

BARGAINING UPDATE

To: All Caesars Dealers
From: Frank Muscolina
Date: August 6, 2009

The Company resumed collective bargaining negotiations with the UAW on July 30, 2009, after a lapse of about two months. Unfortunately, Company representatives spent the majority of the bargaining session responding to UAW questions about issues that are not directly related to the proposed contract for dealers, keno writers, and simulcast employees. Among the subjects the UAW bargaining committee focused on included the Total Rewards program and the Employee Dining Room. The UAW's continued focus on subjects not directly related to each side's bargaining proposals is confusing, especially considering the UAW's public criticisms of the Company for supposedly slowing the process.

In an effort to get the parties back on track to focus on reaching an agreement for a first contract, the Company suggested the parties formulate a "road map" of the issues to better organize discussions during upcoming bargaining sessions. The Company representatives also recommended that the parties agree to pairing various contract proposals together based on subject matter. These suggested approaches are designed to make future bargaining more productive and efficient rather than wasting time discussing issues that are not directly relevant to reaching agreement on a first contract.

UAW representatives agreed to consider the Company's suggestions, although the union did not want to be limited to what it can discuss during bargaining sessions. Union representatives also stated the parties should spend more time than has already been spent discussing individual bargaining provisions.

Despite the Company's desire to make progress toward a fair and equitable contract, the only contract provision that was discussed during this last bargaining session was the grievance and arbitration article. The union is seeking to add another step to the grievance process for discussing proposed settlements of grievances once they are filed. Rather than dragging the process out with another step, the Company's position is to

streamline the grievance process so that disputes can be quickly resolved. According to Company representatives, a grievance can be settled at any point in the process and the Company believes the parties should not waste time or resources by adding another step to the procedure. No agreement was reached on this issue.

Over the course of the more than 50 good-faith bargaining sessions with the UAW, the Company has consistently come to the table prepared to productively work with the union to work toward a fair contract. Unfortunately, the UAW has not always exhibited the same level of organization. We hope the UAW will work with the Company and agree to a “road map” or agenda of issues to discuss in future bargaining sessions so negotiations can be more productive.

The Company remains committed to bargaining in good faith with the UAW to reach a fair contract for both the dealers and all of our 14,000 Atlantic City team members. The parties scheduled their next bargaining session for the week of August 31.

