

MGM MIRAGE
Form 10-K/A
April 24, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM 10-K/A
Amendment No. 1**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2008

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File No. 001-10362

MGM MIRAGE

(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

88-0215232
(I.R.S. Employer
Identification Number)

3600 Las Vegas Boulevard South, Las Vegas, Nevada 89109

(Address of principal executive office) (Zip Code)

(702) 693-7120

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, \$.01 Par Value	New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act: None	

Indicate by check mark whether the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K:

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer Non-accelerated filer o Smaller reporting company o
accelerated filer o
p

(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act): Yes o No
p

The aggregate market value of the Registrant's Common Stock held by non-affiliates of the Registrant as of June 30, 2008 (based on the closing price on the New York Stock Exchange Composite Tape on June 30, 2008) was \$4.2 billion. As of April 17, 2009, 276,557,345 shares of Registrant's Common Stock, \$.01 par value, were outstanding.

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EXPLANATORY NOTE

This Amendment No. 1 to the Annual Report on Form 10-K (this Amendment No. 1) of MGM MIRAGE (MGM MIRAGE, the Registrant or the Company and together with our subsidiaries may also be referred to as we, us or amends the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 that was originally filed with the Securities and Exchange Commission (the SEC) on March 17, 2009 (the Original Form 10-K).

This Amendment No. 1 is being filed solely to include the information required in Part III (Items 10, 11, 12, 13 and 14) of Form 10-K that was previously omitted from the Original Form 10-K in reliance upon General Instruction G(3) to Form 10-K. General Instruction G(3) to Form 10-K allows such omitted information to be filed as an amendment to the Original Form 10-K or incorporated by reference from the Company's definitive proxy statement which involves the election of directors not later than 120 days after the end of the fiscal year covered by the Original Form 10-K. As of the date of this Amendment No. 1, the Company does not intend to file a definitive proxy statement containing the information required in Part III within such 120-day period. Accordingly, the Company is filing this Amendment No. 1 to include such omitted information as part of the Original Form 10-K.

This Amendment No. 1 should be read in conjunction with the Original Form 10-K and the Company's other filings with the SEC. This Amendment No. 1 consists solely of the preceding cover page, this explanatory note, Part III (Items 10, 11, 12, 13 and 14), the signature page and the certifications required to be filed as exhibits to this Amendment No. 1.

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The following table sets forth, as of April 20, 2009, the name, age and position of each of our executive officers and Directors. Executive officers are elected by, and serve at the pleasure of, our Board of Directors. Directors are elected by our stockholders and serve until the next annual meeting of stockholders or until his or her respective successor is elected and qualified or until his or her earlier resignation or removal.

Name	Age	Position
James J. Murren	47	Chairman, Chief Executive Officer, Chief Operating Officer, and President
Robert H. Baldwin	58	Chief Design and Construction Officer and Director
Gary N. Jacobs	63	Executive Vice President, General Counsel, Secretary and Director
Aldo Manzini	45	Executive Vice President and Chief Administrative Officer
Daniel J. D Arrigo	40	Executive Vice President and Chief Financial Officer
Robert C. Selwood	54	Executive Vice President and Chief Accounting Officer
Alan Feldman	50	Senior Vice President Public Affairs
Phyllis A. James	57	Senior Vice President and Senior Counsel
John McManus	42	Senior Vice President, Assistant General Counsel and Assistant Secretary
Shawn T. Sani	43	Senior Vice President Taxes
Cathryn Santoro	41	Senior Vice President and Treasurer
Willie D. Davis	74	Director
Kenny C. Guinn	72	Director
Alexander M. Haig, Jr.	84	Director
Alexis Herman	61	Director
Roland Hernandez	51	Director
Kirk Kerkorian	91	Director
Anthony Mandekic	68	Director
Rose McKinney-James	57	Director
Daniel J. Taylor	52	Director
Melvin B. Wolzinger	88	Director

Mr. Murren has served as Chairman and Chief Executive Officer of the Company since December 2008 and as President since December 1999. He has served as Chief Operating Officer since August 2007. He was Chief Financial Officer from January 1998 to August 2007 and Treasurer from November 2001 to August 2007. Mr. Murren has served as a Director of MGM MIRAGE since 1998. He is also a Director of Delta Petroleum Corporation.

Mr. Baldwin has served as Chief Design and Construction Officer since August 2007. He served as Chief Executive Officer of Mirage Resorts from June 2000 to August 2007 and President and Chief Executive Officer of Bellagio, LLC from June 1996 to March 2005. Mr. Baldwin has served as a Director of MGM MIRAGE since 2000.

Mr. Jacobs has served as Executive Vice President and General Counsel of the Company since June 2000 and as Secretary since January 2002. Mr. Jacobs has served as a Director of MGM MIRAGE since 2000. He is also a Director and Secretary and a member of the Executive Committee, Nominating Committee, Securities Investment Committee and Strategic Options Committee of the InterGroup Corporation.

Mr. Manzini has served as Executive Vice President and Chief Administrative Officer since March 2007. Prior thereto, he served as Senior Vice President of Strategic Planning for the Walt Disney Company and in various senior management positions throughout his tenure from April 1990 to January 2007.

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Mr. D Arrigo has served as Executive Vice President and Chief Financial Officer since August 2007. He served as Senior Vice President Finance of the Company from February 2005 to August 2007 and as Vice President Finance of the Company from December 2000 to February 2005.

Mr. Selwood has served as Executive Vice President and Chief Accounting Officer since August 2007. He served as Senior Vice President Accounting of the Company from February 2005 to August 2007 and as Vice President Accounting of the Company from December 2000 to February 2005.

Mr. Feldman has served as Senior Vice President Public Affairs of the Company since September 2001.

Ms. James has served as Senior Vice President and Senior Counsel of the Company since March 2002.

Mr. McManus has served as Senior Vice President, Assistant General Counsel and Assistant Secretary of the Company since July 2008. He served as Vice President and General Counsel for CityCenter's residential and retail divisions from January 2006 to July 2008. Prior thereto, he served as General Counsel or Assistant General Counsel for various of the Company's operating subsidiaries from May 2001 to January 2006.

Mr. Sani has served as Senior Vice President Taxes of the Company since July 2005. He served as Vice President Taxes of the Company from June 2002 to July 2005.

Ms. Santoro has served as Senior Vice President and Treasurer since August 2007. She served as Vice President Treasury of the Company from August 2004 to August 2007. Prior thereto she was a Vice President for Wells Fargo Bank, serving in the gaming division.

Mr. Davis has served as President and director of All-Pro Broadcasting, Inc., an AM and FM radio broadcasting company, for more than the past five years. Mr. Davis has served as a Director of MGM MIRAGE since 1989.

Mr. Guinn served as Governor of the State of Nevada from 1999 through 2006. He is Chairman of the Board of Directors and a member of the Audit Committee of Service 1st Bank of Nevada. Mr. Guinn has served as a Director of MGM MIRAGE since 2007.

Mr. Haig has served as Chairman of Worldwide Associates, Inc., an international business advisory firm, for more than the past five years and as a consultant to the Company since 1990. Mr. Haig has served as a Director of MGM MIRAGE since 1990.

Ms. Herman has served as Chair and Chief Executive Officer of New Ventures, a corporate consulting company, for more than the past five years. Ms. Herman is a Director, member of the Audit Committee and Chair of the Compensation Committee of Cummins Inc., and a Director, member of the Personnel Committee and Chair of the Governance Committee of Entergy Corp. and a Director and member of the Compensation Committee and Public Issues and Diversity Committee of Coca-Cola Corp. Ms. Herman has served as a Director of MGM MIRAGE since 2002.

Mr. Hernandez served as Chairman and Chief Executive Officer of Telemundo Group, Inc., a Spanish-language television station company from August 1998 to December 2000 and as President and Chief Executive Officer of Telemundo Group, Inc. from March 1995 to August 1998. He is a Director, Chairman of the Audit Committee and a member of the Finance Committee of The Ryland Group; the Presiding Director and member of the Audit Committee, Nominating Committee and Corporate Governance Committee of Vail Resorts, Inc.; a Director of Lehman Brothers Holdings Inc.; and a Director and member of the Nominating Committee of Sony Corporation. Mr. Hernandez has served as a Director of MGM MIRAGE since 2002.

Mr. Kerkorian has been the Chief Executive Officer, President and sole Director and shareholder of Tracinda Corporation, a Nevada corporation and 53.8% stockholder of the Company, for more than the past five years. He has served as a Director of MGM MIRAGE since 1987.

Mr. Mandekic has served as Secretary and Treasurer of Tracinda for more than the past five years. He has served as a Director of MGM MIRAGE since 2006.

Ms. McKinney-James has been the Principal of Energy Works Consulting LLC, an energy consulting company, for more than the past five years and has been the Managing Principal of McKinney James & Associates since 2003. She was a Director of Mandalay Resort Group from 1999 until April 2005. She is a Director and member of the Audit Committee and the Governance Committee of Employers Holdings, Inc. and a Director of Toyota Financial Savings Bank and of MGM Grand Detroit, LLC, a subsidiary of the Company. Ms. McKinney-James has served as a Director of MGM MIRAGE since 2005.

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Mr. Taylor has served as an executive of Tracinda since 2007. He served as President of Metro-Goldwyn-Mayer Inc. (MGM Studios) from April 2005 to January 2006 and as Senior Executive Vice President and Chief Financial Officer of MGM Studios from June 1998 to April 2005. He is a Director and member of the Audit Committee and the Nominating and Governance Committee of Delta Petroleum Corporation. Mr. Taylor has served as a Director of MGM MIRAGE since 2007.

Mr. Wolzinger has been the principal owner of various privately held restaurants and gaming establishments in Las Vegas for more than the past five years. He is a Director of Colonial Bank. Mr. Wolzinger has served as a Director of MGM MIRAGE since 2000.

On September 3, 2008, without admitting or denying the findings of the SEC, Tracinda consented to the entry of an administrative order by the SEC pursuant to Section 21 of the Securities Exchange Act of 1934, as amended (the Exchange Act). The SEC found that Tracinda s failure to disclose a plan to sell 28 million shares of General Motors Corporation stock in a November 22, 2006 Schedule 13D amendment and its statement that it might acquire additional shares constituted violations of Section 13(d)2 of the Exchange Act and Rules 12b-20 and 13d-2(a) under the Exchange Act. No penalty was imposed pursuant to the order.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company s executive officers and directors to file reports of ownership of the Common Stock with the SEC. Executive officers and directors are required to furnish the Company with copies of all Section 16(a) forms that they file. Based upon a review of these filings and representations from the Company s directors and executive officers that no other reports were required, the Company notes that all reports for the year ended December 31, 2008 were filed on a timely basis.

Corporate Governance Guidelines

The Board of Directors has adopted corporate governance guidelines for the Company (Guidelines) setting forth the general principles governing the conduct of the Company s business and the role, functions, duties and responsibilities of the Board of Directors, including, but not limited to such matters as (i) composition, (ii) membership criteria, (iii) orientation and continuing education, (iv) committees, (v) compensation, (vi) meeting procedures and (vii) annual evaluation. In addition to the foregoing, the Guidelines provide for management succession planning, communications with the Board and a code of conduct governing all directors, officers and certain employees of the Company. The Company believes that the Guidelines are in compliance with the listing standards adopted in 2003 by the New York Stock Exchange (the Exchange). The Guidelines are posted and maintained on the Company s website at www.mgmmirage.com under the caption Investor Relations Investor Information Corporate Governance Corporate Governance Policies, and a copy will be made available to any stockholder who requests it.

Code of Conduct

The Board of Directors has adopted a Code of Business Conduct and Ethics and Conflict of Interest Policy (the Code of Conduct) that applies to all of the Company s directors and officers and certain of its employees, including the chief executive officer, the chief financial officer and the chief accounting officer. In addition, the Code of Conduct applies to all personnel of the Company and its operating subsidiaries at the Vice President, division director or more senior level, and to all accounting and finance personnel, and those personnel serving in such other categories as the Company designates from time to time. The Code of Conduct establishes policies and procedures that the Board believes promote the highest standards of integrity, compliance with the law and personal accountability. The Company s Code of Conduct and amendments and waivers thereto are posted on the Company s website at www.mgmmirage.com under the caption Investor Relations Investor Information Corporate Governance Code of Business Conduct and Ethics and Conflict of Interest Policy and is provided to all new directors, new officers and certain new employees and distributed annually to all directors, officers and certain employees of the Company, each of whom is required to acknowledge in writing his or her receipt and understanding thereof and agreement to adhere to the principles contained therein. Additionally, the Company will provide a copy of the Code of Conduct to any stockholder who requests it.

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Audit Committee

The current members of the Audit Committee are Roland Hernandez (Chair), Kenny C. Guinn, Alexis Herman and Rose McKinney-James. The Audit Committee's responsibilities are described in a written charter adopted by the Board of Directors. The charter is posted on the Company's website at www.mgmmirage.com under the caption "Investor Relations Investor Information Corporate Governance Audit Committee." The Audit Committee is responsible for providing independent, objective oversight of the Company's financial reporting system. Amongst its various activities, the Audit Committee reviews:

1. The adequacy of the Company's internal controls and financial reporting process and the reliability of the Company's financial statements;
2. The independence and performance of the Company's internal auditors and independent registered public accountants; and
3. The Company's compliance with legal and regulatory requirements.

The Audit Committee also appoints the independent accountants; reviews with such firm the plan, scope and results of such audit, and the fees for the services performed; and periodically reviews their performance and independence from management.

Under written guidelines adopted by the Board of Directors in connection with its Code of Conduct, the Audit Committee, or its designated member, is required to review reports of potential conflicts of interest involving directors, the management committee (which is comprised of James J. Murren (Chair), Robert H. Baldwin and Gary N. Jacobs), and to the extent not otherwise determined by the management committee, the other senior executives of the Company. With respect to such reports, it is the Audit Committee's responsibility to determine whether a conflict exists and whether or not to waive the conflict. In determining whether a conflict of interest exists, the Audit Committee considers the materiality of the relationship between the third party and the Company pursuant to standards set forth in such written guidelines. In determining whether a conflict of interest should be waived, the Audit Committee considers the effectiveness of any safeguards that may be implemented, the feasibility of the individual's recusal in matters that affect the Company and the third party, and the materiality of lost services for the Company that may result from the recusal.

The Audit Committee meets regularly in open sessions with the Company's management, independent accountants and internal auditors. In addition, the Audit Committee meets regularly in closed executive sessions with the Company's management, independent accountants and internal auditors, and reports its findings to the full Board of Directors.

The Board of Directors has determined that Mr. Guinn, Mr. Hernandez, Ms. Herman and Ms. McKinney-James meet the current independence and experience requirements of the Exchange's listing standards. The Board of Directors has determined that each of the members of the Audit Committee is financially literate and that Mr. Hernandez qualifies as an audit committee financial expert, as defined in the Exchange's listing standards and the Commission's regulations. In addition, the Board of Directors has determined that the service of Mr. Hernandez on other audit committees, as described earlier in the description of his principal occupation and other directorships under

Our Directors and Executive Officers, would not impair his ability to effectively serve on the Company's Audit Committee. The Board of Directors will review such determination at its meeting following the Annual Meeting of Stockholders, when it makes committee assignments for the coming year.

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ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Roles in Establishing Compensation

Compensation Committee. The Compensation Committee is responsible for establishing, implementing and reviewing the compensation program for our employees, including the executive officers. The compensation for our Named Executives is presented in the tables that follow this Compensation Discussion and Analysis, beginning with the Summary Compensation Table. Our Named Executives in any fiscal year are defined as any person who served as our Chief Executive Officer or Chief Financial Officer, and our other three most highly compensated executive officers at the end of that fiscal year. Accordingly, in 2008, our Named Executives were James J. Murren, Daniel J. D Arrigo, Robert H. Baldwin, Gary N. Jacobs, Aldo Manzini, and J. Terrence Lanni, who resigned as Chief Executive Officer in November 2008.

The Compensation Committee recommends the executive compensation policy to our Board of Directors (the Board), determines compensation of our senior executives, determines the performance criteria and incentive awards to be granted pursuant to our Annual Performance-Based Incentive Plan and administers and approves granting of equity-based awards under our 2005 Omnibus Incentive Plan, as amended. The Compensation Committee's authority and oversight extends to total compensation, including base salaries, bonuses, non-equity incentive awards, equity-based awards and other forms of compensation. The Compensation Committee's authority is not delegated to others.

The current members of the Compensation Committee are Anthony Mandekic (Chair), Willie D. Davis, Kenny C. Guinn, Daniel J. Taylor and Melvin B. Wolzinger. Each of the members of the Compensation Committee meets the current independence requirements of the Exchange's listing standards.

Executive Officers. In carrying out its functions, the Compensation Committee obtains recommendations from senior executives with respect to various elements of compensation, including, but not limited to, determining the employees other than the management committee to whom share-based awards are granted and the amount of compensation to be paid to such employees. The Compensation Committee consults with the senior executives to obtain performance results, legal and regulatory guidance, and market and industry data that may be relevant in determining compensation. In addition, the Compensation Committee consults with the Chief Executive Officer regarding our performance goals and the performance of our executive officers. Furthermore, the Chief Executive Officer meets with the Chair of the Compensation Committee and our lead director to discuss the Chief Executive Officer's performance during the prior year, including with respect to strategic planning, geographical and market expansion, management of new operations, projects and investments, succession planning and interactions and working relations with the Board. Because Mr. Murren was appointed as the Chief Executive Officer in November 2008 following the resignation of Mr. Lanni, a review of Mr. Murren's performance in his capacity as the Chief Executive Officer was not conducted in 2008 but will be conducted in 2009.

Other than in connection with negotiating their respective employment agreements and other than with respect to consultation rights our Chief Executive Officer has in connection with determining the performance criteria and target bonus under our Annual Performance-Based Incentive Plan for Executive Officers (the Incentive Plan), the executive officers do not participate in determining the amount and type of compensation they are paid. Instead, the Compensation Committee's assessment of the individual performance of the executive officers is based primarily on the Committee's independent observation and judgment of the responsibilities, duties, performance and leadership skills of the executive officers as well as our overall performance.

Outside Consultants. The Compensation Committee periodically engages outside consultants on various compensation-related matters. The Compensation Committee has the authority to engage the services of independent legal counsel and consultants to assist the committee in analyzing and reviewing the compensation policies, the elements of compensation, and the aggregate compensation for the executive officers. Recently, the Compensation Committee engaged outside consultants as follows:

During 2006, 2007 and 2008, Deloitte & Touche LLP was engaged by the Compensation Committee to perform certain agreed upon procedures in connection with the Compensation Committee's review of the achievement of the financial goals set pursuant to the Annual Performance-Based Incentive Plan and the corresponding non-equity

incentive awards payable to the Named Executives under such plan.

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During 2008, Frederic W. Cook & Co., Inc. (FW Cook) was engaged by the Compensation Committee to assist the Compensation Committee in determining the appropriate strategy for implementing an exchange offer to employees to exchange certain out-of-the-money stock options and stock appreciation rights (SARs) for restricted stock units (RSUs) and to assist the Compensation Committee in adopting a policy for annual equity-based compensation for employees.

During 2008, Semley Brossy Consulting Group, LLC was engaged by the Compensation Committee to assist the Compensation Committee in determining the long-term and short-term compensation strategies for the non-management directors, including evaluating the appropriate peer group companies, the appropriate elements of compensation and the appropriate equity compensation.

During 2006 and 2007, Hewitt Associates LLC was engaged by the Compensation Committee to assist the Compensation Committee in determining the long-term and short-term compensation strategies for the executive officers, including evaluating the appropriate peer group companies, the appropriate performance measures, the appropriate elements of compensation and the appropriate equity compensation.

During 2007, Towers Perrin HR Services was engaged by the Compensation Committee to assist the Compensation Committee in assessing the competitiveness of our retirement programs and equity grants to the executive officers as compared to the executive officers of the peer group. In addition, Towers Perrin HR Services reviewed the MGM MIRAGE Hospitality Incentive Plan regarding its relative competitiveness. The MGM MIRAGE Hospitality Incentive Plan is a program limited to key executives of MGM MIRAGE Hospitality, our subsidiary, none of whom are Named Executives.

Objectives of Our Compensation Program

The Compensation Committee's primary objectives in setting total compensation and the elements of compensation for each of the Named Executives are to:

Attract talented and experienced Named Executives and retain their services on a long-term basis;

Motivate the Named Executives to achieve our annual and long-term strategic goals;

Align the interests of the Named Executives with our interests and the interests of our stockholders;

Provide assurances of a minimum level of compensation while providing for a majority of the potential compensation to be dependent on the level of performance we achieve during the relevant year;

Motivate and reward the Named Executives in connection with ongoing management of development projects;

Motivate and reward the Named Executives in connection with negotiations of strategic partnerships;

Through incentive awards based on yearly performance as well as equity awards that vest over a period of time, encourage Named Executives to balance the management of long-term risks and long-term performance with yearly performance; and

Ensure favorable tax treatment for us for such compensation.

Certain Factors in Determining Compensation

Employment Agreements. We have entered into employment agreements with each of our Named Executives, including a binding term sheet, in April 2009, which sets forth the principal terms of a new employment agreement with Mr. Murren, our Chief Executive Officer as of December 2008. The Compensation Committee believes these agreements are necessary to retain and ensure the continued availability of the Named Executives to develop and implement our strategic plans throughout the world including, for example, developing CityCenter on the Las Vegas Strip and MGM MIRAGE Hospitality LLC's development projects. The employment agreements determine the annual

base salaries and severance benefits for the Named Executives, in each case, as further described below.

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Annual Performance-Based Incentive Plan for Executive Officers. As further described below, the Compensation Committee adopts performance goals on an annual basis, including specific performance objectives, and establishes computation formulae or methods for determining each participant's non-equity incentive award for that year under the Incentive Plan. Pursuant to the terms of his employment agreement, Mr. Murren has consultation rights with respect to determining the performance criteria and target annual bonus under our Annual Performance-Based Incentive Plan for Executive Officers. For fiscal 2009, Messrs. Murren, Baldwin, and Jacobs will be the sole Named Executives eligible to participate in the Incentive Plan. The Compensation Committee has no discretion to increase the amount of any participant's award as determined by the formula, but even if the performance goals are met for any particular year the Compensation Committee may reduce or eliminate any participant's award if it determines, in its sole and absolute discretion, that such a reduction or elimination is appropriate with respect to the participant's performance or any other factors material to the goals, purposes, and administration of the Incentive Plan. In any case, no award to any individual under the plan may exceed \$8,000,000 in any given year.

In determining the threshold target and maximum non-equity incentive awards that should be paid to the participants, the Compensation Committee reviews our most recent results of operations, our performance in recent years relative to the corresponding performance measures, the participants' individual performance, the compensation paid to the participants in the prior years, and, to a lesser extent, the compensation of executive officers at companies within the peer group described below.

In addition, the Compensation Committee also considers the tax benefits of allocating a certain amount of total compensation as performance-based compensation rather than as base salary. Section 162(m) of the Internal Revenue Code disallows a tax deduction to public companies for compensation over \$1 million paid to such company's chief executive officer and its three other highest paid executive officers other than its chief financial officer. Qualifying performance-based compensation is not subject to the deduction limitation if certain requirements are met. Therefore, the Compensation Committee has determined that a majority of the potential compensation payable to the participants on an annual basis should be based on the achievement of qualified performance-based targets to ensure that, whenever possible, such compensation is tax deductible to us.

Targeted Overall Compensation and Peer Group Review. In order to assess whether our compensation to the executive officers is fair, reasonable and competitive, the Compensation Committee periodically gathers data regarding compensation practices of other public and private companies in our industry. The relevant information for members of the peer group are gathered from publicly-available proxy data, which data generally reflects only the compensation paid by these companies in years prior to their disclosure. In determining the compensation for 2008, the Compensation Committee reviewed the compensation data of the following companies:

Boyd Gaming Corporation

Harrah's Entertainment Inc.

Hilton Hotels Corporation

International Game Technology

Las Vegas Sands Corporation

Marriott International, Inc.

Starwood Hotels & Resorts Worldwide, Inc.

Wynn Resorts, Limited

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When reviewing the compensation of the Named Executives of the peer group, the Compensation Committee compared the market overlap, results of operations, stockholders' equity and market capitalization of the peer group with ours. In addition, the Compensation Committee also reviewed the total compensation, as well as the amount and type of each element of such compensation, of the executive officers of the peer group with the compensation of our executive officers with comparable duties and responsibilities. The purpose of reviewing such data regarding the peer group was for the Compensation Committee to determine whether the compensation paid to the executive officers was generally competitive with that paid by the peer group companies to their executive officers. Because we strive to retain the Named Executives in our highly competitive industry, and because the Compensation Committee believes that we require the Named Executives to execute on average more complex and geographically diverse business operations than those required of the Named Executives of many of the other companies in the peer group, the Compensation Committee believes that the Named Executives should generally be compensated at the higher end of the range of the compensation paid by the peer group.

Although the Compensation Committee believes that it is important to periodically review the compensation policies of the peer group, the Compensation Committee also believes that each company must adopt a compensation policy that incorporates the business objectives and culture of such company. Therefore, while the Compensation Committee reviews the data, including the total and type of compensation paid to executive officers, pertaining to the peer group companies to ensure that the compensation paid to the executive officers remains competitive, the Compensation Committee does not annually adjust the compensation paid to the executive officers based on the compensation policies or activities of the companies in the peer group.

Elements of Compensation

Base Annual Compensation. The Named Executives' respective employment agreements provide for annual base salaries as described under Certain Factors in Determining Compensation Employment Agreements and Summary Compensation Table. In connection with finalizing the employment agreements (including any amendments to such agreements) with the Named Executives, including the binding term sheet setting forth the terms of Mr. Murren's new employment agreement, the Compensation Committee approved the annual base salaries set forth in such agreements that it believed would be required to retain the services of the Named Executives for the term of the employment agreements and to reflect the minimum annual compensation that is appropriate for each of them based on their past and anticipated contributions to our business. In addition, Mr. Murren's annual base salary was increased to \$2,000,000 from \$1,500,000 because of the additional duties and responsibilities attendant to his appointment as Chief Executive Officer and the value and importance of the service that he will provide in the future.

Non-Equity Incentive Awards. Non-equity incentive awards under the Incentive Plan, when appropriate, are determined by the Compensation Committee after the end of the fiscal year. Only individuals who (a) at any time during the taxable year, served as the chief executive officer or acted in such capacity, or (b) is among the four highest compensated executive officers and are designated by the Compensation Committee may participate in the Incentive Plan.

Within 90 days of the beginning of each calendar year, the Compensation Committee establishes performance goals, including specific performance objectives based on our financial performance targets approved by the Board and computation formulae or methods for determining each participant's non-equity incentive award under the Incentive Plan for that year. For 2008, the Compensation Committee established performance objectives and a non-equity incentive award pool based on a percentage of pretax net income. For 2009, the Compensation Committee established performance objectives based on a percentage of EBITDA. As defined by the Compensation Committee for 2008, pretax net income consisted of consolidated net income before taxes, less nonrecurring items, including gains or losses from the sale of discontinued operations and certain asset write-downs. The Compensation Committee also considered whether the budget for the previous year was reasonable and whether our performance expectations had been achieved. The Compensation Committee then set the minimum performance measure to be achieved in order for non-equity incentive awards to be available under the Incentive Plan and, with respect to 2008, the percentage of the pool payable to each participant if the target performance measure is met or, with respect to 2009, the target non-equity incentive grants to be earned.

For 2008, the Compensation Committee determined that, in order for any grant to be earned under the plan, the minimum performance measure during 2008 must have been at least \$830,520,000 (70% of the projected pretax net

income). Pursuant to the Incentive Plan, at or after the end of each calendar year, the Compensation Committee is required to certify in writing whether the pre-established performance goals and objectives were satisfied for that year. For 2008, the Compensation Committee performed this step in March 2009. In 2008, the minimum performance measure set by the Compensation Committee was not met. Based on that factor and pursuant to the Incentive Plan, no non-equity incentive awards were awarded under the Incentive Plan. In addition, no discretionary non-equity bonuses were awarded to the Named Executives for 2008.

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For 2009, the Compensation Committee has determined that, in order for any annual non-equity incentive award to be earned under the Incentive Plan, the minimum EBITDA during 2009 must be at least 70% of the targeted EBITDA for 2009 discussed with management and approved by the Compensation Committee solely for the purposes of the annual non-equity incentive award in 2009 under the plan. The target EBITDA for such purpose was determined based on the Compensation Committee's assessment of our projected financial performance for 2009 in light of the general economic conditions and other factors beyond the control of the plan participants. As defined by the Compensation Committee for 2009, EBITDA will consist of consolidated net income before extraordinary items, taxes, non-operating income or expenses, depreciation and amortization; as adjusted for nonrecurring items, including gains or losses from the sale of operating properties, gains or losses on insurance proceeds related to asset claims, EBITDA attributable to operations of assets for the period prior to their disposal, certain asset write-downs or write-ups, gains or losses from acquisition, sale, disposition or exchange of our debt securities, and certain legal and advisory fees. In determining the percentage of the targeted EBITDA that is achieved, targeted EBITDA will be adjusted downward to reflect any of our operations disposed of in 2009 (excluding Treasure Island), with the targeted EBITDA reduced by an amount equal to 75% of the budgeted EBITDA for any such operations (other than operations at Treasure Island) disposed of during 2009. In the event that the 70% of the targeted EBITDA is achieved, the participants will be eligible to receive 50% of their target award. Thereafter, the awards will increase on a sliding scale basis so that if, for example, 85% of the targeted EBITDA is achieved, the participants will be eligible to receive 75% of their target award, if 100% of the targeted EBITDA is achieved, the participants will be eligible to receive 100% of their target award, and if 110% of the targeted EBITDA is achieved, the participant will be eligible to receive 125% of their target award; provided, however, that the maximum grant that can be earned under the plan in 2009 is 150% of the target award. The Compensation Committee set the target non-equity incentive award under the plan for 2009 as \$3.0 million, \$2.4 million, and \$1.65 million for Messrs. Murren, Baldwin, and Jacobs, respectively. In determining the minimum performance measure and the target non-equity incentive award for 2009, the Compensation Committee considered the EBITDA projected by management for 2009 in relation to the prior year's performance, general economic conditions, the competitiveness of our executive compensation within the industry, and the anticipated value of the services to be provided by the participants. Based on the foregoing, the Compensation Committee believed, at the time the performance measure was set for 2009, that the performance goals were attainable.

In addition, pursuant to his employment agreement, Mr. Murren will be eligible to receive additional cash awards of up to \$4.25 million (Additional Cash Awards) to be awarded pursuant to the Incentive Plan, with such Additional Cash Awards to be vested 25% each on four six-month periods starting on September 30, 2009. Such Additional Cash Awards will be in addition to any annual awards made to Mr. Murren under the Incentive Plan. In the event that any Additional Cash Awards vest and are earned, such Additional Cash Awards, unlike the awards made under the Incentive Plan, will not be subject to reduction at the discretion of the Compensation Committee. The Compensation Committee determined that, because the awards under the Incentive Plan may be reduced or eliminated at the discretion of the Compensation Committee, ensuring that a portion of Mr. Murren's cash compensation that is dependent on our performance not be subject to reduction at the discretion of the Compensation Committee was important to assist the Company's efforts in continuing to retain the services of Mr. Murren and to further align the interest of our Chief Executive Officer with those of our stockholders. Each vested portion of Additional Cash Awards will be deemed earned upon the EBITDA of the Company for the corresponding six-month period being equal to or higher than the target EBITDA set by the Compensation Committee for the purposes of such Additional Cash Award. Any Additional Cash Award that is not earned upon vesting will be deemed earned on any subsequent vesting date in the event that the average EBITDA for the six-month periods beginning on April 1, 2009 and ending on such subsequent vesting date is equal to or greater than such target EBITDA for the corresponding six-month period. The Additional Cash Awards that are vested and earned will become payable on March 31, 2011 and must be paid within 90 days thereafter; provided, however, in the event of a termination by the Company without cause, termination by Mr. Murren with cause, or termination within 90 days after a change of control, the Additional Cash Awards will cease to vest and (i) Additional Cash Awards vested and earned at the time of termination will be paid within 90 days of such termination, and (ii) Additional Cash Awards vested at the time of termination but for which the performance criteria are met after the termination date will be paid within 90 days of the date of satisfaction of such performance

criteria. The target EBITDA for the Additional Cash Awards was determined based on a performance standard that the Compensation Committee believed would be attainable. Because Additional Cash Awards will vest over a period of two years starting on September 30, 2009 while the annual non-equity incentive awards are earned on a yearly basis and because the Additional Cash Awards are intended to provide an element of compensation in addition to the annual non-equity incentive award, the performance measure for the Additional Cash Awards during any period may be lower than the corresponding performance measures for the annual non-equity incentive award during the same period.

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In addition, the Compensation Committee has the ability to grant bonus awards outside of the Incentive Plan in any amount that the Compensation Committee deems appropriate; provided, however, that any such bonus payments may not be entitled to the same beneficial tax treatment provided with respect to the non-equity incentive awards under the Incentive Plan. For example, in 2005, the Compensation Committee approved a bonus to Mr. Jacobs of \$700,000 in connection with his work on MGM Grand Macau. Half of his bonus was paid in 2005 when we entered into the agreement to develop MGM Grand Macau, and the remainder was paid in January 2008 after MGM Grand Macau opened for business in December 2007.

Equity-Based Compensation. The Compensation Committee grants equity-based compensation under the MGM MIRAGE 2005 Omnibus Incentive Plan, as amended (the Omnibus Incentive Plan), which allows for the issuance of various forms of equity-based compensation, such as stock options, SARs, restricted stock, and RSUs.

The Compensation Committee administers all aspects of the Omnibus Incentive Plan and is the only authorized body that can grant equity-based awards. When determining the type of equity award to be granted, the Compensation Committee makes its determination based on whether we should award grants that would have some realizable value irrespective of our performance (e.g., restricted stock or RSUs versus stock options or SARs), and the potential dilution to the stockholders. In order to assess the potential dilution to our stockholders, the Compensation Committee may take into account the total outstanding but unexercised equity awards when determining the total number of shares that would be subject to any new equity award. Furthermore, the Compensation Committee may consider the number of shares that remain subject to outstanding but unvested equity awards in determining whether any additional grants of equity awards should be made. However, the Compensation Committee does not take into account an employee's holdings of vested but unexercised awards in determining additional awards to such employee, including Named Executives. The Compensation Committee believes that calibrating future awards based on the holdings of previously vested but unexercised awards would create incentives for employees to exercise or sell shares subject to their prior grants. The Compensation Committee also does not take into account the value realized by an employee during a fiscal year from the exercise of equity awards granted during a prior year. The Compensation Committee believes that value realized by an employee from the exercise of any such equity award relates to services provided during the year of the grant or of vesting and not necessarily during the year of exercise. In addition, the equity awards are designed to vest over a period of time to encourage the Named Executives to balance our short-term performance with the management of our long-term risks and long-term performance.

Prior to the adoption in October 2008 of the new equity-based compensation policy by the Compensation Committee for awards under the Omnibus Incentive Plan (the Annual Program), the Compensation Committee granted equity-based awards in connection with milestone events, such as in connection with a new hire, employment contract renewal, significant promotions, and significant corporate transactions. The Compensation Committee may continue to grant, in exceptional circumstances, equity-based awards outside of the Annual Program. For example, concurrently with the execution of the term sheet for his new employment agreement, Mr. Murren was awarded 2,000,000 SARs under the Omnibus Incentive Plan, which SARs will expire seven years from the date of the grant. The Compensation Committee determined that, in light of Mr. Murren's promotion during 2008 to the title of the Chairman of the Board and Chief Executive Officer and the resulting responsibility that have been assumed and will continue to be assumed by Mr. Murren, a significant equity-based award in connection with his new employment agreement was necessary to sufficiently compensate Mr. Murren, to assist the Company in the continued retention of his services, and to align Mr. Murren's interest with those of our stockholders. The grant was designed to ensure that a significant portion of the grant would serve primarily to assist us in continuing to retain Mr. Murren's services while any compensation from the remainder of the grant will be realized only upon material increase in the value of our stockholders' ownership in our shares. 1,000,000 of the SARs will vest over a period of four years, with 25% vesting each year. 500,000 of the SARs will vest over a period of four years, with 25% vesting each year; provided that none of such SARs will be deemed vested unless the average closing price of our common stock is at least \$8.00 during any 20 consecutive days period prior to the expiration of the employment agreement or, if earlier terminated, prior to the end of any vesting of SARs following such termination. The remaining 500,000 of the SARs will vest over a period of four years, with 25% vesting each year; provided that none of such SARs will be deemed vested unless the average closing price of our common stock is at least \$17.00 during any 20 consecutive trading days prior to the expiration of

the employment agreement or, if earlier terminated, prior to the end of any vesting of such SARs following such termination. As a result of such grant, Mr. Murren will not be eligible to receive additional awards of SARs under the terms of the Omnibus Incentive Plan during 2009. In addition, Mr. Murren's participation in the Annual Program in 2010 will be at the discretion of the Compensation Committee.

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Although, in exceptional circumstances, the Compensation Committee may grant equity-based compensation outside the Annual Program, equity-based compensation to our employees, including the Named Executives, will be granted primarily under the Annual Program. The Compensation Committee adopted the Annual Program to reduce unintended discrepancy in equity-based compensation realized resulting from varying exercise price of SARs and stock options, to provide for similar vesting schedule for employees receiving the same type of awards during any given year, and to further align the interest of certain executives of the Company, including Named Executives, with those of the stockholders by including a performance-based component of equity-based awards to such executives. Pursuant to the Annual Program, existing employees with annual base salary equal to or greater than \$130,000 (unless excluded on a case-by-case basis by the Compensation Committee) or any other existing employee approved by the Compensation Committee on a case-by-case basis will be eligible to receive equity-based awards annually on the anniversary of the Annual Program's adoption.

In connection with the Annual Program, the Compensation Committee reserves on an annual basis a pool of equity-awards comprised of SARs and RSUs based on a number of SARs-equivalent awards. In 2008, each grant representing ten SARs-equivalent units was made in the form of ten SARs or, subject to adjustments described below, three RSUs. The SARs-equivalent ratio may change or remain the same as determined by the Compensation Committee. With respect to employees with annual base salaries equal to or greater than \$250,000, including the Named Executives, 75% of the SARs-equivalent awards will be made in the form of SARs and, subject to adjustment described below, 25% in the form of RSUs. With respect to employees with annual base salaries below \$250,000, 50% of the SARs-equivalent awards will be made in the form of SARs and 50% in the form of RSUs. In addition, starting with equity-based awards granted in 2009, the number of RSUs actually granted to officers of MGM MIRAGE (including the Named Executives) will be adjustable based on our financial performance (the Performance Based Equity Awards). Such financial performance target for the Performance Based Equity Awards awarded in 2008 was determined based on a performance standard that the Compensation Committee believed would be attainable. Because the recipients of the Performance Based Equity Awards include a larger group of officers than the eligible participants for the annual non-equity incentive awards, the financial performance measure for the Performance Based Equity Awards during any period may be lower than the corresponding performance measures for the annual non-equity incentive award during the same period.

In connection with the establishment of the annual SARs-equivalent pool for the corresponding year, the Compensation Committee establishes performance goals, including specific performance objectives based on our financial performance targets approved by the Board of Directors, and computation formulae or methods for determining adjustment factors with respect to RSUs to be granted to such officers of MGM MIRAGE for that year. For 2008, the Compensation Committee established performance objectives for RSUs applicable to the officers on a percentage of pretax net income. The Compensation Committee determined that, in order for any RSUs awarded to the officers of MGM MIRAGE in 2008 to vest, the minimum performance measure for the six-months period ending on June 30, 2009 must be at least 50% of the projected pretax net income for the same period. The Compensation Committee has not yet established the minimum performance standards and the applicable adjustment factor for RSUs which may be awarded in 2009.

In connection with any award of stock options or SARs, the exercise price for such stock options or SARs is established as the closing price of our common stock on the New York Stock Exchange (the Exchange) on the day of the Compensation Committee meeting in which such award is approved. With respect to a grant of an equity award to a new employee, although the Compensation Committee may pre-approve the terms of employment including the proposed equity compensation offered to a potential new employee prior to the acceptance or commencement of the employment, such grant of stock options or SARs made in connection with such new employment occurs at the next scheduled meeting of the Compensation Committee following the commencement of such employment, and the exercise price of stock options or SARs granted in connection with such employment is established as the closing price of our common stock on the Exchange on the date the Compensation Committee reaffirms such grant. With respect to equity awards granted in connection with the approval by the Compensation Committee of a new or revised employment agreement, such grants are approved and awarded at the regularly scheduled or special meeting of the Compensation Committee during which such employment agreement is approved. The Compensation Committee does

not time the issuance or grant of any equity-based awards with the release of material, non-public information. In addition, we do not time the release of material non-public information for the purpose of affecting the value of equity awards. See Severance Benefits and Change of Control below for a discussion of the disposition of equity awards held by Named Executives upon termination of employment.

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The Compensation Committee awarded equity-based compensation to the Named Executives in 2008 as follows: RSUs to Messrs. Murren, D Arrigo, Baldwin, Jacobs, Manzini and Lanni in the amount of 18,750; 3,000; 18,750; 11,250; 3,000; and 26,250, respectively. For these RSUs to vest ratably over four years, our pre-tax income for the six months ending on June 30 of the year following the date of grant must be at least 50% of the pre-tax income for the same period as determined in the budget adopted by the Board of Directors for such period, excluding certain predetermined items.

SARs with an exercise price of \$19.00 to Messrs. Murren, D Arrigo, Baldwin, Jacobs, Manzini and Lanni in the amount of 187,500; 30,000; 187,500; 112,500; 30,000; and 262,500, respectively. These SARS vest ratably over four years.

The Compensation Committee believes that these awards of equity-based compensation and exchange of previously out-of-the-money stock options and SARs described below, along with the grants of equity-based compensation in prior years, were sufficient to align the interests of the Named Executives with those of our stockholders.

Exchange Offer. In September 2008, we offered certain eligible employees an opportunity to exchange certain outstanding stock options and SARs for RSUs which provide a right to receive one share of common stock for each RSU. The exchange offer expired in October 2008. We consummated the exchange offer because the exercise prices of many of the outstanding options and SARs were significantly in excess of the current trading price of our common stock. The exchange offer was designed to increase the retention and motivational value of awards granted under the Omnibus Incentive Plan for many of our employees. In addition, the Compensation Committee determined that by exchanging options and SARs for RSUs, we will reduce the number of shares of common stock subject to equity awards, thereby reducing potential dilution to stockholders in the event of significant increases in the value of our common stock. The number of RSUs granted in the exchange offer was based on an exchange ratio for each grant determined by the Compensation Committee. The total number of stock options and SARs eligible to be exchanged was approximately 4.7 million, of which approximately 4.2 million were exchanged for a total of approximately 0.7 million RSUs. The RSUs granted in the exchange offer will vest on the same dates that the underlying stock options and SARs would have otherwise vested, except that no RSUs will vest prior to July 1, 2009. All exchanged stock options and SARs which have vested, or would have vested, before July 1, 2009 were replaced by RSUs that vest on July 1, 2009. Messrs. D Arrigo and Manzini received 17,356 and 31,431 RSUs, respectively, in connection with the exchange offer.

Retirement Benefits. As part of our overall benefits program, we have provided nonqualified deferred compensation plans (the DCP) and supplemental executive retirement plans (the SERP) in addition to a traditional 401(k) plan. These programs have been designed to provide a measure of long-term security to the participants and to provide an additional incentive for the participants to remain with us.

In December 2007, the Compensation Committee determined that commencing January 1, 2008, no new persons would be added as participants in the SERP. In November 2008, the Compensation Committee approved amendments to the DCP and SERP which suspended our matching contributions to the DCP for periods after January 1, 2009 and our contributions to the SERP for periods after October 1, 2008, as part of our ongoing cost savings measures. In addition, we terminated certain predecessor DCP and SERP plans during 2008. Payments made during 2008 pursuant to the terminated plans to Messrs. Murren, D Arrigo, Baldwin, Jacobs, and Lanni were \$3,118,009, \$76,627, \$3,272,773, \$1,725,104, and \$4,516,595, respectively. The amendments also allowed participants to make one-time elections to receive, without penalty, all or a portion of their vested account balances under such plans in a lump sum payment within 60 days of January 1, 2009, consistent with certain transitional relief provided by the Internal Revenue Service pursuant to rules governing nonqualified deferred compensation. Payments made during 2009 pursuant to these elections to Messrs. Murren, D Arrigo, Baldwin, Jacobs, and Lanni were \$3,540,708, \$499,760, \$1,455,165, \$2,915,567, and \$5,716,746, respectively.

Under the DCP, participants are permitted to defer any portion of their salary or non-equity incentive awards on a pre-tax basis and accumulate tax-deferred earnings on their account. Until January 1, 2009, we matched up to 4% of the participants' base salary, less any amount contributed to the participants' 401(k) plan, which contribution vests

ratably over a three-year period. The contributions made by participants vest immediately. All of the Named Executives are participants in the DCP. In 2008, we contributed the maximum amount of \$53,250, \$13,250, \$53,250, \$21,250, \$20,000, and \$73,250 on behalf of Messrs. Murren, D Arrigo, Baldwin, Jacobs, Manzini and Lanni, respectively, which contributions reflect 4% of the corresponding executive officer's salary less a contribution of \$6,900 made to each of the participants' 401(k) plans.

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Under the SERP, which is a nonqualified plan, we made, until October 1, 2008, an annual contribution that is estimated to provide a retirement benefit up to 65% of the final five-year average annual salary of the participant. However, a participant is not guaranteed any specific amount of benefits upon retirement, but is entitled to only such amount of the vested contributions and earnings on such contributions available in such participant's account at the time of retirement. All contributions to the SERP are made by us. A portion of such contributions vest over three years of participation in the SERP. The remainder of such contributions vest over the later of five years of participation in the SERP and ten years of continuous service. All of the Named Executives are participants in the SERP. In 2008, we contributed \$230,124, \$63,928, \$374,904, \$151,018, \$75,241 and \$716,956 to the SERP accounts of Messrs. Murren, D Arrigo, Baldwin, Jacobs, Manzini and Lanni, respectively.

Perquisites and Other Benefits. As an owner and operator of full-service hotels, we are able to provide many perquisites relating to hotel and related services to the Named Executives at little or no additional cost to us. To the extent such products or services are for personal use, the Named Executives reimburse us for the cost of such product or service. We currently provide access to the fitness facilities located in the hotel in which a Named Executive's office is located and offer certain products and services from our hotels at prices equal to our cost for such products and services. In addition, for our convenience and the convenience of our executive officers, we provide complimentary meals for business purposes at our restaurants to the Named Executives.

Pursuant to his employment agreement, Mr. Lanni could request, until his retirement in November 2008, the use of aircraft owned by us for commuting between Nevada and California. Additionally, Mr. Lanni could request the use of such aircraft for up to three personal round trips in any calendar year, subject to availability. In 2008, Mr. Lanni reimbursed us in the amount of \$232,796 for a portion of the costs associated with such flights. The unreimbursed portion of aggregate incremental cost associated with Mr. Lanni's aircraft usage was \$469,396, which consisted of \$340,917 for traveling between Nevada and California and \$128,479 for other personal usage.

Pursuant to his employment agreement and subject to certain conditions, Mr. Murren is permitted to use aircraft owned by us for business purposes. Additionally, Mr. Murren could request the use of such aircraft for up to two personal round trips in any calendar year, subject to availability. In 2008, Mr. Murren reimbursed us in the amount of \$68,754 for a portion of the cost associated with personal flights. The unreimbursed portion of aggregate incremental costs associated with Mr. Murren's aircraft usage was \$106,843.

In addition, the aggregate amount of premiums paid for group life insurance and long term disability insurance on behalf of, and reimbursement for medical expenses and associated taxes to, Messrs. Murren, D Arrigo, Baldwin, Jacobs, Manzini and Lanni in 2008 was \$44,922, \$32,453, \$25,834, \$64,352, \$25,081, and \$63,207, respectively. Instead of providing medical coverage through a third-party insurance company, we reimburse the Named Executives for medical expenses incurred by them and their dependents for covered procedures. In addition, pursuant to his employment agreement, Mr. Murren will receive an annual \$100,000 payment to be applied to his life insurance premiums.

Severance Benefits and Change of Control. In order to assist us in retaining the services of the executive officers, we have agreed to provide them with severance benefits in the event that their employment is terminated without cause (as defined in the respective employment agreements) or in the event of a change of control (as defined in the respective employment agreements). The Compensation Committee believes the services of the Named Executives are extremely marketable, and that it is therefore necessary to provide assurances to the Named Executives that we will not terminate their employment without cause and without providing a certain level of severance benefits. When determining the level of the severance benefits to be offered in the employment agreements, the Compensation Committee considered the period of time it would normally require an executive officer to find comparable employment. Pursuant to the terms of Mr. Lanni's employment agreement, upon his resignation, which occurred in November 2008, Mr. Lanni was entitled to receive his base salary through the date of such resignation and receive all other benefits vested as of the date of his resignation, including the ability to exercise all equity awards that had vested as of such date. The details of the specific severance benefits available under various termination or change of control scenarios for the other Named Executives are discussed in the Potential Payments upon termination or Change-in-Control section below, along with an estimate of the amounts to be paid to each Named Executive under each scenario.

Table of Contents**Summary Compensation Table**

The following table summarizes the compensation of the Named Executives for the years ended December 31, 2008, 2007 and 2006.

Name and title (A)	Year	Salary (B)	Bonus (C)	Stock Awards (D)	Option Awards (E)	Stock Appreciation Rights and Non-Equity Incentive Compensation (F)	Change in Pension Value and Non-qualified Deferred Compensation (G)	All Other Compensation	Total
James J. Murren Chairman, Chief Executive Officer, President and Chief Operating Officer	2008	\$ 1,500,000	\$	\$ 20,982	\$ 1,103,583	\$	\$	\$ 442,039	\$ 3,066,604
	2007	1,500,000			1,877,844	4,739,681		351,269	8,468,794
	2006	1,500,000		275,229	3,296,472	4,896,493		352,321	10,320,515
Daniel J. D Arrigo Executive Vice President and Chief Financial Officer	2008	\$ 500,000	\$	\$ 181,834	\$ 795,376	\$	\$	\$ 116,531	\$ 1,593,741
	2007	390,385	390,000		555,793			96,434	1,432,612
Robert H. Baldwin Chief Design and Construction Officer	2008	\$ 1,500,000	\$	\$ 20,982	\$ 969,862	\$	\$	\$ 460,888	\$ 2,951,732
	2007	1,500,000			1,691,250	4,739,681		474,552	8,405,483
	2006	1,500,000		275,229	2,997,698	4,896,493		474,786	10,144,206
Gary N. Jacobs Executive Vice President, General Counsel and Secretary	2008	\$ 700,000	\$	\$ 12,589	\$ 633,027	\$	\$	\$ 245,339	\$ 1,590,955
	2007	700,000	350,000		1,077,770	2,210,332		235,472	4,573,574
	2006	700,000		91,743	1,894,136	2,283,461		266,570	5,235,910
Aldo Manzini	2008	\$ 500,000	\$	\$ 177,398	\$ 638,887	\$	\$	\$ 127	