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OFFICIAL RECORD  
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TICOR TITLE - RENO  
Douglas County - NV  
Karen Ellison - Recorder  
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APN(s): 1318-27-002-002

When Recorded Mail To:

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Dorsey & Whitney LLP  
250 Park Avenue  
New York, NY 10177-1500  
0800819670



**SUBORDINATION, NON-DISTURBANCE  
AND ATTORNMENT AGREEMENT**

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (the "Agreement") is made and entered into as of the 5<sup>th</sup> day of May, 2009, to be effective as of December 24, 2008 (the "Effective Date"), by and between U.S. Bank National Association, as collateral agent for the Secured Parties (hereinafter defined) (in such capacity, and together with its successors and assigns, the "Collateral Agent"), having an office at 60 Livingston Avenue, Mail Code EP-MN-WS3C, St. Paul, MN 55107-1419, Attn: Corporate Trust Services, and Hard Rock Cafe International (USA), Inc. d/b/a Hard Rock Cafe - Lake Tahoe, having an office at c/o Hard Rock Cafe, Inc., 6100 Old Park Lane, Orlando, Florida 32835 (and together with its successors and assigns, "Tenant").

**RECITALS:**

A. Tenant is the tenant under a certain lease dated January 16, 1998, between Harveys Tahoe Management Company, Inc. d/b/a Harveys Resort Hotel/Casino, as landlord ("Landlord"), and Tenant, as tenant (as amended through the date of execution hereof, the "Lease"), pursuant to which Tenant leases a portion (the "Leased Premises") of the property known as Harveys Resort Hotel/Casino, located at Highway 50 and Stateline Avenue, Stateline, Nevada 89449 as more particularly described in *Schedule A* attached hereto (the "Property").

B. Landlord is a subsidiary of Harrah's Operating Company, Inc. ("Issuer") which is issuing 10.00% Second-Priority Senior Secured Notes due 2015 (the "2015 Notes") and 10.00% Second Priority Senior Secured Notes due 2018 (the "2018 Notes" and, together with the 2015 Notes, and any and all exchange notes and/or additional notes issued pursuant to the Indenture (hereinafter defined), collectively, the "Second Lien Notes"), which will be guaranteed by Harrah's Entertainment, Inc, the direct parent of Issuer, pursuant to that certain indenture dated as of the Effective Date, among Issuer, Harrah's Entertainment, Inc. and U.S. Bank National Association, as Trustee, on behalf of the Secured Parties (as defined therein) (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Indenture");

C. U.S. Bank National Association, as trustee, Bank of America, N.A., as Credit Agreement Agent (as defined therein), each Other First Priority Lien Obligations Agent (as defined therein) from time to time party thereto, each in its capacity as First Lien Agent (as defined therein), and each collateral agent for any Future Second Lien Indebtedness (as defined therein) from time to time party thereto, each in its capacity as Second Priority Agent (as defined therein), are entering into

that certain Intercreditor Agreement dated as of the Effective Date, as the same may be amended, restated, supplemented or otherwise modified from time to time (the "Second Lien Intercreditor Agreement").

D. As security for the repayment of the amounts due under the Second Lien Notes as well as other obligations more fully set forth in the Indenture, the Collateral Agreement (hereinafter defined) and other Security Instruments, the Issuer, pursuant to the Indenture, is obligated to cause certain of its subsidiaries to grant mortgage liens and security interests to Collateral Agent for the benefit of the Security Parties and Holders under the Indenture in certain collateral including, without limitation, certain real property, fixtures and personal property, as more fully set forth in said Indenture, that certain Collateral Agreement dated as of the Effective Date ("Collateral Agreement") among Issuer, each Subsidiary Party (as defined therein) identified therein and Collateral Agent, and various mortgages, deeds of trust, deeds to secure debt and other security instruments which includes (without limitation) the encumbrance of the Property by Landlord pursuant to that certain Second Lien Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing dated as of the Effective Date, in favor of Collateral Agent (collectively as the same may be amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the "Security Instruments");

E. Tenant has agreed to subordinate the Lease to the Security Instruments and to the lien thereof and Collateral Agent has agreed not to disturb Tenant's possessory rights in the Leased Premises under the Lease on the terms and conditions hereinafter set forth.

#### AGREEMENT :

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. **Subordination.** Notwithstanding anything to the contrary set forth in the Lease, the Lease and the leasehold estate created thereby and all of Tenant's rights thereunder are and shall at all times be subordinate in all respects to the Security Instruments and the lien thereof, and to all rights of Collateral Agent thereunder, and to any and all advances to be made thereunder, and to all renewals, modifications, consolidations, replacements and extensions thereof.

2. **Intercreditor Agreement.** Notwithstanding anything herein to the contrary the exercise of any right or remedy by the Collateral Agent and the other Secured Parties hereunder are subject to the limitations and provisions of the Second Lien Intercreditor Agreement. In the event of any conflict or inconsistency between the terms of the Second Lien Intercreditor Agreement and the terms of this Agreement, the terms of the Second Lien Intercreditor Agreement shall govern.

3. **Nondisturbance.** So long as Tenant pays all rents and other charges as specified in the Lease, complies with all other terms and provisions of the Lease, and is not otherwise in default (beyond applicable notice and cure periods) of any of its obligations and covenants pursuant to the Lease, Collateral Agent agrees for itself and its successors in interest and for any other person acquiring title to the Property through a foreclosure (an "Acquiring Party"), that Tenant's possession of the Leased Premises as described in the Lease will not be disturbed during the term of the Lease (as may be extended), nor shall Tenant's use, possession or enjoyment of the Leased Premises be interfered with except in accordance with the provisions of the Lease, by reason of a foreclosure. For purposes of this Agreement, a



“foreclosure” shall include (but not be limited to) a sheriff’s or trustee’s sale under the power of sale contained in the Security Instruments, any exercise of the power of sale contained in the Security Instruments, or by any judicial or non-judicial foreclosure, conveyance in lieu of foreclosure or any action or proceeding instituted under or in connection with the Security Instruments, the termination of any superior lease of the Property and any other transfer of the Landlord’s interest in the Property under peril of foreclosure, including, without limitation to the generality of the foregoing, an assignment or sale in lieu of foreclosure.

4. **Attornment.** Tenant agrees to attorn to, accept and recognize any Acquiring Party as the landlord under the Lease pursuant to the provisions expressly set forth therein for the then remaining balance of the term of the Lease, and any extensions thereof as made pursuant to the Lease. The foregoing provision shall be self-operative and shall not require the execution of any further instrument or agreement by Tenant as a condition to its effectiveness.

5. **No Liability.** Notwithstanding anything to the contrary contained herein or in the Lease, it is specifically understood and agreed that neither the Collateral Agent, any receiver nor any Acquiring Party shall be:

(a) liable for any act, omission, negligence or default of any prior landlord (including Landlord) (except to the extent, if any, that the same constitutes a continuing obligation thereunder, and then only to the extent that such obligation arises after the Acquiring Party has become the landlord); or

(b) liable for any failure of any prior landlord (including Landlord) to construct any improvements or bound by any covenant to construct any improvement upon any renewal or extension thereof or upon the addition of additional space pursuant to any expansion right contained in the Lease; or

(c) subject to any offsets, credits, claims or defenses which Tenant might have against any prior landlord (including Landlord) (except to the extent that the same arises after Acquiring Party becomes the landlord under the Lease) ; or

(d) bound by any rent or additional rent which is payable on a monthly basis and which Tenant might have paid for more than one (1) month in advance to any prior landlord (including Landlord) or by any security deposit or other prepaid charge which Tenant might have paid in advance to any prior landlord (including Landlord), unless the same is actually received by Collateral Agent, any receiver or any Acquiring Party; or

(e) liable to Tenant hereunder or under the terms of the Lease beyond its interest in the Property; or

(f) bound by any assignment, subletting, renewal, extension or any other agreement or modification of the Lease (except in compliance with the express terms of the Lease) made without the written consent of Collateral Agent; or

(g) bound by any consensual or negotiated surrender, cancellation or termination of the Lease, in whole or in part, agreed upon between Landlord and



Tenant unless effected unilaterally by Tenant pursuant to the express terms of the Lease.

Notwithstanding the foregoing, Tenant reserves its right to any and all claims or causes of action (i) against such prior landlord for prior losses or damages and (ii) against the successor landlord for all losses or damages arising from and after the date that such successor landlord takes title to the Property.

6. ***Certain Acknowledgments and Agreements by Tenant.*** (a) Tenant has notice that the Lease and the rents and all other sums due thereunder have been assigned to Collateral Agent as security for the obligations secured by the Security Instruments. In the event Collateral Agent notifies Tenant of the occurrence of a default under the Security Instruments and demands that Tenant pay its rents and all other sums due or to become due under the Lease directly to Collateral Agent, Tenant shall honor such demand and pay its rent and all other sums due under the Lease directly to Collateral Agent or as otherwise authorized in writing by Collateral Agent. Landlord irrevocably authorizes Tenant to make the foregoing payments to Collateral Agent upon such notice and demand. In complying with the provisions of this paragraph, Tenant shall be entitled to rely solely upon the notices given by Collateral Agent and Landlord hereby indemnifies and agrees to defend and hold Tenant harmless from and against any and all expenses, loss, claims, damage or liability arising out of Tenant's compliance with such notice or performance of the obligations under the Lease by the Tenant made in good faith in reliance on and pursuant to such notice.

(b) In the event Collateral Agent notifies Tenant of the occurrence of a default under the Security Instruments, Tenant shall send copies of any and all future notices or statements under the Lease to Collateral Agent at the same time such notices or statements are sent to Landlord.

(c) This Agreement satisfies any and all conditions or requirements in the Lease relating to the granting of a non-disturbance agreement.

7. ***Collateral Agent To Receive Default Notices.*** Tenant shall notify Collateral Agent of any default by Landlord under the Lease which would entitle Tenant to cancel the Lease, and agrees that, notwithstanding any provisions of the Lease to the contrary, no notice of cancellation thereof shall be effective unless Collateral Agent shall have received notice of default giving rise to such cancellation and shall have failed within thirty (30) days after receipt of such notice to cure such default or, if such default cannot be cured within thirty (30) days, shall have failed within thirty (30) days after receipt of such notice to commence and thereafter diligently pursue any action necessary to cure such default, provided such period to cure any default shall not exceed one hundred eighty (180) days after Tenant's first notice.

8. ***Notices.*** All notices or other written communications hereunder shall be deemed to have been properly given (i) upon delivery, if delivered in person with receipt acknowledged by the recipient thereof, (ii) one (1) Business Day (hereinafter defined) after having been deposited for overnight delivery with any reputable overnight courier service, or (iii) three (3) Business Days after having been deposited in any post office or mail depository regularly maintained by the United States Postal Service and sent by registered or certified mail, postage prepaid, return receipt requested, addressed to the receiving party at its address set forth above or addressed as such party may from time to time designate by written notice to the other parties. For purposes of this Section 8, the term "Business Day" shall mean any



day other than Saturday, Sunday or any other day on which banks are required or authorized to close in New York, New York. Either party by notice to the other may designate additional or different addresses for subsequent notices or communications.

9. ***Estoppel.*** Tenant hereby certifies and represents to Collateral Agent that as of the date of this Agreement:

(a) the Lease is unmodified and in full force and effect;

(b) to the best of Tenant's knowledge, neither Tenant or Landlord are in default under the Lease;

10. ***Successors.*** The obligations and rights of the parties pursuant to this Agreement shall bind and inure to the benefit of the successors, assigns, heirs and legal representatives of the respective parties; *provided, however*, that in the event of the assignment or transfer of the interest of Collateral Agent, all obligations and liabilities of Collateral Agent under this Agreement shall terminate, and thereupon all such obligations and liabilities shall be the responsibility of the party to whom Collateral Agent's interest is assigned or transferred; and *provided, further*, that the interest of Tenant under this Agreement may not be assigned or transferred without the prior written consent of Collateral Agent. In addition, Tenant acknowledges that all references herein to Landlord shall mean the owner of the landlord's interest in the Lease, even if said owner shall be different from the Landlord named in the Recitals.

11. ***Duplicate Original; Counterparts.*** This Agreement may be executed in any number of duplicate originals and each duplicate original shall be deemed to be an original. This Agreement may be executed in several counterparts, each of which counterparts shall be deemed an original instrument and all of which together shall constitute a single Agreement.

12. ***Limitation of Collateral Agent's Liability.*** (a) Collateral Agent shall have no obligations nor incur any liability with respect to any warranties of any nature whatsoever, whether pursuant to the Lease or otherwise, including, without limitation, any warranties respecting use, compliance with zoning, Landlord's title, Landlord's authority, habitability, fitness for purpose or possession.

(b) In the event that Collateral Agent shall acquire title to the Leased Premises or the Property, Collateral Agent shall have no obligation, nor incur any liability, beyond Collateral Agent's then equity interest, if any, in the Leased Premises, and Tenant shall look exclusively to such equity interest of Collateral Agent, if any, in the Leased Premises for the payment and discharge of any obligations imposed upon Collateral Agent hereunder or under the Lease, and Collateral Agent is hereby released and relieved of any other obligations hereunder and under the Lease.

13. ***Modification in Writing.*** This Agreement may not be modified except by an agreement in writing signed by the parties hereto or their respective successors in interest.


14. ***Lien of Security Instruments.*** Nothing contained in this Agreement shall in any way impair or affect the lien created by the Security Instruments or the provisions thereof.



15. **Governing Law; Severability.** This Agreement shall be governed by the laws of the State of New York. If any term of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such terms to any person or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each term of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

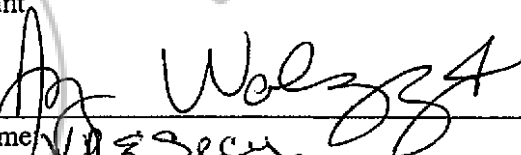
IN WITNESS WHEREOF, Collateral Agent and Tenant have duly executed this Agreement as of the date first above written.

U.S. Bank National Association,  
as Collateral Agent

By:   
Name: Raymond S. Haverstock  
Title: Vice President

By:   
Name: Richard Prokosch  
Title: Vice President

Hard Rock Cafe International (USA), Inc.  
d/b/a Hard Rock Cafe - Lake Tahoe,  
as Tenant

By:   
Name: Wojciech Wolczak  
Title: by Wolczak

The undersigned, as the Landlord named in the Recitals, having duly executed this Agreement as of the date first written above, and as mortgagor, pledgor, assignor or debtor under the Security Instruments, hereby accepts and agrees for itself and its successors and assigns, (i) to be bound by the provisions of Section 5 hereof, (ii) that nothing contained in the foregoing Agreement (x) shall in any way be deemed to constitute a waiver by Collateral Agent of any of its rights or remedies under the Security Instruments or (y) shall in any way be deemed to release Landlord from its obligations to comply with the terms, provisions, conditions, covenants and agreements set forth in the Security Instruments and (iii) that the provisions of the Security Instruments remain in full force and effect and must be complied with by Landlord.



Harveys Tahoe Management Company, Inc. d/b/a  
Harveys Resort Hotel/Casino, a Nevada corporation

By:   
Name: Jonathan S. Hallmark  
Title: Treasurer

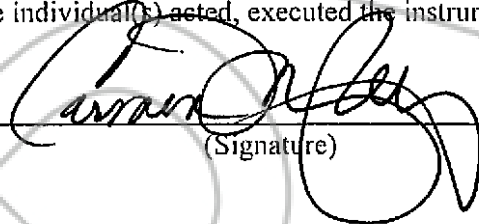
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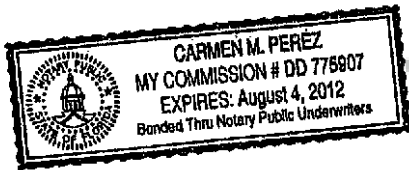


ACKNOWLEDGMENT

STATE OF FLORIDA )  
 ) ss.:  
COUNTY OF ORANGE )

On the 16<sup>th</sup> day of February in the year 2009 before me, the undersigned, a Notary Public in and for said State, personally appeared Jay Wolszczak, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

  
\_\_\_\_\_  
(Signature)





ACKNOWLEDGMENT

STATE OF Nevada )  
 ) ss.:  
COUNTY OF Clark )

On the 3 day of March in the year 2009 before me, the undersigned, a Notary Public in and for said State, personally appeared Jonathan H. Myers personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Michael McNery  
\_\_\_\_\_  
(Signature)

Michael McNery  
NOTARY PUBLIC  
STATE OF NEVADA  
APPT. No. 04-87582-14  
MY APPT. EXPIRES March 02, 2012



**SCHEDULE A to EXHIBIT 1**

**Description of Real Property**

All that certain real property situate in the County of Douglas, State of Nevada, described as follows:

**PARCEL 1:**

All that certain piece or parcel of land situate in the Northeast  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$  of Section 27, Township 13 North, Range 18 East, M.D.B.&M., County of Douglas, State of Nevada, described as follows:

Beginning at the intersection of the California-Nevada State line with the Westerly line of U.S. Highway 50; thence North  $27^{\circ}57'22''$  East along the Westerly line of said U.S. Highway 50, a distance of 154.80 feet; thence North  $56^{\circ}30''$  West, a distance of 291.50 feet; thence North  $27^{\circ}57'22''$  East, a distance of 266.35 feet to a point on the Northerly line of parcel conveyed to Harvey Gross, et al, by Deed recorded June 2, 1944, in Book W of Deeds, Page 597, Douglas County, Nevada, records; thence along the Northerly line of said parcel North  $80^{\circ}14'14''$  West, a distance of 613.15 feet to the Northeasterly corner of parcel conveyed to William McCallum, et al. by Deed recorded November 24, 1952, in Book A-1 of Deeds, Page 351, Douglas County, Nevada, records; thence along the Northeasterly and Southeasterly line of said McCallum parcel, the two following courses and distances: South  $48^{\circ}43'15''$  East, a distance of 211.24 feet and South  $41^{\circ}16'45''$  West, a distance of 50.00 feet to a point on said California-Nevada State Line; thence South  $48^{\circ}43'15''$  East along the last mentioned line, a distance of 697.47 feet to the point of beginning, said parcel being further shown as Parcel No. 1 of that certain Record of Survey filed for record in the office of the County Recorder on June 29, 1971 as File No. 60370, in Book 102, Page 544.

A portion of APN: 1318-27-002-002

Document Number 723806 is provided pursuant to the requirements of Section 1.NRS 11131.2

**PARCEL 2:**

That portion of the Southeast  $\frac{1}{4}$  of Section 27, Township 13 North, Range 18 East, M.D.B.&M., that is described as follows:

Commencing at a point on the Westerly right-of-way line of the Nevada State Highway U.S. 50, which is 154.80 feet North  $27^{\circ}57'22''$  East of the intersection of the California-Nevada State Line boundary with the Westerly right of way of the Nevada U.S. Route 50; thence first course North  $27^{\circ}57'22''$  East, a distance of 389.99 feet to a point on the Westerly right of way line of the Nevada State Highway U.S. Route 50; thence second course North  $80^{\circ}14'14''$  West, a distance of 305.18 (305.48 record) feet; thence third course South  $27^{\circ}57'22''$  West, a distance of 266.35 feet; thence fourth course South  $56^{\circ}30''$  East, a distance of 291.50 feet to



the point of beginning, said land being further shown as Parcel No. 2 on that certain Record of Survey filed for record in the office of the County Recorder of Douglas County, Nevada on June 29, 1971 as File No. 60370, in Book 102, Page 544.

EXCEPTING THEREFROM a parcel of land located within a portion of Section 27, Township 13 North, Range 18 East, M.D.B.&M., Douglas County, Nevada, being more particularly described as follows:

Commencing at a point lying at the intersection of California-Nevada State line and the Westerly right of way line of U.S. Highway 50; thence North  $27^{\circ}57'22''$  East, 449.50 feet along the Westerly right of way line of U.S. Highway 50 to the point of beginning; thence North  $62^{\circ}02'38''$  West, 289.93 feet to the Northwest corner of Parcel 2 as shown on the map filed within the Official Records of Douglas County, Nevada on June 29, 1971, in Book 102, Page 544 as Document No. 60370; thence South  $80^{\circ}14'14''$  East, 305.18 feet along the Northerly line of said Parcel 2 to a point on the Westerly line of U.S. Highway 50; thence South  $27^{\circ}57'22''$  West, 95.29 feet along said Westerly right of way line of U.S. Highway 50 to the point of beginning.

