

BARGAINING UPDATE

To: All Caesars Dealers
From: Frank Muscolina
Date: April 9, 2009

The Parties met again on Thursday April 2 and Friday April 3 to continue interim discussions because of the recessionary economy. The interim bargaining process regarding suspension of the Company 401k match and changes to the merit increase program has been ongoing since January 2009. The legal obligation by both Parties in interim bargaining is to address and reach agreement quickly on any substantive changes to the terms and conditions of employment that arise because of extraordinary circumstances in the course of business, ***NOT to negotiate*** the principal articles of a contract, or to bargain indefinitely. During the interim bargaining process, the Company has continued making the 401k match and is therefore not achieving any of the necessary savings.

The Union put forth counterproposals regarding how the Company might achieve its necessary cost savings on both the 401k and the merit increase program with the requirement that if several contingencies occurred during the year, then the Company would reinstate both programs to their original design.

One other Union proposal stated that all dealers to receive the same increase regardless of performance evaluation. CAC ***rejected*** this proposal on the grounds that this approach disregards individual merit and would create a performance management process that was not aligned with the Company program. The Company further said this counterproposal was not appropriate for interim bargaining.

As for the 401k match, the Union proposal ***agreed to suspend*** the Company match, providing that CAC would reinstate it if certain arbitrary conditions occurred. CAC ***rejected*** this proposal and counter proposed to reinstate the match to the dealers at such a time when all of the other employees at CAC received matching contributions from the Company. The Parties both agreed that there were fundamental differences in their proposals as to when or even if these programs would be reinstated.

The final outcome of the Friday session was that **CAC declared that it had satisfied all legal obligations to bargain, but the Parties had not reached agreement, so it would suspend the Company 401k contribution effective Monday, April 6, 2009 for all dealers, dual rates, and keno simulcast employees.**

However, CAC said it would continue to interim bargain over the merit pay program despite the Parties' stalemate, because merit pay increases were only being accrued, not actually paid, so that money was not being expended during the bargaining.

Bargaining is set to resume on April 23rd & 24th.