

BARGAINING UPDATE

To: All Caesars Dealers

From: Frank Muscolina

Date: April 29, 2009

Once again, the economy took center stage in collective bargaining negotiations between Caesars Atlantic City and the UAW, on behalf of CAC dealers. Negotiations occurred on April 22nd and 23rd at the Sheraton Hotel. Entering the summer season, we are all hopeful of increased activity during the busiest part of the year. However, both sides recognized that the uncertain economy may have an impact on the summer season as well as the latter part of this year.

The two principal issues at the bargaining table were merit pay, and the hiring of seasonal dealers and the recall of the remaining laid-off dealers. CAC would like to recall laid-off dealers, despite the challenging economy. CAC proposed to the union that CAC recall all remaining laid-off employees as part of its seasonal hiring of dealers. This would mean that laid-off dealers could be recalled as early as this month to supplement the annual increase of dealers during the summer months. CAC also proposed that the laid-off dealers would be the first to remain at the end of the summer, assuming business justified keeping additional dealers. However, the parties remain apart on one key issue raised by the union as part of the recall plan.

The union requested that the former full time dealers who were assigned part time dealer positions as part of last year's lay-off be, in effect, guaranteed a full time work schedule. In response, CAC noted that no dealer is entitled to a guaranteed number of hours per week, including full time dealers, and the small group of former full time dealers should not be given any greater rights. In fact, Casino management is already providing a four day a week preference to this group so that, generally, they are getting more hours than the other part time dealers.

In addition, management has always exercised the right to schedule dealer hours on the basis of a variety of factors, including volume of business, number of call-outs and early-outs, vacation schedules and the toke rate. By guaranteeing hours to this group of dealers, CAC would be stripped of this flexibility. For these reasons, CAC told the union that it could not agree to the union's proposal, but that it would consider the union's position further before the next set of negotiations. CAC made clear that it did not want the union's proposal to delay the recall of laid-off dealers.

On merit pay, CAC rejected the union's proposal to condition modification of the merit pay plan on two contingencies related to management bonuses and business volume. CAC explained that the merit pay changes have been implemented for all other employees without these contingencies. Also, the contingencies do not provide the Company with enough latitude and protection to deal with the difficult economy. After CAC agreed to

permit the union additional time to consider a new position, the union did not change its proposal. CAC then declared impasse and announced that it would put in place the merit pay changes.

Two other issues were discussed briefly: 1) the Company agreed to provide the union with additional information about EDR changes, without waiving its legal position about its right to institute the cafeteria changes unilaterally; and 2) based on recent regulatory changes, CAC may begin taking dealer tokens from the players' pot for special events such as the World Series of Poker. Both parties agreed that this change should not affect dealer token rates for these events.

Negotiations will resume during the week of May 18th, 2009.

