

# Lanni leaves on his terms

## Longtime exec quietly departs MGM Mirage

Terry Lanni didn't take a victory lap.

He didn't stop for the applause and he didn't wait for the accolades.

Instead, Lanni told the world on Nov. 13 he was retiring as chairman and chief executive officer of gaming industry giant MGM Mirage after 13 years at the helm. Five days later, the casino company's board of directors voted to have President and Chief Operating Officer Jim Murren fill Lanni's positions. Twelve days after the vote, Lanni was out the door.

There wasn't even time for a good-bye cake.

Lanni, 65, walked away without much more than a few exit interviews.

But those who know him best said Lanni was not into long farewells. Some believed Lanni made his decision in September 2007, when Murren gave up his chief financial officer duties to become chief operating officer, essentially becoming MGM Mirage's No. 2 executive.

That move set the company's line of succession in place.

„Terry was very proud that we had a succession plan and the board had approved of that plan,“ Murren said. „He wanted a logical, thoughtful and smooth transition. Throughout the year, I think Terry had the desire to leave. He wanted to find the right time, but there is never a perfect time.“

On the day of Lanni's announcement, The Wall Street Journal reported on an investigation that uncovered CEOs who padded their résumés with false degrees. Speculation on the timing of Lanni's departure immediately centered on the story.

Lanni was the big fish snared in the net.

Corporate materials going back to 1982, when he was an executive with Caesars World, said Lanni had a master's of business administration in finance from the University of Southern California. His official MGM Mirage biography listed the degree.

The university, however, said Lanni never earned an MBA at the school.

Lanni told the newspaper he thought he had an honorary degree and the flap had nothing to do with his leaving. MGM Mirage chief spokesman Alan Feldman said as much to the Review-Journal.

„While the Journal's inquiry has made us aware that his official bio was unclear, it had no bearing whatsoever on his decision to retire,“ Feldman said.

Others, outside of the company, jumped to his defense, saying Lanni wasn't forced out because of the discovery after 30 years that he didn't have an MBA.

„I don't even think Kirk finished college,“ Macquarie Securities gaming analyst Joel Simkins said of MGM Mirage's majority shareholder and founder, Kirk Kerkorian, who remains the driving force behind the casino company. The 91-year-old, media-shy Los Angeles billionaire was quoted in Lanni's exit statement as saying MGM Mirage was indebted to Lanni for his years of leadership.

For the record, Kerkorian dropped out of school in the eighth grade.

Others didn't really care if Lanni had an MBA.

They said he will be judged on his leadership. Lanni grew MGM Mirage from a one-casino company into a gaming conglomerate with 17 resorts in Nevada, Mississippi and Michigan and 50

percent partnerships in four other properties in Nevada, New Jersey, Illinois and Macau. He also established MGM Mirage's presence in the worldwide luxury hotel business.

„You look at the whole body of a person's work, and Terry gave the gaming industry a position of legitimacy at a time that it needed it,“ Las Vegas Sands Corp. President Bill Weidner said. „To me, the degree thing was just a minor blip. Terry has had a long and storied career.“

If it seems strange that one of the top executives in MGM Mirage's fiercest rivals was praising Lanni, it shouldn't. Weidner was an executive with the Marriott Hotel chain in 1979 when Lanni hired him to oversee hotel operations at Caesars Atlantic City.

Lanni brought others into the gaming industry besides Weidner. David Hanlon was a director of corporate finance in the petrochemical industry before becoming Caesars World's CFO. Hanlon eventually ran several gaming operations. Lanni lured Peter Boynton into gaming as Caesars Atlantic City's vice president of operations. He eventually headed Caesars World in the 1990s.

„Terry was a true recruiter of professionals into the casino business,“ Weidner said. „He took people out of their discipline and built the gaming industry.“

Lanni's Nov. 13 announcement wasn't unexpected. He had talked about leaving when his employment agreement expired in January 2010. Twice before Lanni had tried to retire from MGM Mirage, but that didn't stop the speculation about the degree issue.

In his farewell letter to MGM Mirage's 62,000 employees, Lanni said gossip is one of the gaming industry's favorite pastimes.

„Let me speak honestly to a number of the silly rumors that will no doubt follow this announcement,“ Lanni said in the e-mail, denying he was going to run for public office or join

another gaming company. „As hard as it may be for some to accept, I simply believe change is inevitable and this is the right time for me to do this.“

And then, he was gone.

Lanni was unavailable for comment after he left MGM Mirage. Instead, he let others from within the gaming industry speak for him.

All credited Lanni with a 30-year record of success.

„Terry gave the gaming industry a public face at a time when it needed someone who could show integrity and professionalism,“ Harrah’s Entertainment Chairman and CEO Gary Loveman said. „As companies, Harrah’s and MGM compete vigorously. But there are common issues that impact gaming as a whole and Terry was the perfect face and voice for the industry.“

American Gaming Association President and CEO Frank Fahrenkopf Jr. lauded Lanni during his state of the gaming industry press conference at November’s Global Gaming Expo in Las Vegas.

„Our industry has lost a great leader who brought tremendous skill and integrity and spoke with an articulate voice,“ Fahrenkopf said. „He has been there and at the forefront as our industry has evolved into what it is today, an international industry.“

Lanni spent 18 years as a senior executive at Caesars World, including 14 years as president and COO. He helped bring the Caesars brand from Las Vegas to Atlantic City and was responsible for other Caesars innovations, such as developing the successful Forum Shops at Caesars.

Lanni joined the then-MGM Grand Inc. as president, CEO and a member of the board in June 1995 and steered the company’s massive growth over the past 13 years, including the USD 6.4

billion purchase of Mirage Resorts in 2000 and the USD 7.9 billion buyout of the Mandalay Resort Group in 2005. Lanni is also considered responsible for implementing MGM Mirage's highly recognized corporate diversity efforts.

In 2007, Lanni had a base salary of USD 2 million, but received total compensation of USD 12.7 million.

The change in day-to-day control also comes as MGM Mirage is completing the USD 9.1 billion CityCenter development. The project, which includes Aria, a 4,000-room hotel-casino, boutique hotels, high-rise residences, and a retail, entertainment and dining district, is expected to open later this year.

MGM Mirage controls 10 Strip resorts, including MGM Grand, Bellagio, The Mirage and Mandalay Bay. The company operates 44 percent of the Strip's available hotel rooms.

In 1996, then-Rep. John Ensign, R-Nev., appointed Lanni to the nine-person National Gambling Study Impact Commission, which spent two years looking at all facets of legalized and illegal gaming. Lanni spent a good deal of his time on the panel defending the heavily regulated casino industry from anti-gambling foes, including fellow commission member James Dobson, a conservative activist.

Former Nevada Gaming Control Board Chairman Bill Bible, who was appointed to the commission by President Clinton, said Lanni helped balance the panel's final recommendations.

„Terry brought a wealth of in-depth knowledge about the gaming industry to the commission,“ said Bible, now president of the Nevada Resort Association. „Many of the recommendations had a more meaningful impact because of Terry's influence.“

Boyd Gaming Corp. founder and Executive Chairman Bill Boyd said Lanni helped bridge the gaming industry's transition from individual casino ownership to the corporate world.

„I think Terry was a visionary for our industry and we're all much stronger because of him," Boyd said.

MGM Mirage and Boyd are partners in Atlantic City's Borgata resort.

„The industry is going to miss Terry. But he deserves his time away," Boyd said. „I'm proud he's been a friend and associate."

Boyd Gaming CEO Keith Smith said MGM Mirage's corporate diversity program, which Lanni championed, has become a system that others in the gaming industry have tried to emulate.

„I have tremendous respect for Terry as a CEO and a leader," said Smith, who supported Lanni in his efforts to see Nevada revamp its tax structure. „The diversity program he established was the gold standard not just for the gaming industry, but others as well. We've taken pages out of that playbook and used them here. We would be foolish not to."

David G. Schwartz, director of the Center for Gaming Research at the University of Nevada Las Vegas, said Lanni will rank as one of the casino industry's pivotal figures. He helped bring the business into the corporate world and away from the image of organized crime that prevailed in the 1960s and early 1970s.

„No question he sits near the top in the corporate era," Schwartz said. „I'm not sure how he would rank in the era of Moe Dalitz and Benny Binion because they were totally different skill sets. But in his era, he put together one of the industry's biggest companies, and that is an accomplishment."