

# MGM Mirage's CEO to „Dramatically“ Cut Debt, May Sell Casinos

(Bloomberg) – MGM Mirage's new chief executive officer, James Murren, said he plans to „dramatically“ reduce debt and will consider further casino sales as he overhauls the company's balance sheet.

Murren plans to refinance maturing bonds as bank lending resumes and markets open up. MGM Mirage may buy back some notes trading at discounted levels, either through market purchases or tender offers, he said in an interview yesterday. Nothing is off the table, said Murren, 47, who also was named chairman.

„We're going to pull every lever we feel like we should pull to strengthen this company, to not only weather the recession, but come out of it stronger,“ Murren said. „We are certainly not looking to aggressively sell assets, but the point is that we do have assets that are attractive and we are going to be very responsive.“

Murren, who took over the biggest Las Vegas Strip casino owner in November when Terry Lanni quit, inherited an indebted company still expanding in the face of a recession and declining revenue in Vegas and China's Macau. Murren also has to deal with the financing of the CityCenter resort development on the Strip amid tighter credit markets.

MGM Mirage, the casino company majority-owned by billionaire Kirk Kerkorian, agreed last month to sell its Treasure Island Hotel & Casino to real-estate investor Phil Ruffin for USD 775 million. Murren described the deal as „a good transaction on both sides“ and said Ruffin approached MGM.

Former CEO Lanni had said in an Oct. 29 interview the company was „not contemplating“ any asset sales.

## **Less Gambling**

Gambling revenue on the Strip, where MGM Mirage is the biggest owner with 10 casinos, is set for its biggest slump in 2008. Las Vegas also is one of the areas hardest hit by the deterioration of the U.S. residential real-estate market. The city's home prices peaked in August 2006 and had fallen 39 percent through last October, according to the S&P/Case-Shiller Home Price Index.

MGM Mirage and investor Dubai World, partners in the USD 11.2 billion CityCenter complex of casinos, hotels, condos and shops due to open on the Las Vegas Strip in December, yesterday postponed the opening of one hotel and scrapped a condominium development to trim costs and „maximize“ returns in a declining market.

Canceling the condo complex will save USD 200 million, with another USD 200 million in investments deferred until the hotel is finished, adding to savings of USD 400 million in construction costs announced last year.

## **CityCenter Financing**

In October, the partners raised USD 1.8 billion of the USD 3 billion in financing they needed to finish CityCenter, and MGM Mirage raised USD 750 million selling bonds with a 15 percent yield.

Murren said MGM and Dubai's ability to borrow the USD 1.2 billion they may need to finish CityCenter „has increased materially“ as banks unfreeze some lending.

„I don't think anyone was raising money in the bank market in the fourth quarter of '08,“ Murren said. „The banks basically put their pencils down for the entire quarter, and now in the

New Year, especially with federal help and with the new sense of purpose, the banks are being far more receptive.”

MGM Mirage’s Las Vegas Strip casino resorts attracted a big crowd on Dec. 31, Murren said.

„Everyone wanted 2008 to be over with,“ he said. „Part of the celebration was to get the year done, good riddance.“