MAY 29 2001

CLASS III

MANAGEMENT AGREEMENT

BETWEEN THE

RINCON SAN LUISENO BAND OF MISSION INDIANS

AND

HCAL CORPORATION

DATED AS OF May 25, 2001

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Exhibit I	Manager's Officers and Directors
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EXHIBIT A - PROPERTY DESCRIPTION.....

EXHIBIT B - INTENTIONALLY LEFT BLANK.....

EXHIBIT C - ENTERPRISE INVESTMENT POLICY.....

EXHIBIT D - IRREVOCABLE BANKING INSTRUCTIONS.....

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EXHIBIT I - MANAGER'S OFFICERS AND DIRECTORS.....

EXHIBIT J - INTENTIONALLY LEFT BLANK.....

EXHIBIT K - COVERED EMPLOYEES.....

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT, which relates only to the operation of the Tribe's Class III gaming enterprise, has been entered into as of May 25, 2001, by and between the RINCON SAN LUISENO BAND OF MISSION INDIANS and its permitted successors and assigns (the "Tribe"), and HCAL CORPORATION, a Nevada corporation, and its permitted successors and assigns ("Manager") for the operation of a gaming facility/hotel in the state of California,

1. Recitals.

1.1 The Tribe is a federally recognized Indian tribe, organized pursuant to the inherent sovereign power of the Rincon San Luiseno Band of Mission Indians. The Tribe possesses sovereign governmental powers over the land described in Exhibit A hereto (the "Property"), located in the State of California (the "State"), pursuant to the Tribe's recognized powers of self-government, and the Articles of Association, statutes and ordinances of the Tribe.

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 Tribe revenues and to enhance the Tribe's economic self-sufficiency and self-determination.

1.3 The Tribe is seeking technical experience and expertise for the operation of the Enterprise (as defined below) and instruction 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 this Agreement and conforming with the provisions of this Agreement.

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 Articles of Association "Articles of Association" shall mean the Articles of Association of the Rincon San Luiseno Band of Mission Indians ratified on March 15, 1960, and any amendments thereto.

2.3 Bank. "Bank" shall mean the financial institution agreed upon by the parties to provide the funding necessary to design, construct, and equip the Facility, and provide start-up capital for the Enterprise.

2.4 Brand Advertising Contribution. "Brand Advertising Contribution" shall mean the payments described in Section 4.7.3

2.5 Brand Marketing Contribution. "Brand Marketing Contribution" shall mean the payments described in Section 4.7.2.

2.6 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.

2.7 Business Committee. "Business Committee" shall mean the Rincon Tribal Business Committee created pursuant to the Tribe's Articles of Association which has the authority to manage and lease or otherwise deal with tribal lands and community resources.

2.8 Capital Budget. "Capital Budget" shall mean the capital budget described in Section 4.11.

2.9 Capital Replacement(s). "Capital Replacement(s)" shall mean any alteration or rebuilding or renovation of the Facility, and any replacement of Furnishings and Equipment, the cost of which is capitalized and depreciated, rather than being expensed, applying generally accepted accounting principles, as described in Section 4.12.

2.10 Capital Replacement Reserve. "Capital Replacement Reserve" shall mean the reserve described in Section 4.13, into which periodic contributions are paid pursuant to Section 4.14.

2.11 Centralized Services. "Centralized Services" shall mean those services related to the development, construction and management of the Enterprise which are approved by the Business Committee and which may be purchased from or provided by Manager or its Affiliates in Memphis, Tennessee, or at locations other than the Facility. The cost of any of these services utilized will be an Operating Expense of the Enterprise and shall be subject to the Annual Budget and Operating Plan as approved by the Business Committee.

2.12 Intentionally Left Blank.

2.13 Class III Gaming. "Class III Gaming" shall mean Class III Gaming as defined in IGRA.

2.14 Collateral Agreements. "Collateral Agreements" shall mean any agreements defined to be collateral agreements by the phrase found at 25 USC §2711 (a)(3) and regulations issued thereto at 25 C.F.R. § 502.5.

2.15 Commencement Date. "Commencement Date" shall mean the date upon which the Enterprise is open to the public offering Class III gaming.

2.16 Compact. "Compact" shall mean the Tribal-State Compact executed on September 10, 1999.

2.17 Compensation. "Compensation" shall mean the direct salaries and wages paid to, or accrued for the benefit of, any employee, including incentive compensation, together with all fringe benefits payable to or accrued for the benefit of any employee, including employer's contribution under F.I.C.A., unemployment compensation or other employment taxes, pension fund contributions, workers' compensation, group life, accident and health insurance premiums and costs, and profit sharing, severance, retirement, disability, relocation, housing and other similar benefits.

2.18 Completion Date. "Completion Date" shall mean the date upon which Manager receives (i) an architect's certificate from the Architect having responsibility for the design and supervision of construction, equipping and furnishing of the Facility certifying that the Facility has been fully constructed substantially in accordance with the Plans and Specifications; (ii) certification from Manager (or the division, department or designee of Manager having responsibility to assure compliance with any operational standards) stating that the Facility, as completed, is in compliance with any such standards; (iii) a permanent or temporary certificate of occupancy from the government authority or authorities pursuant to whose jurisdiction the Facility is to be constructed, permitting the use and operation of all portions of the Facility in accordance with this Agreement; and (iv) certificates of such professional designers, inspectors or consultants or opinions of counsel, as Manager and Tribe may determine to be appropriate, verifying construction and furnishing of the Facility in compliance with all Legal Requirements.

2.19 Confidential Information. "Confidential Information" shall mean the information described in Section 9.23.1.

2.20 Department. Those general divisional categories shown in the Operating Budget and Annual Plan (e.g. rooms department or food department), but shall not mean or refer to the subcategories (e.g. linen replacement and uniforms) appearing in each such divisional category.

2.21 Depository Account. "Depository Account" shall mean the bank account described in Section 4.18.2.

2.22 Development Agreement. "Development Agreement" shall mean that certain agreement, of even date herewith, by and between Manager and the Tribe, providing the terms under which Manager and the Tribe will work exclusively together to finance and develop the Facility, including without limitation, design, construction, furnishing and equipping of the same.

2.23 Disbursement Account. "Disbursement Account" shall mean the bank account described in Section 4.18.3.

2.24 Effective Date. "Effective Date" shall mean the date on which all of the following listed conditions are satisfied:

(i) written approval of this Agreement is granted by the Chairman of the NIGC;

(ii) written approval of the Development Agreement, the Loan Agreement, the Security and Reimbursement Agreement, and the Note is granted by the Chairman of the NIGC, if required, and/or the BIA, if required;

(iii) written confirmation that the Tribe, the State (to the extent required by the Compact), have approved background investigations of Manager, if required;

2.25 Emergency Condition. "Emergency Condition" shall have the meaning set forth in Section 4.12.

2.26 Enterprise. The "Enterprise" is any 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 III Gaming under IGRA; (b) the operation of the Facility; and (c) any other lawful commercial activity allowed in the Facility including, but not limited to, restaurants, conventions, business meetings, Automatic Teller Machines ("ATM"), and the sale of tobacco, gifts and souvenirs. The Enterprise includes any facility used for Class III Gaming and, without limitation, the Hotel(s) and retail outlet(s) owned by the Tribe or any instrumentality of the Tribe related to Class III gaming located within the Facility. The Enterprise shall not include any commercial enterprise conducted by the Tribe which is generally unrelated to casino operation.

2.27 Enterprise Bank Accounts. "Enterprise Bank Accounts" shall mean those accounts described in Section 4.18.1.

2.28 Enterprise Board. "Enterprise Board" shall mean the decision making body created pursuant to Section 3.4 of this Agreement.

2.29 Enterprise Employee. "Enterprise Employee" shall mean all employees of the Manager who are assigned to work at the Facility.

2.30 Enterprise Employee Policies. "Enterprise Employee Policies" shall have the meaning given to it in Section 4.6.2.

2.31 Facility. "Facility" shall mean the buildings, improvements, and fixtures, now or hereafter 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.

2.32 Fiscal Year. "Fiscal Year" shall mean the period commencing on January 1 of each year and ending on December 31 of the same year.

2.33 Furnishings and Equipment. "Furnishings and Equipment" shall mean all furniture, furnishings and equipment owned by the Tribe and required for the operation of the Enterprise in accordance with the standards set forth in this Agreement, including, without limitation:

(i) cashier, money sorting and money counting equipment, surveillance and communication equipment, and security equipment;

(ii) slot machines, video games of chance, table games, keno equipment and other gaming equipment;

(iii) office furnishings and equipment;

(iv) specialized equipment necessary for the operation of any portion of the Enterprise for accessory purposes, including equipment for kitchens, laundries, dry cleaning, cocktail lounges, restaurants, public rooms, commercial and parking spaces, and recreational facilities;

(v) all other furnishings, equipment, and other personal property used in the operation of the Enterprise; and

(vi) all other furnishings and equipment hereafter located and installed in or about the Facility which are used in the operation of the Enterprise in accordance with the standards set forth in this Agreement.

2.34 Gaming. "Gaming" shall mean any and all activities defined as Class III Gaming under IGRA.

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

2.36 General Manager. "General Manager" shall mean the person employed by Manager to direct the operation of the Enterprise.

2.37 Generally Accepted Accounting Principles or "GAAP" shall mean those principles defined by the Financial Accounting Standards Board.

2.38 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, the Business Committee or any instrumentality or agency of the Tribe.

2.39 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.

2.40 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), food and beverage sales and other rental or other receipts from lessees,

sublessees, licensees and concessionaires (but not the gross receipts of such lessees, sublessees, licensees or concessionaires, provided that such lessees, sublessees, and licensees and concessionaires are not subsidiaries or affiliates of Manager), and revenue recorded for Promotional Allowances, but excluding any taxes the Tribe is allowed to assess pursuant to Section 8.2.

2.41 Hard Count. "Hard Count" shall mean the count of the coin or tokens in a drop bucket (Slots).

2.42 Harrah's. Harrah's shall mean Harrah's Entertainment, Inc., Harrah's Operating Company, Inc. or any successor corporation or corporations.

2.43 Harrah's Brand Standards. "Harrah's Brand Standards" shall mean the operating and service standards currently in place generally at all Harrah's branded properties.

2.44 Harrah's Systems. "Harrah's Systems" shall mean a collective term for the casino services provided to the public by Manager or Manager's affiliates, or their successors or assigns, through management or license of facilities under the name Harrah's.

2.45 Harrah's Marketing Services. "Harrah's Marketing Services" shall mean those services as defined in Section 4.7.

2.46 Hotel. "Hotel" shall mean the hotel to be developed pursuant to the Development Agreement and operated pursuant to this Agreement.

2.47 House Bank. "House Bank" shall mean the amount of cash, chips, and tokens that Manager from time to time determines necessary to have at the Facility daily to meet its cash needs.

2.48 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.

2.49 Internal Control Systems. "Internal Control Systems" shall mean the systems described in Section 4.17.

2.50 Legal Requirements. "Legal Requirements" shall mean any and all present and future judicial, administrative, and tribal rulings or decisions, and any and all present and future federal, state, local, and tribal laws, ordinances, rules, regulations, permits, licenses and certificates, in any way applicable to the Tribe, Manager, the Property, the Facility, and the Enterprise, including without limitation, the IGRA, the Compact, and the Tribal Gaming Code.

2.51 Loan Agreement. "Loan Agreement" shall mean the loan agreement in a principal amount of up to , to be entered into between the Tribe and the Bank and guaranteed by Manager or one of its Affiliates, the proceeds of which are to be used exclusively for the development, design, construction, furnishing and equipping of the Facility to be constructed on the Property including start-up and working capital for the Enterprise. All such funding shall be in accord with the mutually agreed upon Budget for the development, construction, furnishing, equipping or the Facility including start-up and original working capital for the Enterprise.

2.52 Machine Gaming (Slot Machine). "Machine Gaming (Slot Machine)" shall mean Class III Gaming utilizing coin, token, bill or to the extent deemed economically advantageous by the mutual agreement of the parties, other cashless operated gaming equipment of chance unaffected by player skill that is electric, electronic or mechanical which activates a reel (or video simulated reel) spin by either a handle or push button, in which the software or mechanism of the device determines the presence or lack of a winning combination or payout, and which has the capability of paying winning wagers through automatic return of either coins or token; or any other machine or device which is reasonably determined to be equivalent thereto based on evolving technological standards.

2.53 Management Agreement. "Management Agreement" shall mean this Agreement and may be referred to herein as the "Agreement."

2.54 Management Fee. "Management Fee" shall mean the management fee described in Section 6.1.

2.55 Manager. "Manager" shall mean HCAL Corporation.

2.56 Manager Proprietary Information. "Manager Proprietary Information" shall mean the information described in Section 9.23.2.

2.57 Manager's Representatives. "Manager's Representatives" shall mean the persons designated by the Manager to sit on the Enterprise Board.

2.58 Managing Officer. The "Managing Officer" shall be designated by Manager by notice given to the Tribe in accordance with Section 9.2 of this Agreement. The Managing Officer shall serve as a liaison between the Manager and the Tribe. There shall be a Managing Officer during the entire term of this Agreement.

2.59 Material Adverse Change. "Material Adverse Change" shall mean any discovery of a fact or condition or any occurrence, event, or happening which shall have the effect of so increasing the expected cost of developing the Enterprise or of limiting either the scope of the Enterprise or the economic viability of the Enterprise to such a degree that the Enterprise, as defined by the parties hereto, has lost a substantial portion of its economic viability that the parties to this Agreement expected. Examples of events which could be a Material Adverse Change include, but are not limited to; (i) a court finding which has the effect of denying the Tribe the right to offer Machine Gaming (Slot Machine); or (ii) the legalization of Machine Gaming (Slot Machine) in San Diego, California generally; or (iii) the limiting of Slot Machine Gaming to less than slot machines at the Facility, provided that in such event the parties shall enter into good faith negotiations to adjust the scope of the Enterprise in such a way that the operation of a lesser number of machines may be mutually acceptable to the parties, or (iv) discovery of facts which would increase the cost of development by above the Agreed Ceiling for Repayment of Development and Construction costs as set forth in the Development Agreement. (b) 4 (b)4

2.60 Material Breach. "Material Breach" shall mean such material breach as described in Section 11.3.

2.61 Member of the Tribal Government. "Member of the Tribal Government" shall mean a member of the Business Committee, the Gaming Commission or the Tribal Representatives.

2.62 Minimum Balance. "Minimum Balance" shall mean the amount described in Section 4.18.1.

2.63 Minimum Guaranteed Monthly Payment. "Minimum Guaranteed Monthly Payment" shall mean that payment due the Tribe each month commencing in the month after the Commencement Date occurs in accordance with 25 U.S.C. 2711 (b)(3) and Section 6.6 hereof.

2.64 Monthly Distribution Payment. "Monthly Distribution Payment" shall mean the payments made to the Tribe as set forth in Section 6.4.

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

2.66 Net Revenues. "Net Revenues" shall mean the sum of "Net Revenues (gaming)" and "Net Revenues (other)."

2.67 Net Revenues (gaming). "Net Revenues (gaming)" shall mean Gross Gaming Revenue (Win), of the Enterprise from Class III gaming less all gaming related Operating Expenses, excluding the Management Fee, and less the 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 the Tribe or any other 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).

It is intended that this provision be consistent with 25 U.S.C. § 2703 (9).

2.68 Net Revenues (other). "Net Revenues (other)" shall mean all Gross Revenues of the Enterprise from all other sources in support of or Class III gaming not included in "Net Revenues (gaming)," such as room revenues from operation of the Hotel, food and beverage, entertainment, and retail, less all non-gaming related Operating Expenses, excluding the Management Fee and less the 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 the Tribe or any other 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).

It is intended that this provision be consistent with 25 U.S.C. § 2703 (9).

2.69 Note. "Note" shall mean the promissory note to be executed by the Tribe pursuant to the Loan Agreement, which shall evidence a loan to the Tribe, in an amount up to :, from either the Bank or Manager. (b)4

2.70 Off-Site Employees. "Off-Site Employees" shall mean such employees of Manager or Manager's Affiliates who are not located at the Facility but who are used by Manager to provide services to the Enterprise as described in Section 4.6.4.

2.71 Operating Budget and Annual Plan. "Operating Budget and Annual Plan" shall mean the operating budget and plan described in Section 4.10.

2.72 Operating Expenses. "Operating Expenses" shall mean all expenses of the operation of the Enterprise, pursuant to GAAP, including but not limited to the following:

(i) the payment of (i) salaries, wages, and benefit programs for Enterprise Employees; (ii) salaries, wages, and benefit programs for Off Site Employees to the extent approved by the Business Committee as described in Section 4.6.4; and (iii) the cost of Centralized Services;

(ii) Operating Supplies for the Enterprise;

(iii) utilities;

(iv) repairs and maintenance of the Facility (excluding Capital Replacements);

(v) interest on the Note;

(vi) interest on installment contract purchases or other interest charges on debt approved by the Business Committee;

(vii) insurance and bonding;

(viii) advertising and marketing, including busing and transportation of patrons to the Facility;

(ix) accounting, legal and other professional fees, including those of the Tribe directly related to Enterprise operations;

(x) security costs;

(xi) reasonable travel expenses for employees of the Enterprise directly related to the operation of the Enterprise and subject to the approved Annual Budget and Operating Plan;

(xii) lease payments for Furnishings and Equipment to the extent approved by the Business Committee;

(xiii) trash removal;

(xiv) costs of goods sold;

(xv) other expenses designated as Operating Expenses in accordance with the accounting standards as referred to in Section 4.20.3;

(x) expenses specifically designated as Operating Expenses in this Agreement;

(xvii) depreciation and amortization of the Facility based on an assumed 30 year life, and depreciation and amortization of all other assets in accordance with GAAP;

(xviii) recruiting and training expenses;

(xix) fees due to the NIGC under the IGRA;

(xx) any required payments to the State or local governments made by or on behalf of the Enterprise or the Tribe pursuant to the Compact;

(xxi) any budgeted charitable contributions by the Enterprise; and

(xxii) Pre-opening expenses shall be capitalized and treated as an expense during the first year after opening.

2.73 Operating Supplies. "Operating Supplies" shall mean food and beverages (alcoholic and nonalcoholic) and other consumable items used in the operation of the Enterprise, such as playing cards, tokens, chips, plaques, dice, fuel, soap, cleaning materials, matches, paper goods, stationery and all other similar items.

2.74 Plans and Specifications. "Plans and Specifications" shall mean the final Plans and Specifications approved for the Facility as described in the Development Agreement.

2.75 Pre-Opening Budget. "Pre-Opening Budget" shall have the meaning described in Section 4.9.

2.76 Pre-Opening Expenses. "Pre-Opening Expenses" shall have the meaning described in Section 4.9.

2.77 Prime. Prime shall mean the Prime interest rate as published in the money rates section of the Western Edition of the Wall Street Journal.

2.78 Promotional Allowances. "Promotional Allowances" shall mean the retail value of complimentary food, beverages, merchandise, and tokens for gaming, provided to patrons as promotional items.

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

2.80 Reservation. Those lands located within the exterior boundaries of the Reservation established for the Tribe pursuant to an Executive Order dated March 15, 1960.

2.81 Rincon Band Gaming Code ("Tribal Gaming Code"). The "Tribal Gaming Code" is the ordinance, any amendments thereto enacted by the Tribe and the regulations promulgated thereunder, which authorize and regulate gaming on the Tribe's Reservation.

2.82 Security and Reimbursement Agreement. "Security and Reimbursement Agreement" shall mean that agreement to be entered into between Manager and the Tribe which sets out the various rights and obligations of the parties related to Manager's guaranty of the Tribe's borrowing to develop, construct, furnish, equip and open the Facility.

2.83 Soft Count. "Soft Count" shall mean the count of the contents in a drop box (Tables) or the bill validator acceptor (slot machine).

2.84 State. "State" shall refer to the State of California.

2.85 System Marks. "System Marks" shall mean the marks of Harrah's described in Section 7.2.

2.86 System Fees. "System Fees" shall mean those fees from time to time established for Harrah's Marketing Services, as described in Section 4.7.1.

2.87 Term. "Term" shall mean the term of this Agreement as described in Section 3.2.

2.88 Tribal Representatives. "Tribal Representatives" shall mean the persons designated by the Business Committee to sit on the Enterprise Board.

2.89 Tribal Resolution. "Tribal Resolution" shall have the meaning described in Section 3.10

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 Manager as the exclusive manager of the Enterprise pursuant to the terms and conditions of this Agreement, and Manager hereby accepts such retention and engagement, subject to receipt of all necessary regulatory approvals.

3.2 Term. The Term of this Agreement shall begin on the Effective Date and continue for a period of five (5) years after the Commencement Date.

3.3 Status of Property. The Tribe represents and covenants that it will maintain the Property throughout the Term as land held in Trust by the United States of America for the benefit of the Tribe, eligible as a location upon which Class III Gaming can occur. The Tribe covenants, during the Term hereof, that Manager shall and may peaceably have complete access to and presence in the Facility in accordance with the terms of this Agreement, free from molestation, eviction and disturbance by the Tribe or by any other person or entity; provided, however, that such right of access to and presence in the Facility shall cease upon the termination of this Agreement pursuant to its terms. Further, the Tribe shall maintain all off-Property infrastructure, such as roads, traffic signals, and utility services in accordance with all Legal Requirements so as to provide such services necessary to the operation of the Enterprise, and so as to avoid any interruption to the business of the Enterprise. To the extent any utility services are supplied by the Tribe, same will be provided at a price no greater than that which could be obtained from other providers in the area of the Enterprise. Any maintenance of off-Property infrastructure that is necessary to accommodate the business of the Enterprise shall not be a cost of the Enterprise unless such infrastructure serves the Enterprise solely, in which case, such cost shall be an Operating Expense. The maintenance of all on-Property infrastructure necessary to accommodate the business of the Enterprise shall be treated as an Operating or Capital Expense as determined in accordance with GAAP. The cost of expansion or improvement(s) to off-property or on-property infrastructure as the result of an expansion of the Enterprise shall be considered in any Proposal for such expansion.

3.4 Creation and Operation of Enterprise Board. The Enterprise Board shall be comprised of two persons represented and designated by the Tribe and two persons represented and designated by the Manager for a total of four members. Tribe or Manager may designate another person to serve on the Board on their behalf as a member by written notice signed by the Tribe or Manager, respectively, and given in accordance with Section 9.2 of this Agreement. The Enterprise Board shall remain active during the entire term of this Agreement. Within thirty (30) days following the date of this Agreement, each party shall give the other notice of the individuals designated by each to serve on the Enterprise Board. The Enterprise Board shall have the obligations, rights and powers described in this Agreement. In order to be effective, any action of the Enterprise Board must be the result of a majority vote of all members of the Enterprise Board.

3.5 Compliance with Law; Licenses. Manager and Tribe covenant that each will at all times comply with all Legal Requirements, including the Tribal Gaming Code, other Tribal ordinances, resolutions, laws and regulations, the IGRA, the Compact, California statutes, to the extent applicable, and any licenses issued under any of the foregoing. The Tribe shall not unreasonably withhold, delay, withdraw, qualify or condition such licenses as the Tribe is authorized to grant.

3.6 Amendments to Tribal Gaming Code. The Tribe covenants that any amendments made to the Tribal Gaming Code and the regulations promulgated thereunder 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, except as required by applicable federal or state law or regulation, or the terms of the Compact or any documents ancillary thereto. The adoption of any amendments to the Tribal Gaming Code and the regulations promulgated thereunder or any other ordinances or resolutions that would materially and adversely affect Manager's rights under this Agreement, the Loan Agreement, the Note, the Security and Reimbursement Agreement, or any Collateral Agreement shall be a Material Breach of this Agreement. Further, Manager will be given a reasonable opportunity to comment on any proposed amendments to the Tribal Gaming Code, the regulations promulgated under it, and any changes to any system for internal controls prior to their enactment.

3.7 Compliance with Compact. The parties shall at times comply with the provisions of the Compact.

3.8 Fire and Safety. Manager shall ensure that the Facility shall be constructed and maintained in compliance with all fire and safety statutes, ordinances, and regulations which would be applicable if the Facility were located outside of the jurisdiction of the Tribe although those requirements would not otherwise apply within that jurisdiction. Nothing in this Section shall grant any jurisdiction to the State of California or any political subdivision thereof over the Property or the Facility. The Tribe shall be responsible for arranging fire protection and police services for the Facility. The operating cost, but not any capital cost, of increased public safety directly related to the Enterprise, shall be borne by the Enterprise.

3.9 Compliance with the National Environmental Policy Act. With the assistance of Manager, the Tribe shall supply the NIGC with all information necessary for the NIGC to comply with any regulations of the NIGC issued pursuant to the National Environmental Policy Act (NEPA).

3.10 Satisfaction of Effective Date Requirements. Manager and the Tribe each agree to cooperate and to use their best efforts to satisfy all of the conditions of the Effective Date at the earliest possible date. The Tribe shall adopt a resolution (the "Tribal Resolution") reciting that, pursuant to Tribe's law, that the Management Agreement, Loan Agreement, Note, Security and Reimbursement Agreement, Development Agreement and the exhibited documents attached thereto are the legal and binding obligations of the Tribe, valid and enforceable in accordance with their terms.

4. Business and Affairs in Connection with Enterprise.

4.1 Manager's Authority and Responsibility. Manager shall have, subject to the terms of this Agreement, the exclusive authority to conduct and direct all business and affairs in connection with the day-to-day operation, management and maintenance of the Enterprise, the Facility, and the Property, including, but not limited to, the establishment of operating days and hours to the extent authorized by law. The Tribe agrees that it will not interfere with the Manager's obligations under this Agreement. It is the parties' intention that the Enterprise be open 24 hours daily, seven days a week. Manager is hereby granted the necessary power and authority to act, through the General Manager, in order to fulfill all of its responsibilities under this Agreement. Nothing herein grants or is intended to grant Manager a titled interest to the Facility or to the Enterprise. Manager hereby accepts such retention and engagement. The Tribe shall have the sole proprietary interest in all Gaming conducted by the Enterprise, subject to the rights and responsibilities of Manager under this Agreement.

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

4.2.1 Physical Duties. Manager shall use reasonable measures for the orderly physical 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. Manager shall comply with all duly enacted statutes, regulations, ordinances and resolutions of the Tribe.

4.2.3 Required Filings. 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 Doing Business as the Enterprise and at Arm's Length. Contracts for the operations of the Enterprise shall be entered into in the name of the Tribe, doing business as the Enterprise, and signed by the General Manager. Any expenditure in any year in excess of (b)4
not previously approved as part of either the Operating Budget and Annual Plan or the Capital Budget shall be approved by the Business Committee. No expenditures, of any amount, for the supply of goods or services to the Enterprise shall be entered into with an Affiliate of the Manager unless that affiliation is disclosed to and approved in advance by the Enterprise Board. Notwithstanding anything to the contrary contained herein, contracts for the supply of any goods or services paid for entirely by Manager

may be provided by an Affiliate of the Manager, provided that payments on such contracts shall not constitute Operating Expenses and all payments and obligations under such contracts shall be the sole responsibility of Manager, and the Business Committee and the Enterprise Board shall be notified of any such contracts. Nothing contained in this Section 4.2.4 shall be deemed to be or constitute a waiver of the Tribe's sovereign immunity.

4.2.5 Enterprise Operating Standards. Manager shall operate the Enterprise in a proper, efficient and competitive manner in accordance with the operating standards, which are generally consistent with other Harrah's Brand Standards.

4.3 Security and Surveillance. Manager shall provide for appropriate security for the operation of the Enterprise. All aspects of the Facility security and surveillance shall be the exclusive responsibility of Manager, subject to all Legal Requirements.

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 legislation, Manager shall have the following options:

4.4.1 Recommencement of Operations. If Gaming on the Property is prohibited by Legal Requirements, Manager shall, subject to the provisions in Section 4.4.4, continue its interest in this Agreement and shall commence or recommence the operation of Gaming at the Facility at such time as such commencement or recommencement shall no longer be prohibited by Legal Requirements. If Manager fails to commence or recommence operations within a reasonable time after which operations are no longer prohibited by Legal Requirements, the Tribe, at its option shall have the right to terminate this Agreement.

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, the Facility shall be reconstructed if the insurance or condemnation proceeds are sufficient to restore or replace the Facility to a condition at least comparable to that before the casualty or condemnation occurred. If the insurance proceeds or condemnation awards are insufficient to reconstruct the Facility to such condition, Manager may, with the prior consent of the Tribe and the BIA or NIGC, as appropriate loan such additional funds as are necessary to reconstruct the Facility to such condition secured by the revenues from the Enterprise and repayable upon such terms as may be agreed upon by the Tribe and Manager. If the insurance proceeds or condemnation awards are not sufficient and are not used to repair the Facility, the Tribe and Manager shall jointly adjust and settle any and all claims for such insurance proceeds or condemnation awards, and such proceeds or awards shall be applied first, to the amounts due under the Note or Security and Reimbursement Agreement (including principal and interest); second, any other loans; third, any undistributed Net Revenues pursuant to Section 6 of this Agreement; and fourth, any surplus shall be distributed to the Tribe.

4.4.3 Intentionally Left Blank.

4.4.4 Termination of Gaming. Manager shall have the option at any time within a sixty (60) day period following the cessation of Gaming on the Property for a period of not less than one hundred eighty (180) consecutive days as the result of Gaming being prohibited by Legal Requirements to notify the Tribe in writing that it is terminating operations under this Agreement, in which case Manager shall retain any rights it may have to undistributed Net Revenues pursuant to Section 6 of this Agreement and rights to repayments of amounts owed to it by the Tribe. If Manager does not elect to terminate this Agreement, Manager shall take reasonable action to reduce expenses during such period of cessation 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 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 this Agreement and the date of expiration of the term of this Agreement shall be extended by the number of days of such cessation period. Any reasonable payments made to any 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.

4.5 Alcoholic Beverages and Tobacco Sales. During the term of this Agreement alcoholic beverages may be served at the Facility if permissible in accordance with Tribal or other applicable law. Tobacco and tobacco products may be sold at the Facility subject to and in accordance with the Tribe's laws and licensing requirements, if any.

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, control, discipline, 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; and the sole responsibility for determining whether a prospective employee is qualified subject to the Indian preference provisions set forth herein, and the appropriate level of compensation to be paid.

4.6.2 Enterprise Employee Policies. Manager shall adopt its standard personnel policies and procedures (the "Enterprise Employee Policies"), as same may be modified by Manager from time to time. The Enterprise Employee Policies shall include a grievance procedure in order to establish fair and uniform standards for the employees of the Tribe engaged in the Enterprise, which will include procedures for the resolution of disputes between Manager and Enterprise Employees. Manager may, with advance notice to and approval of the Enterprise Board, modify the Enterprise Employee Policies.

4.6.3 Intentionally Left Blank.

4.6.4 Off-Site Employees. Subject to approval of the Business Committee, Manager shall also have the right to use employees of Manager and Manager's Affiliates not located at the Facility to provide services to the Enterprise ("Off-Site Employees"). All expenses, costs (including, but not limited to, salaries and benefits,

but excluding pension, retirement, severance or similar benefits), which are related to such Off-Site Employees shall be subject to the Operating Budget approved by the Business Committee, and shall be treated as Pre-Opening Expenses or Operating Expenses as appropriate.

4.6.5 No Manager Wages or Salaries. Except as otherwise provided with respect to the reimbursement by the Tribe to Manager of employer contributions to various employee benefit plans in which Enterprise Employees participate and Off-Site Employees described in Section 4.6.4, neither Manager nor Manager's Affiliates nor any of their officers, directors, shareholders, or employees (other than Enterprise Employees) 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, reimbursement pursuant to the Security and Reimbursement Agreement and the Management Fee to be paid to Manager under Section 6.1. Nothing in this subsection shall restrict the ability of an employee of the Enterprise to purchase or hold stock in Manager, or Manager's Affiliates where (i) such stock is publicly held, and (ii) such employee acquires, on a cumulative basis, less than of the outstanding stock in the corporation. (b) 4

4.6.6 Tribal Regulatory Costs. The operations of the Gaming Commission shall, after the Commencement Date, be funded from the Operating Budget and Annual Plan as an Operating Expense of the Enterprise in an amount which reflects the reasonable cost to the Gaming Commission of regulating the Class III Gaming, up to a maximum of of Gross Gaming Revenues, but not to exceed per year. Subject to the maximum amounts described above, payments of of the Gaming Commission's annual approved budget shall be payable to the Tribe's bank account specified by the Business Committee in a notice to Manager pursuant to Section 9.2 on January 21st, April 21st, July 21st and October 21st of each calendar year. Such payments shall not be combined with any other payments to the Tribe. Nothing contained herein is intended to limit the Tribe's prerogative to budget more money to the Gaming Agency. This provision only limits the amount which can be charged as an Operating Expense. (b) 4

4.6.7 Employment Suitability. No individual whose prior activities, criminal record, if any, or reputation, habits and associations are known to pose a threat to the public interest, the effective regulation of Gaming, or to the gaming licenses of Manager or any of its Affiliates, or to create or enhance the dangers of unsuitable, unfair or illegal practices and methods and activities in the conduct of Gaming, shall knowingly be employed by Manager or the Tribe.

The background investigation procedures employed by the Gaming Agency shall be formulated in consultation with Manager and shall satisfy all regulatory requirements independently applicable to Manager.

4.6.8 Indian Preference, Recruiting and Training. In order to maximize benefits of the Enterprise to the Tribe, Manager shall, during the term of this Agreement, to the extent permitted by applicable law, including but not limited to the Indian Civil Rights Act, 25 U.S.C. §1301 et. seq. , give preference in recruiting, training and employment to qualified members of the Tribe, their spouses and children in all job categories of the Enterprise, including Senior Managers. Manager shall:

(i) abide by any duly enacted Tribe preference laws;

(ii) give such preferences 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) enrolled members of other federally recognized Indian Tribes.

(iii) develop, in consultation with and approval from the Business Committee or its designated representative, a plan for selecting and training qualified members of the Tribe in all job categories of the Enterprise, including senior manager categories thereof. Manager shall, within one hundred eighty (180) days of the Commencement Date, deliver to the Business Committee a plan detailing such training, which plan will include the objectives of such training, the number of individuals who are expected to undertake such training, and the projected duration of all training segments. The training program will be based on the qualifications, attributes, and abilities of each individual participant. The cost of the training plan shall be an Operating Expense.

4.7 Harrah's Marketing.

4.7.1 Nature of Marketing Services. The services described in this Section 4.7 ("Harrah's Marketing Services") shall be provided by Manager and accepted by the Tribe, with individual charges ("System Fees") to accrue commencing as of the Commencement Date at the prevailing rates then being charged to Manager's casinos in the United States of America and shall be subject to increase or decrease as hereinafter set forth provided such System Fees are part of the approval Operating Budget and Annual Plan. The presently established System Fees applicable to the Enterprise are listed below. The only System Fees that shall be payable by the Enterprise, other than for any optional marketing services described in Section 4.7.4, shall be the Brand Marketing Contribution described in Section 4.7.2 and the Brand Advertising Contribution described in Section 4.7.3.

Funds collected as System Fees shall, upon payment, become the sole property of Manager and Manager's Affiliates, as the case may be, may be commingled with Manager's and Manager's Affiliates' other funds, and shall not be segregated or subjected to any trust, fiduciary or other limitation, and the Tribe shall have no claim against Manager or Manager's Affiliates whatsoever to require any particular application thereof.

4.7.2 Brand Marketing Contribution. Subject to the adjustment of the Management Fee pursuant to Section 6.1, during the Term of this Agreement, the Enterprise shall pay to Manager monthly of Gross Revenues (the "Brand Marketing Contribution") for the services described in this Section 4.7.2. 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 5100 West Sahara Avenue, Suite 200, Las Vegas, Nevada), 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 and/or Manager's Affiliates in connection with such activities, although Manager shall have no obligation to make such expenditures in connection with or for the benefit of the Enterprise. The Tribe shall be provided annually, within ninety (90) days after the close of each calendar year, with an accounting of receipts and expenditures of the Brand Marketing Contribution for all participating casinos as a whole. Not included in the Brand Marketing Contribution are any property-specific marketing and the cost of any Brand-wide marketing in which some or all of the Harrah's properties participate.

4.7.3. Brand Advertising Contribution. Subject to the adjustment of the Management Fee pursuant to Section 6.1, during the Term of this Agreement, the Enterprise shall pay to Manager monthly of Gross Revenues (the "Brand Advertising Contribution") for the services described in this Section 4.7.3. The Brand Advertising Contribution may be used by Manager and Manager's Affiliates for national advertisements through television and other media that are designed to increase awareness of the Harrah's brand. These costs will include, but are not limited to, agency fees, production costs, buying time or space for the particular outlet, and overhead incurred in the administration of the foregoing (other than costs of maintaining Manager's Affiliates' principal offices at 5100 West Sahara Avenue, Suite 200, Las Vegas, Nevada), including without limitation, compensation, travel expense and costs of goods and services consumed in marketing program administration; provided however, that the Brand Advertising Contribution payable will be expended in its entirety by Manager and/or Manager's Affiliates in connection with such activities, although Manager shall have no obligation to make such expenditures in connection with or for the benefit of the Enterprise, but shall indirectly benefit Enterprise. The Tribe shall be provided annually, within ninety (90) days after the close of each calendar year, with an accounting of receipts and expenditures of the Brand Advertising Contribution for all participating casinos as a whole. Not included in the Brand Advertising Contribution are any property-specific advertising and the cost of any Brand-wide advertising in which some or all of the Harrah's properties participate.

4.7.4 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 ("Harrah's Optional Marketing Services"). The Tribe agrees to consider in good faith any bids/proposals presented to it by Manager or any of Manager's Affiliates to provide any such additional services to the Enterprise, it being understood, however, that this Section shall in no event be construed to require the Tribe to accept any such bid/proposal.

The System Fees charged the Enterprise for any Harrah's Optional Marketing Services provided under this Section 4.7.4 will be made on the same basis as fees

charged to all casinos owned or managed by Manager or Manager's Affiliates or licensed to operate under Harrah's System Marks, provided that, owing to the different characteristics of certain casinos (for example, casinos having hotel rooms versus casinos not having such rooms; river boat casinos versus land based casinos) certain System Fees may not apply to all casinos. Increases, decreases, additions or deletions in charges for Harrah's Optional Marketing Services may be made from time to time provided such changes are made on a system wide basis for casinos having characteristics similar to the Enterprise. If Manager or Manager's Affiliates extend other services to casinos, on a system-wide basis and if a uniform charge or charges for such services shall be applicable to other Harrah's casinos, then such other services shall also be made available to the Enterprise on a basis no greater than that applicable to other Harrah's casinos.

4.8 Centralized Services Cost. The cost of Centralized Services utilized by the Enterprise will be an Operating Expense of the Enterprise and shall be subject to the Operating Budget and Annual Plan as approved by the Tribe and the Manager.

4.9 Pre-Opening. To implement the pre-opening program, Manager shall prepare a comprehensive pre-opening budget which shall be submitted to the Business Committee for its approval no later than six (6) months prior to the scheduled opening date of the Enterprise ("Pre-Opening Budget"). The Pre-Opening Budget sets forth expenses which Manager anticipates to be necessary or desirable in order to prepare the Enterprise for its opening, including without limitation, cash for disbursements, Furnishings and Equipment and Operating Supplies, cash loads, working capital, legal fees, hiring, training, relocation and temporary lodging of employees, advertising and promotion, office overhead and office space (whether on or off the Property), and travel and business entertainment (including opening celebrations and ceremonies) ("Pre-Opening Expenses"). The Tribe recognizes that the Pre-Opening Budget has been prepared well in advance of opening and is intended only to be a reasonable estimate, subject to variation due to a number of factors, some of which will be outside of Manager's control (e.g. the time of completion, inflationary factors and varying conditions for the goods and services required). The Tribe agrees that the Pre-Opening Budget may be modified from time to time, subject to approval of the Business Committee in accordance with the procedure established by Section 4.10.1 of this Agreement for adjustments to the Operating Budget and Annual Plan.

4.10 Operating Budget and Annual Plan. Manager shall, not less than sixty (60) days prior to the commencement of each full or partial Fiscal Year, submit to the Business Committee, for its approval, a proposed Operating Budget and Annual Plan for the ensuing full or partial Fiscal Year, as the case may be. The Operating Budget and Annual Plan shall include a projected income statement, balance sheet, and projection of cash flow for the Enterprise, with detailed justifications explaining the assumptions used therein and included with the Operating Budget and Annual Plan shall be a schedule of repairs and maintenance (other than Capital Replacements), a business and marketing plan for the Fiscal Year, and the Minimum Balance which must remain in the Enterprise Bank Accounts and the House Bank as of the end of each month during the Fiscal Year to assure sufficient monies for working capital purposes, and other expenditures authorized under the Operating Budget and Annual Plan.

The Operating Budget and Annual Plan for the Enterprise will be comprised of the following:

(a) a statement of the estimated income and expenses for the coming Fiscal Year, including estimates as to Gross Revenues and Operating Expenses for such Fiscal Year, such operating budget to reflect the estimated results of the operation during each month of the subject Fiscal Year;

(b) either as part of the statement of the estimated income and expenses referred to in the preceding clause (a), or separately, budgets (and timetables and requirements of Manager) for:

(i) repairs and maintenance;

(ii) Capital Replacements;

(iii) Furnishings and Equipment;

(iv) advertising and business promotion programs for the Enterprise;

(v) the estimated cost of Promotional Allowances; and

(c) a business and marketing plan for the subject Fiscal Year.

The Business Committee's approval of the Operating Budget and Annual Plan shall not be unreasonably withheld or delayed. Manager and the Business Committee agree to meet with each other within seven business days of the delivery of the Operating Budget and Annual Plan as defined in Section 2.70. The Business Committee shall deliver to the Manager any objection to the proposed Operating Budget and Annual Plan within twenty (20) days of the delivery of the Operating Budget and Annual Plan to the Tribe. Such objections must contain specific detail as to any line item to which an objection is made.

If the Business Committee and the Manager are unable to resolve the disputed or objectionable item(s) prior to the commencement of the applicable fiscal year, the undisputed portions of the proposed Operating Budget and Annual Plan shall be deemed to be adopted and approved and the corresponding line item(s) contained in the Operating Budget and Annual Plan for the preceding fiscal year shall be adjusted as set forth herein and shall be substituted in lieu of the disputed item(s) in the proposed Operating Budget and Annual Plan. Those line items which are in dispute shall be determined by increasing the preceding fiscal 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 Fiscal Year prior to the Fiscal 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 and Annual Plan obtained in accordance with the preceding sentence shall be deemed to be the Operating Budget and Annual Plan in effect until such time as Manager and the Business Committee have resolved the items in dispute.

4.10.1 Adjustments to Operating Budget and Annual Plan. Manager may, after notice to and approval by the Business Committee, revise the Operating Budget and Annual Plan from time to time, as necessary, to reflect any unpredicted significant changes, variables or events or to include significant, additional, unanticipated items of expense. After notice to the Business Committee, Manager may reallocate part or all of the amount budgeted with respect to any line item to another line item within the same Department and to make such other modifications to the Operating Budget and Annual Plan as Manager deems necessary, provided that the total adjustments to the Operating Budget and Annual Plan shall not exceed (b)(4) of the amount budgeted for any Department. In addition, in the event actual Gross Revenues for any period are greater than those provided for in the Operating Budget and Annual Plan, the amounts approved in the Operating Budget and Annual Plan 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. The Tribe acknowledges that the Operating Budget and Annual Plan is intended only to be a reasonable estimate of the Enterprise's revenues and expenses for the ensuing Fiscal Year. Manager shall not be deemed to have made any guarantee concerning projected results contained in the Operating Budget and Annual Plan.

4.11 Capital Budgets. Manager shall, not less than sixty (60) days prior to the commencement of each fiscal year, or partial fiscal year, submit to the Business Committee for its approval a recommended capital budget (the "Capital Budget") describing the present value, estimated useful life and estimated replacement costs for the ensuing full or partial year, as the case may be, for the physical plant, furnishings, equipment, and ordinary capital replacement items, all of which are defined to be any items, the cost of which is capitalized and depreciated, rather than expensed, using GAAP ("Capital Replacements") as shall be required to operate the Enterprise in accordance with sound business practices. Any expenditures for Capital Replacements in amounts in excess of the Capital Replacement Reserve for the Fiscal Year shall be subject to approval by the Business Committee in its sole discretion. The Business Committee and Manager shall meet to discuss the proposed Capital Budget. Manager shall be responsible for the design and installation of Capital Replacements, which shall be specified in the Capital Budget.

4.12 Capital Replacements. The Tribe 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 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. Such condition of an emergency nature, ("Emergency Condition") shall include without limitation, maintenance, replacements or repairs which require 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 Enterprise Employees. In no event, however, shall the Tribe be under any obligation to fund Capital Replacements in an aggregate amount greater than its periodic required contributions to the Capital Replacement Reserve described in Section 4.14. Manager may take all steps and make all expenditures from the Disbursement Account, described at Section 4.18.3 (in the case of non-capitalized repairs and maintenance), or Capital Replacement Reserve, described at Section 4.13, (in the case of expenditures for Capital Replacements) as are reasonably necessary to repair and correct any Emergency

Condition, regardless whether such provisions have been made in the Capital Budget or the Operating Budget and Annual Plan for any such expenditures; or the cost thereof may be advanced by Manager and reimbursed from future revenues. Manager shall give notice to the Enterprise Board within a reasonable time of any expenditure in excess of for any Emergency Condition. (5)4

4.13 Capital Replacement Reserve. Manager shall establish a Capital Replacement Reserve on the books of account of the Enterprise, and the periodic contributions of cash required by Section 4.14 shall be deposited by the Manager into an account (the "Capital Replacement Reserve") established in the Tribe's name at a bank designated by the Business Committee in accordance with Section 4.18.1 of this Agreement. All amounts in the Capital Replacement Reserve shall be invested in interest bearing investments in accordance with the Enterprise Investment Policy set forth in Exhibit C to this Agreement to the extent that availability of funds, when required, is not thereby impaired. Interest earned on amounts deposited in the Capital Replacement Reserve shall be credited to the Capital Replacement Reserve and shall be available for payment of expenditures for Capital Replacements to the Facility. Manager shall draw on the Capital Replacement Reserve for Capital Replacements to purchase those items included in the Capital Budget approved by the Business Committee or such emergency additions, repairs or replacements as shall be required to correct an Emergency Condition.

4.14 Periodic Contributions to Capital Replacement Reserve. In accordance with Section 6.4 of this Agreement, Manager shall make monthly deposits into the Capital Replacement Reserve in amounts equivalent to an annual rate of of Gross Revenues during the Term of this Agreement. The cash amounts required to be so deposited shall be calculated and deposited into the Capital Replacement Reserve, in arrears, no later than the twenty-first (21st) day of the month immediately following the month with respect to which a deposit is made. If any adjustment of Gross Revenues is made as a result of an audit or for other accounting reasons, a corresponding adjustment in the Capital Replacement Reserve deposit shall be made. In addition, all proceeds from the sale of capital items no longer needed for the operation of the Enterprise, and the proceeds of any insurance received in reimbursement for any items previously paid for from the Capital Replacement Reserve, shall be deposited into the Capital Replacement Reserve upon receipt. (5)4

4.15 Use and Allocation of Capital Replacement Reserve. Any expenditures for Capital Replacements which have been budgeted and previously approved may be paid from the Capital Replacement Reserve without further review or approval from the Business Committee, the Tribe, or any other agency of the Tribe. Any amounts remaining in the Capital Replacement Reserve at the close of any year shall be carried forward and retained in the Capital Replacement Reserve until fully used. If amounts in the Capital Replacement Reserve at the end of any year plus the anticipated contributions to the Capital Replacement Reserve for the next ensuing year are not sufficient to pay for Capital Replacements authorized by the Capital Budget for such ensuing year, then additional funds, in the amount of the projected deficiency, may, with the prior approval of the Business Committee, be advanced by the Manager and reimbursed by the Enterprise from future revenues.

4.16 Preference in Contracting. In entering contracts for the supply of goods and services for the Enterprise, Manager shall give preference to qualified members of the Tribe, their spouses and children, and qualified business entities certified by the Tribe to be

controlled by members of the Tribe in the same order of preference as that set forth at Section 4.6.8.

"Qualified" shall mean a business entity certified by the Tribe as meeting its criteria for entitlement to preference, who or which is able to provide services at competitive prices, has demonstrated skills and abilities to perform the tasks to be undertaken in an acceptable manner and can meet the reasonable bonding requirements of Manager. Manager shall provide written notice to the Tribe in advance of all such contracting, subcontracting and construction opportunities.

To the extent that any tribal employment ordinance enacted by the Tribe conflicts with or provides for employment standards or requirements different than those set forth above, the terms, employment standards and requirements of the tribal ordinance shall control provided such preference does not have a material adverse effect on this Agreement.

4.17 Internal Control Systems. Manager shall submit to the Business Committee for review and approval the systems for monitoring of all funds (the "Internal Control Systems"), which systems shall comply with all Legal Requirements. The Tribal Gaming Commission shall retain the right to review and approve all Internal Control Systems and any changes instituted to the Internal Control Systems of the Enterprise. Any significant changes in such systems after the Commencement Date also shall be subject to review and approval by the Gaming Agency. The Tribal Gaming Commission and Manager shall have the right and duty to maintain and police the Internal Control Systems in order to minimize the potential for any loss of proceeds from the Enterprise.

4.18 Banking and Bank Accounts.

4.18.1 Enterprise Bank Accounts. The Manager shall recommend for approval by the Business Committee a bank or banks for the deposit and maintenance of funds and shall establish in such bank or banks, accounts as Manager and the Business Committee deem appropriate and necessary in the course of business and as consistent with this Agreement ("Enterprise Bank Accounts"). Establishment of any Enterprise Bank Account shall be subject to the approval of the Business Committee. The sum of money agreed to by the Business Committee to be maintained in the Enterprise Bank Account(s) to serve as working capital for Enterprise operations, shall be the responsibility of the Tribe to provide and shall include all sums needed for the House Bank, and all sums needed to accrue for payment of expenses not paid on a monthly basis (the "Minimum Balance"). Attached hereto as Exhibit D is the form of Irrevocable Banking Instructions to be executed by the Tribe with regard to each Enterprise Bank Account and to be in effect during the Term of this Agreement. The Enterprise Bank Accounts shall be subject to the lien of the Security and Reimbursement Agreement and each bank at which an Enterprise Bank Account is established shall enter into a Pledge of Deposit Accounts Letter Agreement as required by Section 12(e) of the Security and Reimbursement Agreement.

4.18.2 Daily Deposits to Depository Account. Manager shall establish for the benefit of the Tribe in the Enterprise's name a Depository Account. 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. Manager agrees to obtain a bonded transportation service to effect the safe transportation of the daily receipts to the bank, which expense shall constitute an Operating Expense.

4.18.3 Disbursement Account. Manager shall establish for the benefit of the Tribe in the Enterprise's name a Disbursement Account. Manager shall, consistent with and pursuant to the approved annual Operating Budget and Annual Plan, have responsibility and authority for making all payments for Operating Expenses, debt service, management fees, and disbursements to the Tribe from the Disbursement Account.

4.18.4 No Cash Disbursements. Manager shall not make any cash disbursements from the Enterprise Bank Accounts and all payments or disbursements by the Manager from Enterprise Bank Accounts shall be made by check or wire transfer drawn against an Enterprise Bank Account.

4.18.5 Transfers Between Accounts. Manager has the authority to transfer funds from and between the Enterprise Bank Accounts to the Disbursement Account in order to pay Operating Expenses and to pay debt service pursuant to the Loan Agreement Note, and the Security and Reimbursement Agreement, to invest funds in accordance with the Enterprise Investment Policy and to pay the fees payable to Manager and distributions to the Tribe pursuant to this Agreement.

4.18.6 Petty Cash Fund. Manager shall establish and maintain for the benefit of and in the name of the Tribe a petty cash fund, the amounts in which shall be established in conjunction with the establishment of the annual operating Budget and Operating Plan, as an Operating Expense. The petty cash fund shall be used for miscellaneous small expenditures of the Enterprise and shall be maintained at the Facility.

4.19 Insurance. Manager, on behalf of and subject to the approval of the Business Committee, shall arrange for, obtain and maintain, or cause its agents to maintain, with responsible insurance carriers licensed to do business in the state of California, insurance satisfactory to Manager and the Business Committee covering the Facility and the operations of the Enterprise, naming the Tribe, the Enterprise, Manager, and Manager's Affiliates as insured parties, in at least the amounts which are set forth in Exhibit E.

4.20 Accounting and Books of Account.

4.20.1 Statements. Manager shall prepare and present to the Business Committee on a monthly, quarterly, and annual basis, operating statements. The operating statements shall comply with all Legal Requirements and shall include an income and expense statement, statement of cash flows, (including projections of future cash flows) and balance sheet for the Enterprise. Such statements shall include the Operating Budget and Annual Plan and Capital Budget projections as comparative statements, and which, after the first full year of operation, will include comparative statements from the comparable period for the prior year of all revenues, and all other

amounts collected and received, and all deductions and disbursements made therefrom in connection with the Enterprise. The Manager shall provide such additional information relating to the Enterprise as the Business Committee may reasonably request from time to time.

4.20.2 Books of Account. Manager shall maintain full and accurate books of account at an office in the Facility and at Manager's corporate offices. The Business Committee or their designated representative shall have immediate 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.

4.20.3 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 the fiscal accounting periods utilized by Manager in its normal course of business (i.e., a month, quarter and year prepared in accordance with the Enterprise Fiscal Year). The accounting systems and procedures shall comply with Legal Requirements and, at a minimum shall:

(i) include an adequate system of internal accounting controls;

(ii) permit the preparation of financial statements in accordance with generally accepted accounting principles;

(iii) be susceptible to audit;

(iv) permit the calculation of fees payable to the NIGC pursuant to 25 C.F.R. §514.1 or other applicable regulations;

(v) permit the calculation and payment of the Management Fee described in Section 6; and

(vi) provide for the allocation of operating expenses or overhead expenses among the Tribe, the Enterprise, and any other user of shared facilities and services.

4.20.4 Annual Audit. Any of the "Big 5" accounting firms or an independent certified public accounting firm with at least five (5) years experience auditing casinos of a size similar to that of the Enterprise selected by the Tribe shall perform an annual audit of the books and records of the Enterprise and of all contracts for supplies, services or concessions reflecting Operating Expenses. The Tribe and the Manager shall cooperate with the BIA and NIGC should either request an audit of the Enterprise. The costs incurred for such audits shall constitute an Operating Expense. Such audits shall be provided by the Tribe to all applicable federal and state agencies, as required by law, and may be used by Manager for reporting purposes under federal and state securities laws, if required.

4.21 Agreed Ceiling for Repayment of Development and Construction Costs. It is contemplated by the parties that the agreed ceiling for repayment will provide sufficient capital

to complete the Facility in "turn-key" condition. Manager and the Tribe shall mutually agree to the Plans and Specifications and contract documents for the Facility, defining all activities, materials, and services necessary for the Facility and the Enterprise. If there are no cost overruns to the Development Budget, which are in substantial conformity with the Plans and Specifications, contract documents and pre-opening budget previously agreed to by Manager and the Tribe, then the Manager may, at its option, provide the funds necessary to finance such cost overruns up to the agreed upon ceiling of , which ceiling may be modified up to an additional , or of the Development Budget, whichever is less, by the mutual consent of the parties. Additionally, the agreed upon ceiling for repayment of development and construction costs shall be increased by any amount lent by Manager to the Tribe pursuant to Section 4.4.2. (b)4

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 encumbrance or lienholder of the Property or the Facility, or any of the tangible or intangible assets of the Enterprise, other than Manager or 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. The Manager specifically warrants and represents to the Tribe that during the term of this Agreement the Manager shall not act in any way whatsoever, either directly or indirectly, to cause any party to become an encumbrance or lienholder of the Property or the Facility, or to allow any party to obtain any interest in this Agreement without the prior written consent of the Tribe, and, where applicable, consent from 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, to the extent permitted by the Security and Reimbursement Agreement, be granted with the prior written consent of the Enterprise Board and, when necessary, the B.I.A., United States Department of Interior and/or the NIGC as appropriate. Further, this provision does not apply to any funds previously distributed to the Tribe as Net Revenues.

6. Management Fee, Reimbursements, Disbursements, and Other Payments by Manager.

6.1 Management Fee. Subject to the provisions of Section 6.4, on or before the twenty-first (21st) day of each month after the first calendar month of operation, Manager is authorized by the Tribe to pay itself from the Bank Account(s) a fee which is of Net Revenues. The Management Fee shall be reduced by an amount equal to the Brand Marketing Contribution and by an amount that is equal to one half of the Brand Advertising Contribution prior to payment of the Management Fee to Manager. In any month where the Management Fee is insufficient to pay the Brand Marketing Contribution and the Brand Advertising said amounts Contribution, Manager shall pay same directly. Notwithstanding the foregoing, the Management Fee together with all other sums paid to (b)4

Manager for services arising out of this Agreement shall not exceed of Net Revenues. This limitation does not include the reimbursement of Manager for the costs of Enterprise Employees or Off-site Employees or Centralized Services as may be approved by the Business Committee in the Operating Budget and Annual Plan. 64

6.2 Disbursements. As and when received by Manager, Gross Revenues shall be deposited in the Depository Account created pursuant to Section 4.18.2 of this Agreement. There shall, in turn, be disbursed by Manager, on a monthly basis, for and on behalf of the Tribe, funds from the Enterprise Bank Account(s) to pay in the order of priority, to the extent available, Operating Expenses, and the items referenced at Section 6.4.

Manager will reserve funds in the Enterprise in amounts equal to the Minimum Balance, and Manager may increase the Minimum Balance, in Manager's sole discretion, at any time during the first year following the Commencement Date to reflect unanticipated working capital needs reasonably required by actual Enterprise operations. Notice of any such revision shall be given to the Enterprise Board on the business day following the revision. Additionally, Manager may, after notice to the Business Committee, advance any monies needed to cover any operating cash shortfall and shall be allowed to be reimbursed same in accordance with Section 9.12.

6.3 Adjustment to Bank Account. After the disbursements pursuant to Section 6.2, and establishment of any additional reserves for future disbursements as Manager deems necessary and as are approved by the Business Committee, taking into account anticipated cash flow and Operating Costs of the Enterprise, any excess funds remaining in the Enterprise Bank Account(s) over the Minimum Balance, the Capital Replacement Reserve, and such additional reserves approved by the Business Committee, shall be disbursed monthly in accordance with Section 6.4.

6.4 Payment of Fees and Tribe Disbursement. Within 21 days after the end of each calendar month of operations, the Manager shall calculate and report to the Business Committee the Gross Revenues, Operating Expenses, and Net Revenues of the Enterprise for the previous month's operations and the year's operations to date. Such Net Revenues, less the amounts retained or set forth in Section 6.2 and 6.3 agreed upon by the Business Committee, shall be disbursed from the Bank Account(s) 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 Guaranteed Monthly Payment

2. Capital Replacement Reserve Contribution

3. Current Principal due on the loan

4. the Recoupment Payment and reimbursement of amounts advanced by the Manager

5. Management Fee

All remaining Net Revenues shall be paid to the Tribe and distributed to the Tribe at the same time the Management Fee is paid.

6.5 Operative Dates. For purposes of this Section 6, the first year of operations shall begin on the Commencement Date and continue until the first day of the month following the first anniversary of the Commencement Date, and each subsequent year of operations shall be the 12-month period following the end of the previous year. Notwithstanding the foregoing, with the exception of Section 4.4.5, the term of this Agreement shall not extend beyond five (5) years after the Commencement Date or the end of the Compact, whichever is shorter.

6.6 Minimum Guaranteed Monthly Payment. "Minimum Guaranteed Monthly Payment" shall mean that payment due the Tribe beginning the due date of the first payment on the Note following the opening date of the Facility to the public, which payment shall have priority over the Management Fee and retirement of development and construction costs and shall be paid monthly in the amount necessary to equalize the cash distribution to the Tribe, with the Management Fee earned and paid to Manager after reserve for or payment of the principal due on the Note and the Capital Replacement Reserve (the "Equalized Payment"). In no event shall the Minimum Guaranteed Monthly Payment be less than per month. (b) 4 Any distribution of Net Revenues received by the Tribe during any month shall be credited against Manager's obligation to pay the Minimum Guaranteed Monthly Payment 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 by the Tribe, to the extent the Equalized Payment exceeds in any month, in the next succeeding twelve (12) (b) 4 month period in accordance with the schedule of disbursements set forth in this Management Agreement, as Recoupment Payment. In no event, however, shall such recoupment over each successive twelve (12) month period result in the distribution to Manager, monthly (Management Fee paid plus recoupment) of an amount in excess of the cash distribution to the Tribe over the same period. No Minimum Guaranteed Monthly Payment shall be owed for full months during which Class III gaming is suspended or terminated at the Facility. Payments for partial months of operation of the Facility shall be pro-rated, and the obligation to pay Minimum Guaranteed Monthly Payments shall cease upon termination of this Agreement for any reason.

6.7 Payment of Net Revenues. The Manager is authorized to transfer funds from the bank accounts of the Enterprise to the bank accounts of the Manager and the Tribe in order to distribute Net Revenues and any other amounts due under this Section 6. The Net Revenues paid to the Tribe pursuant to this Section 6 shall be payable to the Tribal bank account specified by the Business Committee pursuant to Section 9.2.

6.8 Development Debt Refinancing. Tribe agrees to not refinance the Loan Agreement during the first twenty-four (24) months of operation of the Enterprise. Thereafter, if the Loan Agreement is refinanced, Manager is removed as guarantor, and the refinanced interest rate is no greater than two (2) percentage points over Prime, then from and after the effective date of such refinancing, the Management Fee shall be reduced from : of (b) 4 Net Revenues and Manager shall have the option, subject to the approval of the Chairman of the NIGC, to extend the Term of this Management Agreement by . In no event, however, shall refinancing be allowed for any amount in excess of the outstanding principal of (b) 4 the Note at the time of refinancing.

6.9 Radius Restriction on Competition and Effect on Management Agreement. Manager shall not engage in any Indian gaming development within San Diego, Santa Ana, Metropolitan Statistical Areas ("MSA"), nor on the Pechanga and Morongo Indian

Reservations. If Manager develops another Class III Gaming casino on any other Indian lands inside the San Bernadino/Riverside MSA, then upon the opening of said casino, the Management Fee shall be reduced to of Net Revenues. Further, should the events described in Section 6.8 also occur, the Management Fee shall be reduced to of Net Revenues.

7. Trade Names, Trade Marks and Service Marks.

7.1 Enterprise Name. The Enterprise shall be operated under a business name to be mutually agreed upon by Harrah's and the Business Committee (the "Enterprise Name"), but same will include Harrah's followed by a geographic designation, which is descriptive of the location of the Enterprise and readily identifiable to the public.

7.2 System Marks. Prior to the Commencement Date and from time to time during the Term hereof, Manager agrees to erect and install, in accordance with Tribal ordinances, codes and regulations, all signs Manager deems necessary in, on or about the Facility, including, but not limited to, signs bearing the System Marks as part of the Enterprise Name. The costs of purchasing, leasing, transporting, constructing, maintaining and installing the required signs and systems shall be part of the Pre-Opening Budget as a start-up cost.

The Tribe agrees to recognize the exclusive right of ownership of Harrah's Operating Company, Inc., a Delaware corporation, 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 "System Marks"). The Tribe hereby disclaims any right or interest therein, regardless of any legal protection afforded thereto. The Tribe acknowledges that all of System Marks might not be used in connection with the Enterprise, and Manager, with the prior written consent of Harrah's Operating Company, Inc., shall have sole discretion to determine which System 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 System Marks or any variant thereof in the name or operation of the Enterprise. The Tribe agrees that Manager or Harrah's Operating Company, Inc. or their respective representative may, at any time thereafter, upon not less than ten days' prior notice to the Tribe, and with the accompaniment of one or more Tribal Representatives enter the Facility and may remove all signs, furnishings, printed material, emblems, slogans or other distinguishing characteristics which are now or hereafter may be connected or identified with Manager 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 private placement or public sale of securities or other comparable means of financing or press releases and other public communications related to the financial performance of the Enterprise other than those directed exclusively to the Tribal membership, without the prior written approval of Manager, which consent shall not be unreasonably withheld or delayed.

7.3 Litigation Involving System Marks. Tribe and Manager agree that, in the event Tribe and/or Manager is or are the subject of any litigation or action brought by any party seeking to restrain the use by Tribe or Manager, or either of them, of any System Mark used by Manager for or on or in connection with the Facility or Enterprise, any such litigation or action shall be defended entirely by and at the expense of Manager, notwithstanding that Manager may not be named as a party thereto. The Tribe shall not have the right to bring suit against any user of any of the System Marks. In all cases, the conduct of any suit, whether brought by

Manager or instituted against Tribe and/or Manager shall be under the absolute control of counsel to be nominated and retained by Manager, notwithstanding that Manager may not be a party to such suit. Manager agrees and covenants to defend and hold Tribe harmless from and to indemnify 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, imposed against Tribe and arising from the use by Manager of any System Marks or similar rights or registrations for or on or in connection with the Facility or Enterprise in accordance with the terms of this Agreement.

8. Taxes.

8.1 State and Local Taxes. If the State of California or any local government attempts to impose any tax including any possessory interest tax upon any party to this Agreement or upon the Enterprise, the Facility or the Property, the Business Committee, in the name of the appropriate party or parties in interest, may, upon unanimous vote, 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.

8.2 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 any of its Affiliates or to any lender furnishing financing for the Facility or for the Enterprise, or on the Enterprise, the Facility, the revenues therefrom or on the Management Fee as described in Section 6.1 of this Agreement; 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 Manager's stockholders, officers, directors, or employees, any of the employees of the Enterprise; or any provider of goods, materials, or services to the Enterprise, except that the Tribe may impose and collect from providers of goods, materials or services to the Enterprise any license fees or any other fees reflecting reasonable regulatory costs incurred by the Gaming Commission or other reasonable business license fees. If the Tribe honors the abatement provisions contained herein, then breach of this provision shall not be a Material Breach. Should the Manager terminate this Agreement pursuant to Section 11.3 as the result of a violation of this Section, the Manager shall retain the right to repayment of: (a) money lent to the Tribe; (b) reimbursement of any monies which may become due and payable under the terms of the Security and Reimbursement Agreement; (c) and any earned but unpaid Management Fee.

Nothing in this Section 8.2 shall be construed to prohibit the Tribe from taxing the sale of goods or services by the Enterprise in amounts equivalent to any state or local taxes, including local transient occupancy taxes, that would otherwise be applicable but for the Tribe's status as an Indian Tribe; provided that no such tax shall be applied to any goods or

services supplied as Promotional Allowances. 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.

8.2.1. Termination by Manager. Should Manager terminate this Agreement pursuant to Section 11.3 as the result of a violation of this Section, Manager shall have the remedies set forth in Section 17.

8.3 Compliance with Internal Revenue Code. Manager shall comply with all applicable provisions of the Internal Revenue Code.

9. General Provisions.

9.1 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 in California, and shall be subject to all Legal Requirements of the Tribe and federal law as well as approval by the Secretary of the Interior where required by 25 U.S.C. § 81 or by the Chairman of the NIGC where required by the IGRA.

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

If to the Tribe:	Rincon San Luiseno Band of Mission Indians 1 West Tribal Road Valley Center, CA 92082 Attn: Chairman
Copies to:	Such other party(ies) as the Tribe may direct in writing
If to Manager:	HCAL Corporation One Harrah's Court, Third Floor Las Vegas, NV 89119 Attn: General Counsel

or to such other different address(es) as Manager or the Tribe may specify in writing using the notice procedure called for in this Section 9.2. Any such notice shall be deemed given two days following deposit in the United States mail or upon actual delivery, whichever first occurs.

9.3 Authority to Execute and Perform Agreement. 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.

9.4 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.

9.5 Manager's Contractual Authority. Within the scope of the approved Operating Budget and Annual Plan and the approved Capital Budget, and subject to such approvals by the Business Committee or Enterprise Board as are otherwise required herein. Manager is authorized to make, enter into and perform in the name of and for the account of the Tribe, doing business as the Enterprise, such contracts deemed necessary by Manager to perform its obligations under this Agreement.

9.6 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.

9.7 Defense. Manager shall notify the Business Committee within five (5) business days of any legal action brought by a third party arising out of the operation of the Enterprise. Except for disputes between the Tribe and Manager, claims relating to the Tribe's status as a federally recognized Indian Tribe or the trust status of the Property, or issues within claims directly or indirectly related to the foregoing, Manager shall bring and/or defend and/or settle any claim or legal action brought against Manager, the Enterprise, or the Tribe, individually, jointly or severally, or any Enterprise Employee, 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 any such claim or cause of action. Manager shall notify the Business Committee of any retention and the name of any such retained professional. The Tribe shall have the option, at any time and in the exercise of its sole discretion, to join or otherwise participate in the bringing, defense, or settlement of any claim or legal action, and Manager agrees to cooperate with the Tribe with respect to same, the reasonable costs of which will be an Operating Expense. All liabilities, costs and expenses, including reasonable 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, or, if incurred prior to the Commencement Date, shall be a start-up expense. Nothing contained herein is a grant to Manager of the right to waive the Tribe's sovereign immunity. That right is strictly reserved to the Business Committee. Any settlement of a third party claim or cause of action out of Enterprise assets in excess of shall require approval of the Enterprise Board and any single settlement in excess of), or multiple settlements aggregating more than in any fiscal year, shall require the approval of the Business Committee. (6)

9.8 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.

9.9 Captions. The captions for each Section and Subsection are intended for convenience only.

9.10 Severability. If any of the material 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.

9.11 Interest. Except as otherwise provided in the Development Agreement and except for advances of the Minimum Guaranteed Monthly Payment pursuant to Section 6.6, any amounts advanced by Manager to the Tribe related to the operation of the Enterprise shall accrue interest at same rate as the Note and shall be treated according to GAAP.

9.12 Recoupment and Reimbursement. Manager shall, according to the terms of this Agreement or at its option if not so required, advance funds or contribute property, on behalf of the Tribe, to satisfy obligations of the Tribe in connection with the Enterprise 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. 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 in connection with the Enterprise and this Agreement. Interest shall be calculated at the rate set forth in Section 9.11 from the date the funds were advanced or the property was contributed by Manager for the satisfaction of such obligation to the date reimbursement is made. Manager's sole source of such Reimbursement shall be from undistributed and future Net Revenues.

9.13 Travel and Out-of-Pocket Expenses. Subject to the Operating Budget and Annual Plan, all travel and out-of-pocket expenses of Enterprise Employees incurred in the performance of their duties shall be an Operating Expense.

9.14 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 as such are authorized by this Agreement.

9.15 Brokerage. Manager and the Tribe represent and warrant to each other that, except as disclosed on Exhibit F, 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. 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. Any claim for indemnification arising hereunder shall be subject to the dispute resolution provisions of Section 17.

9.16 Survival of Covenants. 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.

9.17 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.

9.18 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 legal holiday under the laws of the Tribe or the State of California, then in such event said date shall be extended to the next day which is not a Saturday, Sunday or legal holiday.

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

9.20 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. Manager shall have the right to assign its rights under this Agreement and the Development Agreement to one or more directly or indirectly wholly-owned subsidiaries of Harrah's Entertainment, Inc., or its successor provided that any such assignment shall not serve to release Harrah's from its Guaranty of the Manager's obligations hereunder. The Tribe's consent shall be required for the assignment or subcontracting by the Manager of its rights, interests or obligations as Manager hereunder to any other Affiliate of Manager, or any successor corporation to Manager, provided that any such assignee or subcontractor agrees to be bound by the terms and conditions of this Agreement, and the Tribe shall consent to any such assignee or subcontractor provided such assignee or subcontractor has, in the discretion of the Tribe, the competency and financial capability to perform as required by this Agreement. Any assignment by Manager shall not prejudice the rights of the Tribe under this Agreement. The acquisition of Manager or its parent company by a party other than an Affiliate of Manager, 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 Legal Requirements.

9.21 Permitted Assignment. Other than as stated above, this Agreement may not be assigned or its non-gaming obligations subcontracted by Manager, without approval by the Business Committee , which approval shall be in the sole discretion of the Business Committee , and the approval of 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 Manager but subject to any required 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 Manager under this Agreement. No assignment authorized hereunder shall be effective until all necessary government approvals have been obtained.

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

9.23 Confidential and Proprietary Information

9.23.1 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 (5) 4

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.

9.23.2 Manager's 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 G, 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 excludes any information or documents otherwise falling within (i)-(iv) above, if same is prepared, designed or created solely for the use and benefit of the Enterprise.

9.24 Patron Dispute Resolution. Subject to Manager's ability to settle any patron dispute for the benefit of the Enterprise, Manager shall submit all unresolved patron disputes concerning play to the Gaming Commission pursuant to the Tribal Gaming Code, and the regulations promulgated thereunder.

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

10. Warranties.

10.1 Noninterference in Tribal Affairs. Manager warrants and agrees not to interfere in or attempt to wrongfully influence the internal affairs or government decisions of the 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, except for actions in the normal course of business of Manager that relate to the Enterprise.

10.2 Prohibition of Payments to Members of Tribal Government. Manager represents and warrants that no payments have been or will be made by Manager or Manager's Affiliates, 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.

10.3 Prohibition of Hiring Members of Tribal Government. No Member of Tribal Government may be employed at the Enterprise.

10.4 Prohibition of Financial Interest in Enterprise. No elected Member of the tribal government or relative of an elected member of the tribal government shall have a direct or indirect financial interest in the Enterprise provided, however, nothing in this subsection shall restrict the ability of any other tribal member to purchase or hold stock in Manager, or Manager's 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.

10.5 Intentionally Left Blank.

10.6 No Pre-Existing Contracts. The Tribe and Manager each warrant to the other that there are no valid, pre-existing contractual obligations between it and any other person or entity which would interfere with the Tribe's entry into this Agreement or materially and adversely impede the ability of the Tribe to grant the rights and commit to the obligations contained in this Agreement. Further, to the fullest extent permitted by law, the Tribe shall so indemnify Manager and its Affiliates, against any claims relating to the development, management, or operation of a gaming enterprise of the Tribe by any person, excluding Manager and its Affiliates, with which or whom the Tribe has had any business relationship, association, or dealing prior to the date hereof. This indemnification shall survive the

termination of this Agreement for a period of three (3) years. Any claim for indemnification under this Section shall be expressly subject to Section 17 of this Agreement, including, without limitations, the dispute resolution and recovery limitations set forth therein.

11. Grounds for Termination.

11.1 Voluntary Termination and Termination for Cause. This Agreement may be terminated pursuant to the provisions of Sections 4.4.4, 10.1, 11.2, 11.3, 11.4, 11.5 and 11.6.

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

11.3 Termination for Cause. A Material Breach of this Agreement means a failure of either party to perform any material duty, obligation or the material breach of any warranty on its part and shall include, but not be limited to, those events identified as a Material Breach in Sections 3.6, 8.2 and 14.5 of this Agreement and those events identified as an Event of Default in Article 8 of the Development Agreement. Either party may terminate this Agreement on grounds of Material Breach by providing written notice to the other party of its intention to declare a Material Breach and to terminate this Agreement and the breaching party thereafter fails to cure or take steps to substantially cure the breach within sixty (60) days following receipt of such notice. During the period specified in the notice to terminate, either party may submit the matter to arbitration under the dispute resolution provisions of this Agreement at Section 17. The discontinuance or correction of a Material Breach within the sixty (60) day notice period shall constitute a cure thereof.

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 and Facility fixtures, improvements, supplies, Furnishings and Equipment, funds and accounts, subject to the rights of Manager under any security agreement and to the rights of Manager to any accrued and unpaid Net Revenues due under Section 6 of this Agreement. Manager shall continue to have the right to repayment of unpaid principal and interest and other amounts due to Manager or outstanding and guaranteed by Manager and/or Manager's Affiliates under the Note, Loan Agreement and/or Security and Reimbursement Agreement and advances made by Manager and interest thereon as contemplated by Section 9.12, and any other agreements entered into pursuant hereto.

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 Sections 11.7 or 11.8 shall not preclude the injured party from providing notice of termination pursuant to this Section 11.3. Neither shall termination of this Agreement preclude initiation of an action for damages under the provisions of Section 17.

Nothing contained herein shall be interpreted to either require the Tribe to allow Manager to continue management functions under this Agreement without maintaining all required licenses.

11.4 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 shall conform to and comply with all Legal Requirements. If during the term of this Agreement, the Enterprise or any material aspect of Gaming 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) Manager shall have the rights described in Section 4.4 of this Agreement;

(ii) 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 Enterprise account shall be paid and distributed as provided in Section 6 of this Agreement;

(iv) any money loaned to the Tribe by or guaranteed by Manager or Manager's Affiliates (to the extent Manager or its Affiliates have paid or remain obligated to pay under such guarantee) or owed to Manager or its Affiliates pursuant to the Security and Reimbursement Agreement shall be repaid to Manager or its Affiliates in accordance with the terms of this Agreement; and

(v) the Tribe shall retain its interest in the title (and any lease) to all Enterprise assets, including all fixtures, supplies and Furnishings and Equipment, subject to the rights of Manager under the Security and Reimbursement Agreement and subject to any requirements of financing arrangements.

11.5 Manager's Right to Terminate Agreement. Manager may terminate this Agreement by written notice if:

(i) 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 any other jurisdiction, and the Tribe refuses to allow Manager to immediately rectify any such complaint.

(ii) 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 Legal Requirement and the parties have been unable to agree upon waiver of such performance within thirty (30) days after written notice by Manager.

(iii) Through its intentional actions, the Tribe causes any payment to Manager to not be made within the time specified in this Agreement, including any applicable grace period.

(iv) There shall have occurred a Material Adverse Change.

11.6 Tribe's Right to Terminate Agreement. The Tribe may terminate this Agreement by written notice if:

(i) 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 Legal Requirement and the parties have been unable to agree upon waiver of such performance within thirty (30) days of written notice given by the Tribe.

(ii) Manager fails to make any payment to the Tribe, including but not limited to any Monthly Distribution Payment or any Minimum Guaranteed Monthly Payment, within the time specified in this Agreement, including any applicable grace period.

(iii) Manager, or a director or officer of Manager, has been convicted of a criminal felony or misdemeanor offense in the performance of Manager's duties hereunder; provided, however, that the Tribe may not terminate this Agreement based on a director or officer's conviction where Manager terminates such individual immediately upon receiving notice of the conviction. For the purpose of this provision immediately shall mean within 24 hours of receiving such notice of conviction.

11.7 Consequences of Manager's Breach. In the event of the termination of this Agreement by the Tribe for cause under Section 11.3, Manager shall not, prospectively from the date of termination, except as provided in Section 11.3, have the right to its Management Fee from the Enterprise, but such termination shall not affect Manager's rights relating to recoupment and reimbursement of monies owed to Manager and/or guaranteed by Manager and/or Manager's Affiliates (to the extent Manager or Manager's Affiliate has paid or remains obligated to pay under such guarantee) under this Agreement, the Loan Agreement, the Note or any other agreements entered pursuant hereto. Any Net Revenues accruing through the date of termination shall be distributed in accordance with Section 6 of this Agreement. 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, including but not limited to Section 17, 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, including specifically actions to require payment of the Minimum Guaranteed Monthly Payment. The Manager specifically acknowledges and agrees that there may be irreparable harm to the Tribe and that damages will be difficult to determine if the Manager commits a Material Breach, and the Manager therefore further acknowledges that an injunction and/or other equitable relief may be an appropriate remedy for any such breach. In any event, the Tribe shall have the right to all payments due to the Tribe accruing until the date of termination.

11.8 Consequences of Tribe's Breach. In the event of termination of this Agreement by Manager for cause under Section 11.3, Manager shall not be required to perform any further services under this Agreement and the Tribe shall indemnify and hold 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. 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, Section 17, 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, specifically actions to require payment of 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. The Tribe specifically acknowledges and agrees that there may be

irreparable harm to Manager and that damages will be difficult to determine if the Tribe commits a Material Breach, and the Tribe therefore further acknowledges that an injunction and/or other equitable relief may be an appropriate remedy for any such breach. In any event, Manager shall have the right to its Management Fee accruing until the date of termination as provided in Section 6 of this Agreement and to the repayment of unpaid principal and interest and other amounts due under the Note, any other debt of the Tribe guaranteed by Manager or its Affiliates, the Loan Agreement, any other loans by the Manager or its Affiliates to the Tribe, and the Security and Reimbursement Agreement.

12. Renewal, Termination and Transition

12.1 Intent to Negotiate New Agreement. Within days after the end of the year after the Commencement Date of this Agreement, the Tribe shall give Manager notice of its intent regarding its willingness to enter into negotiations for a new Management Agreement. (b)(4)

12.2 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 sixty (60) days after notice from the Tribe of its intention not to negotiate a new Management Agreement, including a computer transition plan, and/or information technology plan, 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. The cost of transition related to the removal of items bearing Harrah's proprietary marks, and the replacement of such items, shall be borne as follows:

(i) Manager shall bear the expense of the removal of all exterior and interior signage.

(ii) The cost of removing all other items bearing Harrah's proprietary marks and the cost of acquiring signage equipment and other items to be used in the Tribe's operation of the Enterprise shall be borne by the Tribe and shall not be charged as an Operating Expense.

Manager, will, on expiration or termination of this Agreement, provide the Tribe with the 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 Gold 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 or written form, at the election of the Tribe. This information will be provided to the Tribe as of the termination or expiration date of this Agreement.

The information provided to the Tribe will also remain in Manager's database and accordingly, may be used by Manager for any purpose; provided, however, that Manager shall not use the information set forth at (a) above for the purpose of promoting any other Indian gaming or casino/hotel managed or otherwise operated by Manager in the San Diego, Santa Ana Metropolitan Statistical Areas (MSA) or on the Pechanga or Morongo Indian Reservations for a period of five (5) years following the expiration of this Agreement. The foregoing limitation shall not apply if the Tribe contracts for gaming management services with any of (b)(4)

or any

affiliates or successors of any of the foregoing. Further, should the Tribe contract with any of the foregoing for gaming management services it shall not be permitted to utilize any of Manager's database information relating to customers who did not originally enter Manager's database at the Enterprise, for a period of five (5) years following the expiration of this Agreement.

12.3 Termination.

12.3.1 Surviving Obligations. In the event of any termination or expiration of this Agreement, the Tribe shall remain liable to pay all fees and other amounts due to Manager for periods through termination and to maintain insurance for the benefit of Manager in accordance with the provisions of Section 4.19 with respect to all occurrences before termination. The parties agree to reimburse each other the proportionate share for which each would have been responsible during the term of this Management Agreement, for any expenses actually paid after any termination or expiration of this Agreement, which would have otherwise been Operating Expenses. Manager's indemnity obligations shall also survive termination or expiration of this Agreement.

12.3.2 Termination/Expiration. In connection with the expiration and/or termination of this Agreement:

(a) Manager shall:

(i) deliver possession of the Enterprise to the Tribe or Tribe's designated agents subject to rights of all parties in possession, in "as is" condition, without recourse or any warranty whatsoever. Manager shall disclose known defects in writing to the Tribe;

(ii) deliver to the Tribe any written operating agreements with respect to the Enterprise which have not theretofore been delivered to the Tribe;

(iii) advise all Enterprise purveyors by mail of the change of control of the Enterprise in a form approved by the Business Committee;

(iv) deliver to the Tribe all records of the Enterprise pertaining to:

(1) accounts payable outstanding and unpaid at termination or expiration, provided that Manager shall, to the extent funds are made available therefor by the Tribe and amounts due are then known, pay all accounts payable through and including the date of expiration or termination;

(2) accounts receivable outstanding and uncollected at termination or expiration, all of which the Tribe agrees

shall be accounted for by the Tribe when collected by the Tribe or Manager as Gross Revenues under this Management Agreement; and

(3) employees who are hired by the Tribe and remain at the Enterprise following termination or expiration of the Management Agreement (to the extent the information in such files is not deemed confidential by law).

(v) After deducting therefrom any amounts due and payable under this Agreement and not theretofore paid, Manager shall disburse to the Tribe, no later than twenty-one (21) days after termination or expiration of this Agreement, the balance, if any, remaining in the Bank Account(s).

(b) The Tribe shall be solely responsible for and shall pay all costs of:

(i) canceling any operating agreements which the Tribe does not wish to continue after such termination or expiration; or

(ii) assuming and continuing performance under any such operating agreements which the Tribe desires to retain in effect.

(iii) cooperating with Manager and the supplier thereof to permit the removal of any proprietary system owned or licensed solely to Manager or Manager's Affiliates at the Enterprise, provided, however, that such equipment shall be removed from Enterprise by Manager within ten (10) days after termination or expiration or this Agreement and provided further that the Tribe shall not be responsible for any damage to such equipment caused by parties affecting this removal.

(c) The Enterprise shall continue to be responsible for and shall pay for all severance or other termination benefits due any Enterprise employee whose services are terminated;

(d) The Tribe shall, at its own cost, in the event of termination of this Agreement in connection with any termination involving a change of casino brand identification or affiliation, as of the date of termination or expiration:

(i) cooperate in the removal of all off-property signage identifying the Enterprise as a Harrah's® branded casino or containing any Harrah's System Mark and, in the case of any such signage supplied pursuant to an advertising contract (as in the case of billboard advertisements) pay all costs necessary to repaint or otherwise re-identify the Enterprise and remove any Harrah's System Marks from such advertisement;

(ii) cease use of any Harrah's System Mark at the Enterprise and shall destroy any personal property bearing such designation unless otherwise authorized in writing by Manager;

(iii) de-identify the Enterprise as a Harrah's® branded casino; and

(iv) cooperate with Manager and the supplier thereof to permit the removal of any proprietary system owned by or licensed solely to Manager or Manager's Affiliates at the Enterprise and shall not move or disturb such equipment and shall be solely responsible for any damage to such system for any period after termination or expiration of this Agreement during which the equipment is stored at the Enterprise, provided, however, that such equipment shall, subject to force majeure, be removed from the Enterprise within ten (10) days after termination or expiration of this Agreement, and provided further that the Tribe shall not be responsible for any damage to such equipment caused by the parties effecting its removal.

The foregoing shall survive termination or expiration of this Agreement, and shall be specifically enforceable by Manager and the Tribe in accordance with the terms of Section 17.

13. Consents and Approvals.

13.1 Tribe. Where approval or consent or other action of the Tribe is required, such approval shall mean the written approval of the Business Committee evidenced by a resolution thereof, certified by a Tribal official as having been duly adopted, or such other person or entity designated by resolution of the Business Committee. 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 Tribe an absolute right to deny approval or consent or withhold action.

13.2 Manager. Where approval or consent or other action of Manager is required, such approval shall mean the written approval of the Managing Officer, who shall be provided with all requisite corporate authority to act on behalf of Manager. Any such approval, consent or other action shall not be unreasonably withheld or delayed.

14. Disclosures.

14.1 Shareholders and Directors. Manager warrants that on the date of this Agreement its Affiliates, shareholders, directors and officers are those listed at Exhibit H and I.

14.2 Warranties. Manager further warrants and represents as follows:

(i) no person or entity has any beneficial ownership interest in Manager other than as set forth herein;

(ii) no officer, director or owner of or more of the stock of 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 on Exhibits H and I to this Agreement, including any officers and directors of 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.

14.3 Intentionally Left Blank.

14.4 Disclosure Amendments. Except as to those matters required to be disclosed by Manager to the NIGC within ten (10) days, Manager agrees that any other material change in the information disclosed pursuant to this Section 14 it shall be disclosed, in writing, to the Tribe not later than thirty (30) days following the change or within ten days after it becomes aware of such change, whichever is later. All of the warranties and agreements contained in this Section 14 shall apply to any person or entity who would be listed in this Section 14 as a result of such changes.

14.5 Breach of Manager's Warranties and Agreements. The material breach of any warranty or agreement of Manager contained in this Section 14 shall be grounds for immediate termination by the Tribe of this Agreement; provided that (a) if a breach of the warranty contained in clause (ii) of Section 14.2 is discovered, then Manager shall have twenty-four (24) hours 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 Manager shall have thirty (30) days after notice from the Tribe to cure such default prior to termination.

15. Recordation. At the option of Manager or the Tribe, any security agreement related to the Loan Agreement, including the Security and Reimbursement Agreement, may be recorded in any public records. Where such recordation is desired in any relevant recording office maintained by the Tribe, and/or in the public records of the BIA, the Tribe will accomplish such recordation upon the request of Manager. Manager shall promptly reimburse the Tribe for all expenses, including attorney fees, incurred as a result of such request. No such recordation shall waive the Tribe's sovereign immunity.

16. No Present Lien, Lease or Joint Venture. The parties agree and expressly warrant that neither this 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 Manager; rather, Manager shall be deemed to be an independent contractor for all purposes hereunder.

17. Dispute Resolution.

17.1 Arbitration. All disputes, controversies or claims by or between the Tribe and Manager (but specifically excluding any third parties) arising out of or relating to this Management Agreement, the Note, the Loan Agreement, the Security and Reimbursement Agreement, the Development Agreement and/or any agreement collateral thereto, or any notice of termination thereof, shall be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and the Federal Arbitration Act. The parties agree that binding arbitration shall be the sole remedy as to all disputes arising out of this Agreement. All arbitration hearings shall be held at a place designated by the arbitrators in San Diego, California or such other place as shall be agreed to by the parties.

17.1.1 Choice of Law. In determining any matters(s) the arbitrators shall apply the terms of this Agreement, without adding to, modifying or changing the terms in any respect, and shall apply Tribal law, or in its absence, then federal law, or in its absence, then California law.

17.1.2 Confidentiality. The parties and the arbitrator(s) shall maintain strict confidentiality with respect to the arbitration.

17.2 Tribe's Limited Waiver of Sovereign Immunity. The Tribe expressly waives its sovereign immunity from suit by Manager for the expressly limited purposes as provided in this Section 17 and consents to be sued in the Tribal Court, if the Tribal Court does not exist or lacks jurisdiction over the suit, then in the United States District Court in the district where the Property is located, and appeals may be made to the United States Court of Appeals for the Ninth Circuit, and the United States Supreme Court, for the expressly limited purpose of compelling arbitration or enforcing any arbitration award or judgment arising out of this Agreement. If the Tribal Court and the United States District Court for the District where the Property is located lack jurisdiction, or decline to hear the matter, the Tribe consents to be sued in the California State Court system or any other Court of competent jurisdiction for the expressly limited purposes described in this Section 17. Without in any way limiting the generality of the foregoing, the Tribe expressly authorizes any governmental authorities who have the right and duty under applicable law to take any action authorized or ordered by any such court, including without limitation, entering the Property and Facility for the purpose of executing against any property subject to a security interest or otherwise giving effect to any judgment entered; provided, however, that in no instance shall any enforcement of any kind whatsoever be allowed against any assets of the Tribe other than the limited assets of the Tribe specified in Section 17.3.1.

DG (Initial)
(Initial)

17.3 Limitation of Actions. The Tribe's limited waiver of sovereign immunity from suit is specifically limited to the following actions and judicial remedies:

17.3.1 Damages. The enforcement of an arbitration award of money and/or damages; provided that the arbitrator(s) and/or the court shall have no authority or jurisdiction to order execution against any assets or revenues of the Tribe except: (i) undistributed or future Net Revenues of the Enterprise; (ii) the Furnishings and Equipment used in the Enterprise; and (iii) the future Net Revenues of any other gaming operations owned by the Tribe; provided, however, that any execution shall be subject to the terms and conditions of any applicable documents executed between the Tribe and Manager. In no instance shall any enforcement of any kind whatsoever be allowed against any assets of the Tribe other than the limited assets of the Tribe specified in this Section 17.3.1.

17.3.2 Consents and Approvals. The enforcement of a determination by an arbitrator that the Tribe's consent or approval has been unreasonably withheld contrary to the terms of this Agreement.

17.3.3 Injunctive Relief and Specific Performance. The enforcement of a determination by an arbitrator that prohibits the Tribe from taking any action that would prevent Manager from operating the Enterprise pursuant to the terms of this Agreement, or that requires the Tribe to specifically perform any obligation under this Agreement (other than an obligation to pay money which is provided for in Section 17.3.1).

17.3.4 Action to Compel Arbitration. An action to compel arbitration pursuant to this Section 17.

17.3.5 Action to Preserve the Status Quo During Disputes. An action to preserve the status quo during disputes pursuant to Section 17.3.

17.4 Compel and Enforcement of Arbitration. Manager agrees that the Tribe shall also have the right, in accordance with the provisions of Section 17, to compel and/or enforce, including, if appropriate, by injunctive relief or specific performance, any arbitration decisions and/or arbitration awards in a court of competent jurisdiction.

17.5 Performance During Disputes. It is mutually agreed that during any kind of dispute, controversy, claim, or disagreement, including a dispute as to the validity of this Agreement, Manager and Tribe shall continue to possess the rights, duties, and obligations set forth in the Agreement, and the Tribe and Manager shall continue their performance of the provisions of this Agreement and its exhibits. Manager and the Tribe agree that the Enterprise Bank Accounts shall not be subject to attachment, or any rights of deduction or set off or counterclaim by either party during the pendency of such dispute. Manager and the Tribe shall each be entitled to injunctive relief as set out in this Section 17, to maintain such rights, duties, and obligations in the event of a threatened eviction during any dispute, controversy, claim or disagreement arising out of this Agreement.

17.6 Notice and Right to Cure. The parties agree that before the dispute resolution mechanisms described in this Section may be utilized, the party claiming breach or damage shall give written notice of the alleged breach or damage to the other party, and both shall

make a serious effort to meet, cure any breach, and otherwise make a good faith effort to resolve any differences; provided, however, such right of notice and opportunity to cure shall not extend any timetables for Material Breach set forth elsewhere in this Agreement.

17.7 Intentionally Left Blank.

17.8 Notice Provision. Except as otherwise provided in this Agreement, the Tribe shall take steps necessary to require the Gaming Commission to give the Manager notice of any alleged violation of the Tribal Gaming Code by Manager and thirty (30) days opportunity to cure before the Gaming Commission may take any action based on such alleged violation and to provide that if Manager cures any such alleged violation, neither the Tribe nor Gaming Commission may take any further action against the Manager based thereon. Further, the Business Committee shall notify the Manager of any concerns brought to the Business Committee's attention by any agency of the Tribe so that such concerns may be addressed in a timely fashion.

17.9 Waiver of Subrogation. To the extent any loss is covered by insurance proceeds actually paid or would be covered by insurance required to be carried under this Agreement, but not otherwise, Manager and the Tribe each waive, release and discharge the other from all claims or demands which each may have or acquire against the other, or against each other's directors, officers, agents, employees, or partners, with respect to any claims for any losses, damages, liability or expenses (including attorneys' fees) incurred or sustained by either of them on account of damage to their respective property (but not as to personal injury or property damage suffered by third parties) arising out of the ownership, management, operation and maintenance of the Enterprise, regardless whether any such claim or demand may arise because of the fault or negligence of the other party or its officers, partners, agents, and employees. Each policy of fire and property damage insurance shall contain a specific waiver of subrogation reflecting the provisions of this Section 17, or a provision to the effect that the existence of the preceding waiver shall not affect the validity of any such policy or the obligation of the insurer to pay the full amount of any loss sustained.

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

18. Entire Agreement. This Agreement, including the Schedules and Exhibits referred to herein and any documents executed by the parties simultaneously herewith, including the Development Agreement and the Security and Reimbursement Agreement, which are expressly incorporated herein by reference, constitute the entire understanding and agreement of the parties hereto with respect to the Enterprise and supersede all other prior agreements and understandings, written or oral, between the parties with respect to the Enterprise.

19. 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, BIA, the NIGC, the office of the 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 Manager under this Agreement or any other agreement or document related hereto.

20. Preparation of Agreement. This Agreement was drafted and entered into after careful review and upon the advice of competent counsel; it shall not be construed more strongly for or against either party.

21. Employment Solicitation Restriction Upon Termination. It is anticipated that the job categories listed at Exhibit "K" (Covered Employees) will be recruited by Manager from the ongoing operations of Manager or other gaming operations. In addition, during the Term of this Agreement, such positions might likewise be filled. If this Agreement is terminated at any time other than at the end of the Term, then the Tribe agrees not to employ any Covered Employee for a period of twelve (12) months after such termination without Manager's prior written approval. Furthermore, the Tribe hereby agrees not to solicit the employment of any Covered Employee at any time during the Term of this Agreement without Manager's prior written approval. These restrictions shall not apply if this Agreement is terminated based on Manager's unilateral decision, or Manager's Material Breach, and the Tribe has committed no Material Breach, or other action or inaction giving rise to the Tribe's right to terminate.

22. Tribe Assets. Nothing in this Agreement shall obligate or authorize the payment or encumbrance of any funds or assets of the Tribe other than the revenues and assets of the Enterprise as well as those of any other gaming operation owned by the Tribe (excluding the Facility and the realty on which it is located) as those revenues and assets are more particularly identified in the Security and Reimbursement Agreement.

23. Standard of Reasonableness. Unless specifically provided otherwise, all provisions of this Agreement and all collateral agreements shall be governed by a standard of reasonableness.

24. Execution. This Agreement may be executed in four counterparts, two to be retained by each party. 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.

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

RINCON SAN LUISENO BAND OF MISSION INDIANS

By: _____

HCAL CORPORATION

By: Dennis Callaghan

Its: Asst. Secretary

GUARANTEE
OF
HARRAH'S OPERATING COMPANY, INC.

In consideration of the benefits it expects to receive from the foregoing Management Agreement as an indirect shareholder of HCAL, and as an inducement to the Rincon San Luiseno Band of Mission Indians to enter into the Management Agreement, Harrah's Operating Company, Inc. hereby guarantees the faithful performance by HCAL Corporation of the Management Agreement, and agrees to be bound by Section 17 of the Management Agreement with respect to any dispute arising in connection with this Guarantee.

HARRAH'S OPERATING COMPANY, INC.

By: William L. Buffalo

Its: Vice Pres.

Dated: May 25, 2001

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

NATIONAL INDIAN GAMING COMMISSION

By: Montie R. Deer

Montie R. Deer, Chairman