgan, Bradford W.
Boushy, John M.	Norville, Craig H.

Brannon, Robert L.	McCalmont, William S.
Burhop, Gary L.	Peternell, Ben C.
Clark-Jackson, Susan	Phillips, Louis J.
Culp, Clyde E., III	Reed, Colin V.
Evans, Nicholas M.	Regan, Michael N.
Farley, James B.	Robinson, E. O., Jr.
Feldman, Hervey A.	Rose, Michael D.
Goeglein, Richard J.	Salmon, Walter J.
Henson, Joe M.	Satre, Philip G.
Kates, Henry E.	Sells, Boake A.
Lacaff, Laurance B.	Solomonson, Charles D.
Ledsinger, Charles A., Jr.	Sorenson, Perry
Lenczycki, Ronald A.	Wallace, Dee A.
Martin, Robert	Williams, Eddie N.
McAllister, J. W.	Young, Shirley.

The Company may add Participants upon written notice to the Escrow Agent. For purposes of this Agreement, the beneficiary of any Participant who dies shall be deemed a Participant under this Agreement to the extent such beneficiary is entitled to then accrued benefits under the Plans.

2. The Plan shall be amended to add Section 3.3 which shall read in its entirety as follows:

SECTION 3.3 Transfer to Escrow Fund of Promus Hotel

Corporation. Pursuant to the written instructions of the Company, on the

date set forth in such notice the Escrow Agent shall transfer to the escrow fund of Promus Hotel Corporation established pursuant to the Escrow Agreement between Promus Hotel Corporation and NationsBank the assets held in the Escrow Fund that are designated in such instructions.

* * * * *

Executed as of this 7th day of June, 1995.

THE PROMUS COMPANIES
INCORPORATED

NATIONSBANK

By: _____

By: _____

Title: _____

Title: _____

CONSENT

The signatories below, being "Participants" under the Escrow Agreement dated as of February 6, 1990 (the "Escrow Agreement") and as amended as of October 29, 1993, as the term "Participants" is defined therein, and who together have at least 50 percent of all amounts accounted for in the Escrow Agreement allocable to benefits payable to them, hereby consent to the foregoing Amendment executed as of June 7, 1995, to the Escrow Agreement.

Michael D. Rose

Philip G. Satre

Ben C. Peterzell

Raymond E. Schultz

Ronald A. Lenczycki

THE PROMUS COMPANIES INCORPORATED

_____, 1995

The Promus Companies Incorporated
 1023 Cherry Road
 Memphis, Tennessee 38117

Re: Severance Agreement

Dear _____:

The Promus Companies Incorporated (the "Company") considers it essential to the best interest of its stockholders to foster the continuous employment of key management personnel. In this connection, the Board of Directors of the Company (the "Board") recognizes that, as is the case with many publicly held corporations, the possibility of a change in control may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders.

The Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including yourself, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company, although no such change is now contemplated.

In order to induce you to remain in the employ of the Company and in consideration of your agreements set forth in Subsection 2(b) hereof, the Company agrees that you shall receive the severance benefits set forth in this letter agreement ("this Agreement") in the event your employment with the Company terminates subsequent to a "Change in Control of the Company" (as defined in Section 2 hereof) under the circumstances described below.

1. Term of Agreement. This Agreement shall commence on _____, 1995

 and shall continue in effect through December 31, 19____; provided, however,

 that commencing on January 1, 19____ and each January 1 thereafter, the term

 of this Agreement shall automatically be extended for one additional year unless, not later than September 30 of the preceding year, the Company shall have given notice that it does not wish to extend this Agreement; provided, further, if a Change in Control of the Company shall have

 occurred during the original or extended term of this Agreement, this Agreement shall automatically

[Name of Executive]
 _____, 1995

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 Page 2

continue in effect for a period of twenty-four months beyond the month in which such Change in Control occurred.

2. Change in Control.

(a) No benefit shall be payable to you hereunder unless there shall have been a Change in Control of the Company, as set forth below. For purposes of this Agreement, a "Change in Control of the Company" shall be deemed to have occurred, subject to subparagraph (iv) hereof, if any of the events in subparagraphs (i), (ii) or (iii) occur:

(i) Any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than an employee benefit plan of the Company, or a trustee or other fiduciary holding securities under an employee benefit plan of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly,

of 25% or more of the Company's then outstanding voting securities carrying the right to vote in elections of persons to the Board, regardless of comparative voting power of such voting securities, and regardless of whether or not the Board shall have approved such Change in Control; or

(ii) During any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board and any new director (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in clauses (i) or (iii) of this Subsection) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(iii) The holders of securities of the Company entitled to vote thereon approve the following:

(A) A merger or consolidation of the Company with any other corporation regardless of which entity is the surviving company, other than a merger or consolidation which would result in the voting securities of the Company carrying the right to vote in elections of persons to the Board outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 80% of the Company's then outstanding voting securities carrying the right to vote in elections of persons to the Board, or such securities of such surviving entity outstanding immediately after such merger or consolidation, or

(B) A plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

(iv) Notwithstanding the definition of a "Change in Control" of the Company as set forth in this Section 2(a), the Human Resources Committee of the Board (the "Committee") shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control of the Company has occurred, and the date of the occurrence of such Change in Control and any incidental matters relating thereto, with respect to a transaction or series of transactions which have resulted or will result in a substantial portion of the assets or business of the Company (as determined immediately prior to the transaction or series of transactions by the Committee in its sole discretion which determination shall be final and conclusive) being held by a corporation at least 80% of whose voting securities are held, immediately following such transaction or series of transactions, by holders of the voting securities of the Company (determined immediately prior to such transaction or series of transactions). The Committee may exercise such discretionary authority without regard to whether one or more of the transactions in such series of transactions would otherwise constitute a Change in Control of the Company under the definition set forth in this Section 2(a).

(b) For purposes of this Agreement, a "Potential Change in Control of the Company" shall be deemed to have occurred if the following occur:

(i) The Company enters into an agreement or letter of intent, the consummation of which would result in the occurrence of a Change in Control of the Company;

(ii) Any person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company;

(iii) Any person, other than an employee benefit plan of the Company, or a trustee or other fiduciary holding securities under an employee benefit plan of the Company, who is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 9.5% or more of the Company's then outstanding voting securities carrying the right to vote in elections of persons to the Board increases his beneficial ownership of such securities by 5% or more over the percentage so owned by such person on the date hereof; or

(iv) The Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control of the Company has occurred.

[Name of Executive]
, 1995

Page 4

You agree that, subject to the terms and conditions of this Agreement, in the event of a Potential Change in Control of the Company, you will remain in the employ of the Company (or the subsidiary thereof by which you are employed at the date such Potential Change in Control occurs) until the earliest of (x) a date which is six months from the occurrence of such Potential Change in Control of the Company, (y) the termination by you of your employment by reasons of Disability or Retirement (at your normal retirement age), as defined in Subsection 3(i), or (z) the occurrence of a Change in Control of the Company.

(c) Good Reason. For purposes of this Agreement, "Good Reason" shall

mean, without your express written consent, the occurrence after a Change in Control of the Company of any of the following circumstances unless, in the case of paragraphs (i), (v), (vi), (vii) or (viii), such circumstances are fully corrected prior to the Date of Termination specified in the Notice of Termination, as defined in Subsections 3(e) and 3(d), respectively, given in respect thereof:

(i) The assignment to you of any duties inconsistent with your status as an executive officer of the Company or a substantial adverse alteration in the nature or status of your responsibilities from those in effect immediately prior to the Change in Control of the Company;

(ii) A reduction by the Company in your annual base salary as in effect on the date hereof or as the same may be increased from time to time except for across-the-board salary reductions similarly affecting all executives of the Company and all executives of any person in control of the Company;

(iii) The relocation of the Company's principal executive offices where you are working immediately prior to the Change in Control of the Company to a location more than 50 miles from the location of such offices immediately prior to the Change in Control of the Company or the Company's requiring you to be based anywhere other than the location of the Company's principal executive offices where you were working immediately prior to the Change in Control of the Company except for required travel on the Company's business to an extent substantially consistent with your present business travel obligations;

(iv) The failure by the Company, without your consent, to pay to you any portion of your current compensation except pursuant to an across-the-board compensation deferral similarly affecting all executives of the Company and all executives of any person in control of the Company, or to pay to you any portion of an installment of deferred compensation under any deferred compensation program of the Company, within thirty days of the date such compensation is due;

(v) The failure by the Company to continue in effect any compensation

[Name of Executive]
, 1995
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Page 5

plan in which you are participating immediately prior to the Change in Control of the Company which is material to your total compensation, including but not limited to, the Company's Bonus Plan, Executive Deferred Compensation Plan, Restricted Stock Plan, or any substitute plans adopted prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue your participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of your participation relative to other participants, as existed immediately prior to the Change in Control of the Company;

(vi) The failure by the Company to continue to provide you with benefits substantially similar to those enjoyed by you under any of the Company's pension, savings and retirement plan, life insurance, medical, health and accident, or disability plans in which you were participating at the time of the Change in Control of the Company, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive you of any material fringe benefit enjoyed by you at the time of the Change in Control of the Company, or the failure by the Company to provide you with the number of paid vacation days to which you are entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the Change in Control of the Company;

(vii) The failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 5 hereof; or

(viii) Any purported termination of your employment by the Company which is not effected pursuant to a Notice of Termination satisfying the requirements of Subsection 3(d) hereof and the requirements of Subsection 3(b) above; for purposes of this Agreement, no such purported termination shall be effective.

Your right to terminate your employment pursuant to this Agreement for Good Reason shall not be affected by your incapacity due to physical or mental illness. Your continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

3. Termination Following Change in Control. If any of the events

described in Subsection 2(a) hereof constituting a Change in Control of the Company shall have occurred, you shall be entitled to the benefits provided in Subsection 4(c) hereof upon the subsequent termination of your employment if such termination is (y) by the Company other than for Cause, Retirement or Disability, or (z) by you for Good Reason.

(a) Disability; Retirement. If, as a result of your incapacity due

to physical or mental illness, you shall have been absent from the full-time performance of your duties with the Company for six consecutive months, and within thirty days after written notice of termination is given you shall not have returned to the full-time performance of your duties, your employment may be terminated for "Disability". Termination by the Company or you of your employment based on "Retirement" shall mean termination at age 65 (or later) with ten years of service or retirement in accordance with any retirement contract between the Company and you.

(b) Cause. Termination by the Company of your employment for "Cause"

shall mean termination upon your engaging in willful and continued misconduct, or your willful and continued failure to substantially perform your duties with the Company (other than due to physical or mental illness), if such failure or misconduct is materially damaging or materially detrimental to the business and operations of the Company, provided that you shall have received written notice of such failure or

misconduct and shall have continued to engage in such failure or misconduct after 30 days following receipt of such notice from the Board, which notice specifically identifies the manner in which the Board believes that you have engaged in such failure or misconduct. For purposes of this Subsection, no act, or failure to act, on your part shall be deemed "willful" unless done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company. Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that in the good faith opinion of the Board you were guilty of failure to substantially perform your duties or of misconduct in accordance with the first sentence of this Subsection, and of continuing such failure to substantially perform your duties or misconduct as aforesaid after notice from the Board, and specifying the particulars thereof in detail.

(c) Voluntary Resignation. After a Change in Control of the Company

and for purposes of receiving the benefits provided in Subsection 4(c) hereof, you shall be entitled to terminate your employment by voluntary resignation given at any time during the two years following the occurrence of a Change in Control of the Company hereunder, provided such resignation

is by you for Good Reason. Such resignation shall not be deemed a breach of any employment contract between you and the Company.

(d) Notice of Termination. Any purported termination of your

employment by the Company or by you shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 6 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination

[Name of Executive]
, 1995

Page 7

provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(e) Date of Termination, Etc. "Date of Termination" shall mean:

(i) If your employment is terminated for Disability, thirty days after Notice of Termination is given (provided that you shall not have returned to the full-time performance of your duties during such thirty day period), and

(ii) If your employment is terminated pursuant to Subsection (b) or (c) above or for any other reason (other than Disability), the date specified in the Notice of Termination (which, in the case of a termination pursuant to Subsection (b) above shall not be less than thirty days, and in the case of a termination pursuant to Subsection (c) above shall not be less than fifteen nor more than sixty days, respectively, from the date such Notice of Termination is given);

provided that if within fifteen days after any Notice of Termination is

given, or, if later, prior to the Date of Termination (as determined without regard to this provision), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be the date on which the dispute is finally determined, either by mutual written agreement of the parties, by a binding arbitration award, or by a final judgment, order or decree of a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided further that the Date of Termination shall be extended

by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence. Notwithstanding the pendency of any such dispute, the Company will continue to pay you your full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, base salary) and continue you as a participant in all compensation, bonus, benefit and insurance plans in which you were participating when the notice giving rise to the dispute was given, until the dispute is finally resolved in accordance with this Subsection. Amounts paid under this Subsection are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.

4. Compensation Upon Termination or During Disability Following a

Change of Control. Following a Change in Control of the Company, as

defined in Subsection 2(a), upon termination of your employment or during a period of Disability, you shall be entitled to the following benefits:

(a) During any period that you fail to perform your full-time duties with the

[Name of Executive]
, 1995

Page 8

Company as a result of incapacity due to physical or mental illness, you shall continue to receive your base salary at the rate in effect at the commencement of any such period, together with all compensation payable to you under the Company's Bonus Plan, Restricted Stock Plan, and other incentive compensation plans during such period, until this Agreement is terminated pursuant to Section 3(a) hereof. Thereafter, or in the event your employment shall be terminated for Retirement, or by reason of your death, your benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs, subject to Subsection 4(e) hereof.

(b) If your employment shall be terminated by the Company for Cause, the Company shall pay you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation plan of the Company at the time such payments are due, and the Company shall have no further obligations to you under this Agreement.

(c) If your employment by the Company shall be terminated (y) by the Company other than for Cause, Retirement or Disability or (z) by you for Good Reason, then you shall be entitled to the benefits provided below:

(i) The Company shall pay you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation or benefit plan of the Company, at the time such payments are due;

(ii) In lieu of any further salary payments to you for periods subsequent to the Date of Termination, the Company shall pay as severance pay to you a lump sum severance payment (the "Severance Payment") equal to 2.99 times the average of the Annual Compensation (as defined below) which was payable to you by the Company (including, for periods prior to February 7, 1990, Holiday Corporation or its affiliates) or any corporation affiliated with the Company within the meaning of Section 1504 of the Internal Revenue Code of 1986, as amended (the "Code"), for the five calendar years preceding the calendar year in which the Change in Control occurred. Such average shall be determined in accordance with proposed, temporary or final regulations promulgated under Section 280G(d) of the Code, or, in the absence of such regulations, if you were not employed by the Company (including for this purpose Holiday Corporation or its affiliates for periods prior to February 7, 1990) or its affiliates during the entire five calendar years preceding the calendar year in which the Change in Control occurred, then such average shall be an average of your Annual Compensation for the complete calendar years (if any) and partial calendar year (if any) during which you were so employed provided that

the amount for any such partial calendar year shall be an annualized amount based on the

amount of Annual Compensation paid to you during the partial calendar year. If you were not employed by the Company or its affiliates or, for periods prior to February 7, 1990, Holiday Corporation or its affiliates during such preceding calendar year, then such average shall be an annualized amount based on the amount of Annual Compensation paid to you during the calendar year in which the Change of Control occurred. Annual Compensation is your base salary and your annual bonus under the Annual Management Bonus Plan of the Company that was payable to you by the Company or any of its affiliates (including for this purpose base salary and bonus payable to you by Holiday Corporation or its affiliates for periods prior to February 7, 1990) that was payable to you during a calendar year determined without any reduction for any deferrals of such salary or such bonus under any deferred compensation plan (qualified or unqualified) and without any reduction for any salary reductions used for making contributions to any group insurance plan of the Company (including for this purpose Holiday Corporation or its affiliates for periods prior to February 7, 1990) or its affiliates.

(iii) The Company shall also pay to you the amounts of any compensation or awards payable to you or due to you in respect of any period preceding the Date of Termination under any incentive compensation plan of the Company (including, without limitation, the Company's Restricted Stock Plan and Stock Option Plan (the "Option Plan") and under any agreements with you in connection therewith, and shall make any other payments and take any other actions provided for in such plans and agreements.

(iv) In lieu of shares of common stock of the Company ("Company Shares") issuable upon exercise of outstanding options, if any ("Options") granted to you under the Option Plan (which Options shall be cancelled upon the making of the payment referred to below), you shall receive an amount in cash equal to the product of (y) the excess of, the higher of the closing price of Company Shares as reported on the New York Stock Exchange on or nearest the Date of Termination (or, if not listed on such exchange, on a nationally recognized exchange or quotation system on which trading volume in Company Shares is highest) or the highest per share price for Company Shares actually paid in connection with any change in control of the Company, over the per share exercise price of each Option held by you (whether or not then fully exercisable), times (z) the number of Company Shares covered by each such option.

(v) The Company shall also pay to you all legal fees and expenses incurred by you as a result of such termination (including all such fees and expenses, if any, incurred in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the

application of Section 4999 of the Code to any payment or benefit provided hereunder).

(vi) In the event that you become entitled to the payments (the "Severance Payments") provided under paragraphs (ii), (iii), and (iv), above (and Subsections (d) and (e), below), and if any of the Severance Payments will be subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code, the Company shall pay to you at the time specified in paragraph (vii), below, an additional amount (the "Gross-Up Payment") such that the net amount retained by you, after deduction of any Excise Tax on the Severance Payments and any federal (and state and local) income tax and Excise Tax upon the payment provided for by this paragraph, shall be equal to the amount of the Severance Payments less any Excise Tax attributable to Severance Payments in respect of those shares of restricted stock granted to you in 1990 in connection with the merger of Holiday Corporation with and into a subsidiary of Bass plc and which were issued in substitution of shares of Holiday Corporation restricted stock granted to you on or after November 11, 1986 in connection with the 1987 recapitalization of Holiday Corporation (the "Excluded Severance Payments"). For purposes of determining whether any of the Severance Payments will be subject to the Excise Tax and the amount of such Excise Tax the following will apply:

(A) Any other payments or benefits received or to be received by you in connection with a Change in Control of the Company or your termination of employment (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any person whose actions result in a Change in Control of the Company or any person affiliated with the Company or such person) shall be treated as "parachute payments" within the meaning of Section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of Section 280G(b)(1) shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel selected by the Company's independent auditors and acceptable to you such other payments or benefits (in whole or in part) do not constitute parachute payments, or such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code in excess of the base amount within the meaning of Section 280G(b)(3) of the Code, or are otherwise not subject to the Excise Tax;

(B) The amount of the Severance Payments which shall be treated as subject to the Excise Tax shall be equal to the lesser of (y) the total amount of the Severance Payments or (z) the amount of excess parachute payments within the meaning of Section 280G(b)(1) (after applying clause (A), above); and

(C) The value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with proposed, temporary or final regulations under Sections 280G(d)(3) and (4) of the Code or, in the absence of such regulations, in accordance with the principles of Section 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, you shall be deemed to pay Federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of your residence on the Date of Termination, net of the maximum reduction in Federal income taxes which could be obtained from deduction of such state and local taxes. In the event that the amount of Excise Tax attributable to Severance Payments other than the Excluded Severance Payment is subsequently determined to be less than the amount taken into account hereunder at the time of termination of your employment, you shall repay to the Company at the time that the amount of such reduction in Excise Tax is finally determined the portion of the Gross-Up Payment attributable to such reduction (plus the portion of the Gross-Up Payment attributable to the Excise Tax and Federal (and state and local) income tax imposed on the Gross-Up Payment being repaid by you if such repayment results in a reduction in Excise Tax and/or a Federal (and state and local) income tax deduction) plus interest on the amount of such repayment at the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax attributable to Severance Payments other than the Excluded Severance Payment is determined to exceed the amount taken into account hereunder at the time of the termination of your employment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional gross-up payment in respect of such excess (plus any interest payable with respect to such excess) at the time that the amount of such excess is finally determined.

(vii) The payments provided for in paragraphs (ii), (iii), (iv) and (vi) above, shall be made not later than the fifth day following the Date of Termination, provided, however, that if the

amounts of such payments cannot be finally determined on or before such day, the Company shall pay to you on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments and shall pay the remainder of such payments (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute

a

loan by the Company to you payable on the fifth day after demand by the Company (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code).

(d) If your employment shall be terminated (y) by the Company other than for Cause, Retirement or Disability or (z) by you voluntarily for Good Reason, then for a twenty-four month period after such termination, the Company shall arrange to provide you with life, disability, accident and health insurance benefits substantially similar to those which you are receiving immediately prior to the Notice of Termination. Benefits otherwise receivable by you pursuant to this Subsection 4(d) shall be reduced to the extent comparable benefits are actually received by you during the twenty-four month period following your termination, and any such benefits actually received by you shall be reported to the Company.

(e) In the event a Change in Control of the Company occurs after you and the Company have entered into any retirement agreement including an agreement providing for early retirement, then the present value, computed using a discount rate of 8% per annum, of the total amount of all unpaid deferred payments as payable to you in accordance with the payment schedule that you elected when the deferral was agreed to and using the plan interest rate applicable to your situation, or other payments payable or to become payable to you or your estate or beneficiary under such retirement agreement (other than payments payable pursuant to a plan qualified under Section 401(a) of the Internal Revenue Code) including, without limitation, any unpaid deferred payments under the Company's Executive Deferred Compensation Plan and the Company's other deferred compensation plans shall be paid to you (or your estate or beneficiary if applicable) in cash within five business days after the occurrence of the Change in Control of the Company. If you and the Company or its affiliates have executed a retirement agreement and if the Change in Control of the Company occurs before the effective date of your retirement, then you shall receive the Severance Payment payable under Subsection 4(c)(ii) herein in addition to the present value of your unpaid deferred retirement payments and other payments under the retirement agreement as aforesaid. All other benefits to which you or your estate or any beneficiary are entitled under such retirement agreement shall continue in effect notwithstanding the Change in Control of the Company. This Subsection 4(e) shall survive your retirement.

(f) Notwithstanding that a Change in Control shall not have yet occurred, if you so elect, by written notice to the Company given at any time after the date hereof and prior to the time such amounts are otherwise payable to you:

(i) The Company shall deposit with an escrow agent, pursuant to an escrow agreement between the Company and such escrow agent, a sum of money, or other property permitted by such escrow agreement, sufficient in the opinion of the Company's management to fund payment of the following amounts to you, as such amounts become payable:

(A) Amounts payable, or to become payable, to you or to your beneficiaries or your estate under the Company's Executive Deferred Compensation Plan and under any agreements related thereto in existence at the time of your election to make the deposit into escrow.

(B) Amounts payable, or to become payable, to you or to your beneficiaries or your estate by reason of your deferral of payments payable to you prior to the date of your election to make the deposit into escrow under any other deferred compensation agreements between you and the Company in existence at the time of your election to make the deposit into escrow, including but not limited to deferred compensation agreements relating to the deferral of salary or bonuses.

(C) Amounts payable, or to become payable, to you or to your beneficiaries or your estate under any agreement relating to your retirement from the Company (including payments described under Subsection 4(e) above) which agreement is in existence at the time of your election to make the deposit into escrow, other than amounts payable by a plan qualified under Section 401(a) of the Code.

(D) Subject to the approval of the Committee, amounts then due and payable to you, but not yet paid, under any other benefit plan or incentive compensation plan of the Company (whether such amounts are stock or cash) other than amounts payable to you under a plan qualified under Section 401(a) of the Code.

(ii) Upon the occurrence of a Potential Change of Control, the Company shall deposit with an escrow agent (which shall be the same escrow agent, if one exists, acting pursuant to clause (i) of this Subsection 4(f)), pursuant to an escrow agreement between the Company and such escrow agent, a sum of money, or other property permitted by such escrow agreement, sufficient in the opinion of Company management to fund the payment to you of the amounts specified in Subsection 4(c) of this Agreement.

(iii) It is intended that any amounts deposited in escrow pursuant to the provisions of clause (i) or (ii) of this Subsection 4(f), be subject to the claims of the Company's creditors, as set forth in the form of such escrow agreement.

(g) You shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by you as the result of employment by another employer, by retirement benefits, by offset

Page 14

(h) In addition to all other amounts payable to you under this Section 4, you shall be entitled to receive all benefits payable to you under any benefit plan of the Company in which you participate to the extent such benefits are not paid under this Agreement.

(b) This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

.....

waived or

[Name of Executive]
, 1995
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Page 15

discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Delaware. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law. The obligations of the Company under Section 4 shall survive the expiration of the term of this Agreement.

8. Validity. The invalidity or unenforceability of any provision of

this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

9. Counterparts. This Agreement may be executed in several

counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

10. Arbitration. Any dispute or controversy arising under or in

connection with this Agreement shall be settled exclusively by arbitration in Memphis, Tennessee in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction; provided, however, that you shall be entitled to seek specific performance of your right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

11. Similar Provisions in Other Agreement. The Severance Payment

under this Agreement supersedes and replaces any other severance payment to which you may be entitled under any previous agreement between you and the Company (including for this purpose Holiday Corporation or its affiliates) or its affiliates.

[Name of Executive]
_____, 1995
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Page 16

If this letter sets forth our agreement on the subject matter hereof,
kindly sign and return to the Company the enclosed copy of this letter
which will then constitute our binding agreement on this subject.

Very truly yours,

THE PROMUS COMPANIES
INCORPORATED

BY: _____
Name:
Title:

Agreed to as of this _____ day
of _____, 1995.

[Name of Executive]

Ralph Berry, The Promus Companies
(901) 762-8629

PROMUS ANNOUNCES THE SATISFACTION OF

CONDITION TO SPIN-OFF HOTEL BUSINESS

MEMPHIS, June 14, 1995 -- The Promus Companies Incorporated (NYSE:PRI) today announced the satisfaction of the final conditions to the spin-off of its wholly-owned subsidiary, Promus Hotel Corporation (NYSE:PRH).

On May 26, 1995, stockholders of Promus approved the spin-off and Promus' Board of Directors declared a dividend of shares of Promus Hotel conditioned upon the occurrence of certain events prior to June 19, 1995. The Executive Committee of Promus' Board has determined that all necessary events have occurred and that the conditions to the dividend have been satisfied: First, the gaming regulatory authorities of the State of New Jersey approved the spin-off on May 31, 1995. Second, the holders of a majority of the outstanding aggregate principal amount of each of the 10 7/8 percent Senior Subordinated Notes due 2002 and the 8 3/4 percent Senior Subordinated Notes due 2000 of Embassy Suites, Inc. consented to certain indenture amendments to permit the spin-off. Third, on June 7, 1995, Promus, Embassy and Promus Hotel entered into Credit Agreement with NationsBank, N.A. (Carolinas) and NationsBanc Capital Market, Inc. to provide Promus Hotel with financing of up to \$350 million. Fourth, all other material third party consents have been received.

Stockholders will receive one share of the new hotel company for each two shares of The Promus Companies owned on June 21, 1995, the record date for the dividend. The Promus Hotel shares will be distributed on June 30, 1995, and, on that date The Promus Companies will change its name to Harrah's Entertainment, Inc. (NYSE:HET). It is currently anticipated that the Promus Hotel common stock and the Harrah's Entertainment common stock (ex-distribution) will each begin trading on a "when-issued" basis on the New York Stock Exchange on or before June 19, 1995.