

# TAKING COMPLIANCE TO THE NEXT LEVEL THE NEW MGM MIRAGE COMPLIANCE PLAN

By Bryan L. Wright,  
Senior Vice President Assistant General  
Counsel  
MGM MIRAGE

MGM MIRAGE has historically embraced an effective regulatory compliance program, recognizing that the company's preeminent stature within the gaming industry is based in part upon the good standing in which the company's regulators hold the company. In furtherance of this philosophy, in 1999, prior to the time that most gaming companies recognized the benefits of a regulatory compliance program, MGM MIRAGE created a Compliance Committee and voluntarily formalized its existing compliance procedures. At that time, the Compliance Committee was comprised of an independent chairperson as well as members of the company's Legal, Corporate Security and Accounting/Finance Departments. In addition, members of the company's Internal Audit and International Compliance Departments and the company's external gaming counsel regularly attended Compliance Committee meetings.

The company has devoted substantial financial and personnel resources to its compliance efforts. In addition to utilizing legal, accounting and compliance staffs at the company's various gaming resort properties, the company established a background investigation department within the Corporate Security Department. This investigative staff is currently comprised of over 25 persons with law enforcement backgrounds who conduct background investigations of the company's employees, vendors, contractors, consultants and joint venture partners. The Compliance Committee, in delegating responsibility for due diligence investigations to the company's Corporate Security Department, established Probity Review

Standards containing detailed guidelines to regulate performance of due diligence investigations and reports.

Following mergers of the company with Mirage Resorts, Incorporated in May 2000 and with Mandalay Resort Group in April 2005, the company undertook a review of its compliance programs and made enhancements to its programs to reflect the size and operations of the combined companies. As MGM MIRAGE has expanded its operations both nationally and internationally, the company has continued to re-evaluate its compliance programs, making further enhancements to ensure compliance with a myriad of gaming laws, regulations and policies in new and evolving regulatory environments.

In January 2007, MGM MIRAGE announced a significant change to its Compliance Plan, creating a first-of-its kind regulatory compliance committee comprised entirely of members who are independent of the company. The three-member Compliance Committee is constituted by Bill Urga, a former Nevada Gaming Commission member; Richard Morgan, the former dean of the University of Nevada Las Vegas - William S. Boyd School of Law; and Ellen Knowlton, the retired Special Agent In-Charge of the Las Vegas office of the F.B.I.

The Audit Committee of the MGM MIRAGE

THE MIRAGE





Board of Directors has taken on an enhanced role under the Company's new Compliance Plan. Pursuant to the corporate governance standards of the New York Stock Exchange, all of the company's Audit Committee members are independent members of the company's Board of Directors. The Audit Committee selects the members of the Compliance Committee, subject to approval by the Nevada Gaming Control Board, and selects the chairperson of the Compliance Committee. The position of chairperson of the Compliance Committee will be alternated on an annual basis, and Compliance Committee members all report directly to the Audit Committee. Members of the Compliance Committee serve for terms of up to three years, but they are permitted to serve successive terms.

All revisions to the Compliance Plan must be approved by the Audit Committee.

In addition to establishing an independent Compliance Committee, MGM MIRAGE took the additional step of hiring a full-time Compliance Officer who is independent of the company's management. The Compliance Officer is selected by and reports to the Compliance Committee. The Compliance Committee reviews the performance of the company's Compliance Officer and establishes the Compliance Officer's annual compensation. The Compliance Committee interviewed several candidates and selected James Dumond, a C.P.A. with an extensive background in internal audit and gaming regulatory compliance, as the Company's Vice President of Compliance. The Compliance Officer oversees the day-to-day operations of the company's compliance programs and serves as a liaison between the Compliance Committee and the company's management and regulators.

As was the case with all prior versions of the company's Compliance Plan, the new Compliance Plan continues to require the Compliance Committee to review relationships with the company's employees, vendors, contractors, consultants and joint venture partners. However, the new Compliance Plan provides enhanced guidelines and procedures for review of such relationships by the Compliance Officer and the Compliance Committee.

With respect to material business relationships, such as joint venture operations, the new Compliance Plan and Probity Review Standards require that the Corporate Security Department conduct a public records review of the proposed business partner or partners prior to entering into a non-binding letter of intent or memorandum of understanding. In addition, prior to entering into a definitive agreement, such as a material joint venture agreement, management agreement, lease or foreign gaming agreement, the Corporate Security Department must conduct an expanded probity review background



investigation as required by the Probity Review Standards.

In each of the foregoing cases, once the Corporate Security Department completes its public records review and expanded review, it provides a detailed report, including all backup, to the Compliance Officer. The Compliance Officer then makes an independent assessment of the results of the investigation by the



Corporate Security Department. Corporate Security and the Compliance Officer will each either: (i) object, (ii) not object, or (iii) indicate caution in entering into the relationship.

In each case, if neither the Corporate Security Department nor the Compliance Officer object to the proposed relationship or indicate caution in entering into such relationship, then the company is permitted to enter into the non-binding agreement or the definitive agreement, respectively. If, however, either the Corporate Security Department or the Compliance Officer objects or indicates caution, then the business sponsor of the relationship must determine whether he or she wishes to further pursue the relationship. If a decision is made to further pursue the relationship, then a full report is given to the company's Chief Executive Officer and General Counsel who must jointly decide whether or not to pursue the relationship.

In the case of non-binding agreements, if both the Chief Executive Officer and General Counsel wish to further pursue the relationship, the company is authorized to enter into the non-binding agreement. However, the company may not enter into a definitive agreement without the requisite approval of the Compliance Committee or the Board of

Directors, as outlined below.

Specifically, in an instance where the Corporate Security Department or the Compliance Officer has objected or indicated caution, if both the Chief Executive Officer and General Counsel wish to further pursue the relationship, the matter is then reviewed and evaluated by the Compliance Committee. If the Compliance Committee is unanimous in its decision not to object or indicate caution, the company may enter into the definitive agreement. If one or more members of the Compliance Committee objects or indicates caution, the company will not enter into the definitive agreement unless both the Chief Executive Officer and General Counsel agree to submit the matter to the Company's Board of Directors, and the Board of Directors approves the transaction. The Chief Executive Officer and General Counsel are not required to submit any matter to the Board of Directors, and if they choose not to do so, the company will not enter into the transaction.

The new Compliance Plan contains a similar process for relationships with key employees and vendors, including a probity review background investigation by the Corporate Security Department. However, because of the sheer volume of investigations for these categories of review, the Compliance Officer does not independently evaluate the recommendations of the Corporate Security Department. In these cases, if Corporate Security objects or indicates caution and the company wishes to have the matter further reviewed, the Compliance Officer, Chief Executive Officer and General



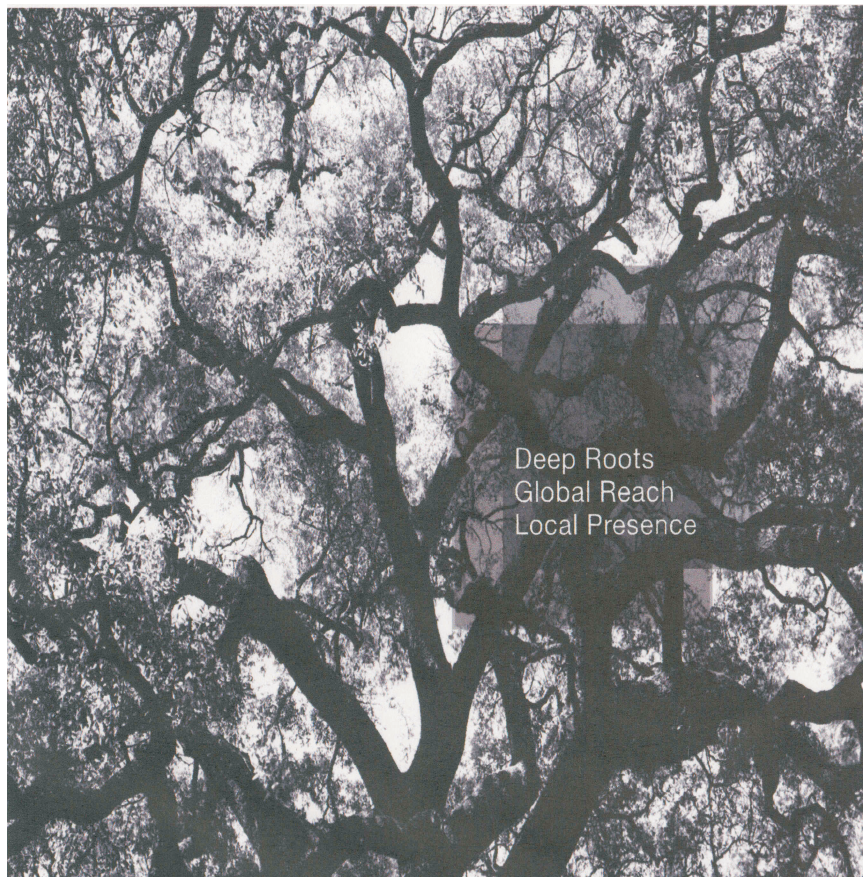


Counsel all receive a summary of the report. The Chief Executive Officer and General Counsel then determine whether to request that the matter be reviewed by the Compliance Committee. If the Compliance Committee does not object or indicate caution by the simple majority of its members, the company may enter into the transaction or relationship. If the Compliance Committee objects or indicates caution, the company will not enter into the transaction or relationship unless the Chief Executive Officer and General Counsel agree to submit the matter to the company's Management Committee, and the Management Committee approves the transaction or relationship.

In cases in which a material transaction or a relationship with a key employee or vendor is not required to be reviewed by the Compliance Committee, the Compliance Officer provides a quarterly report to the Compliance Committee of all such transactions and relationships at the next

regularly scheduled meeting of the Compliance Committee following the date of the transaction or relationship. Also, the company's Probity Review Standards provide that all of the background investigation reports and files are available for review not only by the members of the Compliance Committee, but also by the members of the company's Board of Directors and Audit Committee.

The gaming industry is benefitted by having strong compliance programs that serve to minimize the possibility of violations of gaming laws, regulations and policies. The establishment of an independent Compliance Committee that reports to an independent Audit Committee and the development of improved probity review procedures will further enhance our ability to comply with such laws, regulations and policies. **NGL**



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