AMENDED AND RESTATED

MANAGEMENT AGREEMENT

BETWEEN

THE EASTERN BAND OF CHEROKEE INDIANS

AND

HARRAH'S NC CASINO COMPANY, L.L.C.

Dated as of April 14, 2004

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AMENDED AND RESTATED
MANAGEMENT AGREEMENT

THIS AMENDED AND RESTATED MANAGEMENT AGREEMENT has been entered into as of this 14 day of April, 2004, by and between **THE EASTERN BAND OF CHEROKEE INDIANS** (the "Tribe"), a federally recognized Indian Tribe, its permitted successors and assigns, and **HARRAH'S NC CASINO COMPANY, L.L.C.**, a North Carolina limited liability company, and its permitted successors and assigns ("the Manager").

1. Recitals.

1.1 The Tribe is a federally recognized Indian tribe, enjoying a government-to-government relationship with the United States. The Tribe possesses sovereign governmental powers over the land described in Exhibit "A" hereto (the "Property"), located within the boundaries of the Reservation in the state of North Carolina (the "State"), pursuant to the Tribe's recognized powers of self-government, governing document, resolutions, and ordinances of the Tribe and federal law. The obligations and rights under this Agreement shall be delegated by the Tribe to the TCGE, as defined below.

1.2 The Property is owned by the United States of America in trust for the Tribe. The Tribe desires to use the Property to improve the economic conditions of its members, to enable it to serve the social, economic, educational and health needs of the Tribe, to increase Tribal revenues, to enhance the Tribe's economic self-sufficiency and self-determination, to provide positive, long-term social, environmental and economic benefits to tribal members by enhancing its current family-style tourism economy by extending its tourist season without dramatically changing the nature of the local economy.

1.3 The Tribe is seeking technical experience and expertise for the operation of the Enterprise, as defined below, and training for members of the Tribe in the operation of the Enterprise. The Manager is willing and able to provide such experience, expertise and instruction.

1.4 The Tribe wants to grant the Manager the exclusive right and obligation to develop, manage, operate and maintain the Enterprise and any expansion thereof whether on lands currently held by the United States of America in trust for the Tribe or on land hereafter placed in trust, and to train Tribal members and others in the operation and maintenance of the Enterprise during the terms of the Development Agreement and the Management Agreement and conforming with the provisions of this Agreement. The Manager wishes to perform these functions exclusively for the Tribe as limited in Section 3.3 below.

1.5 This Agreement is entered into pursuant to the Indian Gaming Regulatory Act of 1988, PL 100-497, 25 U.S.C. § 2701 et seq. (herein the "IGRA").

2. Definitions. As they are used in this Agreement, the terms listed below shall have the meaning assigned to them in this Section:

2.1 Affiliate. "Affiliate" means as to Manager or the Tribe, any corporation, partnership, limited liability company, joint venture, trust, department or agency or individual controlled by, under common control with, or which controls, directly or indirectly Manager or the Tribe.

2.2 Authorized Debt. "Authorized Debt" shall have the meaning given to it in Section 5.1

2.3 Bank. The "Bank" shall mean the financial institution or syndication of financial institutions selected by the TCGE with the consent of the Tribe who provide the funding, financing or refunding or refinancing from time to time as necessary for the development and operations of the Enterprise.

2.4 Bureau of Indian Affairs ("B.I.A."). "B.I.A." is the Bureau of Indian Affairs under the Department of the Interior of the United States of America.

2.5 Board of Advisors. "Board of Advisors" shall mean the Board of the Tribal Casino Gaming Enterprise ("TCGE").

2.6 Capital Reserve Fund. "Capital Reserve Fund" shall mean that fund established by the Manager for the purpose of purchasing additions, replacements or improvements to the physical assets, including applicable systems software, of the TCGE.

2.7 Class II Gaming. "Class II Gaming" shall mean Class II Gaming as defined in IGRA.

2.8 Class III Gaming. "Class III Gaming" shall mean Class III Gaming as defined in IGRA and as provided for in the Compact.

2.9 Commencement Date. "Commencement Date" shall be the Effective Date.

2.10 Compact. "Compact" shall mean the Tribal-State Compact executed on the 11th day of August, 1994, between the Tribe and the state of North Carolina and published in the Federal Register on September 22, 1994, pursuant to IGRA as same may, from time to time, be amended, or such other compact that may be substituted therefor. The terms of the Compact are incorporated herein and made a part hereof by reference.

2.11 Distributable Net Revenue. "Distributable Net Revenue" is the total of Net Revenues (gaming) added to Net Revenues (other), plus amortization and depreciation, less: (i) Management Fees earned; (ii) [ ] of Gross Gaming Revenue (Win) if such 64

amount has been transferred to the Capital Reserve Fund; (iii) less the amount necessary to maintain the Minimum Balance and any amount proposed by Manager during the annual budget process and approved by the Board of Advisors of TCGE as an addition to the Minimum Balance Working Capital Fund of the Enterprise; (iv) less principal payments on debt: and (v) less other reserves as authorized by the Tribe and approved by the TCGE Board of Advisors.

2.12 Effective Date. The "Effective Date" shall mean the date upon which

(a) written approval of this Agreement is granted by the Chairman of the NIGC and/or the BIA as appropriate; and

(b) Manager has received a certified copy of the ratifying Resolution reciting that it is the law of the Tribe that this Amended and Restated Management Agreement and the exhibited documents attached hereto are the legal and binding obligations of the Tribe, valid and enforceable in accordance with their terms.

The Tribe and the Manager each agree to cooperate and to use their best efforts to satisfy both of the above conditions at the earliest possible date. Manager agrees to memorialize the Effective Date in a writing signed by Manager and delivered to the Tribe.

2.13 Enterprise. The "Enterprise" is the commercial enterprise of the Tribe authorized by IGRA and/or the Compact and operated and managed by Manager in accordance with the terms and conditions of this Agreement to engage in (a) gaming, defined as Class II and Class III Gaming under IGRA conducted at the Facility; and (b) any other lawful commercial activity allowed at the Facility with the approval of the TCGE Board of Advisors. The Enterprise shall not include any commercial enterprise conducted by the Tribe or any other instrumentality of the Tribe other than the Class II and Class III gaming operations at the Facility and any other lawful commercial activity approved by the TCGE Board of Advisors to be operated at the Facility in connection therewith. The Tribe shall have the sole proprietary interest in and responsibility for the conduct of all Gaming conducted by the Enterprise, subject to the rights and responsibilities of the Manager under this Agreement. The scope of the Enterprise as of the date of this Agreement is set forth on Exhibit "B" incorporated herein by reference and the parties agree that Exhibit "B" shall be modified to reflect any other Class II or Class III gaming operations at the Facility or any other lawful commercial activity approved by the TCGE Board of Advisors to be operated at the Facility in connection with the gaming operations at the Facility in the future.

2.14 Enterprise Employees. "Enterprise Employees" shall mean a generic reference to those employees who are assigned to work at the Facility. In the case of full-time employees, such assignment to the Facility must be primary.

2.15 Enterprise Employee Policy. "Enterprise Employee Policy" shall have the meaning given to it in Section 4.18.

2.16 Facility. "Facility" shall mean the buildings, improvements, and fixtures, now or hereafter located therein or thereon and associated and adjacent real property owned by the Tribe, within which the Enterprise will be housed, all as located on the Property. Title to the Property and the Facility shall merge and continue to be held by the United States of America in trust for the Tribe.

2.17 Fiscal Year. "Fiscal Year" shall mean each twelve month period, or portion thereof, ending on September 30 of each year, or on such other date as may be adopted by the Tribe in the future as the ending date of its fiscal year.

2.18 Furnishings and Equipment. "Furnishings and Equipment" shall mean all furniture, furnishings and equipment required in the operation of the Enterprise in accordance with the plans and specifications of the Facility.

2.19 Gaming. "Gaming" shall mean any and all activities defined as Class II or Class III Gaming under IGRA.

2.20 General Manager. "General Manager" shall mean the person employed by Manager to direct the operation of the Facility.

2.21 Governing Document. "Governing Document" shall mean the Charter and Governing Document of the Eastern Band of Cherokee Indians enacted and adopted on May 8, 1986 by the Tribal Council by Resolution No. 132 (1986) and as amended by tribal referendum conducted October 8, 1986, or as amended by the Tribe in the future or as replaced by a Tribal Constitution by the Tribe in the future.

2.22 Gross Gaming Revenue (Win). "Gross Gaming Revenue (Win)" shall mean the net win from gaming activities which is the difference between gaming wins and losses before deducting costs and expenses.

2.23 Gross Revenues. "Gross Revenues" shall mean all revenues of any nature derived directly or indirectly from the Enterprise including, without limitation, Gross Gaming Revenue (Win), Gross Revenues (Hotel), food and beverage sales and other retail or other receipts from lessees, sublessees, licensees and concessionaires (but not the gross receipts of such lessees, sublessees, licensees or concessionaires), interest on funds invested pursuant to the Enterprise Investment Policy and revenue recorded for Promotional Allowances.

2.23.1 Gross Revenues (Hotel). "Gross Revenues (Hotel)" shall mean all revenues and income of any nature derived directly or indirectly from the Hotel or from the use or operation thereof, whether on or off site, including but not limited to the room sales, laundry and cleaning, telephone, telegraph, satellite or cable video and telex revenues, rental or other receipts from lessees, sublessees, licensees, and concessionaires, (but not the gross receipts of such lessees, sublessees, licensees or concessionaires,), and revenue recorded for Promotional Allowances, but excluding any taxes the Tribe is allowed to assess.

2.24 Hard Count. "Hard Count" shall mean the count of the coin or tokens in a drop bucket.

2.25 IGRA. "IGRA" shall mean the Indian Gaming Regulatory Act of 1988, PL 100-497, 25 U.S.C. § 2701 et seq. as same may, from time to time, be amended.

2.26 Legal Requirements. "Legal Requirements" shall mean singularly and collectively all applicable laws including without limitation the Gaming Ordinance, The Cherokee Code, IGRA, the Compact and applicable federal and North Carolina statutes.

2.27 Loan Agreement. "Loan Agreement" shall mean the loan agreement between the Tribe or a designated tribal entity and the Bank and all documents executed in connection therewith, as same may be revised or extended from time to time, the proceeds of which are to be used exclusively for the development, design, construction, furnishing, equipping or providing working capital for the Enterprise.

2.28 Manager Employee(s). "Manager Employee(s)" shall mean those individuals who are employees of Manager leased to the TCGE, the cost of which is included as an Operating Expenses pursuant to Section 2.35(1).

2.29 Manager Officer(s). "Manager Officer(s)" shall mean those individuals referenced at Section 4.6.2 who are employees of Manager, 64

2.30 Minimum Balance. "Minimum Balance Working Capital Fund" shall mean that amount recommended by the Manager, after a detailed review of the future year's operating budget and cash flow requirements, which shall serve as working capital for operations and be sufficient to retire all of the obligations of the Enterprise expected to mature within the year, and as approved by the Board of Advisors of TCGE and shall meet the requirements, if any, of the Loan Agreement. The Minimum Balance Working Capital Fund shall include amounts in all bank accounts and the cost of marketable securities of the Enterprise (except for the bank accounts and marketable securities of the Capital Reserve Fund) plus the cash on hand in the casino cage, vaults and in the video machines. The Minimum Balance Working Capital Fund may be modified by the Board of Advisors upon the recommendation of the Manager as part of the annual budget process. Any excess working capital funds accumulated in the Minimum Balance Working Capital Fund may, on the recommendation of the Manager and approval of the Board of Advisors, be transferred to accounts of the Enterprise. Any required increase to the Minimum Balance Working Capital Fund must be approved by the Board of Advisors upon the recommendation of the Manager as part of the annual budget process and such approved increase shall be added to the Minimum Balance Working Capital Fund annually as provided in the calculation of Distributable Net Revenue.

2.31 Minimum Priority Payment. "Minimum Priority Payment" shall mean that payment due the Tribe on a monthly basis. If the Commencement Date is a date other

than the first day of a calendar month, the first payment will be prorated from the Commencement Date to the end of the month. The Minimum Priority Payment is payable on the twenty-first (21st) day of each calendar month following the month in which the Commencement Date occurs, which payment shall have priority over the Management Fee and shall be paid monthly in the amount of [ ] 64 Minimum Priority Payments shall be charged against the Distributable Net Revenues and, where there is insufficient Net Revenues in a given month, Manager shall advance the funds necessary to compensate for the deficiency and shall be reimbursed for the cumulative amount of funds so advanced from the funds of TCGE in the next succeeding month or months in accordance with the schedule of disbursements set forth in Section 6.4, as Recoupment Payment. Manager shall pay from its own funds the money necessary to pay the Minimum Priority Payment. The obligation to pay said Minimum Priority Payment shall be secured by the guarantee of Harrah's Operating Company, Inc. With the exception of Section 4.4.6, no Minimum Priority Payment shall be owed for any full calendar month(s) during which Class II and Class III gaming is suspended or terminated at the Facility pursuant to Section 4.4. The Manager shall pay a percentage of the Minimum Priority Payment for any partial calendar month during which Class II and Class III gaming is either suspended or terminated equal to the percentage of such calendar month during which Class II and Class III gaming is conducted. The obligation to pay the Minimum Priority Payment shall cease upon termination of this Agreement for any reason.

2.32 National Indian Gaming Commission ("NIGC"). The "NIGC" is the commission established pursuant to 25 U.S.C. § 2704.

2.33 Net Revenues. "Net Revenues" for the purpose of this Agreement shall mean the sum of Net Revenues (Class III) (Section 2.33.1), and Net Revenues (other) (Section 2.33.2), and Net Revenues (Class II)(Section 2.33.3).

2.33.1 Net Revenues (Class III). "Net Revenues (Class III)" for the purposes of this Agreement shall mean Gross Gaming Revenue (Win), as heretofore defined, of the Enterprise from Class III gaming less all gaming related Operating Expenses, excluding the Management Fee and less the related retail value of any Promotional Allowances, and less the following revenues actually received by the Enterprise and included in Gross Revenues: (i) any gratuities or service charges added to a customer's bill; (ii) any credits or refunds made to customers, guests or patrons; (iii) any sums and credits received by the Enterprise for lost or damaged merchandise; (iv) any sales taxes, excise taxes, gross receipt taxes, admission taxes, entertainment taxes, tourist taxes or charges received from patrons and passed on to a governmental or quasi-governmental entity; (v) any proceeds from the sale or other disposition of furnishings and equipment or other capital assets; (vi) any fire and extended coverage insurance proceeds other than for business interruption; (vii) any condemnation awards other than for temporary condemnation; (viii) any proceeds of financing or refinancing; and (ix) any interest on bank account(s); and (x) any earnings from ordinary course of business

investments such as investment earnings from "sweep accounts". It is intended that this provision be consistent with 25 U.S.C. § 2703 (9).

2.33.2 **Net Revenues (other).** "Net Revenues (other)" for the purposes of this Agreement shall mean Gross Revenues, as heretofore defined, of the Enterprise from all other sources in support of Class II and Class III gaming of the Enterprise at the Facility, such as hotel, food and beverage including all banquets and catering, entertainment, retail and convention services, less all related Operating Expenses excluding the Management Fee and less the related retail value of Promotional Allowances, if any, and less the following revenues actually received by the Enterprise and included in Gross Revenues: **(i)** any gratuities or service charges added to a customer's bill; **(ii)** any credits or refunds made to customers, guests or patrons; **(iii)** any sums and credits received by the Enterprise for lost or damaged merchandise; **(iv)** any sales taxes, excise taxes, gross receipt taxes, admission taxes, entertainment taxes, tourist taxes or charges received from patrons and passed on to a governmental or quasi-governmental entity; **(v)** any proceeds from the sale or other disposition of furnishings and equipment or other capital assets; **(vi)** any fire and extended coverage insurance proceeds other than for business interruption; **(vii)** any condemnation awards other than for temporary condemnation; **(viii)** any proceeds of financing or refinancing; and **(ix)** any interest on bank account(s); and (x) any earnings from ordinary course of business investments such as investment earnings from "sweep accounts". It is intended that this provision be consistent with 25 U.S.C. § 2703 (9).

2.33.3 **Net Revenues (Class II).** "Net Revenues (Class II)" for the purposes of this Agreement shall mean Gross Gaming Revenue (Win), as heretofore defined, of the Enterprise from Class II gaming less all gaming related Operating Expenses, excluding the Management Fee and less the related retail value of any Promotional Allowances, and less the following revenues actually received by the Enterprise and included in Gross Revenues: **(i)** any gratuities or service charges added to a customer's bill; **(ii)** any credits or refunds made to customers, guests or patrons; **(iii)** any sums and credits received by the Enterprise for lost or damaged merchandise; **(iv)** any sales taxes, excise taxes, gross receipt taxes, admission taxes, entertainment taxes, tourist taxes or charges received from patrons and passed on to a governmental or quasi-governmental entity; **(v)** any proceeds from the sale or other disposition of furnishings and equipment or other capital assets; **(vi)** any fire and extended coverage insurance proceeds other than for business interruption; **(vii)** any condemnation awards other than for temporary condemnation; **(viii)** any proceeds of financing or refinancing; and **(ix)** any interest on bank account(s); and **(x)** any earnings from ordinary course of business investments such as investment earnings from "sweep accounts". It is intended that this provision be consistent with 25 U.S.C. § 2703 (9).

2.34 **Off-Site Services.** "Off-Site Services" shall mean the cost of services provided by Manager or its affiliates in Memphis, TN, or at locations other than the Facility.

The cost of such services are subject to approval by the Board of Advisors in the annual budget and are an Operating Expense of the Enterprise.

2.35 **Operating Expenses.** "Operating Expenses" shall mean the expenses of the operation of the Enterprise, including but not limited to the following: **(1)** the payment of salaries, wages, and benefit programs for all employees working at the Facility and Off-Site Employees subject to the approval described in Section 4.6.4 **(2)** materials and supplies for the Enterprise; **(3)** utilities; **(4)** repairs and maintenance of the Facility (excluding Capital Replacements); **(5)** interest on any Authorized Debt of the Enterprise; **(6)** interest on installment contract purchases; **(7)** insurance and bonding; **(8)** advertising and marketing, including busing and transportation of patrons to the Facility; **(9)** professional fees; **(10)** security costs; **(11)** reasonable travel expenses for officers and employees of the Enterprise, Manager or its affiliates to inspect and oversee the Enterprise, subject to the budget agreed upon by the Board of Advisors; **(12)** furniture, fixtures, and equipment lease payments, subject to restrictions as specified in Section 4.2.4; **(13)** trash removal; **(14)** costs of goods sold; **(15)** other expenses designated as Operating Expenses in accordance with the Accounting Standards as referred to in Section 4.27.3; **(16)** expenses specifically designated as Operating Expenses in this Agreement; **(17)** depreciation and amortization; **(18)** recruiting and training expenses; **(19)** fees due to the NIGC under IGRA or any fees or other payments required pursuant to the Compact; **(20)** the cost incurred through the annual budget of the Board of Advisors. Any expenses not referenced or provided for in this Section which are added as Operating Expenses after approval of this Agreement must first be approved in writing by the parties. Each of the above listed expenses are subject to the annual budgetary process and its resolution processes at Section 4.10 of this agreement.

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2.35.1 If at any time during the term of this Agreement the Tribe is able to obtain the right to operate slot machines or to obtain the right to conduct Class III table games, any expenses incurred with respect to the obtaining or establishment of such rights, including any expenses, payments, or fees made to the state of North Carolina, shall be charged as an Operating Expense.

2.36 **Promotional Allowances.** "Promotional Allowances" shall mean the retail value of complimentary food and beverage and merchandise provided to patrons as promotional items.

2.37 **Property.** "Property" shall mean the parcels of land described in Exhibit "A" hereto held by the United States of America in trust for the Tribe.

2.38 **Soft Count.** "Soft Count" shall mean the count of the contents in the bill acceptors of Video Games.

2.39 **Tribal Casino Gaming Enterprise ("TCGE").** "Tribal Casino Gaming Enterprise" or "TCGE" shall be the generic reference to the instrumentality of the Tribe

which has authority to take any action authorized by the Tribal Council for the purpose of conducting the business activities of the Enterprise.

2.40 Tribal Council. "Tribal Council" shall mean The Eastern Band of Cherokee Tribal Council created pursuant to the Tribe's Governing Document or, at the option of the Tribe, a designee committee or entity created pursuant to resolution or ordinance of the Tribal Council.

2.41 Tribal Employees. "Tribal Employees" shall mean those Enterprise Employees working at the Facility or Enterprise who are not employees of Manager.

2.42 Tribal Gaming Commission. "Tribal Gaming Commission" shall mean the body created pursuant to the Gaming Ordinance to regulate Gaming in accordance with the Compact, IGRA and the Gaming Ordinance.

2.43 Tribal Representative. "Tribal Representative" shall mean the person designated by the Board of Advisors as its liaison to the Manager. The Tribal Representative is the full-time, on-site representative reporting directly to the TCGE Board of Advisors. The designee of the TCGE Board of Advisors shall have the right to attend as an observer all meetings regarding management of the Enterprise and shall have access to all documents and records of the Enterprise.

2.44 The Gaming Ordinance. The "Gaming Ordinance" is the ordinance and any amendments thereto enacted by the Tribal Council of The Eastern Band of Cherokee Indians, which authorizes and regulates gaming on The Eastern Band of Cherokee Indian Reservation.

2.45 Governmental Action. "Governmental Action" shall mean any resolution, ordinance, statute, regulation, order or decision regardless of how constituted having the force of law or legal authorization of the Tribe or any instrumentality or agency of the Tribe.

3. Covenants. In consideration of the mutual covenants contained in this Agreement, the parties agree and covenant as follows:

3.1 Engagement of Manager. The Tribe hereby retains and engages the Manager as its exclusive independent contractor for the purposes of managing the Enterprise and training Tribal members and others in the management of the Enterprise. Nothing contained herein grants or is intended to grant Manager a titled interest to the Facility or to the Enterprise. The Manager hereby accepts such retention and engagement.

3.2 Term. The term of this Agreement shall begin on the Effective Date of this Amended and Restated Management Agreement and continue until [ ] 64

3.2.1 **Extended Term.** The extended Term of this Agreement shall begin [ ] Any provision of this Amended and Restated Management Agreement and any amendment thereto which refers to the Term shall also be deemed to include the Extended Term.

3.3 **Restrictions on Competition.** The Parties agree to the following conditions and restrictions regarding competition with the Enterprise by either Party:

3.3.1 If the Tribe decides to develop or operate an additional Class III gaming facility within [ ] of the Facility, the Manager shall have the right of first refusal to submit a proposal for the Manager's participation in all such opportunities within sixty (60) days of receiving written notification from the Tribe. The Tribe shall negotiate with the Manager in good faith to attempt to reach a mutually agreeable arrangement for such participation. Should the parties not be able to reach agreement, neither party shall be precluded from pursuing the opportunities alone or in conjunction with others. Any other facility managed by Manager pursuant to such negotiation should carry a different brand name owned by one of Manager's affiliates.

3.3.2 If the Manager or one of its Affiliates decides to develop or operate a commercial gaming facility within [ ] then the Tribe shall have the right of first refusal to submit a proposal for the Tribe's participation in all such opportunities within sixty (60) days of receiving written notification from the Manager. The Manager or its Affiliate shall negotiate with the Tribe in good faith to attempt to reach a mutually agreeable arrangement for such participation. Should the parties not be able to reach agreement, neither party shall be precluded from pursuing the opportunities alone or in conjunction with others.

3.4 **Intentionally Left Blank.**

3.5 **Manager's Compliance With Law; Licenses.** The Manager covenants that it will at all times comply with all Legal Requirements, including the Tribe's Gaming Ordinance, IGRA, the Compact, and any licenses issued under any of the foregoing. The Manager, Manager's executive officers and all other persons required by applicable law shall be licensed to operate the Enterprise pursuant to the Gaming Ordinance, the Compact and IGRA. The Tribe shall not unreasonably withhold, withdraw, qualify or condition such licenses. If, as, and when any fine is levied against the Tribe under the Compact based on the acts of or failure to act on the part of the Manager, then, provided the fine relates to the operation of the Enterprise and is not levied for an act or failure to act or matter that the Board of Advisors has in writing instructed the Manager to perform, then the cost and expense of said fine shall be borne by the Manager from the Manager's own finances. Likewise, if, as, and when any fine is levied against the Manager under the Compact based on the acts of or failure to act on the part of the Tribe, then, provided the fine relates to the operation of the Enterprise and is not levied for an act or failure to act or

matter that the Board of Advisors has in writing instructed the Manager to perform, then the cost and expense of said fine shall be borne by the Tribe from the Tribe's own finances. This Section shall not be interpreted as precluding Manager from challenging, in a forum of competent jurisdiction, any law or regulation which Manager believes in good faith is inconsistent with the IGRA, the Indian Civil Rights Act, 25 U.S.C. §1302, the Compact, and/or the terms of this Agreement or the Loan Agreement.

3.6 Tribal Amendments to Gaming Ordinance. The Tribe covenants that any amendments made to the Gaming Ordinance will be a legitimate effort to ensure that Gaming is conducted in a manner that adequately protects the environment, the public health and safety, and the integrity of the Enterprise. The Tribe further covenants that any amendments to the Gaming Ordinance will comply with the foregoing standard. The Tribe will not adopt any amendments to the Gaming Ordinance that would adversely impede the Enterprise's ability to succeed in the market or which would affect the Manager's rights under this Agreement.

3.7 Management Fee

3.7.1 Management Fee

From and after the Effective Date of this Amended and Restated Management Agreement, the Management Fee which is stated as a percentage of Net Revenues as defined in this Management Agreement shall be as follows:

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[ ] b4

Formal notification shall be sent to TCGE Board of Advisors upon occurrence of these events and fees shall be computed from that date

3.7.2 Intentionally Left Blank.

3.8 No Pre-existing Contracts. The Tribe covenants that there are no valid pre-existing contractual impediments to the entry by the Tribe into this Agreement. Further the Tribe agrees to indemnify Manager and hold harmless its parent and affiliates for any loss, cost, judgment, settlement or other compromise related to any claim arising out of or related to any alleged pre-existing contractual relationship. Manager shall be limited to recovery of such indemnification from Enterprise Net Revenues and shall have no right to indemnification from other assets of the Tribe.

3.9 Agreement Scope. The scope of this Management Agreement covers all aspects of the management of the Enterprise.

3.10 Systems Function Transition. Harrah's will deliver to the Tribe no later than ninety (90) days after the Effective Date, a plan for the transition on or before October 1, 2004 of the following service areas from Harrah's corporate to Cherokee: 1) Human Resource functions specifically including, but not limited to, grading of positions and establishing a salary scale for the Enterprise, and 2) Information Technology systems that are not proprietary to Manager or its Affiliates.

The cost of the required information technology infrastructure, equipment and software will be a capital cost of the Enterprise and not an Operating Expense. Further, any additional costs incurred by Harrah's including salaries, benefits and travel required to accomplish the transition of the above activities will be reimbursed at actual cost, with no mark-up and will be an Operating Expense of the Enterprise. The transitioned services involved will continue to be managed by Manager.

3.11 [ ] b4

3.12 [ ] b4

4. Business and Affairs in Connection with Enterprise.

4.1 Manager's Authority and Responsibility. All business and affairs in connection with the day-to-day operation, management and maintenance of the Enterprise and the Facility, including the establishment of operating days and hours, shall be the responsibility of the Manager. The Manager is hereby granted the necessary power and authority to act, through the General Manager, in order to fulfill its responsibilities under this Agreement.

4.2 Duties of the Manager. In managing, operating, maintaining and repairing the Enterprise and the Facility, the Manager's duties shall include, without limitation, the following:

4.2.1 Management. Consistent with the Operating and Capital Budgets of the Enterprise, the Manager shall use reasonable measures for the orderly administration, management, and operation of the Enterprise and the Facility, including without limitation cleaning, painting, decorating, plumbing, carpeting, grounds care and such other maintenance and repair work as is reasonably necessary.

4.2.2 Compliance. The Manager shall comply with all present and future statutes, regulations and ordinances of the Tribe. Except as otherwise provided herein, the Tribe shall take no action and adopt no statute or ordinance that adversely affects the Manager's rights under this Agreement. The Tribe shall take no action and adopt no statute or ordinance that violates the Indian Civil Rights Act (25 U.S.C. §§ 1301-1303).

4.2.3 Required Filings. The Manager shall comply with all applicable provisions of the Internal Revenue Code including, but not limited to, the prompt filing of any cash transaction reports and W-2G reports that may be required by the Internal Revenue Service of the United States or under the Compact.

4.2.4 Contracts in Tribe's Name and at Arm's Length. Consistent with the Operating and Capital Budgets of the Enterprise, Contracts for the operations of the Enterprise shall be entered into in the name of the TCGE and signed by the General Manager. Any contract requiring an expenditure in any year in excess of shall be approved by the Board of Advisors. The maximum cumulative amount of all installment sales contracts and leases, for longer than one year, shall be above which shall require approval by the Board of Advisors. No contracts for the supply of goods or services to the Enterprise shall be entered into with parties affiliated with the Manager or its officers or directors unless the affiliation is disclosed to the Board of Advisors, and the contract terms are no less favorable for the Enterprise than could be obtained

from a non-affiliated contractor. Nothing in this Section shall preclude the application of Section 4.14 to any contract. Notwithstanding anything to the contrary contained herein, contracts for the supply of any goods or services paid for entirely by the Manager with its own funds may be provided by parties affiliated with the Manager or its officers or directors. Payments on such contracts shall not constitute Operating Expenses and shall be the sole responsibility of the Manager. Notwithstanding anything to the contrary, Manager shall deliver copies of all contracts executed by it on behalf of the Enterprise to the Board of Advisors on a monthly basis.

4.2.5. Loan Covenants and Agreements. The Manager shall assist the Board of Advisors with the compilation and provision of information and reports (financial and otherwise) as may be reasonably requested by the Board of Advisors in connection with obtaining any Authorized Debt of the TCGE or as required under the Loan Agreement or any other Authorized Debt, including any required to comply with the covenants and agreements contained therein. The Manager will manage the Enterprise to maximize its returns to the Tribe and to the Manager so as to enable the Enterprise to meet the requirements of the Loan Agreement, but makes no guarantee that the Enterprise will meet the financial covenants under the Loan Agreement. The Manager shall promptly advise the Board of Advisors in the event that the Manager becomes aware of any matter that may cause a default by the TCGE under the Loan Agreement or any other documents evidencing any other indebtedness of the Enterprise.

4.3 Security and Public Safety. The Manager shall provide for appropriate security for the operation of the Enterprise. All aspects of the Facility security shall be the responsibility of the Manager. Any security officer shall be bonded and insured in an amount commensurate with his or her enforcement duties and obligations.

4.3.1 Security/Police Services. Security/police services shall be divided into the operation of the Tribal Police, security personnel and surveillance personnel.

(a) The Tribal Police, a branch of the Tribal Government, shall be responsible for all arrest situations in conjunction with other law enforcement officers where appropriate;

(b) The Manager shall be solely responsible for the hiring, training, and supervision of the security personnel. Security personnel shall be responsible for the security of the money and tokens and perform such other duties as the Manager shall require, including, but not limited to, responsibility for carrying out the emergency plan. The parties acknowledge, however, that, should the Tribe so choose, at any time, the Tribe may add a Tribal security person to the security teams in the Casino. The cost of such a security person shall be solely borne by the Tribe;

(c) The Tribal Gaming Commission shall have unfettered access to all aspects of the Enterprise, including access to the surveillance room at any time;

(d) Any increased direct cost of public safety or fire protection shall be an Operating cost of the Enterprise.

4.4 Damage, Condemnation or Impossibility of the Enterprise. If, during the term of this Agreement, the Facility is damaged or destroyed by fire, war, or other casualty, or by an Act of God, or is taken by condemnation or sold under the threat of condemnation, or if Gaming on the Property is prohibited as a result of a decision of a court of competent jurisdiction or by operation of any applicable non-federal legislation as it may affect Manager, the Manager shall have the following options:

4.4.1 Recommencement of Operations. The Manager shall have the option to continue its interest in this Agreement and to commence or recommence the operation of Gaming at the Facility if, at some point during the term of this Agreement, such commencement or recommencement shall be legally and commercially feasible in the sole judgment of the Manager. Provided that nothing herein shall be construed to prevent the Tribe from commencing operations should Manager elect not to do so.

4.4.2 Repair or Replacement. If the Facility is damaged, destroyed or condemned so that Gaming can no longer be conducted at the Facility, then during the term of any Loan Agreement, the provisions of any Loan Agreement shall control and only if there is no Loan Agreement then in such event the insurance or condemnation proceeds shall, at Manager's option, be utilized to restore or replace the Facility and to reopen the Enterprise, and the Manager may, within 60 days after the casualty, choose to reconstruct the Facility to a condition at least comparable to that before the casualty occurred. If the Manager elects to reconstruct the Facility and if the insurance proceeds or condemnation awards are insufficient to reconstruct the Facility to such condition, the Manager may, in its sole discretion, supply such additional funds as are necessary to reconstruct the Facility to such condition and such funds shall, with the prior consent of the Tribe and the B.I.A. or NIGC, as appropriate, constitute a loan to the Tribe, secured by the assets of the Enterprise and repayable upon such terms as may be agreed upon by the Tribe and the Manager. If the insurance proceeds are not used to repair the Facility, the Tribe shall have the sole right to adjust and settle any and all claims for such insurance proceeds or condemnation awards, and such proceeds or award shall be applied first, to the amounts due under any secured indebtedness of the Enterprise; second, any other loans; third, any applicable termination fee to Manager; fourth, any undistributed Net Revenues pursuant to Section 6 of this Agreement; and fifth, any surplus shall be distributed to the Tribe and/or to the Manager as their interests may appear.

4.4.3 Other Business Purposes. The Manager shall have the option to use the Facility for other purposes included in the Enterprise and reasonably incidental to Class II and Class III Gaming, provided the Board of Advisors has approved such purposes (which approval shall not be unreasonably withheld). For any purpose other than Gaming, the Manager and the Board of Advisors shall obtain all approvals necessary under applicable law.

4.4.4 Termination of Gaming. The Manager shall have the option at any time following the cessation of Gaming on the Property to notify the Tribe in writing that it is terminating operations under this Agreement, in which case the Manager shall retain any rights to undistributed Net Revenues, for payment of its Management Fee earned prior to the date of cessation, pursuant to Section 6 of this Agreement, which rights shall be subordinate to the Bank until the Loan Agreement is paid and terminated. If Manager does not elect to terminate this Agreement, it may take whatever action may be necessary to reduce expenses during such termination of Gaming.

4.4.5 Tolling of the Agreement. If, after a period of cessation of Gaming on the Property, the recommencement of Gaming is possible, and if the Manager has not terminated this Agreement under the provisions of Section 4.4.4, the period of such cessation shall not be deemed to have been part of the term of the Management Agreement and the date of expiration of the term of the Management Agreement shall be extended by the number of days of such cessation period. Any reasonable payments made to any unsecured third party to eliminate rights acquired in the Property, the Facility or the Enterprise during the period of cessation shall constitute Operating Expenses of the Enterprise.

4.4.6 Continuation of Minimum Priority Payment. If the operation of the Facility is suspended due to an incident other than one caused by the Tribe and is covered by the insurance on the Enterprise, then the Minimum Priority Payment will continue from the insurance on the Enterprise.

4.5 Conduct of Gaming. All Gaming covered by the Agreement shall be conducted in accordance with all Legal Requirements as required by 25 CFR § 531.1(a).

4.5.1 Authority of TCGE Board of Advisors. The following powers of the TCGE are in addition to any other powers under this Agreement:

1. Prior to finalization of any National Contracts by Harrah's that will impact the purchasing requirements of the Enterprise or the facility, Management will receive approval for participation from the TCGE and abide by any licensing requirements by the Tribal Gaming Commission.

2. The Manager will solicit input from the Board of Advisors into the General Manager's annual review.

3. On a quarterly basis, the Manager shall present any proposed changes to the average theoretical hold percentages on existing gaming machines and any changes in average theoretical hold percentages that will be caused by machines proposed for addition to the gaming floor. Such changes shall be implemented only after review and approval by the Enterprise Board of Advisors. The Manager shall provide sufficient documentation to demonstrate the business need and benefit of any proposed changes.

4.6 Employees.

4.6.1 Manager's Responsibility. Manager shall have, subject to the terms of this Agreement, the exclusive responsibility and authority to direct the selection, hiring, training, control and discharge of all employees performing regular services for the Enterprise in connection with the maintenance, operation, and management of the Enterprise and the Facility and any activity upon the Property.

4.6.2 Manager Officers.

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1. General Manager
2. Assistant General Manager
3. Director or Vice President of Finance
4. Director or Vice President of Marketing
5. Any other Director or Vice President

The classification of a person as a Management Officer will be set at the time of the person's hiring into one of the above positions. This classification will remain regardless of any changes based upon marital status or job position while employed in any of the positions listed above.

Prior to the Manager's final decision to hire an individual in any of the above listed positions the TCGE Board of Advisors shall be consulted and have the opportunity for formal input into the decision.

4.6.3 Enterprise Employees. Subject to the Budget, Manager shall hire sufficient employees to effectively staff the Enterprise. All such employees shall be employees of the TCGE, but under Manager's supervision.

4.6.4 Off-Site Employees. Manager shall also have the right to use employees of Manager, Manager's parent and subsidiary and affiliated companies not located at the Facilities to provide services to the Facilities ("Off-Site Employees"). All matters related to the use of such employees shall be specifically set out in the budget approved by the Board of Advisors, and be based on a cost recovery basis as operating expenses as appropriate.

4.6.5 Tribal Inspector(s). The Tribe may select non-regulatory Tribal Inspectors who shall be employed or retained by the Tribe and shall have the full access, including computer access, to inspect all aspects of the Enterprise, including the daily operations of the Enterprise, and to verify daily Gross Revenues and all income of the Enterprise, at any time without notice. The General Manager or his or her designee may accompany any Tribal Inspector upon any inspection. The Tribe may designate two (2) Tribal Inspectors who shall be trained along with the surveillance personnel of the Enterprise. The salary and benefits, if any, of the Tribal Inspectors will be a cost of the Tribe.

4.6.6 Indian and Other Preference, Wages, and Training.

Employment. In order to maximize benefits of the Enterprise to the Tribe, the Manager shall, during the term of this Agreement, give preference in recruiting, training and employment to qualified members of the Tribe and their spouses and adult children in all job categories of the Enterprise, including management positions, in the following order of preference to the extent consistent with law:

(a) Enrolled Tribal members;

(b) Spouse, parent or children of Tribal members;

(c) Other Native Americans

(d) Others from the Cherokee community;

(e) Others from the region; and

(f) Others from the state of North Carolina.

The Manager shall, in consultation with the Tribe, develop a revised plan for training qualified members of the Tribe in upper management roles during the term of this Agreement. The plan shall be presented for approval by the Board of Advisors no later than January 1, 2004 and shall commence within the following twelve (12) months of operation. The training program shall include training for all management positions, including those initially filled with Manager's Employees, to enable tribal members to fill all management positions. The cost of the training plan shall be an Operating Expense.

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In order to recruit Tribal members, spouses and adult children, the Manager shall take the following actions: provide job fairs for members of the Tribe and clearly specify in all job advertisements the preference for Tribal members.

4.6.7 Removal of Employees. The General Manager will act in accordance with the Enterprise Employee Policies with respect to the discharge, demotion or discipline of any Enterprise employee. The Tribe shall have the right to remove the Tribal Inspector(s), subject to any contractual rights of such persons.

4.6.8 Employee Lease. The Tribe agrees to execute an Employee Lease in the form of the attached Exhibit "C" or such other form as may be agreed upon by the parties from time to time.

4.6.9 Employee Benefits. During the term of the Management Agreement, the benefits currently provided Enterprise Employees shall not be changed in a manner that increases the total cost thereof in excess of annual cost of living increases, without the mutual agreement of the Board of Advisors and the Manager.

4.7 Marketing and Advertising. The Manager shall have responsibility to advertise and promote the Enterprise and may do so in coordination with the sales and

marketing programs of Manager and other Harrah's Casinos, the budget for which shall be included in the annual budget approved by the Manager and Board of Advisors as described in Section 4.10. Manager may participate in sales and promotional campaigns and activities involving complimentary rooms, food, beverage, shows, chips and tokens only to the extent same may be legal under the Compact. Manager, in marketing and advertising the Facility, shall, pursuant to Section 4.6.4, have the right to use marketing and advertising services of employees of Manager and its parent and affiliated companies not located at the Facility. So as to be sensitive to the Tribe's mores and the existing family tourism economic base, the advertising which relates exclusively to the Enterprise shall be supportive of the Tribe's goal of advancing the Enterprise as an experience with aspects suitable for the entire family. In all future advertising, the name "Cherokee" shall appear in a font that is no less than one-half the size of the name "Harrah's." Also, in the event a logo is established by the Tribe it shall be incorporated into advertising.

4.8 Enterprise Bank Accounts. The Manager shall, with approval of the Board of Advisors, select a bank or banks located in North Carolina or elsewhere for the deposit and maintenance of the funds of the Enterprise and shall establish such bank accounts as the Manager deems appropriate and necessary in the course of business and as consistent with this Agreement, including, but not limited to accounts to service the Minimum Balance Working Capital and the Capital Reserve Fund. No bank account of the Enterprise shall be opened without prior written notice to the Board of Advisors and a resolution signed by the Board of Advisors of the TCGE. Draws for construction will be directly from the Bank, unless otherwise mutually agreed by the Manager and Board of Advisors.

4.9 Intentionally Left Blank.

4.10 Operating Budgets. Manager shall, not less than sixty (60) days prior to the commencement of each full or partial year, submit to the Board of Advisors, for its approval, a proposed Operating Budget and Business Plan for the ensuing full or partial year, as the case may be, which shall include a section detailing the business plan for promoting the Enterprise convention facility. Such plan shall include a dedicated number of rooms that will be reserved for convention usage. The plan may take a phased approach considering construction of the second hotel tower.

The Board of Advisors' approval of the Operating Budget and Business Plan shall not be unreasonably withheld or delayed. Manager shall meet with the Board of Advisors to discuss the proposed Operating Budget and Business Plan, and the Board of Advisors' approval shall be deemed given unless a specific written objection thereto is delivered by it to Manager within thirty (30) days after Manager and the Board of Advisors have met to discuss the proposed Operating Budget and Business Plan. If the Board of Advisors for any reason declines to meet with Manager to discuss a proposed Operating Budget and Business Plan, it shall be deemed to have given its consent unless a specific written objection is delivered by it to Manager within fifteen (15) days after the date the proposed Operating Budget and Business Plan are submitted to the Board of Advisors. The Board of Advisors shall review the Operating Budget on a line-by-line basis. To be effective, any

notice which disapproves a proposed Operating Budget and Business Plan must contain specific objections to individual Budget line items.

If the proposed Operating Budget contains disputed budget item(s), the Board of Advisors and Manager agree to cooperate with each other in good faith to resolve the disputed or objectionable proposed item(s). In the event the Board of Advisors and Manager are not able to reach mutual agreement concerning any disputed or objectionable item(s) within a period of fifteen (15) days after the date the Board of Advisors provides written notice of its objection to Manager, either party shall be entitled to submit the dispute to arbitration in accordance with Section 20. If the Board of Advisors and Manager are unable to resolve the disputed or objectionable item(s) prior to the commencement of the applicable year, the undisputed portions of the proposed Operating Budget shall be deemed to be adopted and approved and the corresponding line item(s) contained in the Operating Budget for the preceding year shall be adjusted as set forth herein and shall be substituted in lieu of the disputed item(s) in the proposed Operating Budget. Those line items which are in dispute shall be determined as follows:

(a) For those disputed items other than those involving payments to Manager or any of its affiliates, excluding payments pursuant to the Employee Lease, shall be determined by increasing the preceding year's actual expense for the corresponding line items by an amount determined by Manager which does not exceed the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor, U.S. City Average, all items (1982-1984=100) for the year prior to the year with respect to which the adjustment to the line item(s) is being calculated or any successor or replacement index thereto. The resulting Operating Budget obtained in accordance with the preceding sentence shall be deemed to be the Operating Budget in effect until such time as the Board of Advisors and Manager have resolved the disputed items.

(b) For those disputed items involving payments to Manager or any of its affiliates, the disputed items shall be reduced by [ ] of the prior years' budget for the disputed item and shall remain in effect until such time as the Board of Advisors and the Manager have resolved the disputed items. 64

Manager may, after approval by the Board of Advisors, revise the Operating Budget from time to time, as necessary, to reflect any unpredicted significant changes, variables or events or to include significant, additional, unanticipated items of expense. Manager may, after notice to the Board of Advisors, reallocate part or all of the amount budgeted with respect to any line item to another line item and to make such other modifications to the Operating Budget as Manager deems necessary. In addition, in the event actual Gross Revenues for any interim accounting period are greater than those provided for in the Operating Budget, the amounts approved in the Operating Budget for guest services, food and beverage, telephone, utilities, marketing and the repair and maintenance of the Facility for any month shall be automatically deemed to be increased to an amount that bears the same relationship (ratio) to the amounts budgeted for such items as actual

Gross Revenue for such month bears to the projected Gross Revenue for such month. Manager also agrees to make reasonable efforts to curtail costs in event Gross Revenue falls below that projected taken into account the necessity to continue to provide the level of service required by the Harrah's Brand and the Enterprise Operating Standards, as well as the necessity in such event to address ways to increase revenues. The Tribe acknowledges that the Operating Budget is intended only to be a reasonable estimate of the Enterprise revenue and expenses for the ensuing year. Manager shall not be deemed to have made any guarantee, warranty or representation whatsoever in connection with the Operating Budget.

4.10.1 **Adjustment to Operating Budget and Business Plan**. If Manager encounters circumstances which require unbudgeted and unexpected expenditures not foreseen at the time of preparation of the Operating Budget and Business Plan and which Manager deems reasonably necessary, in addition to and without limiting the instances described in Sections 4.10, 4.11 and 4.12 and the remedies in Section4.10, Manager may, without the Board of Advisors' approval, make such expenditures for so long as the same will not, in any quarter, [ ] of the amount budgeted for any Department. Such limitation shall not apply to the reallocation of budgeted dollars within any Department. Manager shall have the right, from time to time during such year, to submit a revision to the Operating Budget and Business Plan to the Board of Advisors for approval, which approval shall not be unreasonably withheld or delayed. The Board of Advisors will review all proposed revisions to an Operating Budget and Business Plan on a line by line basis in the same manner as the Operating Budget and Business Plan. If the Board of Advisors shall disapprove or raise any objections to any items contained in revisions to an Operating Budget and Business Plan, Manager shall continue to use all reasonable efforts to comply with the Operating Budget and Business Plan until a proposed revision has been approved or this Agreement is terminated. If no revision is approved before the expiration of thirty (30) days after any revision is submitted to the Board of Advisors for approval or ratification, such disapproval shall be resolved by arbitration in accordance with Section 20 of this Agreement. 64

4.11 **Capital Budgets**. Manager shall, not less than sixty (60) days prior to the commencement of each year, submit to the Board of Advisors a recommended "Capital Budget" for the ensuing full or partial year, as the case may be, for furnishings, equipment, and ordinary capital replacement items ("Capital Replacements") as shall be required to operate the Enterprise in accordance with sound business practices and to meet the requirements of the Loan Agreement or any Authorized Debt. The Board of Advisors and Manager shall meet to discuss the proposed Capital Budget and the Board of Advisors shall be required to make specific written objections to a proposed Capital Budget in the same manner and within the same time periods specified in Section 4.10 with respect to an Operating Budget. Proposed revisions of the Capital Budget shall be considered in the same manner and within the same time frames specified in Section 4.10. The Board of Advisors shall not unreasonably withhold or delay its consent. Unless the Board of Advisors and Manager otherwise agree, Manager shall be responsible for the design and

installation of Capital Replacements, subject to the Board of Advisors approval and right to inspect.

4.12 Capital Replacements and Maintenance. The Tribe, through the Board of Advisors, shall effect and expend such amounts for any Capital Replacements as shall be required, in the course of the operation of the Enterprise, to maintain, at a minimum, the Enterprise in compliance with any Legal Requirements and any requirements of the Loan Agreement or any Authorized Debt and to comply with Manager's recommended programs for renovation, modernization and improvement intended to keep the Enterprise competitive in its market, to maintain any Harrah's Brand Standards or to correct any condition of an emergency nature, including without limitation, maintenance, replacements or repairs which are required to be effected by the Tribe through the Board of Advisors, which in Manager's sole discretion requires immediate action to preserve and protect the Facility, assure its continued operation, and/or protect the comfort, health, safety and/or welfare of the Facility's guests or employees. Manager is authorized to take all steps and to make all expenditures from the Disbursement Account, described at Section 4.22, or Reserve Fund, described at Section 4.13, (in the case of expenditures for Capital Replacements) as it deems necessary to repair and correct any such condition, regardless whether such provisions have been made in the Operating Budget for any such expenditures, and the cost thereof may be advanced by Manager and reimbursed from future revenues. Design and installation of Capital Replacements shall be effected in a time period and subject to such conditions as the Management Committee may establish to minimize interference with or disruption of ongoing operations.

4.13 Creation, Use and Disposition of Capital Reserve Fund. Manager shall establish a reserve fund for the purpose of purchasing additions, replacements or improvements to the physical assets (including applicable systems software) of the TCGE by transferring a percentage, as set forth below, of the Gross Revenues, less the retail value of Promotional Allowances each month to an Enterprise Bank Account established for this purpose. Such transfers from Enterprise Gross Revenues shall not be deemed an Operating Expense and shall be made each month by the twenty-first day to disburse the previous month's addition to the Reserve Fund. All amounts in the Reserve Fund shall be invested in interest bearing investments to the extent that availability of funds, when required, is not thereby impaired. Interest earned on amounts deposited in the Reserve Fund shall be added to the balance available for the purpose of the Fund. Manager shall invest these funds in accordance with the Enterprise Investment Policy, as set forth in Exhibit "D."

Manager shall draw on the Capital Reserve Fund to purchase those items included in the "Capital Budget" approved by the Board of Advisors of TCGE or such emergency additions or replacements as shall be required to keep the Enterprise in compliance with legal requirements or such additions or replacements necessary to protect the comfort, health, safety or welfare of the Facility's guests or employees or to comply with the Harrah's Brand Standards or the Enterprise Operating Standards.

Deposits into the Capital Reserve Fund shall be calculated [ ] b4

To the extent allowed by the Loan Agreement or any other Authorized Debt, at the end of any fiscal year, if the actual amount remaining in the Capital Reserve Fund exceeds [ ] the excess over [ ] in the Capital Reserve Fund, shall, with the approval of the Board of Advisors, be distributed in accordance with the Tribal Gaming Distribution Ordinance at the end of the fiscal year. b4

4.13.1 **Supply Items.** Anything with GAAP useful life of one (1) year or less is deemed supplies and not a capital item.

4.13.2 **Expenditures.** Any expenditures for capital replacements which have been approved in the budget process may be paid from the Reserve Fund without further approval from the Tribe.

4.14 **Procurement Policy.** Manager shall [ ] b4

4.14.1 Manager shall establish the procurement policy described in Section 4.14 as part of the business operating plan, [ ] b4

4.14.2 In consultation with the Board of Advisors, Manager shall continue to maintain an operating plan for TCGE which will include [ ] b4

4.14.3 The policy contemplated by section 4.14 of this Agreement [ ] b4

b4

4.14.4

4.14.5 Nothing in the foregoing sections or in this Agreement shall prevent Manager from

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4.15 **Determination of Qualifications and Compensation.** Manager shall have the sole responsibility, subject to 4.6.6 of this Agreement, for determining whether a prospective employee is qualified and the appropriate level of compensation to be paid thereto.

4.16 **Litigation.** If any claim or legal action is brought against the Tribe, the Manager, the TCGE or any employee of the Manager or of the Enterprise at the Facility or Board of Director of TCGE by any person arising out of the operation of the Enterprise or against the Manager, its parent or affiliates arising out of Manager's participation in the Tribe's manager selection process or the execution of this Agreement or any other related agreement between Tribe and Manager, the Tribe, the TCGE, or the Manager, as appropriate, shall defend such action. Any cost of such litigation, including any judgment rendered in an action arising out of the operation of the Enterprise, excluding any Judgment under Section 3.8 and the cost of any legal action brought by the Tribe or Manager against any third party, shall constitute an Operating Expense. The only exception to the foregoing shall be that each party will be responsible for its own acts if same are proven to be willful or wanton. Nothing in this Section shall be construed to waive, in whole or in part, the Tribe's sovereign immunity.

4.17 **Employee Background Check.** A background investigation shall be conducted by the Tribe in compliance with all Legal Requirements, to the extent applicable, on each applicant for employment as soon as reasonably practicable. No individual whose prior activities, criminal record, if any, or reputation, habits and associations pose a threat to the public interest, the effective regulation of Gaming, or to the gaming licenses of the Manager or any of its affiliates, or create or enhance the dangers of unsuitable, unfair or illegal practices and methods and activities in the conduct of Gaming, shall be employed by the Manager or the Tribe. The background investigation procedures employed by the Tribe shall satisfy all regulatory requirements independently applicable to the Tribe and to the Manager.

4.18 Enterprise Employee Policy. The Manager shall prepare a draft of personnel policies and procedures (the "Enterprise Employee Policy"), including a job classification system with salary levels and scales, which policies and procedures shall be approved by the Board of Advisors. The Enterprise Employee Policy shall include a grievance procedure in order to establish fair and uniform standards for Enterprise Employees, which will include procedures for the resolution of disputes between Manager and Enterprise Employees. Employment policies shall ensure the utilization of the Tribe as a primary point of dissemination of information related to employment and career opportunities. Any revisions to the Enterprise Employee Policy shall not be effective unless they are approved in the same manner as was the original Enterprise Employee Policy. All such actions shall comply with applicable Tribal law.

4.19 No Manager Wages or Salaries. Except as otherwise provided, with respect to Manager's Employees described in Section 4.6.2 and Off-Site Employees described in Section 4.6.4, neither the Manager nor any of its officers, directors or shareholders shall be compensated by wages from or contract payments by the Enterprise for their efforts or for any work which they perform under this Agreement, other than loan repayments, and the Management Fee paid to Manager under Section 6.4. Nothing in this subsection shall restrict the ability of an employee of the Enterprise to purchase or hold stock in the Manager, its parents, subsidiaries or affiliates where (a) such stock is publicly held, and (b) such employee acquires, on a cumulative basis, less than five percent (5%) of the outstanding stock in the corporation.

4.20 Internal Control Systems. In accordance with Tribal and Federal law or regulations promulgated in accordance therewith, or regulatory requirements of the Tribal-State Compact, the Manager shall adhere to all Internal Control rules and regulations as promulgated by the Tribal Gaming Commission. The Manager shall also implement accounting procedures and systems that are customary and/or required by accounting standards applicable to the industry. These systems shall be reviewed at least annually.

4.21 Daily Deposits to Depository Account. The Manager shall establish for the benefit of the Tribe in the Tribe's name a Depository Account. The Manager shall collect all gross revenues and other proceeds connected with or arising from the operation of the Enterprise, the sale of all products, food and beverage, and all other activities of the Enterprise and deposit the related cash daily into the Depository Account at least once during each 24-hour period. All money received by the Enterprise on each day that it is open must be counted at the close of operations for that day or at least once during each 24-hour period. The parties hereto agree to obtain a bonded transportation service to effect the safe transportation of the daily receipts to the bank, if such service is available at a reasonable cost and if not provided by the bank, which expense shall constitute an Operating Expense.

4.22 Disbursement Account. The Manager shall establish for the benefit of the Tribe in the Tribe's name a Disbursement Account. The Manager shall, consistent with and pursuant to the approved annual budget, have responsibility and authority for making

all payments for Operating Expenses, debt service, management fees, and disbursements to the Tribe from the Disbursement Account.

4.23 No Cash Disbursements. The Manager shall not make any cash disbursements from the bank accounts or on hand cash except for the payment of cash prizes or disbursements from any petty cash fund of [ ] Any and all other payments or disbursements by the Manager shall be made by check or wire transfer drawn against a bank account. 64

4.24 Intentionally Left Blank.

4.25 Transfers Between Accounts. The Manager has the authority to transfer funds among the Operating Accounts, excluding the Capital Reserve account, in order to pay Operating Expenses, to pay debt service pursuant to the Loan Agreement, the Minimum Priority Payment, the investment of Minimum Balance Working Capital Funds pursuant to the Enterprise Investment Policy and the fees payable to Manager pursuant to this Agreement and any other payments provided for in Section 6.4.

4.26 Insurance. The Manager, on behalf of the Tribe, shall obtain and maintain, or cause its agents to maintain, with responsible insurance carriers licensed to do business in the state of North Carolina, insurance satisfactory to Manager and the Bank covering the Facility and the operations of the Enterprise, naming the Tribe, the TCGE, the Manager, its parent and other affiliates as insured parties, as set forth in Exhibit "F" attached hereto and incorporated herein by reference, provided in any event such insurance shall meet the requirements under the Loan Agreement or any Authorized Debt.

4.27 Accounting and Books of Account.

4.27.1 Statements. The Manager shall prepare and provide to the TCGE weekly operating reports as well as on a monthly, quarterly, and annual basis, operating statements which after the full year of operation will include comparative statements of all revenues, and all other amounts collected and received, and all deductions and disbursements made there from in connection with the Enterprise. The monthly and quarterly operating reports shall be delivered by the twenty-first day of the following month, with the annual operating report delivered within sixty (60) days of the year end and shall be in form satisfactory to meet all requirements under the Loan Agreement or any Authorized Debt. The annual certified audit of the Enterprise and such other audits as the TCGE deems necessary shall be conducted by a "Big-Four" accounting firm that has gaming audit experience selected by the TCGE. The Tribe, the B.I.A. and the NIGC shall also have the right to perform special audits of the Enterprise on any aspect of the Enterprise at any time without restriction. The costs incurred for such audits shall constitute an Operating Expense. Such audits shall be provided by the TCGE to all applicable federal and state agencies, as required by law, and may be used by the Manager for reporting purposes under federal and state securities laws, if required. The Auditors shall have access to all books and records, all cash management

procedure manuals, all internal control manuals, and all other records, documents, papers and persons of the Enterprise or employed by the Enterprise as the Auditors shall deem necessary. For each audit performed by the Auditors, the Auditors shall provide General Manager with a draft Management Letter, and shall permit General Manager a reasonable time within which to respond to the Management Letter with changes to the operations of the Enterprise which address the concerns expressed in the draft Management Letter. The Manager warrants that it shall retain in the strictest confidence the information provided by the TCGE, and shall include in any reports concerning Manager's financial affairs only such portions of information supplied by the TCGE as is required by statute to be provided. The TCGE shall provide copies of the Auditor's annual audit to the NIGC and to such other governmental agencies as may be required by law.

4.27.2 Books of Account. The Manager shall maintain full and accurate books of account at an office in the Facility and at Manager's Affiliate's offices in Las Vegas, NV and at Memphis TN, and at such other location as may be mutually agreed by the Manager and Board of Advisors. The Board of Advisors and its representative shall have access to the daily operations of the Enterprise and shall have the unlimited right to inspect, examine, and copy all such books and supporting business records. Such rights may be exercised through an agent, employee, attorney, or independent accountant acting on behalf of the Board of Advisors.

4.27.3 Accounting Standards. Manager shall maintain the books and records reflecting the operations of the Enterprise in accordance with the accounting practices of Manager in conformity with Generally Accepted Accounting Principles consistently applied and shall adopt and follow a fiscal year end of September 30. The Facility level generated accounting records reflecting detailed day-to-day transactions of the Facility's operations shall be kept by Manager at the Facility with copies at Manager's corporate headquarters. The accounting systems and procedures shall, at a minimum **(i)** comply with the Compact between the State of North Carolina and the Tribe; **(ii)** include an adequate system of internal accounting controls; **(iii)** permit the preparation of financial statements in accordance with generally accepted accounting principles; **(iv)** be susceptible to audit; **(v)** permit the calculation and payment of the Management Fee; and **(vi)** provide for the allocation of operating expenses or overhead expenses among the Tribe, the Tribal gaming operation, the contractor, and any other user of shared facilities and services.

4.27.4 Accounting Services. All accounting services shall be performed by Enterprise Employees at the Facility.

4.28 Retail Shops and Concessions. With respect to the management of the shops and concessions located within the Facility, the Board of Advisors shall approve in advance in writing the specific type or types of shops or concessions proposed by the Manager to be authorized for inclusion in the Enterprise.

4.29 Enterprise Operating Standards. Manager shall operate the Enterprise in a proper, efficient and competitive manner in accordance with operating standards mutually agreed upon by the Manager and the Board of Advisors, which standards shall be consistent with the operating standards of the industry generally and at a minimum comply with the Harrah's Brand Standards.

4.30 Manager's Use of the Facility. Manager and Harrah's may use the Facility as a model gaming enterprise for the purpose of tours by, or display to, Indian tribes or other parties which may be interested in developing gaming operations to be managed by Harrah's, provided that such tours will not unreasonably interfere with the operation of the Enterprise, and that the cost thereof will not constitute an Operating Expense of the Enterprise.

4.31 Allocation of Costs and Expenses. The allocation of costs and expenses between the Class III gaming of the Enterprise and the food and beverage department shall be as follows:

(a) Direct costs applicable to each based on actual expenses;

(b) Indirect costs shall be allocated in the same ratio as the percentage of win and revenues generated by an area bears to the revenues of the Enterprise.

4.31.1 Allocation of External Costs and Expenses. There shall be no allocation of external costs and expenses provided by either party without approval during the budget process as defined by section 4.10 of this Agreement. The Manager will allocate expenses only for [ ] The method of allocation for those services or materials will be agreed to through the budget process. For unbudgeted services or materials, the Manager will obtain approval from the TCGE Board of Advisors prior to the service being provided. In no circumstance shall the expense exceed the actual cost to the Manager. 64

4.32 Harrah's Marketing.

4.32.1 Nature of Marketing Services. The services described in this Section 4.32 ("Harrah's Services") shall be provided by Manager and accepted by the Tribe, with individual charges ("System Fees") to accrue commencing as of Opening at the prevailing rates then being charged to Harrah's casinos in the United States of America. It is understood that, with the exception of the Brand Marketing Contribution as set forth herein, the System Fees for Harrah's Services shall be included in the services provided by Manager as consideration for the Management Fee and paid by Manager alone and not as an Operating Expense of the Enterprise, and due and payable monthly by the Manager out of the Management Fee, which it receives from the Enterprise, and shall be subject to increase or decrease as hereinafter set forth. Any increase shall be paid by

Manager out of the Management Fee. The presently established System Fee applicable to the Enterprise is listed below:

4.32.2 Brand Marketing Contribution. Beginning on [ ] the Enterprise shall pay a Brand Marketing contribution to Manager equal to [ ] of Gross Revenues less the retail value of Promotional Allowances, as an Operating Expense. Thereafter, during the Term, the Brand Marketing Contribution shall be paid by the Enterprise for [ ] The Brand Marketing Contribution may be used by Manager and Manager's Affiliates for advertising services and materials; special promotions (which may target particular casinos); public relations, including without limitation, guest utilization and satisfaction surveys and general or specific market research; 800 number telephone technology and services, exclusive of the charges for calls directly related to the Enterprise; data base/direct marketing, and overhead incurred in the administration of the foregoing (other than costs of maintaining Manager's Affiliates' principal offices at), including without limitation, compensation, travel expense and costs of goods and services consumed in marketing program administration; provided however, that the Brand Marketing Contribution payable will be expended in its entirety by Manager in connection with such activities which are intended to enhance Brand recognition on a national basis, although Manager shall have no obligation to make such expenditures directly in connection with or for the benefit of the Enterprise. 64

4.32.3 Optional Marketing Services. The Tribe acknowledges that Manager and Manager's Affiliates may provide services in addition to those which are encompassed by this Agreement. The Tribe agrees to consider in good faith any bids/proposals presented to it by Manager or any of its Affiliates for such additional services relative to the casino, it being understood, however, that this Section shall in no event be construed to require the Tribe to accept any such bid/proposal.

4.32.4 Cap on Harrah's Marketing Services. Notwithstanding anything to the contrary stated herein, the charges to the Tribe under this Section when combined with the Management Fee shall not exceed [ ] of the Net Revenues of the Enterprise. 64

4.33 Limits of Charges to Enterprise for Regulatory Costs. Without intending to limit the Tribe's ability to budget any amount it determines necessary for the regulation of gaming at the Enterprise, the Tribe and Manager agree that the Enterprise shall pay to the Tribal Gaming Commission, as an Operating Expense of the Enterprise, the actual direct expenses of the Tribal Gaming Commission related solely to the Tribal Gaming Commission's regulation of the gaming activities of the Enterprise. Such payment shall be [ ] For each succeeding year thereafter the capped amount shall [ ] to account for growth and economy. Any excess payments over the actual expenditures shall be 64

refunded to the Enterprise within one hundred twenty (120) days of the end of the Tribal Gaming Commission's fiscal year. The Enterprise shall have the right to audit the books and records of the Tribal Gaming Commission on an annual basis solely for the purpose of determining the accuracy of the Tribal Gaming Commission's statement of its actual expenses to be paid by the Enterprise pursuant to this section.

5. Liens. The Tribe specifically warrants and represents to the Manager that during the term of this Agreement the Tribe shall not act in any way whatsoever, either directly or indirectly, to cause any party to become an encumbrancer or lienholder of the Property or the Facility or any of the tangible or intangible personal property assets of the Enterprise, other than, as to the tangible or intangible personal property assets of the Enterprise only, the Bank, or the Manager, provided the Manager is guaranteeing the amounts due under the Loan Agreement to the Bank, or to allow any party to obtain any interest in this Agreement without the prior written consent of the Manager, and, where applicable, consent from the United States, except as provided in the last sentence of this paragraph. The Manager specifically warrants and represents to the Tribe that during the term of this Agreement the Manager shall not act in any way, directly or indirectly, to cause any party to become an encumbrancer or lienholder of the Property or the Facility, or to obtain any interest in this Agreement without the prior written consent of the Tribe, and, where applicable, the United States. The Tribe and the Manager shall keep the Facility and Property free and clear of all mechanics' and other liens resulting from the construction of the Facility and all other liens which may attach to the Facility or the Property, which shall at all times remain the property of the United States in trust for the Tribe. If any such lien is claimed or filed, it shall be the duty of the Tribe and the Manager to discharge the lien within 30 days after having been given written notice of such claim, either by payment to the claimant, by the posting of a bond and the payment into the court of the amount necessary to relieve and discharge the Property from such claim, or in any other manner which will result in the discharge of such claim.

Notwithstanding the foregoing, purchase money security interests in personal property may be granted with the prior written consent of the Board of Advisors and, when necessary, the B.I.A., United States Department of Interior and/or the NIGC as appropriate.

5.1 Authorized Debt. "Authorized Debt" shall mean the obligations incurred under the Loan Agreement or any other debt incurred with respect to the Enterprise with the mutual agreement of the Manager, the Board of Advisors, and any extensions or renewals of such debt. The Manager agrees that its approval of debt to be Authorized Debt will not be unreasonably withheld.

6. Management Fee, Reimbursement, Disbursement, and Capital Contribution.

6.1 Management Fee. Subject to the provisions of Section 6.4, on or before the twenty-first (21st) day of each month but in no event earlier than the day that the Tribal disbursement is made to the Tribe, Manager is authorized by the Tribe to pay itself from the Minimum Balance Working Capital Account its Management Fee following a review by

the Board of Advisors or its representative, which review shall not be unreasonably delayed.

6.2 Disbursements. As and when received by Manager, all revenues shall be deposited in the Bank Account(s) created pursuant to Section 4.8 of this Agreement. There shall, in turn, be disbursed by Manager, for and on behalf of the Tribe, funds from the Bank Account(s) to pay, to the extent available, Operating Expenses and required deposits into the Reserve Fund for Capital Replacements.

6.3 Intentionally Left Blank.

6.4 Payment of Fees and Tribal Disbursement. No later than 21 days after the end of each calendar month of operations, the Manager shall calculate and report to the Tribe the Gross Revenues, Operating Expenses, Net Revenues and Distributable Net Revenue of the Enterprise for the previous month's operations and the year's operations to date. Such Distributable Net Revenues shall be disbursed monthly from the Minimum Balance Working Capital Account to the extent available to pay the scheduled items to the extent due and payable and earned in the following order of priority:

(1) the Minimum Priority Payment as described in Section 2.31;

(2) one-third of the quarterly principal on the loan amount, such amount to be invested in accordance with the Enterprise Investment Policy and paid over to the Bank in accordance with the terms of the Loan Agreement;

(3) Capital Reserve Fund Contribution as described in Section 4.12;

(4) the Recoupment Payment and reimbursement of amounts advanced by the Manager;

(5) Management Fee as described in Section 3.7.

All remaining Distributable Net Revenues shall be distributed in accordance with the Tribal Gaming Distribution Ordinance, but in no event earlier than the approval of the payment of the Management Fee.

6.5 Distribution at End of Fiscal Year. [ ] shall be held in reserve until the report of the auditors has been received for such year and such final distributions are conformed to the amounts included in such report of the auditors. [ ] subject to any audit adjustments, shall be released no later than 120 days of fiscal year end.

6.6 Distribution at End of Term. At the end of the Term of this Agreement, and following the completion, by the Auditor, of the annual audit for the final year of the

Management Agreement, but in no event later than one hundred and twenty (120) days following the end of the Term of this Agreement, any balance due to Manager, together with any adjustment determined to be necessary as a result of the final annual audit of the Enterprise, shall be paid to Manager.

7. General Provisions.

7.1 Notice. Any notice required to be given pursuant to this Agreement shall be delivered to the appropriate party by Certified Mail Return Receipt Requested, addressed as follows:

If to the Tribe:

The Eastern Band of Cherokee Indians
Qualla Boundary
P. O. Box 455
Cherokee, NC 28719
FAX: (828)497-2952
Attention: Principal Chief

Copy to:

Tribal Attorney General
c/o The Eastern Band of Cherokee Indians
Qualla Boundary
P. O. Box 455
Cherokee, NC 28719
FAX: (828) 497-7435

Chairman, TCGE
c/o Tribal Casino Gaming Enterprise
P.O. Box 1955
Cherokee, NC 28719
FAX: (828) 497-4214

If to Manager:

Harrah's NC Casino Company, L.L.C.
c/o Harrah's
One Harrah's Court
Las Vegas, NV 89119
FAX: (702) 407-6286
Attention: Corporate Secretary

Copy to:
Harrah's Law Department
One Harrah's Court
Las Vegas, NV 89119
Attn: General Counsel

or to such other different address(es) as the Manager or the Tribe may specify in writing using the notice procedure called for in this Section 7. Any such notice shall be deemed given two days following deposit in the United States mail or upon actual delivery, whichever first occurs.

7.2 Authorization. The Tribe and Manager represent and warrant to each other that they each have full power and authority to execute this Agreement and to be bound by and perform the terms hereof. On request, each party shall furnish the other evidence of such authority.

7.3 Relationship. Manager and the Tribe shall not be construed as joint venturers or partners of each other by reason of this Agreement and neither shall have the power to bind or obligate the other except as set forth in this Agreement.

7.4 Manager's Contractual Authority in the Performance of this Agreement. Subject to the provisions of Section 4.2.4, IGRA, and the Compact, Manager is authorized to make, enter into and perform in the name of and for the account of the Tribe any contracts deemed necessary by Manager to perform its obligations under this Agreement.

7.5 Further Actions. The Tribe and Manager agree to execute all contracts, agreements and documents and to take all actions necessary to comply with the provisions of this Agreement and the intent hereof.

7.5.1 Fire and Safety. The Facility shall be constructed and maintained in compliance with the North Carolina Building Code. Nothing in this Section shall grant any jurisdiction to the state of North Carolina or any political subdivision thereof over the Property or the Facility. The Tribe shall make all arrangements for emergency and fire protection to be supplied to the Enterprise.

7.5.2 Taxes. If the state of North Carolina or any local government attempts to impose any possessory interest tax upon any party to this Agreement or upon the Enterprise, the Facility or the Property, the Board of Advisors, in the name of the appropriate party or parties in interest, will, upon the request of either party, resist such attempt through legal action. The costs of such action and the compensation of legal counsel shall be an Operating Expense of the Enterprise. Any such tax shall constitute an Operating Expense of the Enterprise. This Section shall in no manner be construed to imply that any party to this Agreement or the Enterprise is liable for any such tax, or that any state or federal tax on the Manager's income is to be considered an expense of the Enterprise.

7.5.3 Tribal Taxes. The Tribe agrees that neither it nor any agent, agency, affiliate or representative of the Tribe will impose any taxes, fees, assessments, or other charges of any nature whatsoever on payments of any debt service to Manager or to any lender furnishing financing for the Facility or for the Enterprise, or on the Enterprise, the Facility, the revenues therefrom or on any Management

Fee as described in Section 3.7 of this Agreement; provided, however, the Tribe may assess a tax upon Manager in the nature of a business and occupation tax or other tax assessed against Manager by the state of North Carolina, but only to the extent that same is a dollar for dollar set off against the State tax. The Hotel shall pay, to same extent paid by all other hotels on the EBCI Reservation, the Tribal Levy on Rooms revenue, whether room revenue is earned through cash, cash equivalents, internally generated discounts or through Promotional Allowances. The Tribe further agrees that neither it nor any agent, agency, affiliate or representative will impose any taxes, fees, assessments or other charges of any nature whatsoever on the salaries or benefits, or dividends paid to, any of the Manager's stockholders, officers, directors, or employees or any of the employees of the Enterprise. Manager retains the right, in its sole discretion, to terminate this Agreement and all accompanying agreements if it reasonably determines that any statute or regulation of the Tribe renders operation of the Enterprise uncompetitive. Should the Manager terminate this Agreement pursuant to this Section, the Manager shall retain the right to repayment of money lent to the Tribe. Except as otherwise provided herein, if any taxes, fees or assessments are levied by the Tribe on the Enterprise, such taxes and assessments shall be abated for the term of this Agreement. Nothing herein shall limit the Tribe's ability to tax its members.

7.5.4 Situs of the Contracts. This Agreement, as well as all contracts entered into between the Tribe and any person or any entity providing services to the Enterprise, shall be deemed entered into at the Executive Office of the Tribe on its Reservation in North Carolina, and shall be subject to all Legal Requirements of the Tribe and federal law as well as approval by the Secretary of the Interior or the Chairman of the NIGC where required by 25 U.S.C. § 81 or IGRA.

7.5.5 Compliance With The National Environmental Policy Act. The Tribe shall supply the NIGC with all information necessary for the NIGC to comply with any regulations of the Commission issued pursuant to the National Environmental Policy Act (NEPA).

7.6 Defense. Except for disputes between the Tribe and Manager, or the Tribe/TCGE and the Bank, Manager shall bring and/or defend and/or settle any claim or legal action brought against Manager or the Tribe, individually, jointly or severally in connection with the operation of the Enterprise. Manager shall retain and supervise legal counsel, accountants and such other professionals, consultants and specialists as Manager deems appropriate to defend and/or settle any such claim or cause of action. In all claims or legal actions bringing claims against the Tribe involving questions of jurisdiction, tribal sovereignty or sovereign immunity issues, the Manager shall consult with the Tribe concerning the presentation and defense of such actions. All liabilities, reasonable costs, and expenses, including attorneys' fees and disbursements, incurred in defending and/or settling any such claim or legal action which are not covered by insurance shall be an Operating Expense. Nothing contained herein is a grant to the Manager of the right to waive tribal sovereign immunity.

7.7 Waivers. No failure or delay by Manager or the Tribe to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement, or to exercise any right or remedy consequent upon the breach thereof, shall constitute a waiver of any such breach or any subsequent breach of such covenant, agreement, term or condition. No covenant, agreement, term, or condition of this Agreement and no breach thereof shall be waived, altered or modified except by written instrument. No waiver of any breach shall affect or alter this Agreement, but each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

7.8 Captions. The captions for each Section are intended for convenience only.

7.9 Severability. If any of the terms and provisions hereof shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any of the other terms or provisions hereof. If, however, any material part of a party's rights under this Agreement shall be declared invalid or unenforceable, (specifically including Manager's right to receive its Management Fees) the party whose rights have been declared invalid or unenforceable shall have the option to terminate this Agreement upon thirty (30) days written notice to the other party, without liability on the part of the terminating party.

7.10 Interest. Except for any advances by Manager to the Tribe of all or any part of the Minimum Priority Payment, any amount payable to Manager or the Tribe by the other which has not been paid as provided herein shall accrue interest as may be agreed upon by the parties.

7.11 Reimbursement. The performance by Manager of its responsibilities under this Agreement are conditioned upon the Enterprise generating sufficient funds from borrowings and operations to enable Manager on a timely basis to perform its obligations hereunder. Notwithstanding the foregoing, Manager shall, according to the terms of this Agreement may, at its option if not so required, advance funds or contribute property, on behalf of the Tribe, subject to the prior approval of the Board of Advisors, to satisfy obligations of the Tribe in connection with the Facility and this Agreement. Manager shall keep appropriate records to document all reimbursable expenses paid by Manager, which records shall be made available for inspection by the Tribe or its agents upon request and supplied to the Board of Advisors on a monthly basis. The Tribe agrees to reimburse Manager with interest from future Net Revenues for money paid or property contributed by Manager to satisfy obligations of the Tribe or TCGE in connection with this Agreement. Interest shall be calculated at the rate set forth in Section 7.10 from the date the Manager advances monies the Tribe was obligated to remit or contributes property for the satisfaction of such obligation to the date reimbursement is made. The Manager's sole source of such Reimbursement shall be from the assets of the Enterprise.

7.12 Travel and Out-of-Pocket Expenses. Subject to the Annual Budget, Manager shall be reimbursed for all travel and out-of-pocket expenses of Manager's employees reasonably incurred in the performance of this Agreement. Subject to the

Annual Budget, all travel and out-of-pocket expenses of Enterprise employees reasonably incurred in the performance of their duties shall be an Operating Expense.

7.13 Third Party Beneficiary. This Agreement is exclusively for the benefit of the parties hereto and it may not be enforced by any party other than the parties to this Agreement and shall not give rise to liability to any third party other than the authorized successors and assigns of the parties hereto.

7.14 Brokerage or Other Fees. Manager and the Tribe represent and warrant to each other that neither has sought the services of a broker, finder or agent in this transaction, and neither has employed, nor authorized, any other person to act in such capacity other than as disclosed herein on Exhibit "G." Manager and the Tribe each hereby agrees to indemnify and hold the other harmless from and against any and all claims, loss, liability, damage or expenses (including reasonable attorneys' fees) suffered or incurred by the other party as a result of a claim brought by a person or entity engaged or claiming to be engaged as a finder, broker or agent by the indemnifying party.

7.15 Survival of Covenants. With the exception of the obligation to make the Minimum Priority Payment described at Section 6.4, any covenant, term or provision of this Agreement which, in order to be effective, must survive the termination of this Agreement, shall survive any such termination.

7.16 Estoppel Certificate. Manager and the Tribe agree to furnish to the other party, from time to time upon request, an estoppel certificate in such reasonable form as the requesting party may request stating whether there have been any defaults under this Agreement known to the party furnishing the estoppel certificate and such other information relating to the Enterprise as may be reasonably requested.

7.17 Periods of Time. Whenever any determination is to be made or action is to be taken on a date specified in this Agreement, if such date shall fall on a Saturday, Sunday or any holiday observed by the Tribe, then in such event, said date shall be extended to the next day which is not a Saturday, Sunday or legal holiday.

7.18 Preparation of Agreement. This Agreement shall not be construed more strongly against either party regardless of who is responsible for its preparation.

7.19 Exhibits. All exhibits attached hereto are incorporated herein by reference and made a part hereof as if fully rewritten or reproduced herein.

7.20 Successors, Assigns, and Subcontracting. The benefits and obligations of this Agreement shall inure to and be binding upon the parties hereto and their respective successors and assigns. So long as same is in compliance with IGRA and the Compact, and subject to approval by the Bank, the Tribe's consent shall not be required for Manager to assign or subcontract any of its rights, interests or obligations as Manager hereunder to any parent, subsidiary or affiliate of Manager or Harrah's Entertainment, Inc. or its successor corporation, provided that any such assignee or subcontractor agrees to

be bound by the terms and conditions of this Agreement, specifically the right of the Enterprise to the use of Harrah's Marks during the term of this Agreement. The acquisition of Manager or its parent company by a party other than the parent, subsidiary, or affiliate of Manager, or Harrah's Entertainment, Inc., or its successor corporation, shall not constitute an assignment of this Agreement by Manager and this Agreement shall remain in full force and effect between the Tribe and Manager, subject only to approval by the Bank and NIGC completion of its background investigation and approval of the purchaser provided that such acquiring company shall obtain TCGE Board of Advisors' approval of any General Manager, Director of Finance, Director of Human Resources and the Director of Casino Operations if such are replaced subsequent to the Acquisition and this Agreement shall be amended to so provide automatically upon such acquisition. Other than as stated above, this Agreement may be assigned or its non-gaming obligations subcontracted by the Manager, subject to approval by the Bank and the Tribe, which approval shall not be unreasonably withheld, and the Chairman of the NIGC or his authorized representative after a complete background investigation of the proposed assignee. The Tribe shall, without the consent of the Manager but subject to approval by the Secretary of the Interior or the Chairman of the NIGC or his authorized representative, have the right to assign this Agreement and the assets of the Enterprise to an instrumentality of the Tribe or to a corporation wholly owned by the Tribe organized to conduct the business of the Enterprise for the Tribe that assumes all obligations herein. Any assignment by the Tribe shall not prejudice the rights of the Manager under this Agreement. No assignment authorized hereunder shall be effective until all necessary government approvals have been obtained.

7.21 Confidential Information. Both parties agree that any information received concerning the other party during the performance of this Agreement, regarding the parties' organization, financial matters, marketing plans, or other information of a proprietary nature, will be treated by both parties in full confidence and, except in response to legal process or appropriate and necessary governmental inquiry, will not be revealed to any other persons, firms or organizations. This provision shall survive the termination of this Agreement for a period of two (2) years.

7.22 Patron Dispute Resolution. Manager shall submit all patron disputes concerning play to the Tribal Gaming Commission pursuant to the Gaming Ordinance, the regulations promulgated thereunder, and the Compact.

7.23 Modification. Any change to or modification of this Agreement must be in writing signed by all parties hereto and shall be effective only upon approval by the Chairman of the NIGC, the date of signature of the parties notwithstanding.

8. Warranties.

8.1 Warranties. The Manager and the Tribe each warrant and represent that they shall not act in any way whatsoever, directly or indirectly, to cause this Agreement to be amended, modified, canceled, or terminated, except pursuant to Section 7.23. The

Manager and the Tribe warrant and represent that they shall take all actions necessary to ensure that this Agreement shall remain in full force and effect at all times.

8.2 Interference in Tribal Affairs. The Manager agrees not to interfere in or attempt to influence the internal affairs or government decisions of Tribal government by offering cash incentives, by making written or oral threats to the personal or financial status of any person, or by any other action, specifically including actions in the normal course of business of the Manager that only affect the activities of the Enterprise, except for contact with TCGE Board members or authorized TCGE employees. For the purposes of this Section 8.2, if any such undue interference in Tribal affairs is alleged by the Tribe in writing and the NIGC finds that the Manager has unduly interfered with the internal affairs of the Tribal government and has not taken sufficient action to cure and prevent such interference, that finding of interference shall be grounds for termination of the Agreement. The Manager shall be entitled to immediate notice of any complaint to the NIGC.

8.3 No Political Interference with Operations. The Tribe agrees that it shall not, through its elected government officials, interfere with the day-to-day operations of Manager.

8.4 Prohibition of Payments to Members of Tribal Government. The Manager represents and warrants that no payments have been or will be made to any member of the Tribal government, any Tribal official, any relative of a member of Tribal government or Tribal official, or any Tribal government employee for the purpose of obtaining any special privilege, gain, advantage or consideration.

8.5 Prohibition of Hiring Members of Tribal Government. No member of the Tribal government, Tribal official, relative of a member of the Tribal government or Tribal official or employee of the Tribal government may be employed at the Enterprise without a written waiver of this Section 8.5 by the Board of Advisors, and where required by applicable law, the Area Director, Eastern Area Office, B.I.A. or the NIGC or other appropriate federal official.

8.6 Prohibition of Financial Interest in Enterprise. No member of the Tribal government or relative of a member of the Tribal government shall have a direct or indirect financial interest in the Enterprise greater than the interest of any other member of the Tribe, nor shall any such person have any direct or indirect financial interest in the Manager, its parents, subsidiaries or affiliates; provided, however, nothing in this subsection shall prevent such a person from owning shares in a regulated mutual fund which purchases or holds stock in Manager, its parents, subsidiaries or affiliates, nor shall this subsection restrict the ability of any other Tribal member to purchase or hold stock in the Manager, its parents, subsidiaries or affiliates where (i) such stock is publicly held, and (ii) the Tribal member acquires less than 5% of the outstanding stock in the corporation, provided that if a Tribal member shall acquire more than 5%, such person shall comply with all applicable law, including, without limitation, the Compact.

8.7 Definitions. As used in this Section 8, the term "member of the Tribal government" means any member of the Tribal Council, or other tribal elected official, Board of Advisors, the Tribal Gaming Commission or any independent board or body created to oversee any aspect of Gaming and any Tribal court official; the term "relative" means an individual residing in the same household who is related as a spouse, father, mother, son or daughter.

9. Grounds for Termination.

9.1 Voluntary Termination and Termination for Cause. This Agreement may be terminated pursuant to the provisions of Sections 4.4.4, 8.2, 9.2, 9.3, 9.4, 9.5, and 9.6.

9.2 Voluntary Termination. This Agreement may be terminated upon the mutual written consent and approval of the parties.

9.3 Termination for Cause. Either party may terminate this Agreement if the other party commits or allows to be committed any material breach of this Agreement. A material breach of this Agreement shall include, but not be limited to, a failure of either party to perform any material duty or obligation on its part for any twenty (20) consecutive days after notice. Neither party may terminate this Agreement on grounds of material breach unless it has provided written notice to the other party of its intention to declare a default and to terminate this Agreement and the defaulting party thereafter fails to cure or take steps to substantially cure the default within sixty (60) days following receipt of such notice. The discontinuance or correction of a material breach shall constitute a cure thereof.

The Tribe may also terminate this Agreement where the Manager has had its license withdrawn because the Manager, or a director or officer of the Manager, has been convicted of a criminal felony or misdemeanor offense directly related to the performance of the Manager's duties hereunder; provided, however, the Tribe may not terminate this Agreement based on a director or officer's conviction where the Manager terminates such individual within ten (10) days after receiving notice of the conviction.

In the event of any termination for cause, regardless of fault, the parties shall retain all money previously paid to them pursuant to Section 6 of this Agreement; and the Tribe shall retain title to all Enterprise facility fixtures, improvements, supplies, equipment, funds and accounts, subject to the rights of Manager under any security agreement and to the rights of the Manager to any accrued and unpaid Net Revenues due under Section 6 of this Agreement.

An election to pursue damages or to pursue specific performance of this Agreement or other equitable remedies while this Agreement remains in effect pursuant to the provisions of Section 9.7 or 9.8 shall not preclude the injured party from providing notice of termination pursuant to this Section 9.3. Neither shall termination preclude a suit for damages.

9.4 Involuntary Termination Due to Changes in Legal Requirements. It is the understanding and intention of the parties that the establishment and operation of the Enterprise conforms to and complies with all Legal Requirements. If during the term of this Agreement, the Enterprise, any material aspect of Gaming or any material aspect of the Compact is determined by the Congress of the United States, the Department of the Interior of the United States of America, the NIGC, or the final judgment of a court of competent jurisdiction to be unlawful under federal law, the obligations of the parties hereto shall cease, and this Agreement shall be of no further force and effect; provided that **(i)** the Manager shall have the rights in Section 4.4 of this Agreement; **(ii)** the Manager and the Tribe shall retain all money previously paid to them pursuant to Section 6 of this Agreement; **(iii)** funds of the Enterprise in any account shall be paid and distributed as provided in Section 6 of this Agreement, provided the Loan Agreement shall be paid in full; **(iv)** any money lent by or guaranteed by the Manager or its affiliates to the Tribe shall be repaid to the Manager to the extent provided in Section 16.1a, with recovery of monetary payments or damages limited in recourse to TCGE assets and any such payments or damages shall be made only after payment in full of any and all amounts under the Loan Agreement and any other Authorized Debt; and **(v)** the Tribe shall retain its interest in the lease and title to all Enterprise fixtures, supplies and equipment subject to any requirements of financing arrangements. Nothing contained in this Section 9.4 shall be read to preclude either or both parties contest of any actions which could lead to the involuntary cessation of gaming by the Enterprise.

9.5 Manager's Right to Terminate Agreement. Manager may terminate this Agreement by written notice effective upon receipt if:

(a) Any Tribal, State or Federal authority where approval is required fails to approve this Agreement or otherwise objects to the performance by Manager of any obligation imposed on it under this Agreement.

(b) Manager has been notified by any regulatory agency that the performance by it of any obligation imposed by this Agreement will jeopardize the retention of any license, or approvals granted thereunder, held by Manager or any of its affiliates in Nevada, New Jersey, or any other jurisdiction, and the Tribe refuses to allow the Manager to immediately rectify any such complaint.

(c) Manager has reason to believe that the performance by it or the Tribe of any obligation imposed under this Agreement may reasonably be expected to result in the breach of any applicable Tribe, State or Federal law.

(d) The Tribe fails to make any payment to Manager when due although funds are available.

9.6 Tribe's Right to Terminate Agreement. The Tribe may terminate this Agreement by written notice effective upon receipt of:

(a) Any Federal or State authority, where approval is required, fails to approve this Agreement or otherwise objects to the performance by Manager of any obligation imposed on it under this Agreement.

(b) Tribe has reason to believe that the performance by it or Manager of any obligation imposed under this Agreement may reasonably be expected to result in the breach of any applicable Tribal, State or Federal law or the Compact.

(c) Manager fails to make any Monthly Minimum Priority Payment to the TCGE or annual year end distribution within the time specified in this Agreement, unless otherwise provided in this Agreement.

9.7 Consequences of Manager's Breach. In the event of the termination of this Agreement by the Tribe for cause under Section 9.3, the Manager shall not, prospectively from the date of termination, except as provided in Section 9.3, have the right to its Management Fee from the Enterprise, but such termination shall not affect the Manager's rights relating to reimbursement for any amounts it has loaned the Enterprise under this Agreement through the date of termination or other agreements entered pursuant hereto. The Manager and Tribe acknowledge and agree that termination of this Agreement may not be a sufficient or appropriate remedy for breach by the Manager, and further agree that pursuant to the other provisions of this Agreement, the Tribe shall, upon breach of this Agreement by the Manager, have the right to pursue such remedies (in addition to termination) at law or equity as it determines are best able to compensate it for such breach. Any Net Revenues accruing through the date of termination shall be distributed in accordance with Section 6 of this Agreement.

9.8 Consequences of Tribe's Breach. In the event of termination of this Agreement by the Manager for cause under Section 9.3, the Manager shall not be required to perform any further services under this Agreement and the Tribe shall indemnify and hold the Manager harmless against all liabilities of any nature whatsoever relating to the Enterprise, but only insofar as these liabilities result from acts within the control of the Tribe or its agents or created by the termination of this Agreement, and also with the source for such indemnification limited to the assets or future earnings of the TCGE and without recourse to other assets of the Tribe. The Manager and the Tribe acknowledge and agree that termination of this Agreement may not be a sufficient or appropriate remedy for breach by the Tribe, and further agree that pursuant to the other provisions of this Agreement, including but not necessarily limited to, Sections 16 and 21, the Manager shall, upon breach of this Agreement by the Tribe, have the right to pursue such remedies (in addition to termination) at law or equity as it determines are best able to compensate it for such breach, including, without limitation monetary compensation, except that the source for such compensation shall be limited to the assets or future earnings of the TCGE, specifically the Management Fee pursuant to Section 6 for a term equal to the then remaining term of this Agreement at the percentage of Net Revenues specified in Section 6 provided any such payments or damages shall be subordinate to the payment of the amounts due under the Loan Agreement or any other Authorized Debt. The Tribe specifically acknowledges and agrees that there will be irreparable harm to the

Manager and that damages will be difficult to determine if the Tribe commits any breach, and the Tribe therefore further acknowledges that an injunction and/or other equitable relief is an appropriate remedy for any such breach. In such event, the Manager shall have the right to its Management Fee accruing through the date of termination as provided in Section 6 of this Agreement, the repayment of unpaid principal and interest and other amounts due under any loans from it to the Tribe, provided any such payments or damages shall be subordinate to the payment of the amounts due under the Loan Agreement or any other Authorized Debt.

9.9 Events Constituting Material Breach. The following described events and conditions shall, following notice and failure to cure as provided in Section 9.3 hereof, constitute a Material Breach.

9.9.1 On the part of Manager.

9.9.1.1 Failure to Comply with Covenants Manager fails to comply with any applicable covenant contained in this Agreement or any other agreement between the Manager and the Tribe or TCGE.

9.9.1.2 False Representations Any representation, warranty, statement or certificate, made or furnished to the Tribe or TCGE by Manager pursuant to this Agreement proves to be knowingly false or erroneous in any material respect at the time of making thereof;

9.9.1.3 Bankruptcy A petition in bankruptcy is filed by or against Manager pursuant to the U.S. Bankruptcy Code or receivership laws, or any similar law, state or federal, or makes any assignment for the benefit of creditors or is adjudged insolvent by any state or federal court; or

9.9.1.4 Intentional Interference in Internal Political Activity Manager shall have been found to have violated Section 8.2.

9.9.2 On the Part of the Tribe.

9.9.2.1 Failure to Comply with Covenants The Tribe fails to comply with any covenant contained in this Agreement.

9.9.2.2 False Representations Any representation, warranty, statement or certificate, made or furnished to Manager by or on behalf of the Tribe pursuant to this Agreement proves to be knowingly false or knowingly erroneous in any material respect at the time of the making thereof;

9.9.2.3 Actions with Respect to Assets Except in the ordinary course of the business of the Enterprise, or as otherwise contemplated in this Agreement, the Tribe directly or indirectly sells, leases, transfers, hypothecates, encumbers or otherwise disposes of, or suffers or permit the

sale, lease, transfer, hypothecation, encumbrance or other disposition of, all or a substantial portion of the assets of the Enterprise except a pledge of such assets in connection with the Loan Agreement or other Authorized Debt of the TCGE, or removes any material portion of the assets of the Enterprise from the Facility, or fails to keep the assets of the Enterprise in good order and repair provided the failure is not caused by the Manager, or uses or permits the use of the assets of the Enterprise in violation of any applicable law, statute or ordinance provided the violation is not caused by the actions or inactions of the Manager;

9.9.2.4 **Interference with Manager's Rights** The Tribe adopts any amendments to its laws, or any rule or regulation promulgated thereunder, or imposes any tax or fee or assessment of any kind in addition to those being paid on the Effective Date, or incurs any debt for the operation of the Enterprise without approval of the Board of Advisors and Manager which would prejudice any of Manager's rights hereunder, including, without limitation, the right to payments due to Manager hereunder, or to the repayment of monetary obligation due under this Agreement or which violates the Indian Civil Rights Act, 25 U.S.C. §§1301, et seq..

9.9.2.5 **Taxes or Fees** The Tribe levies any tax, fee, or other assessment of any kind in contravention of Section 7.5.3.

9.10 **Management Agreement Buy-Out.** At any time after [ ] 64 months from the Effective Date of this Agreement, the Tribe may terminate this Agreement by paying on the Date of Termination the following:

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10. **Conclusion Of the Management Term.** Upon the conclusion of the term of the Management Agreement, or the termination of this Agreement under other of its provisions, in addition to other rights under this Agreement, the Manager shall have the following rights:

10.1 **Transition.** If termination occurs at any time other than upon the conclusion of its Term, Manager shall be entitled to a reasonable period of not less than thirty (30) days to transition management of the Enterprise to the Tribe or its designee.

10.2 **Undistributed Net Revenues.** If the Enterprise has accrued Net Revenues which have not been distributed under Section 6 of this Agreement, the Manager shall

receive that Management Fee equal to that Fee it would have received had the distribution occurred during the term of the Management Agreement.

11. Consents and Approvals.

11.1 Tribe. Where approval or consent or other action of the Tribe is required, such approval shall mean the written approval of the Board of Advisors evidenced by a duly enacted resolution thereof. Any such approval, consent or action shall not be unreasonably withheld or delayed; provided that the foregoing does not apply where a specific provision of this Agreement allows the Management Committee an absolute right to deny approval or consent or withhold action.

11.2 Manager. Where approval or consent or other action of the Manager is required, such approval shall mean the written approval of the Managing Officer. Any such approval, consent or other action shall not be unreasonably withheld or delayed.

12. Disclosures.

12.1 Shareholders and Directors. The Manager warrants that on the date of this Agreement its affiliates, shareholders, directors and officers are as follows:

SHAREHOLDERS AND AFFILIATES OF HARRAH'S NC CASINO COMPANY, L.L.C.:

Name	Date and State of Incorporation	Percentage Owned Of Harrah's NC Casino Company, L.L.C.
Harrah's Operating Company, Inc.	8/8/83 Delaware	99%
Harrah's Management Company wholly-owned subsidiaries of:	4/7/83 Nevada	1%
Harrah's Entertainment, Inc.	11/2/89 Delaware	

DIRECTORS: HARRAH'S OPERATING COMPANY, INC.

Name	Date of Birth
Gary W. Loveman	[ ] 56

DIRECTORS: HARRAH'S MANAGEMENT COMPANY

Name	Date of Birth
Gary W. Loveman	[...] b6

12.2 Warranties. The Manager further warrants and represents as follows: (i) no person or entity has any beneficial ownership interest in the Manager other than as set forth herein; (ii) no officer, director or owner of 5% or more of the stock of the Manager has been arrested, indicted for, convicted of, or pleaded nolo contendere to any felony or any gaming offense, or had any association with individuals or entities known to be connected with organized crime; and (iii) no person or entity listed in Section 12.1 of this Agreement, including any officers and directors of the Manager, has been arrested, indicted for, convicted of, or pleaded nolo contendere to any felony or any gaming offense, or had any association with individuals or entities known to be connected with organized crime.

12.3 Criminal and Credit Investigation. The Manager agrees that all of its shareholders, directors and officers (whether or not involved in the Enterprise), shall:

(a) consent to background investigations to be conducted by the Tribe, NIGC, the state of North Carolina, the Federal Bureau of Investigation (the "FBI") or any other law enforcement authority if requested by the Tribe and to the extent required by the IGRA and the Compact,

(b) be subject to licensing requirements in accordance with Tribal law,

(c) consent to a background, criminal and credit investigation to be conducted by the NIGC,

(d) consent to a financial and credit investigation to be conducted by a credit reporting or investigation agency at the request of the Tribe,

(e) cooperate fully with such investigations, and

(f) disclose any information requested by the Tribe which would facilitate in the background and financial investigation.

Any materially false or deceptive disclosures or failure to cooperate fully with such investigations by an employee of the Manager or an employee of the Tribe shall result in the immediate dismissal of such employee. The results of any such investigation may be disclosed by the Tribe to federal officials as required by law.

12.4 Disclosure Amendments. The Manager agrees that whenever there is any material change in the information disclosed pursuant to this Section 12 it shall notify the NIGC of such change in compliance with NIGC regulations with a concurrent copy to the Tribe. All of the warranties and agreements contained in this Section 12 shall apply to any person or entity who would be listed in this Section 12 as a result of such changes.

12.5 Breach of Manager Warranties and Agreements. The material breach of any warranty or agreement of the Manager contained in this Section 12 shall be grounds for immediate termination of this Agreement; provided that (a) if a breach of the warranty contained in clause (ii) of Section 12.2 is discovered, and such breach was not disclosed by any background check conducted by the FBI as part of the NIGC or other federal approval of this Agreement, or was discovered by the FBI investigation but all officers and directors of the Manager sign sworn affidavits that they had no knowledge of such breach, then the Manager shall have 30 days after notice from the Tribe to terminate the interest of the offending person or entity and, if such termination takes place, this Agreement shall remain in full force and effect; and (b) if a breach relates to a failure to update changes in financial position or additional gaming related activities, then the Manager shall have 30 days after notice from the Tribe to cure such default prior to termination.

13. Intentionally Left Blank.

14. Intentionally Left Blank.

15. No Present Lien, Lease or Joint Venture. The parties agree and expressly warrant that neither the Management Agreement nor any exhibit thereto is a mortgage or lease and, consequently, does not convey any present interest whatsoever in the Facility or the Property, nor any proprietary interest in the Enterprise itself. The parties further agree and acknowledge that it is not their intent, and that this Agreement shall not be construed, to create a joint venture between the Tribe and the Manager; rather, the Manager shall be deemed to be an independent contractor for all purposes hereunder.

16. Tribe's Limited Waiver of Sovereign Immunity.

16.1 Preference for Tribal or Federal Court Jurisdiction. The Tribe hereby grants to the Manager a limited waiver of sovereign immunity with respect to the following purposes and for no others:

(a) For the purpose of allowing the Manager to take any and all actions necessary to enforce the provisions of this Agreement pursuant to the alternative dispute resolution procedures set forth below, including those which seek injunctive or declaratory relief, damages (limited to recover from the personal property assets and future revenues of the TCGE), specific performance or other legal and equitable remedies in the court or courts authorized by this Agreement and to effect enforcement of any remedy granted therein; and

(b) For the purpose of allowing the Manager to take any and all actions necessary to contest, or seek appeal or review of, the decisions or procedures of the Tribal Gaming Commission or other regulatory body, subject to the provisions of the Ordinance creating the Tribal Gaming Commission or such other body; nothing in this clause **(b)**, or the Ordinance, shall limit any right of the Manager to take the actions described in clause **(a)**; and

(c) Subject to this Section 16, pursuant to its limited waiver, the Tribe expressly waives its immunity from suit and consents to be sued in any of the following: the Cherokee Court of Indian Offenses or any successor Cherokee tribal court ("Cherokee Court"), or in the United States District Court for the Western District of North Carolina, the United States Court of Appeals, and the United States Supreme Court for any claims by the Manager arising out of this Agreement. If the United States District Court for the Western District of North Carolina lacks jurisdiction, the Tribe consents to be sued in any other court of competent jurisdiction; provided that each party agrees to vigorously raise any and all arguments for United States District Court jurisdiction.

(d) The Tribe agrees that it shall not plead or raise as a defense the requirement of exhaustion of tribal court remedies, as the parties have expressly agreed, subject to (c) above, that Federal Court jurisdiction may be sought for judicial enforcement of any arbitration award. The Tribe agrees that in the event jurisdiction is denied by both the Cherokee Court and the United States District Court, Manager may in such suit seek similar relief in the North Carolina courts.

(e) The limited waiver of sovereign immunity granted here does not include any waiver, either express or implied, to any third party.

17. Time is of the Essence. Time is of the essence in the performance of this Agreement.

18. Tribal Assets. The Manager understands and agrees that notwithstanding anything to the contrary herein, the obligations of the Tribe and TCGE hereunder are unsecured obligations and no recourse may be made against any assets of the Tribe, and recourse may only be made against the revenues and personal property of the TCGE after entry of a judgment in a court of competent jurisdiction as provided by the Arbitration Ordinance at Chapter 94 of the Cherokee Code or as otherwise provided herein and provided that obligations due under the Loan Agreement or any other Authorized Debt have been paid in full or payment of the judgment is approved by the Bank under the Loan Agreement or any other Authorized Debt.

19. Notice Provision. The Tribe will give the Manager notice of any alleged violation of the Gaming Ordinance and thirty (30) days opportunity to cure before the gaming agency may take any action based on such alleged violation.

20. Dispute Resolution. The interpretation, validity and performance of this Agreement shall be governed by the laws of the Eastern Band of Cherokee Indians and the State of North Carolina. If any of the terms and provisions of this Agreement shall be held invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect any of the other terms or provisions hereof, all such other terms and provisions to be valid and enforceable to the fullest extent permitted by law.

20.1 Arbitration.

20.1.1 Matters Subject to Arbitration. In case of a dispute with respect to any of the following matters, either party may submit such matter to arbitration which shall be conducted by Accountants or such other party as mutually agreed to by the parties hereto 'Arbitrator':

(a) computation of the Management Fee or other fees authorized in this Agreement;

(b) results of any audit by the auditors authorized and identified in this Agreement;

(c) disputes between Manager and TCGE involving accounting or budget issues that affect the ongoing operations of the Facility and have not been resolved by mutual agreement;

(d) any other matters subject to arbitration as expressly provided in this Agreement.

(e) any other matters by mutual agreement of the parties.

20.1.2 Arbitrators. For purposes of Section 20.1, the Arbitrators shall be one of any of the "Big Four" certified public accounting firms other than such firm that may be then performing audit services for either Manager, TCGE or the Tribe, or such other party as mutually agreed upon. The party desiring to submit any appropriate matter to arbitration shall do so by written notice to the other party, which notice shall set forth the items to be arbitrated and that party's choice of one of the four firms designated above and may submit the name of an alternative arbitrator for the other party to consider. The party receiving notice shall, within fifteen (15) days after receipt of such notice, either approve such choice or designate one of the remaining three firms or submit the name of an alternative arbitrator by written notice to the noticing party, who shall within fifteen (15) days after receipt of such additional notice, either approve or disapprove such firm. When both parties have approved an arbitrator then such firm or person shall

be the Arbitrator Accountants for the purpose of arbitrating the dispute. The Arbitrator shall render a decision under the procedures in 20.1.3 within thirty (30) days after being notified of their selection. The fees and expenses of the Arbitrator shall be paid by the non-prevailing party.

20.1.3 Arbitration Procedures. In all arbitration proceedings submitted to the Arbitrator, the Arbitrator shall be required to agree upon and approve the substantive position advocated by Manager or Tribe with respect to each disputed item and shall be limited in scope of their consideration as provided in this Agreement. Any decision rendered by the Arbitrator that does not adopt the substantive position advocated by Manager or Tribe shall be beyond the scope of authority granted to the Arbitrator and consequently may be overturned by either party. All proceedings by the Arbitrator shall be conducted in accordance with the Uniform Arbitration Act, except to the extent provisions of such Act are modified by this Agreement or the mutual agreement of the parties. Unless otherwise agreed, all arbitration proceedings shall be conducted in Cherokee, North Carolina.

20.1.4 Budget Arbitration. In the event of any dispute concerning budget or budget issues between Manager and the Board of Advisors which is not resolved within a thirty (30) day period, the budget issues shall be submitted to arbitration. The arbitration shall be conducted by a representative of Management, a representative of the Board of Advisors and a jointly appointed third person. Any decision rendered by the arbitrators shall be binding on the parties. All proceedings shall be conducted in accordance with the Uniform Arbitration Act. The arbitrator shall render a decision within thirty (30) days of the appointment of the third person.

20.1.5 No Arbitration of Governmental Action. Nothing contained in this Agreement is intended to subject to litigation or to arbitration the authority of the Tribe or any of its instrumentalities or agencies, to take any Governmental Action.

20.2 Litigation. Both the parties agree that in the event a dispute arises concerning an interpretation of the provisions of this Agreement, including the right to obtain or retain any license issued by the Tribe or Tribal Gaming Commission, or as to any of the rights, responsibilities or obligations arising under this Agreement, other than those matters covered under 20.1, that either party may commence an action in the Federal District Court for the Western District of North Carolina for the purpose of seeking a declaration of the rights of the parties under this Agreement.

21. Performance During Disputes. It is mutually agreed that during any kind of controversy, claim, disagreement or dispute, including a dispute as to the validity of this Agreement or to terminate the Agreement for cause, Manager shall remain in the Facility as Manager; and the Tribe and Manager shall continue their performance of the provisions of this Agreement and its exhibits, subject to the maintenance of any licenses required to perform such duties. Manager shall be entitled to seek injunctive relief from a civil court or other competent authority to maintain the status quo in the event of a threatened eviction during any dispute, controversy, claim or disagreement arising out of this Agreement.

22. Harrah's Marks. From time to time during the Term hereof, Manager agrees to erect and install, in accordance with local codes and regulations, all signs Manager deems necessary in, on or about the Facility, including, but not limited to, signs bearing the Harrah's Marks. The costs of purchasing, leasing, transporting, constructing, maintaining and installing the required signs and systems shall be part of the operating expenses.

The Tribe agrees to recognize the exclusive right of ownership of Harrah's Las Vegas, Inc. to all Harrah's service marks, trademarks, copyrights, trade names, patents or other similar rights or registrations now or hereafter held or applied for in connection therewith (collectively, the "Harrah's Marks"). The Tribe hereby disclaims any right or interest therein, regardless of any legal protection afforded thereto. The Tribe acknowledges that all of Harrah's Marks might not be used in connection with the Enterprise, and Manager, with the prior written consent of Harrah's Las Vegas, Inc., shall have sole discretion to determine which Harrah's Marks shall be so used. The Tribe covenants that in the event of termination, cancellation or expiration of this Agreement, whether as a result of a default by Manager or otherwise, the Tribe shall not hold itself out as, or continue operation of the Enterprise as a Harrah's casino nor will it utilize any of Harrah's Marks or any variant thereof in the operation of its Facility. The Tribe agrees that Manager or Harrah's Las Vegas, Inc. or their respective representative may, at any time thereafter, enter the Facility and, at its expense, may remove all signs, furnishings, printed material, emblems, slogans or other distinguishing characteristics which are now or hereafter may be connected or identified with Harrah's or which carry any Harrah's Mark. The Tribe shall not use the name Harrah's, or any variation thereof, directly or indirectly, in connection with (a) a private placement or public sale of securities or other comparable means of financing or (b) press releases and other public communications, without the prior written approval of Manager and Harrah's Las Vegas, Inc.

The Tribe and Manager hereby agree that in the event the Tribe and/or Manager is (are) the subject of any litigation or action brought by a party seeking to restrain the use, for or with respect to the Enterprise, by the Tribe and/or Manager of any Harrah's Mark used by Manager for or in connection with the Enterprise, any such litigation or action shall be defended entirely at the expense of Manager, notwithstanding that Manager may not be named as a party thereto. In the event the Tribe desires to bring suit against any user of any Harrah's Mark, seeking to restrain such user from using any Harrah's Mark, then such suit shall be brought only with the consent of Manager and Harrah's Las Vegas, Inc. and at the expense of the Tribe notwithstanding that such user may be a prior or subsequent user. In all cases the conduct of any suit whether brought by the Tribe and/or Manager or instituted against the Tribe and/or Manager shall be under the absolute control of the Manager notwithstanding that Manager may not be a party to such suit. The Tribe, at its sole cost, shall have the right to engage its own legal counsel and the Tribe's own counsel shall have the right to non-controlling participation in any such litigation. The Tribe shall have the right at any time during the course of such litigation to withdraw from participation therein. Manager hereby agrees to hold the Tribe harmless from and to indemnify the Tribe against any judgments or awards of any court or administrative agency of competent jurisdiction, whether such awards be in the form of damages, costs or

otherwise, which the Tribe is required to pay and/or pays arising from the use of any Harrah's Marks or names or similar rights or registrations for or in connection with the Enterprise; provided, however, that the Tribe cannot effect a settlement of such suit without the prior written consent of Manager.

23. Confidential and Proprietary Information.

23.1 Confidential Information. Both parties agree that any information received concerning the other party during the performance of this Agreement, regarding the parties' organization, financial matters, marketing plans, or other information of a proprietary nature (the "Confidential Information"), will be treated by both parties in full confidence and except as required to allow Manager or the Tribe to perform their respective covenants and obligations hereunder, or in response to legal process or appropriate and necessary inquiry, and will not be revealed to any other persons, firms or organizations. This provision shall survive the termination of this Agreement for a period of two (2) years.

The obligations not to use or disclose the Confidential Information shall not apply to Confidential Information which (a) has been made previously available to the public by the Tribe or Manager or Manager's Affiliates or becomes generally available to the public, unless the Confidential Information being made available to the public results in a breach of this Agreement; (b) prior to disclosure to the Tribe or Manager or Manager's Affiliates, was already rightfully in any such person's possession; or (c) is obtained by the Tribe or Manager or Manager's Affiliates from a third party who is lawfully in possession of such Information, and not in violation of any contractual, legal or fiduciary obligation to the Tribe or Manager or Manager's Affiliates, with respect to such Confidential Information and who does not require the Tribe or Manager or Manager's Affiliates to refrain from disclosing such Confidential Information to others.

23.2 Manager Proprietary Information. The Tribe agrees that Manager has the sole and exclusive right, title and ownership to:

(i) certain proprietary information, techniques and methods of operating gaming businesses;

(ii) certain proprietary information, techniques and methods of designing games used in gaming businesses;

(iii) certain proprietary information, techniques and methods of training employees in the gaming business; and

(iv) certain proprietary business plans, projections and marketing, advertising and promotion plans, strategies, and systems, including, but not limited to, the items listed at Exhibit H, all of which have been developed and/or acquired over many years through the expenditure of time, money

and effort and which Manager and its Affiliates maintain as confidential and as a trade secret(s) (collectively items (i) - (iv), the "Manager Proprietary Information").

The Tribe further agrees to maintain the confidentiality of such Manager Proprietary Information, and upon the termination of this Agreement, to return same to Manager, including but not limited to, documents, notes, memoranda, lists, computer programs and any summaries of such Manager Proprietary Information, but excluding any Manager Proprietary Information which the Tribe may retain pursuant to the express terms of this Agreement.

Manager Proprietary Information specifically does not include any information or documents otherwise falling within (i)-(iv) above, if same were prepared, designed or created solely for the use and benefit of the Enterprise. Any documents or information prepared for use by the Enterprise are the property of the Enterprise and shall remain the property of the Enterprise. This provision shall not prevent the Enterprise from continuing to utilize the skills and expertise related to gaming management, training or operations gained by Enterprise Employees during Manager's management tenure for ongoing operation of the Enterprise.

23.3. Patron Data Base. Manager will, on expiration or termination of this Agreement, provide the Tribe with all data related to all customers (as such data appears in Manager's database) who, during the term of this Agreement, either (a) originated their Harrah's Total Rewards card or successor Player Rewards Program at the Enterprise; or, (b) in any other manner accessed or utilized Manager's database relating to or in connection with customers' activities at the Enterprise, and such data shall be provided in machine readable form and/or written form, at the election of the Tribe. This information will be current as of the termination or expiration date of this Agreement and may be used by the Tribe for any purpose. The information contained in the database provided to the Tribe will also remain in Manager's database and accordingly may be used by Manager for any purpose.

24. Other Documents. The parties agree to execute such other documents as may be reasonably required to give effect to the agreements of the parties contained herein.

25. Execution. This Agreement is being executed in four counterparts, three to be retained by the Tribe for its own use and for submission to the NIGC. Each of the four originals is equally valid. This Agreement shall be deemed "executed" and shall be binding upon both parties when properly executed and approved by the Chairman of the NIGC.

26. Enterprise Name The Enterprise shall be operated under the business name of Harrah's Cherokee Casino & Hotel.

27. Intent to Negotiate New Agreement. On or before thirty (30) days after the end of [ ] of this Agreement, the Tribe shall give Manager notice of its intent regarding its willingness to enter into negotiations for a new Management Agreement to be effective upon the conclusion of this Agreement. 64

27.1 Transition Plan. If the Tribe and Manager are unable to agree to the terms of a new agreement or if the Tribe decides not to enter into negotiations for a new agreement, then the Tribe and Manager shall agree upon a transition plan within thirty (30) days notice from the Tribe of its intention not to negotiate a new Management Agreement, including an information technology transition plan, which shall include, without limitation, a plan for the implementation of systems selected by the Board of Advisors to replace any systems that are proprietary to Harrah's, which plan shall be sufficient to allow the Tribe to operate the Enterprise and provide for the orderly transition of the management of the Enterprise.

28. Entire Agreement. This Agreement, including the Exhibits referred to herein and any documents executed by the parties simultaneously herewith, constitutes the entire understanding and agreement of the parties hereto and supersedes all other prior agreements and understandings, written or oral, between the parties.

29. Government Savings Clause. Each of the parties agrees to execute, deliver and, if necessary, record any and all additional instruments, certifications, amendments, modifications and other documents as may be required by the United States Department of the Interior, B.I.A., the NIGC, the office of the Field Solicitor, or any applicable statute, rule or regulation in order to effectuate, complete, perfect, continue or preserve the respective rights, obligations, liens and interests of the parties hereto to the fullest extent permitted by law; provided, that any such additional instrument, certification, amendment, modification or other document shall not materially change the respective rights, remedies or obligations of the Tribe or the Manager under this Agreement or any other agreement or document related hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

THE EASTERN BAND OF CHEROKEE INDIANS

By: Michell Hicks
Name: Michell Hicks
Title: Principal Chief

HARRAH'S NC CASINO COMPANY, L.L.C.,
a North Carolina limited liability company

By: HARRAH'S OPERATING COMPANY, INC.,
a Delaware Corporation
Its: Member

By: Charles L Atwood
Name: Charles L. Atwood
Title: Sr. V.P. and Chief Fin'l. Officer

By: HARRAH'S MANAGEMENT COMPANY,
a Nevada corporation

Its: Member

By: Charles L Atwood
Name: Charles L Atwood
Title: Sr. V.P. and Treasurer

Approved pursuant to 25 U.S.C. § 2711 and
Approved pursuant to 25 U.S.C. § 81

NATIONAL INDIAN GAMING COMMISSION

By:
Name: Philip N. Hogen
Title: Chairman
Date: APR 28 2004