

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

(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, 2017

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 RESORTS INTERNATIONAL

(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, \$0.01 Par Value

New York Stock Exchange

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

None

Indicate by check mark if 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 whether the Registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) 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:

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The aggregate market value of the Registrant's Common Stock held by non-affiliates of the Registrant as of June 30, 2017 (based on the closing price on the New York Stock Exchange Composite Tape on June 30, 2017) was \$17.9 billion. As of February 23, 2018, 566,367,426 shares of Registrant's Common Stock, \$0.01 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement for its 2018 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

PART I

ITEM 1. BUSINESS

MGM Resorts International is referred to as the “Company,” “MGM Resorts,” or the “Registrant,” and together with its subsidiaries may also be referred to as “we,” “us” or “our.” MGM China Holdings Limited together with its subsidiaries is referred to as “MGM China.” Except where the context indicates otherwise, “MGP” refers to MGM Growth Properties LLC together with its consolidated subsidiaries.

Overview

MGM Resorts International is a Delaware corporation incorporated in 1986 that acts largely as a holding company and, through subsidiaries, owns and operates integrated casino, hotel, and entertainment resorts across the United States and in Macau. As discussed further below, we lease certain of our real estate assets from MGM Growth Properties Operating Partnership LP (the “Operating Partnership”), which is a consolidated subsidiary.

We believe we own or invest in several of the finest casino resorts in the world and we continually reinvest in our resorts to maintain our competitive advantage. We make significant investments in our resorts through newly remodeled hotel rooms, restaurants, entertainment and nightlife offerings, as well as other new features and amenities. We believe we operate the highest quality resorts in each of the markets in which we operate. Ensuring our resorts are the premier resorts in their respective markets requires capital investments to maintain the best possible experiences for our guests.

MGM Growth Properties

On April 25, 2016, MGM Growth Properties LLC (“MGP”), a consolidated subsidiary, completed its initial public offering (“IPO”). MGP is organized as an umbrella partnership REIT (commonly referred to as an “UPREIT”) structure in which substantially all of its assets are owned by, and substantially all of its businesses are conducted through the Operating Partnership. MGP has two classes of authorized and outstanding voting common shares (collectively, the “shares”): Class A shares and a single Class B share. We own MGP’s Class B share, which does not provide its holder any rights to profits or losses or any rights to receive distributions from operations of MGP or upon liquidation or winding up of MGP. MGP’s Class A shareholders are entitled to one vote per share, while we, as the owner of the Class B share, are entitled to an amount of votes representing a majority of the total voting power of MGP’s shares so long as our and our controlled affiliates’ (excluding MGP and its subsidiaries) aggregate beneficial ownership of the combined economic interests in MGP and the Operating Partnership does not fall below 30%. The sole general partner of the Operating Partnership is also a subsidiary of MGP.

MGP used the proceeds from its IPO to purchase operating partnership units in the Operating Partnership. Concurrently, we contributed the real estate assets associated with The Mirage, Mandalay Bay, Luxor, New York-New York, Monte Carlo, Excalibur, The Park, Gold Strike Tunica, MGM Grand Detroit and Beau Rivage to the Operating Partnership in exchange for operating partnership units. A wholly owned subsidiary of the Operating Partnership (the “landlord”) subsequently leased the properties to a subsidiary of ours (the “tenant”) pursuant to a long-term triple-net master lease agreement (the “master lease”).

In August 2016, we completed the acquisition of Boyd Gaming Corporation’s (“Boyd Gaming”) ownership interest in Borgata, at which time Borgata became a consolidated subsidiary of ours. Subsequently, MGP acquired Borgata’s real property from us, and in October 2017, MGP also acquired the long-term leasehold interest and real property associated with MGM National Harbor from us. In connection with these transactions, we entered into amendments to the master lease for our subsidiary to lease back the real estate assets of Borgata and MGM National Harbor from the landlord.

As of December 31, 2017, we owned 73.4% of the Operating Partnership units, and MGP held the remaining 26.6% ownership interest in the Operating Partnership.

Resort Operations

General

Most of our revenue is cash-based, through customers wagering with cash or paying for non-gaming services with cash or credit cards. We rely heavily on the ability of our resorts to generate operating cash flow to fund capital expenditures, provide excess cash flow for future development, acquisitions or investments and repay debt financings.

Our results of operations do not tend to be seasonal in nature, though a variety of factors may affect the results of any interim period, including the timing of major conventions, the amount and timing of marketing and special events for our high-end gaming customers, and the level of play during major holidays, including New Year and Lunar New Year. While our results do not depend on key individual customers, a significant portion of our operating income is generated from high-end gaming customers, which can cause variability in our results. In addition, our success in marketing to customer groups such as convention customers and the financial health of customer segments such as business travelers or high-end gaming customers from a specific country or region can affect our results.

All of our casino resorts operate 24 hours a day, every day of the year, with the exception of Grand Victoria which operates 22 hours a day, every day of the year. At our domestic resorts, our primary casino and hotel operations are owned and managed by us. Other resort amenities may be owned and operated by us, owned by us but managed by third parties for a fee, or leased to third parties. We utilize third-party management for specific expertise in operations of restaurants and nightclubs. We lease space to retail and food and beverage operators, particularly for branding opportunities.

Our Operating Resorts

We have provided certain information below about our resorts as of December 31, 2017. Except as otherwise indicated, we own and operate the resorts shown below.

Name and Location	Number of Guestrooms and Suites	Approximate Casino Square Footage (1)	Slots (2)	Gaming Tables (3)
Domestic Resorts:				
<i>Las Vegas</i>				
Bellagio	3,933	155,000	1,797	148
MGM Grand Las Vegas (4)	6,161	167,000	1,625	127
Mandalay Bay (5)	4,752	155,000	1,232	72
The Mirage	3,044	93,000	1,244	77
Luxor	4,397	101,000	1,056	58
Excalibur	3,981	93,000	1,013	51
New York-New York	2,024	81,000	1,172	70
Monte Carlo	2,992	90,000	675	45
Circus Circus Las Vegas	3,764	95,000	1,245	43
<i>Other</i>				
MGM Grand Detroit (Detroit, Michigan) (6)	400	127,000	3,543	126
Beau Rivage (Biloxi, Mississippi)	1,740	81,000	1,797	80
Gold Strike (Tunica, Mississippi)	1,133	48,000	1,194	59
Borgata (Atlantic City, New Jersey)	2,767	160,000	3,030	187
MGM National Harbor (Prince George's County, Maryland) (7)	308	123,000	2,818	129
Subtotal	41,396	1,569,000	23,441	1,272
MGM China:				
MGM Macau – 55.95% owned (Macau S.A.R.)	582	346,000	1,019	427
Other Operations:				
CityCenter – 50% owned (Las Vegas, Nevada) (8)	5,891	139,000	1,564	126
Grand Victoria – 50% owned (Elgin, Illinois) (9)	—	30,000	1,088	42
Subtotal	5,891	169,000	2,652	168
Grand total	47,869	2,084,000	27,112	1,867

(1) Casino square footage is approximate and includes the gaming floor, race and sports, high limit areas and casino specific walkways, and excludes casino cage and other non-gaming space within the casino area.

(2) Includes slot machines, video poker machines and other electronic gaming devices.

(3) Includes blackjack ("21"), baccarat, craps, roulette and other table games; does not include poker.

(4) Includes 1,164 rooms at The Signature at MGM Grand Las Vegas.

(5) Includes 1,117 rooms at the Delano and 424 rooms at the Four Seasons Hotel.

(6) Our local investors have an ownership interest of approximately 3% of MGM Grand Detroit.

(7) Our local investors have a non-voting economic interest in MGM National Harbor. Refer to Note 2 for further description of such interest.

(8) Includes Aria with 4,004 rooms and Mandarin Oriental Las Vegas with 392 rooms. Vdara includes 1,495 condo-hotel units, which are predominantly being utilized as company-owned hotel rooms. The other 50% of CityCenter is owned by Infinity World Development Corp.

(9) The other 50% of Grand Victoria is owned by an affiliate of Hyatt Gaming, which also operates the resort.

More detailed information about each of our operating resorts can be found in Exhibit 99.1 to this Annual Report on Form 10-K, which Exhibit is incorporated herein by reference.

Reportable Segments

We have two reportable segments based on the similar characteristics of the operating segments: domestic resorts and MGM China. We currently own and operate 14 resorts in the United States. MGM China's operations consist of the MGM Macau resort and casino ("MGM Macau") and MGM Cotai, an integrated casino, hotel, and entertainment resort on the Cotai Strip in Macau that opened on February 13, 2018. We have additional business activities including our investments in unconsolidated affiliates, and certain other corporate and management operations. CityCenter Holdings, LLC ("CityCenter") is our most significant unconsolidated affiliate, which we also manage for a fee. See "Executive Overview" in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 17 in the accompanying notes to the consolidated financial statements for additional information related to our segments.

Domestic Resorts

Over half of the net revenue from our domestic resorts is derived from non-gaming operations, including hotel, food and beverage, entertainment and other non-gaming amenities. We market to different customers and utilize our significant convention and meeting facilities to allow us to maximize hotel occupancy and customer volumes which also leads to better labor utilization. Our operating results are highly dependent on the volume of customers at our resorts, which in turn affects the price we can charge for our hotel rooms and other amenities.

Our casino operations feature a variety of slots, table games, and race and sports book wagering. In addition, we offer our premium players access to high-limit rooms and lounge experiences where players may enjoy an upscale atmosphere.

MGM China

We own approximately 56% of MGM China, which owns MGM Grand Paradise, S.A. ("MGM Grand Paradise"), the Macau company that owns and operates the MGM Macau and MGM Cotai casino resorts and the related gaming subconcession and land concessions. We believe our ownership interest in MGM China plays an important role in extending our reach internationally and will foster future growth and profitability. Macau is the world's largest gaming destination in terms of revenue and we expect future growth in the Asian gaming market to drive additional visitation at MGM Macau and MGM Cotai.

Our current MGM China operations relate to MGM Macau and MGM Cotai, discussed further below. MGM China's revenues are generated primarily from gaming operations which are conducted under a gaming subconcession held by MGM Grand Paradise. The Macau government has granted three gaming concessions and each of these concessionaires has granted a subconcession. The MGM Grand Paradise gaming subconcession was granted by Sociedade de Jogos de Macau, S.A., and expires in 2020. The Macau government currently prohibits additional concessions and subconcessions, but does not place a limit on the number of casinos or gaming areas operated by the concessionaires and subconcessionaires, though additional casinos require government approval prior to commencing operations.

In October 2012, MGM Grand Paradise formally accepted the terms and conditions of a land concession contract from the government of Macau to develop MGM Cotai on an approximately 18 acre site on the Cotai Strip. The land concession contract became effective when the Macau government published the agreement in the Official Gazette of Macau on January 9, 2013 and has an initial term of 25 years. MGM Cotai is an integrated casino, hotel and entertainment resort that opened on February 13, 2018. The Gaming Inspection and Coordination Bureau of Macau ("DICJ") approved 100 gaming tables for the opening of MGM Cotai and 25 additional gaming tables effective for operation on January 1, 2019, for a total of 125 gaming tables in aggregate. In addition, the DICJ approved the initial transfer of 77 gaming tables from MGM Macau to MGM Cotai. We expect total development costs of our Cotai project to be approximately \$3.4 billion, excluding development fees eliminated in consolidation, capitalized interest and land-related costs.

Customers and Competition

Our casino resorts operate in highly competitive environments. We compete against gaming companies, as well as other hospitality companies in the markets in which we operate, neighboring markets, and in other parts of the world, including non-gaming resort destinations such as Hawaii. Our gaming operations compete to a lesser extent with state-sponsored lotteries, off-track wagering, card parlors, online gambling and other forms of legalized gaming in the United States and internationally.

Our primary methods of successful competition include:

- Locating our resorts in desirable leisure and business travel markets and operating at superior sites within those markets;
- Constructing and maintaining high-quality resorts and facilities, including luxurious guestrooms, state-of-the-art convention facilities and premier dining, entertainment, retail and other amenities;
- Recruiting, training and retaining well-qualified and motivated employees who provide superior customer service;
- Providing unique, “must-see” entertainment attractions; and
- Developing distinctive and memorable marketing, promotional and customer loyalty programs.

Domestic Resorts

Our customers include premium gaming customers; leisure and wholesale travel customers; business travelers, and group customers, including conventions, trade associations, and small meetings. We have a complete portfolio of resorts which appeal to the upper end of each market segment and also cater to leisure and value-oriented tour and travel customers. Many of our resorts have significant convention and meeting space which we utilize to drive business to our resorts during mid-week and off-peak periods.

Our Las Vegas casino resorts compete for customers with a large number of other hotel casinos in the Las Vegas area, including major hotel casinos on or near the Las Vegas Strip, major hotel casinos in the downtown area, which is about five miles from the center of the Las Vegas Strip, and several major hotel casinos elsewhere in the Las Vegas area. Our Las Vegas Strip resorts also compete, in part, with each other. Major competitors, including new entrants, have either recently expanded their hotel room capacity or have plans to expand their capacity or construct new resorts in Las Vegas. Also, the growth of gaming in areas outside Las Vegas has increased the competition faced by our operations in Las Vegas.

Outside Nevada, our resorts primarily compete with other hotel casinos in their markets and for customers in surrounding regional gaming markets, where location is a critical factor to success. In addition, we compete with gaming operations in surrounding jurisdictions and other leisure destinations in each region.

MGM China

The three primary customer bases in the Macau gaming market are VIP casino gaming operations, main floor gaming operations and slot machine operations. VIP gaming play is sourced both internally and externally. Externally sourced VIP gaming play is obtained through external gaming promoters who offer VIP players various services, such as extension of credit as well as complimentary hotel, food and beverage services. Gaming promoters are compensated through payment of revenue-sharing arrangements and rolling chip turnover based commissions. In-house VIP players also typically receive a commission based on the program in which they participate. Unlike gaming promoters and in-house VIP players, main floor players do not receive commissions. The profit contribution from the main floor segment exceeds the VIP segment due to commission costs paid to gaming promoters. Gaming revenues from the main gaming floors have grown significantly in recent years and we believe this customer base represents the most potential for sustainable growth in the future. To target premium main floor players in order to grow revenue and improve yield, we have introduced premium gaming lounges and stadium-style electronic table games terminals, which include both table games and slots, to the main floor gaming area. The amenities create a dedicated exclusive gaming space for the use of premium main floor players.

Our key competitors in Macau include five other gaming concessionaires and subconcessionaires. If the Macau government were to grant additional concessions or subconcessions, we would face additional competition which could have a material adverse effect on our financial condition, results of operations or cash flows. Additionally, we face competition at our Macau and Cotai properties from concessionaires who have expanded their operations, primarily on the Cotai Strip, with several openings having occurred during 2016 and another casino resort expected to open in 2019.

We encounter competition from major gaming centers located in other areas of Asia and around the world, including Singapore, Korea, Australia, New Zealand, Malaysia, Vietnam, Cambodia, the Philippines, Russia, cruise ships in Asia that offer gaming and from unlicensed gaming operations in the region.

Corporate and Other

Much like our domestic resorts, our unconsolidated affiliates compete through the quality of amenities, the value of the experience offered to guests and the location of their resorts. We manage and own 50% of CityCenter, which includes Aria casino resort. Aria appeals to the upper end of each segment in the Las Vegas market and competes with our domestic casino resorts and other resorts on the Las Vegas Strip. Grand Victoria, our other unconsolidated affiliate, mainly competes for customers against casino resorts in the Chicago metropolitan market.

Marketing

Our marketing efforts are conducted through various means, including our loyalty programs. We advertise on radio, television, internet and billboards and in newspapers and magazines in selected cities throughout the United States and overseas, as well as by direct mail, email and through the use of social media. We also advertise through our regional marketing offices located in major U.S. and foreign cities. Our direct marketing efforts utilize advanced analytic techniques that identify customer preferences and help predict future customer behavior, allowing us to make more relevant offers to customers, influence incremental visits, and help build lasting customer relationships.

M life Rewards, our customer loyalty program, is a tiered program and allows customers to qualify for benefits across our participating resorts and in both gaming and non-gaming areas, encouraging customers to keep their total spend within our casino resorts. We also offer the Golden Lion Club for gaming focused customers, in addition to M life Rewards, at MGM Macau and MGM Cotai. The structured rewards systems based on member value and tier level ensure that customers can progressively access the full range of services that the resorts provide. Our loyalty programs focus on building a rewarding relationship with our customers, encouraging members to increase both visitation and spend.

Strategy

We strive to be the recognized global leader in entertainment and hospitality, embracing innovation and diversity to inspire excellence. The quality of our resorts and amenities can be measured by our success in winning numerous awards, both domestic and globally, including several Four and Five Diamond designations from the American Automobile Association as well as multiple Four and Five Star designations from Forbes Travel Guide, as well as numerous certifications of our Corporate Social Responsibility efforts.

Our strategic objectives include:

- *Operational enhancements.* Drive continuous improvements in operational performance to support enterprise-wide increases in revenue, market share, cash flow, and margins;
- *Financial strength.* Accelerate financial performance through optimal capital structure and disciplined investment of cash flows;
- *Corporate social responsibility.* Continue to solidify the Company's reputation as a global leader in the principles of Corporate Social Responsibility;
- *Geographic expansion.* Execute a targeted approach to domestic and international expansion to increase global brand presence; and
- *Business model innovation.* Explore the evolution of the existing business model into new lines of business and key adjacencies.

Technology

Collectively we utilize various types of technology to maximize revenue, drive efficiency in our operations, and serve our customers more effectively. Information Technology continues to automate operations in an effort to control costs related to operations and implement leading edge solutions for all major lines of business. To aid this process, data and analytics are utilized to support making timely and accurate business decisions. A cloud first strategy is applied when possible to enable our technology solution delivery and speed to market.

Technology is focused to enhance the guest experience. We implemented a Mobile Check-In process which has been well-received by our guests and are developing a self-service Check-In workstation program at select locations. Another area of concentration includes increasing our wireless network capabilities within our convention offerings with next generation equipment to further subscribe to our guests' needs. We also continue to enhance our eCommerce platform which provides our guests and business partners a premier digital experience where they have the ability to create an all-inclusive experience from accommodations to dining and entertainment with real time recommendations provided based on the preference.

Employees and Management

We believe that knowledgeable, friendly and dedicated employees are a primary success factor in the hospitality industry. Therefore, we invest heavily in recruiting, training, motivating and retaining exceptional employees, and we seek to hire and promote the strongest management team possible. We have numerous programs, both at the corporate and business unit level, designed to achieve these objectives. We believe our internal development programs, such as the MGM Resorts University and various leadership and management training programs, are best in class among our industry peers.

Corporate Social Responsibility

We seek to conduct our business in an ethical and socially responsible way, through sustainable business practices, which we regard as essential to maximizing shareholder value, while enhancing community quality and environmental stewardship. Our corporate social responsibility efforts are overseen by the Corporate Social Responsibility Committee of our Board of Directors.

Diversity and inclusion. Diversity and inclusion are fundamental to our Company's value system, our people philosophy, our cultural life and therefore, our competitive advantage as an employer and destination of choice for our global customer base. Our inclusion initiative at our resorts fosters employee engagement, individual responsibility, team collaboration, leadership competency, high performance and innovation. Our diversity and inclusion initiative has been widely recognized for many years through numerous awards and accolades.

Philanthropy and community engagement. Our host community and social investments are prioritized to strengthen the communities where our employees live, work and care for their families. Our community platform features three main programs: our Corporate Giving Program, our employee-driven MGM Resorts Foundation and our Employee Volunteer Program. Through these channels, we make financial and in-kind donations, contribute volunteer service and participate in civic and non-profit organizations and issues that advance the quality of life in our communities. Key investment areas include hunger relief, diversity, public education, health and wellness and environmental sustainability.

Environmental sustainability. We continue to gain recognition for our comprehensive environmental responsibility initiatives in energy and water conservation, recycling and waste management, sustainable supply chain and green building. Certain of our casino resorts in Nevada and our casino resort in Michigan were the first in each state to earn certification from Green Key, the largest international program evaluating environmental sustainability in hotel operations. We received certifications at all of our domestic resorts and Aria and Vdara at CityCenter. Aria, Vdara, Bellagio, Delano, and Mandalay Bay, Mirage, and MGM Grand Detroit have all received "Five Green Key," the highest possible rating. Many major travel service providers recognize the Green Key designation and identify our resorts for their continued commitment to sustainable hotel operations.

In addition, we believe that incorporating the tenets of environmental sustainability in our business decisions advances a platform for innovation and operational efficiency. CityCenter (Aria, Vdara, Veer and Mandarin Oriental Las Vegas) is one of the world's largest private sustainable developments. With six LEED® Gold certifications from the U.S. Green Building Council (the "Council"), CityCenter serves as the standard for combining luxury and environmental responsibility within the large-scale hospitality industry. Also, MGM National Harbor, The Park, and T-Mobile Arena have all been awarded LEED® Gold certification by the Council.

At MGM China, we incorporate the same commitment to environmental preservation. Our efforts to improve energy efficiency, indoor air quality, and environmental stewardship have resulted in MGM China being included in the Hang Seng Corporate Sustainability Benchmark Index on the Hong Kong Stock Exchange. MGM Cotai, our new integrated resort, has achieved the China Green Building (Macau) Design label from the China Green Building and Energy Saving (Macau) Association.

The construction of MGM Springfield will further position MGM Resorts as a leader in sustainable resort operations, and by adopting innovative technologies in the design and operating practices of this resort, we are advancing our commitment to protecting our planet in new regions.

Development and Leveraging Our Brand and Management Assets

In allocating resources, our financial strategy is focused on managing a proper mix of investing in existing resorts, spending on new resorts and other developments or initiatives and repaying long-term debt or returning capital to shareholders. We believe there are reasonable investments for us to make in new initiatives and at our current resorts that will provide profitable returns.

We regularly evaluate possible expansion and acquisition opportunities in domestic and international markets. Opportunities we evaluate may include the ownership, management and operation of gaming and other entertainment facilities in Nevada, or in states other than Nevada, or outside of the United States. We leverage our management expertise and well-recognized brands through strategic partnerships and international expansion opportunities. We feel that several of our brands are well-suited to new projects in both gaming and non-gaming developments. We may undertake these opportunities either alone or in cooperation with one or more third parties.

We were awarded a casino license to build and operate MGM Springfield in Springfield, Massachusetts. MGM Springfield is being developed on approximately 14 acres of land in downtown Springfield. Plans for the resort currently include a casino with approximately 2,550 slots and 120 table games including poker; a 250-room hotel; 100,000 square feet of retail and restaurant space; 44,000 square feet of meeting and event space; and a 3,500-space parking garage, with an expected development and construction cost of approximately \$960 million, excluding capitalized interest and land-related costs. Construction of MGM Springfield is expected to be completed in the third quarter of 2018.

Intellectual Property

Our principal intellectual property consists of trademarks for, among others, Bellagio, The Mirage, Borgata, Mandalay Bay, MGM, MGM Grand, MGM Resorts International, Luxor, Excalibur, New York-New York, Circus Circus and Beau Rivage, all of which have been registered or allowed in various classes in the United States. In addition, we have also registered or applied to register numerous other trademarks in connection with our properties, facilities and development projects in the United States and in various other foreign jurisdictions. These trademarks are brand names under which we market our properties and services. We consider these brand names to be important to our business since they have the effect of developing brand identification. We believe that the name recognition, reputation and image that we have developed attract customers to our facilities. Once granted, our trademark registrations are of perpetual duration so long as they are used and periodically renewed. It is our intent to pursue and maintain our trademark registrations consistent with our goals for brand development and identification, and enforcement of our trademark rights.

Employees and Labor Relations

As of December 31, 2017, we had approximately 51,000 full-time and 17,000 part-time employees domestically, of which 6,000 and 2,000, respectively, support the Company's management agreements with CityCenter. In addition, we had approximately 9,000 employees at MGM China. We had collective bargaining agreements with unions covering approximately 36,000 of our employees as of December 31, 2017. Collective bargaining agreements with three unions covering a significant number of our employees in Las Vegas are scheduled to expire in the first half of 2018. We began negotiations with all three unions in the first quarter of 2018. In addition, Beau Rivage is currently engaged in negotiations for an initial collective bargaining agreement with a council of unions representing various hotel and food and beverage constituencies, Borgata will be engaged in negotiations with three unions in 2018, and MGM National Harbor is in negotiations with one union. As of December 31, 2017, none of the employees of MGM China are part of a labor union and the resorts are not party to any collective bargaining agreements.

Regulation and Licensing

The gaming industry is highly regulated, and we must maintain our licenses and pay gaming taxes to continue our operations. Each of our casinos is subject to extensive regulation under the laws, rules and regulations of the jurisdiction in which it is located. These laws, rules and regulations generally concern the responsibility, financial stability and character of the owners, managers, and persons with financial interest in the gaming operations. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions.

A more detailed description of the gaming regulations to which we are subject is contained in Exhibit 99.2 to this Annual Report on Form 10-K, which Exhibit is incorporated herein by reference.

Our businesses are subject to various federal, state, local and foreign laws and regulations affecting businesses in general. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, smoking, employees, currency transactions, taxation, zoning and building codes (including regulations under the Americans with Disabilities Act, which requires all public accommodations to meet certain federal requirements related to access and use by persons with disabilities), construction, land use and marketing and advertising. We also deal with significant amounts of cash in our operations and are subject to various reporting and anti-money laundering regulations. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could adversely affect our operating results.

In addition, we are subject to certain federal, state and local environmental laws, regulations and ordinances, including the Clean Air Act, the Clean Water Act, the Resource Conservation Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act and the Oil Pollution Act of 1990. Under various federal, state and local laws and regulations, an owner or operator of real property may be held liable for the costs of removal or remediation of certain hazardous or toxic substances or wastes located on its property, regardless of whether or not the present owner or operator knows of, or is responsible for, the presence of such substances or wastes. We have not identified any issues associated with our properties that could reasonably be expected to have an adverse effect on us or the results of our operations.

Cautionary Statement Concerning Forward-Looking Statements

This Form 10-K and our 2017 Annual Report to Stockholders contain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects,” “will,” “may” and similar references to future periods. Examples of forward-looking statements include, but are not limited to, statements we make regarding expected market growth in Macau, our ability to generate significant cash flow and execute on ongoing and future projects, amounts we will spend in capital expenditures and investments, the opening of strategic resort developments, the estimated costs and components associated with those developments, our expectations with respect to future cash dividends on our common stock, dividends and distributions we will receive from MGM China, the Operating Partnership or CityCenter and amounts projected to be realized as deferred tax assets. The foregoing is not a complete list of all forward-looking statements we make.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Therefore, we caution you against relying on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, regional, national or global political, economic, business, competitive, market, and regulatory conditions and the following:

- our substantial indebtedness and significant financial commitments, including the fixed component of our rent payments to MGP, could adversely affect our development options and financial results and impact our ability to satisfy our obligations;
- current and future economic, capital and credit market conditions could adversely affect our ability to service or refinance our indebtedness and to make planned expenditures;
- restrictions and limitations in the agreements governing our senior credit facility and other senior indebtedness could significantly affect our ability to operate our business, as well as significantly affect our liquidity;
- the fact that we are required to pay a significant portion of our cash flows as fixed and percentage rent under the master lease, which could adversely affect our ability to fund our operations and growth, service our indebtedness and limit our ability to react to competitive and economic changes;
- significant competition we face with respect to destination travel locations generally and with respect to our peers in the industries in which we compete;
- the fact that our businesses are subject to extensive regulation and the cost of compliance or failure to comply with such regulations could adversely affect our business;
- the impact on our business of economic and market conditions in the jurisdictions in which we operate and in the locations in which our customers reside;
- our ability to sustain continued improvement efforts;
- our ability to pay ongoing regular dividends is subject to the discretion of our board of directors and certain other limitations;
- a significant number of our domestic gaming facilities are leased and could experience risks associated with leased property, including risks relating to lease termination, lease extensions, charges and our relationship with the lessor, which could have a material adverse effect on our business, financial position or results of operations;
- financial, operational, regulatory or other potential challenges that may arise with respect to MGP, as our sole lessor for a significant portion of our properties, may adversely impair our operations;
- the fact that MGP has adopted a policy under which certain transactions with us, including transactions involving consideration in excess of \$25 million, must be approved in accordance with certain specified procedures;
- restrictions on our ability to have any interest or involvement in gaming businesses in China, Macau, Hong Kong and Taiwan, other than through MGM China;
- the ability of the Macau government to terminate MGM Grand Paradise’s subconcession under certain circumstances without compensating MGM Grand Paradise, exercise its redemption right with respect to the subconcession, or refuse to grant MGM Grand Paradise an extension of the subconcession in 2020;
- the dependence of MGM Grand Paradise upon gaming promoters for a significant portion of gaming revenues in Macau;
- changes to fiscal and tax policies;
- our ability to recognize our foreign tax credit deferred tax asset and the variability of the valuation allowance we may apply against such deferred tax asset;
- extreme weather conditions or climate change may cause property damage or interrupt business;
- the concentration of a majority of our major gaming resorts on the Las Vegas Strip;
- the fact that we extend credit to a large portion of our customers and we may not be able to collect such gaming receivables;

- the potential occurrence of impairments to goodwill, indefinite-lived intangible assets or long-lived assets which could negatively affect future profits;
- the susceptibility of leisure and business travel, especially travel by air, to global geopolitical events, such as terrorist attacks, other acts of violence or acts of war or hostility;
- the fact that co-investing in properties, including our investment in CityCenter, decreases our ability to manage risk;
- the fact that future construction, development, or expansion projects will be subject to significant development and construction risks;
- our ability to commence operations at MGM Springfield on the required timeline;
- the fact that our insurance coverage may not be adequate to cover all possible losses that our properties could suffer, our insurance costs may increase and we may not be able to obtain similar insurance coverage in the future;
- the fact that a failure to protect our trademarks could have a negative impact on the value of our brand names and adversely affect our business;
- the risks associated with doing business outside of the United States and the impact of any potential violations of the Foreign Corrupt Practices Act or other similar anti-corruption laws;
- risks related to pending claims that have been, or future claims that may be brought against us;
- the fact that a significant portion of our labor force is covered by collective bargaining agreements;
- the sensitivity of our business to energy prices and a rise in energy prices could harm our operating results;
- the potential that failure to maintain the integrity of our computer systems and internal customer information could result in damage to our reputation and/or subject us to fines, payment of damages, lawsuits or other restrictions on our use or transfer of data;
- the potential reputational harm as a result of increased scrutiny related to our corporate social responsibility efforts;
- the potential failure of future efforts to expand through investments in other businesses and properties or through alliances or acquisitions, or to divest some of our properties and other assets;
- increases in gaming taxes and fees in the jurisdictions in which we operate; and
- the potential for conflicts of interest to arise because certain of our directors and officers are also directors of MGM China, which is a publicly traded company listed on the Hong Kong Stock Exchange.

Any forward-looking statement made by us in this Form 10-K or our 2017 Annual Report to Stockholders speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law. If we update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

You should also be aware that while we from time to time communicate with securities analysts, we do not disclose to them any material non-public information, internal forecasts or other confidential business information. Therefore, you should not assume that we agree with any statement or report issued by any analyst, irrespective of the content of the statement or report. To the extent that reports issued by securities analysts contain projections, forecasts or opinions, those reports are not our responsibility and are not endorsed by us.

Executive Officers of the Registrant

The following table sets forth, as of March 1, 2018, the name, age and position of each of our executive officers. Executive officers are elected by and serve at the pleasure of the Board of Directors.

Name	Age	Position
James J. Murren	56	Chairman and Chief Executive Officer
Robert H. Baldwin	67	Chief Customer Development Officer
William J. Hornbuckle	60	President
Corey I. Sanders	54	Chief Operating Officer
Daniel J. D'Arrigo	49	Executive Vice President and Chief Financial Officer
Phyllis A. James	65	Executive Vice President, Chief Diversity and Corporate Responsibility Officer
John M. McManus	50	Executive Vice President, General Counsel and Secretary
Robert C. Selwood	62	Executive Vice President and Chief Accounting Officer

Mr. Murren has served as Chairman and Chief Executive Officer of the Company since December 2008 and as President from December 1999 to December 2012. He served as Chief Operating Officer from August 2007 through December 2008. He was Chief Financial Officer from January 1998 to August 2007 and Treasurer from November 2001 to August 2007.

Mr. Baldwin has served as Chief Customer Development Officer since August 2015. He served as Chief Design and Construction Officer from August 2007 to August 2015, 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. Hornbuckle has served as President since December 2012. He served as Chief Marketing Officer from August 2009 to August 2014 and President and Chief Operating Officer of Mandalay Bay Resort & Casino from April 2005 to August 2009.

Mr. Sanders has served as Chief Operating Officer since September 2010. He served as Chief Operating Officer for the Company's Core Brand and Regional Properties from August 2009 to September 2010, as Executive Vice President—Operations from August 2007 to August 2009, as Executive Vice President and Chief Financial Officer for MGM Grand Resorts from April 2005 to August 2007.

Mr. D'Arrigo has served as Executive Vice President and Chief Financial Officer since August 2007 and as Treasurer from September 2009 to June 2016. 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.

Ms. James has served as Executive Vice President, Chief Diversity and Corporate Responsibility Officer since October 2016. She served as Executive Vice President and Special Counsel—Litigation from July 2010 to October 2016 and as Chief Diversity Officer since 2009. She served as Senior Vice President, Senior Counsel and then Deputy General Counsel of the Company from March 2002 to July 2010.

Mr. McManus has served as Executive Vice President, General Counsel and Secretary since July 2010. He served as Senior Vice President, Acting General Counsel and Secretary of the Company from December 2009 to July 2010. He served as Senior Vice President, Deputy General Counsel and Assistant Secretary from September 2009 to December 2009. He served as Senior Vice President, Assistant General Counsel and Assistant Secretary of the Company from July 2008 to September 2009. He served as counsel to various operating subsidiaries from May 2001 to July 2008.

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.

Available Information

We maintain a website at www.mgmresorts.com that includes financial and other information for investors. We provide access to our SEC filings, including our annual report on Form 10-K and quarterly reports on Form 10-Q (including related filings in XBRL format), filed and furnished current reports on Form 8-K, and amendments to those reports on our website, free of charge, through a link to the SEC's EDGAR database. Through that link, our filings are available as soon as reasonably practicable after we file or furnish the documents with the SEC.

These filings are also available on the SEC's website at www.sec.gov. In addition, the public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549, and may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

Because of the time differences between Macau and the United States, we also use our corporate website as a means of posting important information about MGM China.

References in this document to our website address do not incorporate by reference the information contained on the websites into this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

You should be aware that the occurrence of any of the events described in this section and elsewhere in this report or in any other of our filings with the SEC could have a material adverse effect on our business, financial position, results of operations and cash flows. In evaluating us, you should consider carefully, among other things, the risks described below.

Risks Relating to Our Substantial Indebtedness

- *Our substantial indebtedness and significant financial commitments, including the fixed component of our rent payments to MGP, could adversely affect our operations and financial results and impact our ability to satisfy our obligations.* As of December 31, 2017, we had approximately \$13.0 billion of principal amount of indebtedness outstanding, including \$373 million of borrowings outstanding and \$1.1 billion of available borrowing capacity under our senior secured credit facility, and \$2.3 billion and \$2.1 billion of debt outstanding under the MGM China and the Operating Partnership credit facilities, respectively. In addition, the Operating Partnership has \$1.9 billion of senior notes outstanding. Any increase in the interest rates applicable to our existing or future borrowings would increase the cost of our indebtedness and reduce the cash flow available to fund our other liquidity needs. We do not guarantee MGM China's or the Operating Partnership's obligations under their respective debt agreements and, to the extent MGM China or the Operating Partnership were to cease to produce cash flow sufficient to service their indebtedness, our ability to make additional investments into such entities is limited by the covenants in our existing senior secured credit facility.

In addition, our substantial indebtedness and significant financial commitments could have important negative consequences on us, including:

- increasing our exposure to general adverse economic and industry conditions;
- limiting our flexibility to plan for, or react to, changes in our business and industry;
- limiting our ability to borrow additional funds for working capital requirements, capital expenditures, debt service requirements, execution of our business strategy or other general operating requirements;
- making it more difficult for us to make payments on our indebtedness; or
- placing us at a competitive disadvantage compared to less-leveraged competitors.

Moreover, our businesses are capital intensive. For our owned, leased and managed resorts to remain attractive and competitive, we must periodically invest significant capital to keep the properties well-maintained, modernized and refurbished (and, under the master lease we are required to spend an aggregate amount of at least 1% of actual adjusted net revenues from the properties subject to the master lease on capital expenditures at those properties). Such investments require an ongoing supply of cash and, to the extent that we cannot fund expenditures from cash generated by operations, funds must be borrowed or otherwise obtained. Similarly, development projects, including our development project in Massachusetts, and acquisitions could require significant capital commitments, the incurrence of additional debt, guarantees of third-party debt, or the incurrence of contingent liabilities, any or all of which could have an adverse effect on our business, financial condition and results of operations.

- *Current and future economic, capital and credit market conditions could adversely affect our ability to service or refinance our indebtedness and to make planned expenditures.* Our ability to make payments on, and to refinance, our indebtedness and to fund planned or committed capital expenditures and investments depends on our ability to generate cash flow in the future, receive distributions from our unconsolidated affiliates or subsidiaries, including CityCenter, MGM China and the Operating Partnership, borrow under our senior secured credit facility or incur new indebtedness. If regional and national economic conditions deteriorate we could experience decreased revenues from our operations attributable to decreases in consumer spending levels and could fail to generate sufficient cash to fund our liquidity needs or fail to satisfy the financial and other restrictive covenants in our debt instruments. We cannot assure you that our business will generate sufficient cash flow from operations or continue to receive distributions from our unconsolidated affiliates or subsidiaries, including CityCenter, MGM China and the Operating Partnership. We cannot assure you that future borrowings will be available to us under our senior secured credit facility in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We cannot assure you that we will be able to access the capital markets in the future to borrow additional indebtedness on terms that are favorable to us.

We have a significant amount of indebtedness maturing in 2019, and thereafter. Our ability to timely refinance and replace our indebtedness in the future will depend upon the economic and credit market conditions discussed above. If we are unable to refinance our indebtedness on a timely basis, we might be forced to seek alternate forms of financing, dispose of certain assets or minimize capital expenditures and other investments. There is no assurance that any of these alternatives would be available to us, if at all, on satisfactory terms, on terms that would not be disadvantageous to us, or on terms that would not require us to breach the terms and conditions of our existing or future debt agreements.

- *The agreements governing our senior secured credit facility and other senior indebtedness contain restrictions and limitations that could significantly affect our ability to operate our business, as well as significantly affect our liquidity, and therefore could adversely affect our results of operations .* Covenants governing our senior secured credit facility and certain of our debt securities restrict, among other things, our ability to:
 - pay dividends or distributions, repurchase or issue equity, prepay certain debt or make certain investments;
 - incur additional debt;
 - incur liens on assets;
 - sell assets or consolidate with another company or sell all or substantially all of our assets;
 - enter into transactions with affiliates;
 - allow certain subsidiaries to transfer assets; and
 - enter into sale and lease-back transactions.

Our ability to comply with these provisions may be affected by events beyond our control. The breach of any such covenants or obligations not otherwise waived or cured could result in a default under the applicable debt obligations and could trigger acceleration of those obligations, which in turn could trigger cross-defaults under other agreements governing our long-term indebtedness. In addition, our senior secured credit facility requires us to satisfy certain financial covenants, including a maximum total net leverage ratio, a maximum first lien net leverage ratio and a minimum interest coverage ratio. Any default under our senior secured credit facility or the indentures governing our other debt could adversely affect our growth, our financial condition, our results of operations and our ability to make payments on our debt.

In addition, MGM Grand Paradise and MGM China are co-borrowers under an amended and restated credit facility and the Operating Partnership is a borrower under its senior secured credit facility, all of which contain covenants that restrict the respective borrower's ability to engage in certain transactions. In particular, these credit agreements require MGM China and the Operating Partnership to satisfy certain financial covenants and impose certain operating and financial restrictions on them and their respective subsidiaries (including, with respect to MGM China, MGM Grand Paradise). These restrictions include, among other things, limitations on their ability to pay dividends or distributions to us, incur additional debt, make investments or engage in other businesses, merge or consolidate with other companies, or transfer or sell assets.

- *We are required to pay a significant portion of our cash flows as fixed and percentage rent under the master lease, which could adversely affect our ability to fund our operations and growth, service our indebtedness and limit our ability to react to competitive and economic changes .* For the second lease year commencing April 1, 2017, we were required to make annual rent payments of \$662 million under the master lease. In October 2017, subsequent to MGP's acquisition of MGM National Harbor's real property, annual rent payments under the master lease increased to \$757 million, prorated for the remainder of the second lease year . The master lease also provides for fixed annual escalators of 2% on the base rent in the second through sixth years and the possibility for additional 2% increases thereafter subject to the tenant meeting an adjusted net revenue to rent ratio, as well as potential increases in percentage rent in year six and every five years thereafter based on a percentage of average actual annual net revenue during the preceding five year period. As a result, our ability to fund our own operations, raise capital, make acquisitions, make investments, service our debt and otherwise respond to competitive and economic changes may be adversely affected. For example, our obligations under the master lease may:
 - make it more difficult for us to satisfy our obligations with respect to our indebtedness and to obtain additional indebtedness;
 - increase our vulnerability to general adverse economic and industry conditions or a downturn in our business;
 - require us to dedicate a substantial portion of our cash flow from operations to making rent payments, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, development projects and other general corporate purposes;
 - limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
 - restrict our ability to make acquisitions, divestitures and engage in other significant transactions; and
 - cause us to lose our rights with respect to all of the properties leased under the master lease if we fail to pay rent or other amounts or otherwise default on the master lease, given that all of the properties we lease from MGP under the master lease are effectively cross-collateralized as a result of the master lease being a single unitary lease.

Any of the above factors could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to our Business

- *We face significant competition with respect to destination travel locations generally and with respect to our peers in the industries in which we compete, and failure to compete effectively could materially adversely affect our business, financial condition, results of operations and cash flow.* The hotel, resort and casino industries are highly competitive. We do not believe that our competition is limited to a particular geographic area, and hotel, resort and gaming operations in other states or countries could attract our customers. To the extent that new casinos enter our markets or hotel room capacity is expanded by others in major destination locations, competition will increase. Major competitors, including potential new entrants, may also expand their hotel room capacity, expand their range of amenities, improve their level of service, or construct new resorts in Las Vegas, Macau or in the domestic regional markets in which we operate, all of which could attract our customers. Also, the growth of gaming in areas outside Las Vegas, including California, has increased the competition faced by our operations in Las Vegas and elsewhere.

In addition, competition could increase if changes in gaming restrictions in the United States and elsewhere result in the addition of new gaming establishments located closer to our customers than our casinos. For example, while our Macau operations compete to some extent with casinos located elsewhere in or near Asia, certain countries in the region have legalized casino gaming (including Japan) and others (such as Taiwan and Thailand) may legalize casino gaming (or online gaming) in the future (including, for example, a recent proposal by China to allow gambling on Hainan Island). Furthermore, currently MGM Grand Paradise holds one of only six gaming concessions authorized by the Macau government to operate casinos in Macau. If the Macau government were to allow additional competitors to operate in Macau through the grant of additional concessions or if current concessionaires and subconcessionaires open additional facilities, we would face increased competition.

Most jurisdictions where casino gaming is currently permitted place numerical and/or geographical limitations on the issuance of new gaming licenses. Although a number of jurisdictions in the United States and foreign countries are considering legalizing or expanding casino gaming, in some cases new gaming operations may be restricted to specific locations and we expect that there will be intense competition for any attractive new opportunities (which may include acquisitions of existing properties) that do arise. Furthermore, certain jurisdictions, including Nevada and New Jersey, have also legalized forms of online gaming and other jurisdictions, including Illinois, have legalized video gaming terminals. The expansion of online gaming and other types of gaming in these and other jurisdictions may further compete with our operations by reducing customer visitation and spend in our casino resorts.

In addition to competition with other hotels, resorts and casinos, we compete with destination travel locations outside of the markets in which we operate. Our failure to compete successfully in our various markets and to continue to attract customers could adversely affect our business, financial condition, results of operations and cash flow.

- *Our businesses are subject to extensive regulation and the cost of compliance or failure to comply with such regulations may adversely affect our business and results of operations.* Our ownership and operation of gaming facilities is subject to extensive regulation by the countries, states and provinces in which we operate. These laws, regulations and ordinances vary from jurisdiction to jurisdiction, but generally concern the responsibility, financial stability and character of the owners and managers of gaming operations as well as persons financially interested or involved in gaming operations. As such, our gaming regulators can require us to disassociate ourselves from suppliers or business partners found unsuitable by the regulators or, alternatively, cease operations in that jurisdiction. In addition, unsuitable activity on our part or on the part of our domestic or foreign unconsolidated affiliates or subsidiaries in any jurisdiction could have a negative effect on our ability to continue operating in other jurisdictions. The regulatory environment in any particular jurisdiction may change in the future and any such change could have a material adverse effect on our results of operations. In addition, we are subject to various gaming taxes, which are subject to possible increase at any time by various federal, state, local and foreign legislatures and officials. Increases in gaming taxation could also adversely affect our results. For a summary of gaming and other regulations that affect our business, see “Regulation and Licensing” and Exhibit 99.2 to this Annual Report on Form 10-K.

Further, our directors, officers, key employees and investors in our properties must meet approval standards of certain state and foreign regulatory authorities. If state regulatory authorities were to find such a person or investor unsuitable, we would be required to sever our relationship with that person or the investor may be required to dispose of his, her or its interest in the property. State regulatory agencies may conduct investigations into the conduct or associations of our directors, officers, key employees or investors to ensure compliance with applicable standards. Certain public and private issuances of securities and other transactions also require the approval of certain regulatory authorities.

In Macau, current laws and regulations concerning gaming and gaming concessions are, for the most part, fairly recent and there is little precedent on the interpretation of these laws and regulations. These laws and regulations are complex, and a court or administrative or regulatory body may in the future render an interpretation of these laws and regulations, or issue new or modified regulations, that differ from MGM China's interpretation, which could have a material adverse effect on its business, financial condition and results of operations. In addition, MGM China's activities in Macau are subject to administrative review and approval by various government agencies. We cannot assure you that MGM China will be able to obtain all necessary approvals, and any such failure to do so may materially affect its long-term business strategy and operations. Macau laws permit redress to the courts with respect to administrative actions; however, to date such redress is largely untested in relation to gaming issues.

In addition to gaming regulations, we are also subject to various federal, state, local and foreign laws and regulations affecting businesses in general. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, environmental matters, smoking, employees, currency transactions, taxation, zoning and building codes, and marketing and advertising. For instance, we are subject to certain federal, state and local environmental laws, regulations and ordinances, including the Clean Air Act, the Clean Water Act, the Resource Conservation Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act and the Oil Pollution Act of 1990. Under various federal, state and local environmental laws and regulations, an owner or operator of real property may be held liable for the costs of removal or remediation of certain hazardous or toxic substances or wastes located on its property, regardless of whether or not the present owner or operator knows of, or is responsible for, the presence of such substances or wastes. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. For example, Illinois has enacted a ban on smoking in nearly all public places, including bars, restaurants, work places, schools and casinos. Similarly, in October 2014, casinos in Macau, including MGM China, implemented a smoking ban which prohibits smoking on all mass market gaming floors and, in 2015, the Macau Health Bureau announced that they will promote the submission of a bill proposing a full smoking ban in casinos, including in VIP rooms. The likelihood or outcome of similar legislation in other jurisdictions and referendums in the future cannot be predicted, though any smoking ban would be expected to negatively impact our financial performance.

We also deal with significant amounts of cash in our operations and are subject to recordkeeping and reporting obligations as required by various anti-money laundering laws and regulations. For instance, we are subject to regulation under the Currency and Foreign Transactions Reporting Act of 1970, commonly known as the "Bank Secrecy Act," which, among other things, requires us to report to the Internal Revenue Service ("IRS") any currency transactions in excess of \$10,000 that occur within a 24-hour gaming day, including identification of the individual(s) involved in the currency transaction. We are also required to report certain suspicious activity where we know, suspect or have reason to suspect transactions, among other things, involve funds from illegal activity or are intended to evade federal regulations or avoid reporting requirements or have no business or lawful purpose. In addition, under the Bank Secrecy Act we are subject to various other rules and regulations involving reporting, recordkeeping and retention. Our compliance with the Bank Secrecy Act is subject to periodic examinations by the IRS. Any such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Any violations of the anti-money laundering laws, including the Bank Secrecy Act, or regulations by any of our properties could have an adverse effect on our financial condition, results of operations or cash flows.

- *Our business is affected by economic and market conditions in the jurisdictions in which we operate and in the locations in which our customers reside*. Our business is particularly sensitive to reductions in discretionary consumer spending and corporate spending on conventions, trade shows and business development. Economic contraction, economic uncertainty or the perception by our customers of weak or weakening economic conditions may cause a decline in demand for hotels, casino resorts, trade shows and conventions, and for the type of luxury amenities we offer. In addition, changes in discretionary consumer spending or consumer preferences could be driven by factors such as the increased cost of travel, an unstable job market, perceived or actual disposable consumer income and wealth, outbreaks of contagious diseases or fears of war and acts of terrorism or other acts of violence. Consumer preferences also evolve over time due to a variety of factors, including demographic changes, which, for instance, have resulted in recent growth in consumer demand for non-gaming offerings. Our success depends in part on our ability to anticipate the preferences of consumers and timely react to these trends, and any failure to do so may negatively impact our results of operations. Aria, Bellagio and MGM Grand Las Vegas in particular may be affected by economic conditions in the Far East, and all of our Nevada resorts are affected by economic conditions in the United States, and California in particular. A recession, economic slowdown or any other significant economic condition affecting consumers or corporations generally is likely to cause a reduction in visitation to our resorts, which would adversely affect our operating results. For example, the prior recession and downturn in consumer and corporate spending had a negative impact on our results of operations.

In addition, since we expect a significant number of customers to come to MGM Macau from mainland China, general economic and market conditions in China could impact our financial prospects. Any slowdown in economic growth or changes to China's current restrictions on travel and currency conversion or movements, including market impacts resulting from China's recent anti-corruption campaign and related tightening of liquidity provided by non-bank lending entities and cross-border currency monitoring (including increased restrictions on Union Pay withdrawals and other ATM limits on the withdrawal of patacas imposed by the government), could disrupt the number of visitors from mainland China to MGM Macau and/or the amounts they are willing to spend in the casino. For example, from 2008 through 2010, China readjusted its visa policy toward Macau and limited the number of visits that some mainland Chinese citizens may make to Macau in a given time period. In addition, effective October 2013, China banned "zero-fare" tour groups involving no or low up-front payments and compulsory shopping, which were popular among visitors to Macau from mainland China, and in December 2014 the Chinese government tightened the enforcement of visa transit rules for those seeking to enter Macau at the Gongbei border (including requirements to present an airplane ticket to a destination country, a visa issued by such destination country and a valid Chinese passport). Most recently, in July 2017, the Chinese government, along with Macau authorities, implemented new facial recognition technology on ATM machines in Macau to strictly enforce the "know your customer" regulations for mainland Chinese bank cardholders. It is unclear whether these and other measures will continue to be in effect, become more restrictive, or be readopted in the future. These developments have had, and any future policy developments that may be implemented may have, the effect of reducing the number of visitors to Macau from mainland China, which could adversely impact tourism and the gaming industry in Macau.

Furthermore, our operations in Macau may be impacted by competition for limited labor resources. Our success in Macau will be impacted by our ability to retain and hire employees. We compete with a large number of casino resorts for a limited number of employees and we anticipate that such competition will grow in light of new developments in Macau. While we seek employees from other countries to adequately staff our resorts, certain Macau government policies limit our ability to import labor in certain job classifications (for instance, the Macau government requires that we only hire Macau residents as dealers in our casinos) and any future government policies that freeze or cancel our ability to import labor could cause labor costs to increase. Finally, because additional casino projects are under construction and are to be developed in the future, existing transportation infrastructure may need to be expanded to accommodate increased visitation to Macau. If transportation facilities to and from Macau are inadequate to meet the demands of an increased volume of gaming customers visiting Macau, the desirability of Macau as a gaming destination, as well as the results of operations at our development in Cotai, Macau, could be negatively impacted.

- *We may not be able to sustain our continuous improvement efforts.* In 2015, we commenced an initiative for sustained growth and margin enhancement, focused on improving our business processes to optimize scale for greater efficiency and lower costs throughout our business. While we believe these initiatives will continue to result in Adjusted EBITDA benefit, our optimization efforts may fail to achieve expected results or we may not be able to sustain our historic efforts to produce continuous improvements. In addition, while we expect to continue to explore additional opportunities to drive further improvement to our business processes, we may not be able to achieve the historic Adjusted EBITDA benefits at the same rate (or at all) and we may not be able to institutionalize the continuous improvement business practices that developed in connection with implementing the Profit Growth Plan.
- *Our ability to pay ongoing regular dividends to our stockholders is subject to the discretion of our board of directors and may be limited by our holding company structure, existing and future debt agreements entered into by us or our subsidiaries and state law requirements.* We intend to pay ongoing regular quarterly cash dividends on our common stock. However, our board of directors may, in its sole discretion, change the amount or frequency of dividends or discontinue the payment of dividends entirely. In addition, our ability to pay dividends is restricted by certain covenants in our credit agreement, and because we are a holding company with no material direct operations, we are dependent on receiving cash from our operating subsidiaries to generate the funds from operations necessary to pay dividends on our common stock. We expect our subsidiaries will continue to generate significant cash flow necessary to maintain quarterly dividend payments on our common stock; however, their ability to generate funds will be subject to their operating results, cash requirements and financial condition, any applicable provisions of state law that may limit the amount of funds available to us, and compliance with covenants and financial ratios related to existing or future agreements governing any indebtedness at such subsidiaries and any limitations in other agreements such subsidiaries may have with third parties. In addition, each of the companies in our corporate chain must manage its assets, liabilities and working capital in order to meet all of their respective cash obligations. As a consequence of these various limitations and restrictions, future dividend payments may be reduced or eliminated. Any change in the level of our dividends or the suspension of the payment thereof could adversely affect the market price of our common stock.
- *A significant number of our domestic gaming facilities are leased and could experience risks associated with leased property, including risks relating to lease termination, lease extensions, charges and our relationship with the lessor, which could have a material adverse effect on our business, financial position or results of operations.* We lease eleven of our

destination resorts and The Park from a subsidiary of MGP pursuant to the master lease. The master lease has a term of ten years with up to four additional five year extensions, subject to satisfaction of certain conditions. The master lease is commonly known as a triple-net lease. Accordingly, in addition to rent, we are required to pay the following, among other things: (1) all facility maintenance, (2) all insurance required in connection with the leased properties and the business conducted on the leased properties, (3) taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor), (4) all capital expenditures, and (5) all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties. We are responsible for paying these expenses notwithstanding the fact that many of the benefits received in exchange for such costs shall accrue in part to MGP as owner of the associated facilities. In addition, if some of our leased facilities should prove to be unprofitable or experience other issues that would warrant ceasing operations, or if we should otherwise decide to exit a particular property, we would remain obligated for lease payments and other obligations under the master lease even if we decided to cease operations at those locations unless we are able to transfer the rights with respect to a particular property in accordance with the requirements of the master lease. Our ability to transfer our obligations under the master lease to a third-party with respect to individual properties, should we decide to withdraw from a particular location, is limited to non-Las Vegas properties and no more than two Las Vegas gaming properties, and is subject to identifying a willing third-party who meets the requirements for a transferee set forth in the master lease. We may be unable to find an appropriate transferee willing to assume the obligations under the master lease with respect to any such property. In addition, we could incur special charges relating to the closing of such facilities including sublease termination costs, impairment charges and other special charges that would reduce our net income and could have a material adverse effect on our business, financial condition and results of operations. Furthermore, our obligation to pay rent as well as the other costs described above is absolute in virtually all circumstances, regardless of the performance of the properties and other circumstances that might abate rent in leases that now place these risks on the tenant, such as certain events of casualty and condemnation.

- *Any financial, operational, regulatory or other potential challenges that may arise with respect to MGP, as our sole lessor for a significant portion of our properties, may adversely impair our operations.* We lease a substantial number of the properties that we operate and manage, which represents a significant portion of our operations, from MGP under the master lease. If MGP has financial, operational, regulatory or other challenges, there can be no assurance that MGP will be able to comply with its obligations under the master lease or its other agreements with us. Failure on the part of MGP to fulfill its commitments could have a material adverse effect on our business, financial condition and results of operations.
- *James J. Murren, our Chairman, Daniel J. Taylor, one of our directors, and William J. Hornbuckle, Elisa C. Gois, and John M. McManus, members of our senior management, may have actual or potential conflicts of interest because of their positions at MGP.* James J. Murren serves as our Chairman and as the Chairman of MGP. In addition, Daniel J. Taylor, one of our directors, is also a director of MGP and William J. Hornbuckle, Elisa C. Gois, and John M. McManus, members of our senior management, are also directors of MGP. While we have procedures in place to address such situations and the organizational documents with respect to MGP contain provisions that reduce or eliminate duties (including fiduciary duties) to any MGP shareholder to the fullest extent permitted by law, these overlapping positions could nonetheless create, or appear to create, potential conflicts of interest when our or MGP's management and directors pursue the same corporate opportunities, such as potential acquisition targets, or face decisions that could have different implications for us and MGP. Further, potential conflicts of interest could arise in connection with the resolution of any dispute between us and MGP (or its subsidiaries) regarding the terms of the agreements governing the separation and the relationship, between us and MGP, such as under the master lease. Potential conflicts of interest could also arise if we and MGP enter into any commercial or other adverse arrangements with each other in the future.
- *Despite our ability to exercise control over the affairs of MGP as a result of our ownership of the single outstanding Class B share of MGP, MGP has adopted a policy under which certain transactions with us, including transactions involving consideration in excess of \$25 million, must be approved in accordance with certain specified procedures, which could affect our ability to execute our operational and strategic objectives.* We own the single outstanding Class B share of MGP. The Class B Share is a non-economic interest in MGP which does not provide its holder any rights to profits or losses or any rights to receive distributions from operations of MGP or upon liquidation or winding up of MGP, and which represents a majority of the voting power of MGP's shares so long as the holder of the Class B share and its controlled affiliates' (excluding MGP) aggregate beneficial ownership of the combined economic interests in MGP and the Operating Partnership does not fall below 30%. We, therefore, have the ability to exercise significant control over MGP's affairs, including control over the outcome of all matters submitted to MGP's shareholders for approval.

MGP's operating agreement, however, provides that whenever a potential conflict of interest exists or arises between us or any of our affiliates (other than MGP and its subsidiaries), on the one hand, and MGP or any of its subsidiaries, on the other hand, any resolution or course of action by MGP's board of directors in respect of such conflict of interest shall be conclusively deemed to be fair and reasonable to MGP if it is (i) approved by a majority of a conflicts committee which

consists solely of “independent” directors (which MGP refers to as “Special Approval”) (such independence determined in accordance with the NYSE’s listing standards, the standards established by the Exchange Act to serve on an audit committee of a board of directors and certain additional independence requirements in our operating agreement), (ii) determined by MGP’s board of directors to be fair and reasonable to MGP or (iii) approved by the affirmative vote of the holders of at least a majority of the voting power of MGP’s outstanding voting shares (excluding voting shares owned by us and our affiliates). Furthermore, MGP’s operating agreement provides that any transaction with a value, individually or in the aggregate, over \$25 million between us or any of our affiliates (other than MGP and its subsidiaries), on the one hand, and MGP or any of its subsidiaries, on the other hand (any such transaction (other than the exercise of rights by us or any of our affiliates (other than MGP and its subsidiaries) under any of the material agreements entered into on the closing day of MGP’s formation transactions), a “Threshold Transaction”), shall be permitted only if (i) Special Approval is obtained or (ii) such transaction is approved by the affirmative vote of the holders of at least a majority of the voting power of MGP’s outstanding voting shares (excluding voting shares owned by us and our affiliates).

As a result, certain transactions, including any Threshold Transactions that we may want to pursue with MGP and that could have significant benefit to us may require Special Approval. There can be no assurance that the required approval will be obtained with respect to these transactions either from a conflicts committee comprised of independent MGP directors or the affirmative vote of a majority of the shares not held by us and our affiliates. The failure to obtain such requisite consent could materially affect our ability and the cost to execute our operational and strategic objectives.

- *We have agreed not to have any interest or involvement in gaming businesses in China, Macau, Hong Kong and Taiwan, other than through MGM China*. In connection with the initial public offering of MGM China, the holding company that indirectly owns and operates MGM Macau, we entered into a Deed of Non-Compete Undertakings with MGM China and Ms. Ho, Pansy Catilina Chiu King (“Ms. Ho”) pursuant to which we are restricted from having any interest or involvement in gaming businesses in the People’s Republic of China, Macau, Hong Kong and Taiwan, other than through MGM China. While gaming is currently prohibited in China, Hong Kong and Taiwan, if it is legalized in the future our ability to compete in these locations could be limited until the earliest of (i) March 31, 2020, (ii) the date MGM China’s ordinary shares cease to be listed on The Stock Exchange of Hong Kong Limited or (iii) the date when our ownership of MGM China shares is less than 20% of the then-issued share capital of MGM China.
- *The Macau government can terminate MGM Grand Paradise’s subconcession under certain circumstances without compensating MGM Grand Paradise, exercise its redemption right with respect to the subconcession, or refuse to grant MGM Grand Paradise an extension of the subconcession in 2020, any of which would have a material adverse effect on our business, financial condition, results of operations and cash flows*. The Macau government has the right to unilaterally terminate the subconcession in the event of fundamental non-compliance by MGM Grand Paradise with applicable Macau laws or MGM Grand Paradise’s basic obligations under the subconcession contract. MGM Grand Paradise has the opportunity to remedy any such non-compliance with its fundamental obligations under the subconcession contract within a period to be stipulated by the Macau government. Upon such termination, all of MGM Grand Paradise’s casino area premises and gaming-related equipment would be transferred automatically to the Macau government without compensation to MGM Grand Paradise, and we would cease to generate any revenues from these operations. We cannot assure you that MGM Grand Paradise will perform all of its obligations under the subconcession contract in a way that satisfies the requirements of the Macau government.

Furthermore, under the subconcession contract, MGM Grand Paradise is obligated to comply with any laws and regulations that the Macau government might promulgate in the future. We cannot assure you that MGM Grand Paradise will be able to comply with these laws and regulations or that these laws and regulations would not adversely affect our ability to construct or operate our Macau businesses. If any disagreement arises between MGM Grand Paradise and the Macau government regarding the interpretation of, or MGM Grand Paradise’s compliance with, a provision of the subconcession contract, MGM Grand Paradise will be relying on a consultation and negotiation process with the Macau government. During any consultation or negotiation, MGM Grand Paradise will be obligated to comply with the terms of the subconcession contract as interpreted by the Macau government. Currently, there is no precedent concerning how the Macau government will treat the termination of a concession or subconcession upon the occurrence of any of the circumstances mentioned above. The loss of the subconcession would require us to cease conducting gaming operations in Macau, which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition, the subconcession contract expires on March 31, 2020. Unless the subconcession is extended, or legislation with regard to reversion of casino premises is amended, all of MGM Grand Paradise’s casino premises and gaming-related equipment will automatically be transferred to the Macau government on that date without compensation to us, and we will cease to generate any revenues from such gaming operations. Beginning on April 20, 2017, the Macau government may redeem the subconcession contract by providing us at least one year’s prior notice. In the event the Macau government

exercises this redemption right, MGM Grand Paradise is entitled to fair compensation or indemnity. The amount of such compensation or indemnity will be determined based on the amount of gaming and non-gaming revenue generated by MGM Grand Paradise, excluding the convention and exhibition facilities, during the taxable year prior to the redemption, before deducting interest, depreciation and amortization, multiplied by the number of remaining years before expiration of the subconcession. We cannot assure you that MGM Grand Paradise will be able to renew or extend the subconcession contract on terms favorable to MGM Grand Paradise or at all. We also cannot assure you that if the subconcession is redeemed, the compensation paid to MGM Grand Paradise will be adequate to compensate for the loss of future revenues.

- *MGM Grand Paradise is dependent upon gaming promoters for a significant portion of gaming revenues in Macau.* Gaming promoters, who promote gaming and draw high-end customers to casinos, are responsible for a significant portion of MGM Grand Paradise's gaming revenues in Macau. With the rise in gaming in Macau and the recent reduction in the number of licensed gaming promoters in Macau and in the number of VIP rooms operated by licensed gaming promoters, the competition for relationships with gaming promoters has increased. While MGM Grand Paradise is undertaking initiatives to strengthen relationships with gaming promoters, there can be no assurance that it will be able to maintain, or grow, relationships with gaming promoters. In addition, continued reductions in, and new regulations governing, the gaming promoter segment may result in the closure of additional VIP rooms in Macau, including VIP rooms at MGM Macau. If MGM Grand Paradise is unable to maintain or grow relationships with gaming promoters, or if gaming promoters are unable to develop or maintain relationships with our high-end customers (or if, as a result of recent market conditions in Macau, gaming promoters encounter difficulties attracting patrons to come to Macau or experience decreased liquidity limiting their ability to grant credit to patrons), MGM Grand Paradise's ability to grow gaming revenues will be hampered. Furthermore, if existing VIP rooms at MGM Macau are closed there can be no assurance that MGM Grand Paradise will be able to locate acceptable gaming promoters to run such VIP rooms in the future in a timely manner, or at all.

In addition, the quality of gaming promoters is important to MGM Grand Paradise's and our reputation and ability to continue to operate in compliance with gaming licenses. While MGM Grand Paradise strives for excellence in associations with gaming promoters, we cannot assure you that the gaming promoters with whom MGM Grand Paradise is or becomes associated will meet the high standards insisted upon. If a gaming promoter falls below MGM Grand Paradise's standards, MGM Grand Paradise or we may suffer reputational harm or possibly sanctions from gaming regulators with authority over our operations.

We also grant credit lines to certain gaming promoters and any adverse change in the financial performance of those gaming promoters may impact the recoverability of these loans.

- *We are subject to taxation by various governments and agencies and the rate of taxation in the jurisdictions in which we operate could change in the future.* We are subject to tax by various governments and agencies, both in the U.S. and in Macau. Changes in the rates of taxation, the amount of taxes we owe and the time when income is subject to taxation, the Macau income tax exemption or the imposition of foreign withholding taxes could increase our overall rate of taxation. Any of these changes could materially impact our business, financial condition, results of operations and cash flows.
- *The future recognition of our foreign tax credit deferred tax asset is uncertain, and the amount of valuation allowance we may apply against such deferred tax asset may change materially in future periods.* We currently have significant deferred tax assets resulting from foreign tax credit carryforwards that are available to reduce potential taxable foreign-sourced income in future periods. We evaluate our foreign tax credit deferred tax asset for recoverability and record a valuation allowance to the extent that we determine it is not more likely than not such asset will be recovered. This evaluation is based on all available evidence, including assumptions concerning future U.S. operating profits and our initial interpretations of the U.S. Tax Cuts and Jobs Act (the "Tax Act") in the absence of regulatory or other clarifying guidance. As a result, significant judgment is required in assessing the possible need for a valuation allowance and changes to our assumptions could result in a material change in the valuation allowance with a corresponding impact on the provision for income taxes in the period including such change.
- *Extreme weather conditions or climate change may cause property damage or interrupt business, which could harm our business and results of operations.* Certain of our casino properties are located in areas that may be subject to extreme weather conditions, including, but not limited to, hurricanes in the United States and severe typhoons in Macau. Such extreme weather conditions may interrupt our operations, damage our properties, and reduce the number of customers who visit our facilities in such areas. In addition, our operations could be adversely impacted by a drought or other cause of water shortage. A severe drought of extensive duration experienced in Las Vegas or in the other regions in which we operate could adversely affect our business and results of operations. Although we maintain both property and business interruption insurance coverage for certain extreme weather conditions, such coverage is subject to deductibles and limits on maximum benefits, including limitation on the coverage period for business interruption, and we cannot assure you that

we will be able to fully insure such losses or fully collect, if at all, on claims resulting from such extreme weather conditions. Furthermore, such extreme weather conditions may interrupt or impede access to our affected properties and may cause visits to our affected properties to decrease for an indefinite period, which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

- *Because a majority of our major gaming resorts are concentrated on the Las Vegas Strip, we are subject to greater risks than a gaming company that is more geographically diversified* . Given that a majority of our major resorts are concentrated on the Las Vegas Strip, our business may be significantly affected by risks common to the Las Vegas tourism industry. For example, the cost and availability of air services and the impact of any events that disrupt air travel to and from Las Vegas can adversely affect our business. We cannot control the number or frequency of flights to or from Las Vegas, but we rely on air traffic for a significant portion of our visitors. Reductions in flights by major airlines as a result of higher fuel prices or lower demand can impact the number of visitors to our resorts. Additionally, there is one principal interstate highway between Las Vegas and Southern California, where a large number of our customers reside. Capacity constraints of that highway or any other traffic disruptions may also affect the number of customers who visit our facilities.
- *We extend credit to a large portion of our customers and we may not be able to collect gaming receivables* . We conduct a portion of our gaming activities on a credit basis through the issuance of markers which are unsecured instruments. Table games players typically are issued more markers than slot players, and high-end players typically are issued more markers than patrons who tend to wager lower amounts. High-end gaming is more volatile than other forms of gaming, and variances in win-loss results attributable to high-end gaming may have a significant positive or negative impact on cash flow and earnings in a particular quarter. Furthermore, the loss or a reduction in the play of the most significant of these high-end customers could have an adverse effect on our business, financial condition, results of operations and cash flows. We issue markers to those customers whose level of play and financial resources warrant, in the opinion of management, an extension of credit. In addition, MGM Grand Paradise extends credit to certain gaming promoters and those promoters can extend credit to their customers. Uncollectible receivables from high-end customers and gaming promoters could have a significant impact on our results of operations.

While gaming debts evidenced by markers and judgments on gaming debts are enforceable under the current laws of Nevada, and Nevada judgments on gaming debts are enforceable in all states under the Full Faith and Credit Clause of the U.S. Constitution, other jurisdictions may determine that enforcement of gaming debts is against public policy. Although courts of some foreign nations will enforce gaming debts directly and the assets in the U.S. of foreign debtors may be reached to satisfy a judgment, judgments on gaming debts from United States courts are not binding on the courts of many foreign nations.

Furthermore, we expect that MGM Macau will be able to enforce its gaming debts only in a limited number of jurisdictions, including Macau. To the extent MGM Macau gaming customers and gaming promoters are from other jurisdictions, MGM Macau may not have access to a forum in which it will be able to collect all of its gaming receivables because, among other reasons, courts of many jurisdictions do not enforce gaming debts and MGM Macau may encounter forums that will refuse to enforce such debts. Moreover, under applicable law, MGM Macau remains obligated to pay taxes on uncollectible winnings from customers.

Even where gaming debts are enforceable, they may not be collectible. Our inability to collect gaming debts could have a significant negative impact on our operating results.

- *We may incur impairments to goodwill, indefinite-lived intangible assets, or long-lived assets which could negatively affect our future profits* . We review our goodwill, intangible assets and long-lived assets on an annual basis and during interim reporting periods in accordance with the authoritative guidance. Significant negative trends, reduced estimates of future cash flows, disruptions to our business, slower growth rates or lack of growth have resulted in write-downs and impairment charges in the past and, if one or more of such events occurs in the future, additional impairment charges or write-downs may be required in future periods. For instance, in 2015, we recorded a non-cash impairment charge of \$1.5 billion to reduce the historical carrying value of goodwill related to the MGM China reporting unit. If we are required to record additional impairment charges or write-downs, this could have a material adverse impact on our consolidated results of operations.
- *Leisure and business travel, especially travel by air, are particularly susceptible to global geopolitical events, such as terrorist attacks, other acts of violence or acts of war or hostility* . We are dependent on the willingness of our customers to travel by air. Since most of our customers travel by air to our Las Vegas and Macau properties, any terrorist act or other acts of violence, outbreak of hostilities, escalation of war, or any actual or perceived threat to the security of travel by air could adversely affect our financial condition, results of operations and cash flows. Furthermore, although we have been able to purchase some insurance coverage for certain types of terrorist acts, insurance coverage against loss or business interruption resulting from war and some forms of terrorism continues to be unavailable.

- *Co-investing in our properties, including our investment in CityCenter, decreases our ability to manage risk* . In addition to acquiring or developing hotels and resorts or acquiring companies that complement our business directly, we have from time to time invested, and expect to continue to invest, as a co-investor. Co-investors often have shared control over the operation of the property. Therefore, the operation of such properties is subject to inherent risk due to the shared nature of the enterprise and the need to reach agreements on material matters. In addition, investments with other investors may involve risks such as the possibility that the co-investor might become bankrupt or not have the financial resources to meet its obligations, or have economic or business interests or goals that are inconsistent with our business interests or goals, or be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives. Consequently, actions by a co-investor might subject hotels and resorts owned by such entities to additional risk. Further, we may be unable to take action without the approval of our co-investors. Alternatively, our co-investors could take actions binding on the property without our consent. Additionally, should a co-investor become bankrupt, we could become liable for its share of liabilities.

For instance, CityCenter, which is 50% owned and managed by us, has a significant amount of indebtedness, which could adversely affect its business and its ability to meet its obligations. If CityCenter is unable to meet its financial commitments and we and our co-investor are unable to support future funding requirements, as necessary, such event could have adverse financial consequences to us. In addition, the agreements governing CityCenter's indebtedness subject CityCenter and its subsidiaries to significant financial and other restrictive covenants, including restrictions on its ability to incur additional indebtedness, place liens upon assets, make distributions to us, make certain investments, consummate certain asset sales, enter into transactions with affiliates (including us) and merge or consolidate with any other person or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets. The CityCenter credit facility also includes certain financial covenants that require CityCenter to maintain a maximum total net leverage ratio (as defined in CityCenter's credit facility) for each quarter. We cannot be sure that CityCenter will be able to meet this test in the future or that the lenders will waive any failure to meet the test.

- *Any of our future construction, development or expansion projects will be subject to significant development and construction risks, which could have a material adverse impact on related project timetables, costs and our ability to complete the projects* .

Any of our future construction, development or expansion projects will be subject to a number of risks, including:

- lack of sufficient, or delays in the availability of, financing;
- changes to plans and specifications;
- engineering problems, including defective plans and specifications;
- shortages of, and price increases in, energy, materials and skilled and unskilled labor, and inflation in key supply markets;
- delays in obtaining or inability to obtain necessary permits, licenses and approvals;
- changes in laws and regulations, or in the interpretation and enforcement of laws and regulations, applicable to gaming, leisure, residential, real estate development or construction projects;
- labor disputes or work stoppages;
- availability of qualified contractors and subcontractors;
- disputes with and defaults by contractors and subcontractors;
- personal injuries to workers and other persons;
- environmental, health and safety issues, including site accidents and the spread of viruses;
- weather interferences or delays;
- fires, typhoons and other natural disasters;
- geological, construction, excavation, regulatory and equipment problems; and
- other unanticipated circumstances or cost increases.

The occurrence of any of these development and construction risks could increase the total costs, delay or prevent the construction, development, expansion or opening or otherwise affect the design and features of any future projects which we might undertake. For instance, we currently expect the total development costs of our Cotai project to be approximately \$3.4 billion, excluding development fees eliminated in consolidation, capitalized interest and land-related costs, and we currently expect total development costs of our Massachusetts project to be approximately \$960 million, excluding capitalized interest and land-related costs. While we believe that the overall budgets for these developments are reasonable, these development costs are estimates and the actual development costs may be higher than expected. We cannot guarantee that our construction costs or total project costs for future projects, including our development in Massachusetts, will not increase beyond amounts initially budgeted or that the expected design and features of current or future projects will not

change. In addition, the regulatory approvals associated with our development projects may require us to open future casino resorts by a certain specified time and to the extent we are unable to meet those deadlines, and any such deadlines are not extended, we may lose our regulatory approval to open a casino resort in a proposed jurisdiction, or incur payment penalties in connection with any delays which could have an adverse effect on our results of operations and financial condition.

We also make significant capital expenditures to maintain and upgrade our resorts, which may disrupt operations and displace revenue at the properties, including revenue lost while rooms, restaurants and meeting spaces are under renovation and out of service.

- *We are required to commence gaming operations at MGM Springfield no later than September 2019, one year from the opening date approved by the Massachusetts Gaming Commission. If we are unable to meet this deadline, the Massachusetts Gaming Commission may suspend or revoke our gaming license.* Pursuant to the Gaming Act, we are required to commence gaming operations at MGM Springfield no later than September 2019, one year from the opening date approved by the Massachusetts Gaming Commission (the “MGC”). If MGM Springfield fails to begin gaming operations by September 2019 or receive an extension, MGM Springfield is subject to suspension or revocation of its gaming license by the MGC and may, after being found by the MGC after a hearing to have acted in bad faith in its application, be assessed a fine of up to \$50,000,000. Failure to meet the deadline could have an adverse effect on our financial condition, results of operations or cash flows from this property.
- *Our insurance coverage may not be adequate to cover all possible losses that our properties could suffer. In addition, our insurance costs may increase and we may not be able to obtain similar insurance coverage in the future.* Although we have “all risk” property insurance coverage for our operating properties, which covers damage caused by a casualty loss (such as fire, natural disasters, acts of war, or terrorism or other acts of violence), each policy has certain exclusions. In addition, our property insurance coverage is in an amount that may be significantly less than the expected replacement cost of rebuilding the facilities if there was a total loss. Our level of insurance coverage also may not be adequate to cover all losses in the event of a major casualty. In addition, certain casualty events, such as labor strikes, nuclear events, acts of war, loss of income due to cancellation of room reservations or conventions due to fear of terrorism or other acts of violence, loss of electrical power due to catastrophic events, rolling blackouts or otherwise, deterioration or corrosion, insect or animal damage, and pollution, may not be covered at all under our policies. Therefore, certain acts could expose us to substantial uninsured losses.

In addition to the damage caused to our properties by a casualty loss, we may suffer business disruption as a result of these events or be subject to claims by third parties that may be injured or harmed. While we carry business interruption insurance and general liability insurance, this insurance may not be adequate to cover all losses in any such event.

We renew our insurance policies (other than our builder’s risk insurance) on an annual basis. The cost of coverage may become so high that we may need to further reduce our policy limits, further increase our deductibles, or agree to certain exclusions from our coverage.

- *Any failure to protect our trademarks could have a negative impact on the value of our brand names and adversely affect our business.* The development of intellectual property is part of our overall business strategy, and we regard our intellectual property to be an important element of our success. While our business as a whole is not substantially dependent on any one trademark or combination of several of our trademarks or other intellectual property, we seek to establish and maintain our proprietary rights in our business operations through the use of trademarks. We file applications for, and obtain trademarks in, the United States and in foreign countries where we believe filing for such protection is appropriate. Despite our efforts to protect our proprietary rights, parties may infringe our trademarks and our rights may be invalidated or unenforceable. The laws of some foreign countries do not protect proprietary rights to as great an extent as the laws of the United States. Monitoring the unauthorized use of our intellectual property is difficult. Litigation may be necessary to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Litigation of this type could result in substantial costs and diversion of resource. We cannot assure you that all of the steps we have taken to protect our trademarks in the United States and foreign countries will be adequate to prevent imitation of our trademarks by others. The unauthorized use or reproduction of our trademarks could diminish the value of our brand and its market acceptance, competitive advantages or goodwill, which could adversely affect our business.

- *We are subject to risks associated with doing business outside of the United States* . Our operations outside of the United States are subject to risks that are inherent in conducting business under non-United States laws, regulations and customs. In particular, the risks associated with the operation of MGM Macau or any future operations in which we may engage in any other foreign territories, include:
 - changes in laws and policies that govern operations of companies in Macau or other foreign jurisdictions;
 - changes in non-United States government programs;
 - possible failure by our employees or agents to comply with anti-bribery laws such as the United States Foreign Corrupt Practices Act and similar anti-bribery laws in other jurisdictions;
 - general economic conditions and policies in China, including restrictions on travel and currency movements;
 - difficulty in establishing, staffing and managing non-United States operations;
 - different labor regulations;
 - changes in environmental, health and safety laws;
 - outbreaks of diseases or epidemics;
 - potentially negative consequences from changes in or interpretations of tax laws;
 - political instability and actual or anticipated military and political conflicts;
 - economic instability and inflation, recession or interest rate fluctuations; and
 - uncertainties regarding judicial systems and procedures.

These risks, individually or in the aggregate, could have an adverse effect on our results of operations and financial condition.

We are also exposed to a variety of market risks, including the effects of changes in foreign currency exchange rates. If the United States dollar strengthens in relation to the currencies of other countries, our United States dollar reported income from sources where revenue is denominated in the currencies of other such countries will decrease.

- *Any violation of the Foreign Corrupt Practices Act or any other similar anti-corruption laws could have a negative impact on us* . A significant portion of our revenue is derived from operations outside the United States, which exposes us to complex foreign and U.S. regulations inherent in doing cross-border business and in each of the countries in which we transact business. We are subject to compliance with the United States Foreign Corrupt Practices Act (“FCPA”) and other similar anti-corruption laws, which generally prohibit companies and their intermediaries from making improper payments to foreign government officials for the purpose of obtaining or retaining business. While our employees and agents are required to comply with these laws, we cannot be sure that our internal policies and procedures will always protect us from violations of these laws, despite our commitment to legal compliance and corporate ethics. Violations of these laws by us or our non-controlled ventures may result in severe criminal and civil sanctions as well as other penalties against us, and the SEC and U.S. Department of Justice continue to vigorously pursue enforcement of the FCPA. The occurrence or allegation of these types of risks may adversely affect our business, performance, prospects, value, financial condition, and results of operations.
- *We face risks related to pending claims that have been , or future claims that may be , brought against us* . Claims have been brought against us and our subsidiaries in various legal proceedings, and additional legal and tax claims arise from time to time. We may not be successful in the defense or prosecution of our current or future legal proceedings, which could result in settlements or damages that could significantly impact our business, financial condition, results of operations and reputation. Please see the further discussion in “Legal Proceedings” and Note 12 in the accompanying consolidated financial statements.
- *A significant portion of our labor force is covered by collective bargaining agreements. Work stoppages and other labor problems could negatively affect our business and results of operations.* As of December 31, 2017, approximately 36,000 of our employees are covered by collective bargaining agreements. The collective bargaining agreements covering most of our Las Vegas union employees expire in 2018. A prolonged dispute with the covered employees or any labor unrest, strikes or other business interruptions in connection with labor negotiations or others could have an adverse impact on our operations. Further, adverse publicity in the marketplace related to union messaging could further harm our reputation and reduce customer demand for our services. Also, wage and/or benefit increases resulting from new labor agreements may be significant and could also have an adverse impact on our results of operations. For instance, Beau Rivage is currently engaged in negotiations for an initial collective bargaining agreement with a council of unions representing various hotel and food and beverage constituencies, Borgata will be engaged in negotiations with three unions in 2018, and MGM National Harbor is in negotiations with one union . In addition, to the extent that our non-union employees join unions, we would have greater exposure to risks associated with labor problems. Furthermore, we may have, or acquire in the future, multi-employer plans that are classified as “endangered,” “seriously endangered,” or “critical” status. For instance, Borgata’s most significant plan as of December 31, 2017 is the Legacy Plan of the National Retirement Fund, which has

been listed in “critical status” and is subject to a rehabilitation plan. Plans in these classifications must adopt measures to improve their funded status through a funding improvement or rehabilitation plan, which may require additional contributions from employers (which may take the form of a surcharge on benefit contributions) and/or modifications to retiree benefits. In addition, while Borgata has no current intention to withdraw from these plans, a withdrawal in the future could result in the incurrence of a contingent liability that would be payable in an amount and at such time (or over a period of time) that would vary based on a number of factors at the time of (and after) withdrawal. Any such additional costs may be significant.

- *Our business is particularly sensitive to energy prices and a rise in energy prices could harm our operating results.* We are a large consumer of electricity and other energy and, therefore, higher energy prices may have an adverse effect on our results of operations. Accordingly, increases in energy costs may have a negative impact on our operating results. Additionally, higher electricity and gasoline prices that affect our customers may result in reduced visitation to our resorts and a reduction in our revenues.
- *The failure to maintain the integrity of our computer systems and internal customer information could result in damage of reputation and/or subject us to fines, payment of damages, lawsuits or restrictions on our use or transfer of data.* We collect and store information relating to our employees, guests, and others for various business purposes, including marketing and promotional purposes. The collection and use of personal data are governed by privacy laws and regulations enacted in the United States and other jurisdictions around the world. Privacy laws and regulations continue to evolve and on occasion may be inconsistent from one jurisdiction to another. Various federal, state and foreign legislative or regulatory bodies may enact or adopt new or additional laws and regulations concerning privacy, data retention, data transfer, and data protection issues. For example, the European Union has adopted a data protection regulation, known as the General Data Protection Regulation, which will become fully enforceable in May 2018 that includes operational and compliance requirements that are different from those currently in place and that also include significant penalties for non-compliance.

Compliance with applicable privacy laws and regulations may increase our operating costs and/or adversely impact our ability to market our products, properties and services to our guests. In addition, non-compliance with applicable privacy laws and regulations by us (or in some circumstances non-compliance by third parties engaged by us), including accidental loss, inadvertent disclosure, unapproved dissemination or a breach of security on systems storing our data may result in damage of reputation and/or subject us to fines, payment of damages, lawsuits or restrictions on our use or transfer of data. We rely on proprietary and commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of customer and employee information, such as payment card and other confidential or proprietary information. Our data security measures are reviewed and evaluated regularly; however, they might not protect us against increasingly sophisticated and aggressive threats including, but not limited to, computer malware, viruses, and hacking and phishing attacks by third parties. In addition, while we maintain cyber risk insurance to assist in the cost of recovery from a significant cyber event, such coverage may not be sufficient.

We also rely extensively on computer systems to process transactions, maintain information and manage our businesses. Disruptions in the availability of our computer systems, through cyber-attacks or otherwise, could impact our ability to service our customers and adversely affect our sales and the results of operations. For instance, there has been an increase in criminal cyber security attacks against companies where customer and company information has been compromised and company data has been destroyed. Our information systems and records, including those we maintain with our third-party service providers, may be subject to cyber security breaches in the future. In addition, our third-party information system service providers face risks relating to cyber security similar to ours, and we do not directly control any of such parties’ information security operations. A significant theft, loss or fraudulent use of customer or company data maintained by us or by a third-party service provider could have an adverse effect on our reputation, cause a material disruption to our operations and management team, and result in remediation expenses, regulatory penalties and litigation by customers and other parties whose information was subject to such attacks, all of which could have a material adverse effect on our business, results of operations and cash flows.

- *We are subject to risks related to corporate social responsibility and reputation.* Many factors influence our reputation and the value of our brands including the perception held by our customers, business partners, other key stakeholders and the communities in which we do business. Our business faces increasing scrutiny related to environmental, social and governance activities and risk of damage to our reputation and the value of our brands if we fail to act responsibly in a number of areas, such as environmental stewardship, supply chain management, climate change, diversity and inclusion, workplace conduct, human rights, philanthropy and support for local communities. Any harm to our reputation could impact employee engagement and retention and the willingness of customers and our partners to do business with us, which could have a material adverse effect on our business, results of operations and cash flows.

- *We may seek to expand through investments in other businesses and properties or through alliances or acquisitions, and we may also seek to divest some of our properties and other assets, any of which may be unsuccessful* . We intend to consider strategic and complementary acquisitions and investments in other businesses, properties or other assets. Furthermore, we may pursue any of these opportunities in alliance with third parties, including MGP. Acquisitions and investments in businesses, properties or assets, as well as these alliances, are subject to risks that could affect our business, including risks related to:
 - spending cash and incurring debt;
 - assuming contingent liabilities;
 - unanticipated issues in integrating information, communications and other systems;
 - unanticipated incompatibility of purchasing, logistics, marketing and administration methods;
 - retaining key employees; and
 - consolidating corporate and administrative infrastructures.

We cannot assure you that we will be able to identify opportunities or complete transactions on commercially reasonable terms or at all, or that we will actually realize any anticipated benefits from such acquisitions, investments or alliances. In addition, even if we are able to successfully integrate new assets and businesses, the integration of such assets and businesses may result in unanticipated costs, competitive responses, loss of customer or other business relationships and the diversion of management attention.

In addition, we periodically review our business to identify properties or other assets that we believe either are non-core, no longer complement our business, are in markets which may not benefit us as much as other markets or could be sold at significant premiums. From time to time, we may attempt to sell these identified properties and assets. There can be no assurance, however, that we will be able to complete dispositions on commercially reasonable terms or at all.

- *If the jurisdictions in which we operate increase gaming taxes and fees , our results could be adversely affected* . State and local authorities raise a significant amount of revenue through taxes and fees on gaming activities. From time to time, legislators and government officials have proposed changes in tax laws, or in the administration of such laws, affecting the gaming industry. Periods of economic downturn or uncertainty and budget deficits may intensify such efforts to raise revenues through increases in gaming taxes. If the jurisdictions in which we operate were to increase gaming taxes or fees, depending on the magnitude of the increase and any offsetting factors, our financial condition and results of operations could be materially adversely affected. For instance, income generated from gaming operations of MGM Grand Paradise currently has the benefit of a corporate tax exemption in Macau, which exempts us from paying the 12% complementary tax on profits generated by the operation of casino games. This exemption is effective through March 31, 2020, which also runs concurrent with the end of the term of the current gaming subconcession. Due to the uncertainty concerning taxation after the subconcession renewal process, we cannot assure you that any extensions of the tax exemption will be granted beyond March 31, 2020.
- *Conflicts of interest may arise because certain of our directors and officers are also directors of MGM China , the holding company for MGM Grand Paradise which owns and operates MGM Macau* . As a result of the initial public offering of shares of MGM China common stock, MGM China now has stockholders who are not affiliated with us, and we and certain of our officers and directors who also serve as officers and/or directors of MGM China may have conflicting fiduciary obligations to our stockholders and to the minority stockholders of MGM China. Decisions that could have different implications for us and MGM China, including contractual arrangements that we have entered into or may in the future enter into with MGM China, may give rise to the appearance of a potential conflict of interest or an actual conflict of interest.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive offices are located at Bellagio. Our significant land holdings are described below; unless otherwise indicated, all properties are indirectly owned by us. We also own or lease various other improved and unimproved properties in Las Vegas and other locations in the United States and certain foreign countries.

Domestic resorts and other land

The following table lists our domestic resorts land holdings, ground leases and other land holdings on a consolidated basis, including land held in connection with our proposed development properties and land and ground leases held by a subsidiary of the Operating Partnership, which we lease pursuant to the terms of the master lease.

Name and Location	Approximate Acres	Notes
Las Vegas, Nevada operations		
Bellagio	77	Approximately two acres of the site are subject to two ground leases.
MGM Grand Las Vegas	102	
Mandalay Bay	124	
The Mirage	77	
Luxor	73	Includes 15 acres of land located across the Las Vegas Strip from Luxor.
Excalibur	51	
New York-New York	23	Includes three acres of land related to The Park entertainment district development located between Monte Carlo and New York-New York.
Monte Carlo	21	
Circus Circus Las Vegas	102	Includes 34 acres of land located north of Circus Circus Las Vegas.
Other domestic operations		
MGM Grand Detroit (Detroit, Michigan)	27	
Beau Rivage (Biloxi, Mississippi)	42	10 acres are subject to a tidelands lease.
Gold Strike (Tunica, Mississippi)	24	
MGM National Harbor (Prince George's County, Maryland)	23	All 23 acres are subject to a ground lease.
Borgata (Atlantic City, New Jersey)	46	11 acres are subject to ground leases.
Other		
T-Mobile Arena (Las Vegas, Nevada)	17	Located adjacent to New York-New York and leased under a 50 year ground lease to Las Vegas Arena Company.
MGM Springfield (Springfield, Massachusetts)	14	
Tunica, Mississippi	388	We own an undivided 50% interest in this land with an unaffiliated, gaming company.
Atlantic City, New Jersey	125	Approximately 74 acres are suitable for development.
Shadow Creek Golf Course (North Las Vegas, Nevada)	310	Includes 66 acres of land adjacent to the golf course.
Fallen Oak Golf Course (Saucier, Mississippi)	511	
Primm Valley Golf Club (Stateline, California)	573	Located at the California state line, four miles from Primm, Nevada. Includes 125 acres of land adjacent to the golf club.

The land and substantially all of the assets of MGM Grand Las Vegas and Bellagio secure the obligations under our senior credit facility. In addition, the senior credit facility is secured by a pledge of the equity or limited liability company interests of the subsidiaries that own MGM Grand Las Vegas and Bellagio.

MGM China

MGM Macau occupies an approximately 10 acre site and MGM Cotai occupies an approximately 18 acre site, both of which are possessed under separate 25-year land use right agreements with the Macau government. The MGM China credit facility is secured by MGM Grand Paradise's interest in the Cotai and MGM Macau land use rights, and MGM China, MGM Grand Paradise and their guarantor subsidiaries have granted a security interest in substantially all of their assets to secure the facility. As of December 31, 2017, approximately \$2.3 billion was outstanding under the MGM China credit facility. These borrowings are non-recourse to us.

Operating Partnership

In connection with the initial public offering of MGP, the Borgata transaction and the MGM National Harbor transaction, the real estate assets of The Mirage, Mandalay Bay, Luxor, New York-New York, Monte Carlo, Excalibur, The Park, Gold Strike Tunica, MGM Grand Detroit, Borgata, Beau Rivage and MGM National Harbor were transferred to a subsidiary of the Operating Partnership in which we have a controlling interest. All of these properties, other than MGM National Harbor, secure the obligations under the Operating Partnership's credit agreement and are leased by us under an amended master lease that expires in 2046 (after giving effect to our renewal options). These borrowings are non-recourse to us.

Unconsolidated Affiliates

CityCenter occupies approximately 67 acres of land between Bellagio and Monte Carlo. The main site, along with substantially all of CityCenter's assets, serves as collateral for CityCenter's senior credit facility. As of December 31, 2017, CityCenter had not drawn on its \$125 million revolving credit facility and had \$1.6 billion in term loans outstanding. These borrowings are non-recourse to us.

The Las Vegas Arena Company leases under a long-term ground lease approximately 17 acres of land owned by us and located between Frank Sinatra Drive and New York-New York, adjacent to the Las Vegas Strip. Substantially all of the assets of Las Vegas Arena Company are used as collateral for its senior secured credit facility. In connection with this senior secured credit facility, we and Anschutz Entertainment Group, Inc. ("AEG") each entered into a repayment guarantee for the term loan B. As of December 31, 2017, the outstanding principal balance under term loan A was \$129 million and the outstanding principal balance under term loan B was \$50 million. See Note 12 to the accompanying consolidated financial statements for discussion of our repayment guarantee.

Other than as described above, none of our properties are subject to any major encumbrance.

ITEM 3. LEGAL PROCEEDINGS

October 1 litigation. The Company and/or certain of its subsidiaries have been named as defendants in a number of lawsuits related to the October 1, 2017 shooting in Las Vegas. The matters involve in large degree the same legal and factual issues, in each case being filed on behalf of individuals who are seeking damages for emotional distress, physical injury, medical expenses, economic damages and/or wrongful death based on assertions that the Company and/or certain of its subsidiaries were negligent. Lawsuits were first filed in October 2017 and include actions filed by multiple individuals in the District Court of Clark County, Nevada and in the Superior Court of Los Angeles County, California. Some of the original actions have been voluntarily dismissed, and plaintiffs' counsel indicate they anticipate re-filing the lawsuits in similar form. Additional lawsuits related to this incident may be filed in the future.

We are currently unable to reliably predict the developments in, outcome of, and economic costs and other consequences of pending or future litigation related to this matter. We will continue to investigate the factual and legal defenses, and evaluate these matters based on subsequent events, new information and future circumstances. We intend to defend against these lawsuits and ultimately believe we should prevail, but litigation of this type is inherently unpredictable. Although there are significant procedural, factual and legal issues to be resolved that could significantly affect our belief as to the possibility of liability, we currently believe that it is reasonably possible that we could incur liability in connection with certain of these lawsuits. The foregoing determination was made in accordance with generally accepted accounting principles, as codified in Accounting Standards Codification ("ASC") 450-20, and is not an admission of any liability on the part of us or any of our affiliates. Given that these cases are in the early stages and in light of the uncertainties surrounding them, we do not currently possess sufficient information to determine a range of reasonably possible liability. In the event we incur any liability, we believe it is unlikely we would incur losses in connection with these claims in excess of our insurance coverage. In addition, our general liability insurance coverage provides, as part of the contractual "duty to defend", payment of legal fees and associated costs incurred to defend covered lawsuits that are filed arising from the October 1, 2017 shooting in Las Vegas. Payment of such fees and costs is in addition to (and not limited by) the limits of the insurance policies and does not erode the total liability coverage available. The insurance carriers have not expressed any reservation of rights or coverage defenses that indicate they dispute coverage under the applicable policies.

Other. We and our subsidiaries are also defendants in various other lawsuits, most of which relate to routine matters incidental to our business. We do not believe that the outcome of such pending litigation, considered in the aggregate, will have a material adverse effect on the Company.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock Information

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "MGM." The following table sets forth, for the calendar quarters indicated, the intra-day high and low sale prices per share of our common stock on the NYSE Composite Tape.

	2017		2016	
	High	Low	High	Low
First quarter	\$ 29.97	\$ 25.15	\$ 22.97	\$ 16.18
Second quarter	34.34	27.01	25.29	20.59
Third quarter	34.65	30.04	26.49	22.33
Fourth quarter	34.51	29.53	30.62	25.25

There were approximately 3,720 record holders of our common stock as of February 23, 2018.

The Company implemented a dividend program in February 2017. In March, June and September 2017, the Company paid quarterly dividends of \$0.11 per share, each totaling \$63 million. In December 2017, the Company paid a quarterly dividend of \$0.11 per share, totaling \$62 million. On February 19, 2018 the Company's Board of Directors approved a quarterly dividend to holders of record on March 9, 2018 of \$0.12 per share, totaling \$68 million, which will be paid on March 15, 2018.

The amount, declaration and payment of any future dividends will be subject to the discretion of our Board of Directors who will evaluate our dividend policy from time to time based on factors it deems relevant, and the contractual limitations described below. In addition, as a holding company with no independent operations, our ability to pay dividends will depend upon the receipt of cash from our operating subsidiaries to generate the funds from operations necessary to pay dividends on our common stock. Furthermore, our senior credit facility contains financial covenants and restrictive covenants that could restrict our ability to pay dividends, subject to certain exceptions. In addition, the Operating Partnership and MGM China credit facilities each contain limitations on the ability of the applicable subsidiary under each credit agreement to pay dividends to us. There can be no assurance that we will continue to pay dividends in the future.

ITEM 6. SELECTED FINANCIAL DATA

The following reflects selected historical financial data that should be read in conjunction with “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K. The historical results are not necessarily indicative of the results of operations to be expected in the future.

	2017	2016	2015	2014	2013
	<i>(In thousands, except per share data)</i>				
Net revenues	\$ 10,773,904	\$ 9,455,123	\$ 9,190,068	\$ 10,081,984	\$ 9,809,663
Operating income (loss)	1,715,492	2,079,787	(156,232)	1,323,538	1,137,281
Net income (loss)	2,096,418	1,236,878	(1,039,649)	127,178	41,374
Net income (loss) attributable to MGM Resorts International	1,960,286	1,101,440	(447,720)	(149,873)	(171,734)
Earnings per share:					
Basic:					
Net income (loss) per share	\$ 3.39	\$ 1.94	\$ (0.82)	\$ (0.31)	\$ (0.35)
Weighted average common shares	572,253	568,134	542,873	490,875	489,661
Diluted:					
Net income (loss) per share	\$ 3.35	\$ 1.92	\$ (0.82)	\$ (0.31)	\$ (0.35)
Weighted average common shares	578,795	573,317	542,873	490,875	489,661
Dividends declared per common share	\$ 0.44	\$ —	\$ —	\$ —	\$ —
At-year end:					
Total assets	\$ 29,159,178	\$ 28,173,301	\$ 25,215,178	\$ 26,593,914	\$ 25,961,843
Total debt, including capital leases	12,922,712	13,000,792	12,713,416	14,063,563	13,326,441
Stockholders' equity	11,646,715	9,969,312	7,764,427	7,628,274	7,860,495
MGM Resorts International stockholders' equity	7,612,652	6,220,180	5,119,927	4,090,917	4,216,051
MGM Resorts International stockholders' equity per share	\$ 13.44	\$ 10.83	\$ 9.06	\$ 8.33	\$ 8.60
Number of shares outstanding	566,276	574,124	564,839	491,292	490,361

The following events/transactions affect the year-to-year comparability of the selected financial data presented above:

Acquisitions, Dispositions, and MGP IPO

- In 2016, we recorded a \$401 million gain for our share of CityCenter’s gain on the sale of the Shops at Crystals (“Crystals”). The gain included \$200 million representing our share of the gain recorded by CityCenter and \$201 million representing the reversal of certain basis differences. The basis differences primarily related to other-than-temporary impairment charges recorded on our investment in CityCenter that were allocated to Crystals’ building assets.
- In 2016, we received proceeds of \$1.2 billion and paid \$75 million in issuance costs in connection with MGP’s IPO. See Note 1 to the accompanying consolidated financial statements for additional information.
- In 2016, we recorded a gain of \$430 million on the acquisition of Boyd Gaming’s ownership interest in Borgata. Upon acquisition of Borgata on August 1, 2016, we began consolidating the results of Borgata and ceased recording of Borgata’s results as an equity method investment.
- In 2016, we opened MGM National Harbor, an integrated casino, hotel and entertainment resort in Prince George’s County at National Harbor, which is a waterfront development located on the Potomac River just outside of Washington, D.C.

Other

- In 2013, we recorded non-cash impairment charges of \$37 million related to our investment in Grand Victoria, \$20 million related to our land in Jean and Sloan, Nevada, and \$45 million related to corporate buildings expected to be removed from service.
- In 2013, we recorded a \$70 million loss for our share of CityCenter’s non-operating loss on retirement of long-term debt, primarily consisting of premiums associated with the redemption of the existing first and second lien notes as well as the write-off of previously unamortized debt issuance costs and a gain of \$12 million related to our share of Silver Legacy’s non-operating gain on retirement of long-term debt.
- In 2014, we recorded a non-cash impairment charge of \$29 million related to our investment in Grand Victoria.

- In 2015, we recorded non-cash impairment charges of \$1.5 billion to reduce the historical carrying value of goodwill related to the MGM China reporting unit and \$17 million related to our investment in Grand Victoria.
- In 2015, we recorded an \$80 million gain for our share of CityCenter's gain resulting from the final resolution of its construction litigation and related settlements.
- In 2015, we recorded a gain of \$23 million related to the sale of Circus Circus Reno and our 50% interest in Silver Legacy and associated real property.
- In 2016, we recorded a \$22 million loss related to our redemption of outstanding 7.50% senior notes due 2016 and 10% senior notes due 2016, and a \$16 million loss on the early retirement of debt related to outstanding 7.625% senior notes due 2017.
- In 2016, we recorded a \$28 million loss on debt retirement in connection with the amendment and restatement of our senior credit facility.
- In 2016, we recorded a \$152 million expense related to our strategic decision to exit the fully bundled sales system of NV Energy, which included \$13 million related to our share of CityCenter's portion of the payment. In 2017, we then recorded a gain of \$45 million related to the NV Energy exit fee modification.
- In 2017, we recorded a \$30 million loss on the early retirement of debt related to outstanding 11.375% senior notes due 2018 and a \$14 million loss on the early retirement of debt related to the MGM National Harbor credit facility.
- In 2017, we recorded a gain of \$36 million related to the Borgata property tax settlement.
- In 2017, we recorded a \$1.4 billion tax benefit related to the enactment of the U.S. Tax Cuts and Jobs Act ("Tax Act").

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Overview

Our primary business is the ownership and operation of casino resorts, which offer gaming, hotel, convention, dining, entertainment, retail and other resort amenities. We own or invest in several of the finest casino resorts in the world and we continually reinvest in our resorts to maintain our competitive advantage. Most of our revenue is cash-based, through customers wagering with cash or paying for non-gaming services with cash or credit cards. We rely heavily on the ability of our resorts to generate operating cash flow to fund capital expenditures, provide excess cash flow for future development and repay debt financings. We make significant investments in our resorts through newly remodeled hotel rooms, restaurants, entertainment and nightlife offerings, as well as other new features and amenities.

During the year ended December 31, 2017, Las Vegas visitor volume decreased 2%, Las Vegas Strip REVPAR increased 2% and Las Vegas Strip gaming revenue increased by 1% compared to the prior year period according to information published by the Las Vegas Convention and Visitors Authority. Results of operations for our domestic resorts during 2017 benefited from an increase in operating margins resulting from increases in gaming revenue and REVPAR, discussed below. Our rooms revenue benefited from robust convention business at our Las Vegas Strip resorts, which allowed us to yield higher room rates across our portfolio of resorts.

Gross gaming revenue in the Macau market increased 19% in 2017 compared to 2016, primarily as a result of growth on the Cotai Strip. Additionally, according to statistics published by the Statistics and Census Service of the Macau Government, visitor arrivals increased 5% and overnight visitors increased 10% in 2017 compared to 2016. As a significant number of MGM Macau's customers are from mainland China, we believe operating results at MGM Macau are affected by economic conditions in mainland China as well as certain policy initiatives enacted in mainland China and Macau. We believe a slowdown in China's economic growth rate as well as the implementation of policies related to gaming promoters, the Chinese government's restrictions on travel to Macau and cross-border currency transactions led to a multi-year decrease in gross gaming revenues for the Macau market, which lasted through the first half of 2016 and primarily impacted VIP casino gaming operations and, to a lesser extent, main floor operations throughout the Macau market. Despite the impact of these events and concerns over the sustainability of economic growth in China, we expect the Macau market to grow on a long-term basis due to further development and penetration of the mainland China market and infrastructure improvements expected to facilitate more convenient travel to and within Macau. We believe recent trends reflect stabilization and growth within the Macau market as gross gaming revenue has increased year over year in each month beginning in August 2016 and continuing through December 2017.

Our results of operations are affected by decisions we make related to our capital allocation, our access to capital and our cost of capital. While we continue to be focused on improving our financial position and returning capital to shareholders, we are also dedicated to capitalizing on development opportunities. For instance, we opened MGM Cotai on February 13, 2018. MGM Cotai is an integrated casino, hotel and entertainment resort located on an 18 acre site on the Cotai Strip in Macau. The Gaming Inspection and Coordination Bureau of Macau ("DICJ") approved 100 gaming tables for the opening of MGM Cotai and 25 additional gaming tables effective for operation on January 1, 2019, for a total of 125 gaming tables in aggregate. In addition, the DICJ approved the initial transfer of 77 gaming tables from MGM Macau to MGM Cotai.

Additionally, we were awarded a casino license to build and operate MGM Springfield in Springfield, Massachusetts. MGM Springfield is being developed on approximately 14 acres of land in downtown Springfield. MGM's plans for the resort currently include a casino with approximately 2,550 slots and 120 table games including poker; a 250-room hotel; 100,000 square feet of retail and restaurant space; 44,000 square feet of meeting and event space; and a 3,500 space parking garage; with an expected development and construction cost of approximately \$960 million, excluding capitalized interest and land-related costs. Construction of MGM Springfield is expected to be completed in the third quarter of 2018.

In August 2015, we announced the implementation of a Profit Growth Plan for sustained growth and margin enhancement. The Profit Growth Plan's initiatives focused on improving business processes to leverage our scale for greater efficiency and lower costs, and to identify areas of opportunity to organically drive incremental revenue growth. The Profit Growth Plan included a large number of initiatives to optimize operations and in 2017 we transitioned from the Profit Growth Plan to a continuous improvement approach to explore additional opportunities to drive further improvement.

Formation and Initial Public Offering of MGP

On April 25, 2016, MGM Growth Properties LLC ("MGP"), a consolidated subsidiary, completed its initial public offering ("IPO"). MGP is organized as an umbrella partnership REIT (commonly referred to as an "UPREIT") structure in which substantially all of its assets are owned by, and substantially all of its businesses are conducted through the Operating Partnership. MGP has two classes of authorized and outstanding voting common shares (collectively, the "shares"): Class A shares and a single Class B share.

We own MGP's Class B share, which does not provide its holder any rights to profits or losses or any rights to receive distributions from operations of MGP or upon liquidation or winding up of MGP. MGP's Class A shareholders are entitled to one vote per share, while we, as the owner of the Class B share, are entitled to an amount of votes representing a majority of the total voting power of MGP's shares so long as our and our controlled affiliates' (excluding MGP's) aggregate beneficial ownership of the combined economic interests in MGP and the Operating Partnership does not fall below 30%. The sole general partner of the Operating Partnership is also a subsidiary of MGP.

In connection with the formation of MGP, MGP used the proceeds from the IPO to purchase operating partnership units in the Operating Partnership. Concurrently, we contributed the real estate assets associated with The Mirage, Mandalay Bay, Luxor, New York-New York, Monte Carlo, Excalibur, The Park, Gold Strike Tunica, MGM Grand Detroit and Beau Rivage to the Operating Partnership in exchange for operating partnership units. A wholly owned subsidiary of the Operating Partnership (the "landlord") subsequently leased the properties to a subsidiary of ours (the "tenant") pursuant to a long-term triple-net master lease agreement (the "master lease").

In August 2016, we completed the acquisition of Boyd Gaming Corporation's ("Boyd Gaming") ownership interest in Borgata, at which time Borgata became a consolidated subsidiary of ours. Subsequently, MGP acquired Borgata's real property from us, and in October 2017, MGP also acquired the long-term leasehold interest and real property associated with MGM National Harbor from us. Amendments to the master lease agreement provided that we then lease the real estate assets of Borgata and MGM National Harbor from a subsidiary of the Operating Partnership. As of December 31, 2017, we owned 73.4% of the Operating Partnership units, and MGP held the remaining 26.6% ownership interest in the Operating Partnership.

See Note 1 in the accompanying consolidated financial statements for information regarding MGP and its subsidiaries, which we consolidate in our financial statements, and from which we lease certain of our real estate assets pursuant to a master lease agreement. All intercompany transactions, including transactions under the master lease, have been eliminated in consolidation.

Reportable Segments

We have two reportable segments: domestic resorts and MGM China. We currently own and operate 14 resorts in the United States. MGM China's operations consist of MGM Macau resort and MGM Cotai on the Cotai Strip in Macau. We have additional business activities including investments in unconsolidated affiliates, and certain other corporate and management operations. CityCenter is our most significant unconsolidated affiliate, which we also manage for a fee. Our operations that are not segregated into separate reportable segments are reported as "corporate and other" operations in our reconciliations of segment results to consolidated results.

Domestic resorts. At December 31, 2017, our domestic resorts consisted of the following casino resorts:

Las Vegas, Nevada:	Bellagio, MGM Grand Las Vegas (including The Signature), Mandalay Bay (including Delano and Four Seasons), The Mirage, Luxor, New York-New York (including the Park), Excalibur, Monte Carlo and Circus Circus Las Vegas.
Other:	MGM Grand Detroit in Detroit, Michigan; Beau Rivage in Biloxi, Mississippi; Gold Strike Tunica in Tunica, Mississippi; Borgata in Atlantic City, New Jersey; and MGM National Harbor in Prince George's County, Maryland.

Over half of the net revenue from our domestic resorts is derived from non-gaming operations including hotel, food and beverage, entertainment and other non-gaming amenities. We market to different customer groups and utilize our significant convention and meeting facilities to maximize hotel occupancy and customer volumes which also leads to better labor utilization. Our operating results are highly dependent on demand for our services, and the volume of customers at our resorts, which in turn affects the price we can charge for our hotel rooms and other amenities. Also, we generate a significant portion of our revenue from our domestic resorts in Las Vegas, Nevada, which exposes us to certain risks, such as increased competition from new or expanded Las Vegas resorts, and from the expansion of gaming in the United States generally.

Key performance indicators related to gaming and hotel revenue at our domestic resorts are:

- Gaming revenue indicators: table games drop and slots handle (volume indicators); "win" or "hold" percentage, which is not fully controllable by us. Our normal table games hold percentage is in the range of 20% to 23% of table games drop and our normal slots hold percentage is in the range of 8.5% to 9% of slots handle; and

- Hotel revenue indicators: hotel occupancy (a volume indicator); average daily rate (“ADR,” a price indicator); and revenue per available room (“REVPAR,” a summary measure of hotel results, combining ADR and occupancy rate). Our calculation of ADR, which is the average price of occupied rooms per day, includes the impact of complimentary rooms. Complimentary room rates are determined based on an analysis of retail or “cash” rates for each customer segment and each type of room product to estimate complimentary rates which are consistent with retail rates. Complimentary rates are reviewed at least annually and on an interim basis if there are significant changes in market conditions. Because the mix of rooms provided on a complimentary basis, particularly to casino customers, includes a disproportionate suite component, the composite ADR including complimentary rooms is slightly higher than the ADR for cash rooms, reflecting the higher retail value of suites.

MGM China. We own an approximate 56% controlling interest in MGM China, which owns MGM Grand Paradise, the Macau company that owns and operates MGM Macau and MGM Cotai, the related gaming subconcession and land concessions. We believe our investment in MGM China plays an important role in extending our reach internationally and will foster future growth and profitability.

Revenues at MGM Macau are generated from three primary customer segments in the Macau gaming market: VIP casino gaming operations, main floor gaming operations, and slot machine operations. VIP players play mostly in dedicated VIP rooms or designated gaming areas. VIP customers can be further divided into customers sourced by in-house VIP programs and those sourced through gaming promoters. A significant portion of our VIP volume is generated through the use of gaming promoters. Gaming promoters introduce VIP gaming players to MGM Macau, assist these customers with travel arrangements, and extend gaming credit to these players. In exchange for their services, gaming promoters are compensated through payment of revenue-sharing arrangements or rolling chip turnover based commissions. In-house VIP players also typically receive a commission based on the program in which they participate. MGM Macau main floor operations primarily consist of walk-in and day trip visitors. Unlike gaming promoters and in-house VIP players, main floor players do not receive commissions. The profit contribution from the main floor segment exceeds the VIP segment due to commission costs paid to gaming promoters. Gaming revenues from the main floor segment have become an increasingly significant portion of total gaming revenues in recent years and we believe this segment represents the most potential for sustainable growth in the future.

VIP gaming at MGM Macau is conducted by the use of special purpose nonnegotiable gaming chips. Gaming promoters purchase these nonnegotiable chips from MGM Macau and in turn they sell these chips to their players. The nonnegotiable chips allow MGM Macau to track the amount of wagering conducted by each gaming promoters’ clients in order to determine VIP gaming play. Gaming promoter commissions are based on a percentage of the gross table games win or a percentage of the table games turnover they generate. They also receive a complimentary allowance based on a percentage of the table games turnover they generate, which can be applied to hotel rooms, food and beverage and other discretionary customers-related expenses. The estimated portion of the gaming promoter payments that represent amounts passed through to VIP customers is recorded as a reduction of casino revenue, and the estimated portion retained by the gaming promoter for its compensation is recorded as casino expense. In-house VIP commissions are based on a percentage of rolling chip turnover and are recorded as a reduction of casino revenue.

In addition to the key performance indicators used by our domestic resorts, MGM Macau utilizes “turnover,” which is the sum of nonnegotiable chip wagers won by MGM Macau calculated as nonnegotiable chips purchased plus nonnegotiable chips exchanged less nonnegotiable chips returned. Turnover provides a basis for measuring VIP casino win percentage. Win for VIP gaming operations at MGM Macau is typically in the range of 2.7% to 3.0% of turnover. Win for main floor gaming operations at MGM Macau is typically in the range of 16-22% of table games drop.

Corporate and other. Corporate and other includes our investments in unconsolidated affiliates and certain management and other operations. See Note 1 and Note 7 to the accompanying consolidated financial statements for discussion of the Company’s unconsolidated affiliates.

Results of Operations

The following discussion is based on our consolidated financial statements for the years ended December 31, 2017, 2016 and 2015.

Summary Financial Results

The following table summarizes our operating results:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Net revenues	\$ 10,773,904	\$ 9,455,123	\$ 9,190,068
Operating income (loss)	1,715,492	2,079,787	(156,232)
Net income (loss)	2,096,418	1,236,878	(1,039,649)
Net income (loss) attributable to MGM Resorts International	1,960,286	1,101,440	(447,720)

Summary Operating Results

Consolidated net revenues for 2017 increased 14% compared to 2016 due primarily to the full year of operations at Borgata and MGM National Harbor, an increase in casino revenue, rooms revenue, valet and parking fee revenue at our domestic resorts and an increase in casino revenue at MGM China. Consolidated net revenues for 2016 increased 3% compared to 2015 due primarily to the Borgata transaction on August 1, 2016, the opening of MGM National Harbor in December 2016 and an increase in casino revenue, rooms revenue, food and beverage revenue, and other revenue including parking fee revenue at our domestic resorts, partially offset by a decrease in casino revenue at MGM China. See “Operating Results – Detailed Segment Information” below for additional information related to segment revenues.

Consolidated operating income was \$1.7 billion in 2017 compared to \$2.1 billion in 2016. The current year period included a full year of operations at Borgata, which included a benefit of \$36 million related to Borgata’s share of a property tax settlement from Atlantic City, a full year of operations at MGM National Harbor, and a benefit of \$45 million related to the modification of the NV Energy exit fee, which included the benefit recognized at our domestic resorts as well as our 50% share of the benefit recognized at CityCenter. The prior year included a \$430 million gain recognized on the Borgata acquisition and a \$401 million gain related to the sale of The Shops at Crystals (“Crystals”) at CityCenter, which was offset by charges of \$152 million of NV Energy exit expense associated with the Company’s strategic decision to exit the fully bundled sales system of NV Energy. Operating income at our domestic resorts increased 35%, or \$481 million in 2017 compared to 2016, and benefitted from a full year of contributions from Borgata and MGM National Harbor and a decrease in preopening expense. See “Operating Results – Details of Certain Charges” below for additional detail on our preopening expense. Corporate expense increased to \$357 million in 2017 from \$313 million in 2016, primarily from a \$16 million charge for the Operating Partnership’s share of real estate transfer taxes recorded in connection with the MGM National Harbor transaction, with the remainder of the increase primarily related to corporate brand campaign expenses, legal expenses, and charitable contributions. Operating income at MGM China decreased 24%, or \$62 million, compared to 2016 due primarily to an increase in preopening expense related to the MGM Cotai project. Income from unconsolidated affiliates was \$146 million in 2017 compared to \$528 million in 2016, which included the gain related to the sale of Crystals. See “Operating Results – Income from Unconsolidated Affiliates” for additional detail.

Consolidated operating income was \$2.1 billion in 2016 compared to an operating loss of \$156 million in 2015. Operating income in 2016 was affected by the items discussed above. Operating loss in 2015 was negatively affected by a \$1.5 billion non-cash impairment charge to goodwill recognized in the acquisition of a controlling interest in MGM China in 2011. The impairment charge resulted from our annual review of our goodwill carrying values and was incurred as a result of reduced cash flow forecasts for MGM China’s resorts based on market conditions at that time and lower valuation multiples for gaming assets in the Macau market. Income from unconsolidated affiliates was \$528 million in 2016, as discussed above, compared to \$258 million in 2015, which included \$80 million related to our share of the gain recognized by CityCenter as a result of the final resolution of its construction litigation and related settlements. Corporate expense increased to \$313 million in 2016 from \$275 million in 2015, due primarily to costs incurred to implement initiatives related to the Profit Growth Plan of \$23 million, costs associated with the initial public offering of MGP of \$25 million, transaction costs incurred in connection with the Borgata transaction, incremental performance-based compensation expense, and costs associated with a litigation settlement.

Operating Results – Detailed Segment Information

The following table presents a detail by segment of consolidated net revenues and Adjusted EBITDA. Management uses Adjusted Property EBITDA as the primary profit measure for its reportable segments. See “Non-GAAP Measures” for additional information:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Net Revenues			
Domestic resorts	\$ 8,322,403	\$ 7,055,718	\$ 6,497,361
MGM China	1,970,494	1,920,487	2,214,767
Reportable segment net revenues	10,292,897	8,976,205	8,712,128
Corporate and other	481,007	478,918	477,940
	<u>\$ 10,773,904</u>	<u>\$ 9,455,123</u>	<u>\$ 9,190,068</u>
Adjusted EBITDA			
Domestic resorts	\$ 2,514,819	\$ 2,063,016	\$ 1,689,966
MGM China	524,953	520,736	539,881
Reportable segment Adjusted Property EBITDA	3,039,772	2,583,752	2,229,847
Corporate and other	(202,675)	211,932	9,073
	<u>\$ 2,837,097</u>	<u>\$ 2,795,684</u>	<u>\$ 2,238,920</u>

Domestic resorts. The following table is a reconciliation of domestic resorts net revenues to domestic resorts same-store net revenues:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Domestic resorts net revenues	\$ 8,322,403	\$ 7,055,718	\$ 6,497,361
Net revenues related to Borgata	(850,766)	(348,462)	—
Net revenues related to MGM National Harbor	(717,436)	(53,005)	—
Net revenues related to sold resort operations	—	—	(78,792)
Domestic resorts same-store net revenues	<u>\$ 6,754,201</u>	<u>\$ 6,654,251</u>	<u>\$ 6,418,569</u>

The following table presents detailed net revenues at our domestic resorts:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Casino revenue, net			
Table games	\$ 1,436,065	\$ 1,051,147	\$ 880,318
Slots	2,473,720	1,920,284	1,720,028
Other	139,647	83,020	70,148
Casino revenue, net	4,049,432	3,054,451	2,670,494
Non-casino revenue			
Rooms	2,095,605	1,965,378	1,813,838
Food and beverage	1,736,640	1,578,704	1,500,039
Entertainment, retail and other	1,273,331	1,166,477	1,167,488
Non-casino revenue	5,105,576	4,710,559	4,481,365
	9,155,008	7,765,010	7,151,859
Less: Promotional allowances	(832,605)	(709,292)	(654,498)
	<u>\$ 8,322,403</u>	<u>\$ 7,055,718</u>	<u>\$ 6,497,361</u>

The following table presents detailed domestic resorts same-store net revenues:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Casino revenue, net			
Table games	\$ 961,118	\$ 951,836	\$ 874,879
Slots	1,743,873	1,723,576	1,693,717
Other	68,134	60,398	69,114
Casino revenue, net	<u>2,773,125</u>	<u>2,735,810</u>	<u>2,637,710</u>
Non-casino revenue			
Rooms	1,935,625	1,910,765	1,794,289
Food and beverage	1,502,255	1,511,189	1,486,175
Entertainment, retail and other	1,192,355	1,143,361	1,148,877
Non-casino revenue	<u>4,630,235</u>	<u>4,565,315</u>	<u>4,429,341</u>
	7,403,360	7,301,125	7,067,051
Less: Promotional allowances	(649,159)	(646,874)	(648,482)
	<u>\$ 6,754,201</u>	<u>\$ 6,654,251</u>	<u>\$ 6,418,569</u>

Casino revenue increased 33% in 2017 compared to 2016 . Same-store casino revenue increased 1% in 2017 compared to the prior year due primarily to a 1% increase in both table games revenue and slots revenue.

Casino revenue increased 14% in 2016 compared to 2015 . Same-store casino revenue increased 4% compared to prior year due primarily to an increase in table games revenue. Same-store table games revenue increased 9% in 2016 compared to 2015 due to an increase in same-store table games hold percentage to 23.2% from 20.5% in 2015. On a same-store basis, slots revenue increased 2% compared to the prior year.

The following table shows key gaming statistics for the Company's Las Vegas Strip resorts:

	Year Ended December 31,		
	2017	2016	2015
Table Games Drop	\$ 3,777	\$ 3,723	\$ 4,029
Table Games Win %	24.7%	24.4%	21.2%
Slot Handle	\$ 12,396	\$ 12,437	\$ 12,831
Slot Hold %	8.9%	8.9%	8.4%

Domestic resorts rooms revenue increased 7% in 2017 compared to 2016. On a same-store basis, rooms revenue increased 1% in 2017 compared to 2016 as a result of a 2% increase in REVPAR at our Las Vegas Strip resorts. Domestic resorts rooms revenue increased 8% in 2016 compared to 2015. On a same-store basis, rooms revenue increased 6% in 2016 compared to 2015 as a result of a 6% increase in REVPAR at our Las Vegas Strip resorts.

The following table shows key hotel statistics for our Las Vegas Strip resorts:

	Year Ended December 31,		
	2017	2016	2015
Occupancy	91%	93%	93%
Average Daily Rate (ADR)	\$ 165	\$ 157	\$ 149
Revenue per Available Room (REVPAR)	151	146	138

Food and beverage revenues increased 10% in 2017 compared to 2016 . Same-store food and beverage revenue decreased 1% in 2017 compared to 2016 primarily due to a decrease at Monte Carlo as a result of disruption related to the transformation of Monte Carlo into Park MGM and NoMad Hotel. Food and beverage revenues increased 5% in 2016 compared to 2015. Same-store food and beverage revenue increased 2% in 2016 compared to 2015 due primarily to an increase in convention and banquet business, and the opening of several new outlets.

Entertainment, retail and other revenues increased 9% in 2017 compared to 2016. Same-store entertainment, retail and other revenues increased 4% in 2017 compared to 2016 due primarily to valet and self-parking fees and ATM commissions. Entertainment, retail and other revenues decreased less than 1% in 2016 compared to 2015, and same-store entertainment, retail and other revenues decreased less than 1% due primarily to a 5% decrease in entertainment revenue as a result of our strategic decision to lease MGM Grand Garden Arena to a subsidiary of the Las Vegas Arena Company, LLC effective on January 1, 2016 offset by a 7% increase in other revenue primarily as a result of valet and self-parking fees which were implemented in June 2016.

The following table is a reconciliation of domestic resorts Adjusted Property EBITDA to domestic resorts Same-store Adjusted Property EBITDA. See “Non-GAAP Measures” for additional information on domestic resorts Same-store Adjusted Property EBITDA:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Domestic resorts Adjusted Property EBITDA	\$ 2,514,819	\$ 2,063,016	\$ 1,689,966
Adjusted Property EBITDA related to Borgata	(283,353)	(81,281)	—
Adjusted Property EBITDA related to MGM National Harbor	(134,293)	(9,596)	—
Adjusted Property EBITDA related to sold resort operations	—	—	(3,441)
Domestic resorts Same-store Adjusted Property EBITDA	<u>\$ 2,097,173</u>	<u>\$ 1,972,139</u>	<u>\$ 1,686,525</u>

Adjusted Property EBITDA at our domestic resorts was \$2.5 billion in 2017, an increase of 22% compared to 2016, and was positively impacted by a full year of operations at Borgata and MGM National Harbor. Same-store Adjusted Property EBITDA increased 6% in 2017 compared to 2016. Same-store Adjusted Property EBITDA margin increased in 2017 by 141 basis points compared to 2016 to 31.0% due to an increase in casino and non-casino revenue as discussed above as well as a decrease in general and administrative expense related to a decrease in payroll costs and utilities.

Adjusted Property EBITDA at our domestic resorts was \$2.1 billion in 2016, an increase of 22% compared to 2015 due primarily to approximately \$244 million of incremental Adjusted Property EBITDA growth generated from the Company’s Profit Growth Plan initiatives as well as \$81 million of Adjusted Property EBITDA resulting from the Borgata transaction and \$10 million of Adjusted Property EBITDA resulting from the December 2016 opening of MGM National Harbor as well as an increase in revenues as discussed above. Same-store Adjusted Property EBITDA increased 17% in 2016 compared to 2015. Same-store Adjusted Property EBITDA margin increased in 2016 by 336 basis points compared to 2015 to 29.6%.

MGM China. The following table presents detailed net revenue for MGM China:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Casino revenue, net			
VIP table games	\$ 698,437	\$ 720,522	\$ 977,182
Main floor table games	1,054,028	999,506	986,063
Slots	179,280	161,586	209,098
Casino revenue, net	<u>1,931,745</u>	<u>1,881,614</u>	<u>2,172,343</u>
Non-casino revenue	119,686	119,419	135,585
	<u>2,051,431</u>	<u>2,001,033</u>	<u>2,307,928</u>
Less: Promotional allowances	(80,937)	(80,546)	(93,161)
	<u>\$ 1,970,494</u>	<u>\$ 1,920,487</u>	<u>\$ 2,214,767</u>

Net revenue for MGM China increased 3% in 2017 compared to 2016 primarily as a result of an increase in main floor table games revenue of 5%, which was partially offset by a 3% decrease in VIP table games revenue. VIP table games volume increased slightly in 2017 compared to 2016 while VIP hold percentage was 3.2% for both the current and prior year periods. Main floor table games volume decreased 1% and hold percentage increased to 20.2% in 2017 from 18.8% in 2016. Slots revenue increased 11% in 2017 compared to 2016 due primarily to an 8% increase in slots volume.

MGM China’s Adjusted EBITDA was \$525 million in 2017 and \$521 million in 2016. Excluding intercompany branding fees of \$34 million for both the years ended December 31, 2017 and 2016, Adjusted EBITDA increased 1% compared to 2016. Adjusted EBITDA margin was 26.6% in 2017 compared to 27.1% in 2016 and decreased in part as a result of a 7% increase in general and administrative expense.

Net revenue for MGM China decreased 13% in 2016 compared to 2015 primarily as a result of a decrease in VIP table games revenue of 26%, which was slightly offset by a 1% increase in main floor table games revenue. VIP table games turnover decreased 24% compared to the prior year, and VIP table games hold percentage decreased to 3.2% in 2016 from 3.3% in 2015. Slots revenue decreased 23% in 2016 compared to 2015 due to an 18% decrease in slots volume. Casino revenue was negatively affected in 2016 by the changes in economic factors and policy initiatives in China that began to take place in 2014, and VIP table games revenue was further impacted by the new regulatory compliance requirements implemented in late 2015 and in 2016 for gaming promoters and operators, as well as the curtailing of “proxy” bets as a result of the ban on mobile phone usage at gaming tables, which began in 2016.

MGM China’s Adjusted EBITDA was \$521 million in 2016 and \$540 million in 2015. Excluding intercompany branding fees of \$34 million and \$39 million for the years ended December 31, 2016 and 2015, respectively, Adjusted EBITDA decreased 4% compared to 2015. Adjusted EBITDA margin increased 274 basis points to 27.1% in 2016 primarily as a result of an increase in main floor table games mix and cost reduction efforts.

Corporate and other. Corporate and other revenue includes revenues from other corporate operations, management services and reimbursed costs revenue primarily related to our CityCenter management agreement. Reimbursed costs revenue represents reimbursement of costs, primarily payroll-related, incurred by us in connection with the provision of management services and was \$402 million, \$397 million and \$399 million for 2017, 2016 and 2015, respectively.

Adjusted EBITDA related to corporate and other in 2017 decreased compared to the prior year due to our share of the gain recognized in 2016 from the sale of Crystals at CityCenter, the gain on the acquisition of Borgata in 2016 and an increase in stock-based compensation, partially offset by the cessation of equity method accounting for Borgata subsequent to the acquisition and an increase in corporate expense as described in “Summary Operating Results.” See “Operating Results – Income from Unconsolidated Affiliates” for further discussion regarding CityCenter and Borgata.

Adjusted EBITDA related to corporate and other in 2016 increased due to our share of the gain recognized from the sale of Crystals at CityCenter. See “Operating Results – Income from Unconsolidated Affiliates” for further discussion. The increase in income from unconsolidated affiliates was partially offset by an increase in corporate expense and an increase in stock-based compensation.

Operating Results – Details of Certain Charges

Preopening and start-up expenses consisted of the following:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
MGM China	\$ 86,970	\$ 27,848	\$ 13,863
MGM Springfield	22,881	26,210	19,654
Monte Carlo rebranding	6,498	589	—
MGM National Harbor	366	77,242	32,837
Other	1,760	8,186	4,973
	<u>\$ 118,475</u>	<u>\$ 140,075</u>	<u>\$ 71,327</u>

Preopening and start-up expenses decreased in 2017 due primarily to a decrease in preopening and start-up expenses at MGM National Harbor (as it opened in December 2016), partially offset by an increase in preopening and start-up expenses at MGM China related to MGM Cotai (which opened in February 2018) and at Monte Carlo as part of the property’s on-going rebrand to Park MGM and NoMad Hotel. Preopening and start-up expenses at MGM China include \$7 million of amortization of the Cotai land concession premium in each of the years ended December 31, 2017, 2016 and 2015. Preopening and start-up expenses at MGM National Harbor include \$15 million and \$19 million of rent expense for the years ended December 31, 2016 and 2015, respectively, which relates to the ground lease for the land on which MGM National Harbor was developed. As the property was open for the entirety of 2017, no rent expense relating to the ground lease was recorded in preopening and start-up expenses at MGM National Harbor for 2017.

Property transactions, net consisted of the following:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Grand Victoria investment impairment	\$ —	\$ —	\$ 17,050
Gain on sale of Circus Circus Reno and Silver Legacy investment	—	—	(23,002)
Other property transactions, net	50,279	17,078	41,903
	<u>\$ 50,279</u>	<u>\$ 17,078</u>	<u>\$ 35,951</u>

See Note 16 to the accompanying consolidated financial statements for a discussion of property transactions, net for the years ended December 31, 2017, 2016 and 2015.

Operating Results – Income from Unconsolidated Affiliates

The following table summarizes information related to our income from unconsolidated affiliates:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
CityCenter	\$ 133,167	\$ 445,181	\$ 158,906
Borgata (through July 31, 2016)	—	61,169	75,764
Other	12,822	21,266	23,213
	<u>\$ 145,989</u>	<u>\$ 527,616</u>	<u>\$ 257,883</u>

We completed our acquisition of Borgata on August 1, 2016, at which time the subsidiary operating Borgata became a consolidated subsidiary. Prior to the acquisition, we held a 50% interest in Borgata, which was accounted for under the equity method.

In 2017, our share of CityCenter's operating results, including certain basis difference adjustments, was \$133 million, which included a benefit of \$4 million related to our share of the modification of the NV Energy exit fee. At Aria, casino revenues increased 8% in 2017 compared to 2016, due to a 2% increase in table games drop and an increase in hold percentage to 25.3% in 2017 compared to 24.6% in 2016 as well as a 6% increase in slots revenue. REVPAR increased by 5% and 2% at Aria and Vdara, respectively, which led to a 4% increase in CityCenter's rooms revenue in 2017 compared to 2016. CityCenter food and beverage revenue increased 7% in 2017 due in part to an increase in catering and banquets during the year.

In 2016, our share of CityCenter's operating results, including certain basis difference adjustments, was \$445 million, which included \$13 million related to our share of NV Energy exit expense representing CityCenter's share of a charge associated with our strategic decision to exit the fully bundled sales system of NV Energy, \$41 million related to our share of accelerated depreciation related to the April 2016 closure of the Zarkana theatre, as well as \$401 million related to our share of a gain recognized by CityCenter on the sale of Crystals and the reversal of certain basis differences, compared to \$159 million in 2015, which included \$80 million related to our share of a gain recognized by CityCenter as a result of the final resolution of its construction litigation and related settlements. At Aria, casino revenues decreased 2% in 2016 compared to 2015, due to a 7% decrease in table games volume partially offset by an increase in hold percentage to 24.6% in 2016 compared to 23.8% in 2015. The decrease in table games revenue was partially offset by a 2% increase in slots revenue. REVPAR increased by 4% and 8% at Aria and Vdara, respectively, which led to a 7% increase in CityCenter's rooms revenue in 2016 compared to 2015.

Non-operating Results

Interest expense. The following table summarizes information related to interest on our long-term debt:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Total interest incurred – MGM Resorts (excluding MGM China)	\$ 691,475	\$ 746,467	\$ 808,733
Total interest incurred – MGM China	88,380	68,264	53,644
Interest capitalized	(111,110)	(119,958)	(64,798)
	<u>\$ 668,745</u>	<u>\$ 694,773</u>	<u>\$ 797,579</u>
Cash paid for interest, net of amounts capitalized	\$ 658,637	\$ 661,166	\$ 776,540
End-of-year ratio of fixed-to-floating debt	73/27	68/32	67/33
End-of-year weighted average interest rate	5.2%	5.4%	5.9%

In 2017, interest cost related to MGM Resorts, excluding MGM China, decreased compared to 2016 primarily as a result of a decrease in the average debt outstanding related to our senior notes and a decrease in the weighted average interest rate of our senior notes. This was partially offset by an increase in the average debt outstanding under our credit facilities and an increase in amortization of debt issuance costs. Interest cost related to MGM China increased in 2017 compared to 2016 due to an increase in the average outstanding amounts borrowed under the MGM China credit facility and an increase in the weighted average interest rate. In 2016, interest cost related to MGM Resorts, excluding MGM China, decreased compared to 2015 primarily as a result of a decrease in the average long-term debt outstanding, and also due to a decrease in the weighted average interest rate, partially offset by an increase in amortization of debt issuance cost associated with the MGP related financing transactions in April 2016. Interest cost related to MGM China increased in 2016 compared to 2015 due to an increase in the average outstanding amounts borrowed under the MGM China credit facility partially offset by a decrease in amortization of debt issuance costs.

Capitalized interest in 2017 decreased from 2016 due primarily to the opening of MGM National Harbor in December 2016, partially offset due to the MGM Cotai and MGM Springfield projects. Capitalized interest in 2016 increased compared to 2015 due primarily to the MGM Cotai, MGM National Harbor, and MGM Springfield projects.

Non-operating items from unconsolidated affiliates. Non-operating expense from unconsolidated affiliates decreased \$18 million in 2017 compared to 2016, and decreased \$23 million in 2016 compared to 2015, due primarily to the acquisition of Borgata on August 1, 2016, at which time the subsidiary operating Borgata became a consolidated subsidiary of our company. Prior to the acquisition, we held a 50% ownership interest in Borgata, which was accounted for under the equity method.

Other, net. Other expense in 2017 primarily consisted of a \$30 million loss incurred on the early retirement of debt related to our 11.375% senior notes due 2018, as well as a \$14 million loss incurred on the early retirement of debt related to the MGM National Harbor credit facility. Other expense in 2016 primarily consisted of a \$16 million loss on the early retirement of debt related to our 7.625% senior notes due 2017, as well as a \$49 million loss incurred on the early retirement of debt related to our previously outstanding 7.5% senior notes due 2016 and 10% senior notes due 2016 and our prior senior credit facility, recorded in the second quarter of 2016. The previously discussed losses related to the early retirement of debt recorded in 2016 are primarily responsible for the increase in other non-operating expense from 2016 to 2015.

Income taxes. The following table summarizes information related to our income taxes:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Income (loss) before income taxes	\$ 963,755	\$ 1,259,177	\$ (1,046,243)
Benefit (provision) for income taxes	1,132,663	(22,299)	6,594
Effective income tax rate	(117.5)%	1.8%	0.6%
Federal, state and foreign income taxes paid, net of refunds	\$ 181,651	\$ 68,236	\$ 11,801

Our effective tax rate in 2017 was favorably impacted by a non-recurring, non-cash income tax benefit of \$1.4 billion resulting from the remeasurement of deferred tax assets and liabilities required as a result of the enactment of the U.S. Tax Cuts and Jobs Act (the "Tax Act"). Our effective tax rate in 2016 was favorably impacted by income tax benefits attributable to a decrease in valuation allowance on foreign tax credit carryovers and permanent exclusion of a portion of the gain on the Borgata transaction, partially offset

by income tax expense attributable to the remeasurement of Macau deferred tax liabilities resulting from a change in assumption concerning renewal of the exemption from the Macau complementary tax on gaming profits. Our effective tax rate in 2015 was unfavorably impacted by the non-cash impairment charge on MGM China goodwill for which we did not record income tax benefit, partially offset by an income tax benefit for foreign tax credits, net of valuation allowance.

Cash taxes paid increased in 2017 compared to 2016 primarily as a result of an increase in federal income taxes paid due to increased U.S. taxable income and state income taxes attributable to Borgata, which has been consolidated since the August 2016 acquisition of Boyd Gaming's interest in the company. Cash taxes paid increased in 2016 compared to 2015 primarily as a result of an increase in federal income taxes paid due to increased U.S. taxable income.

Non-GAAP Measures

"Adjusted EBITDA" is earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening and start-up expenses, NV Energy exit expense, gain on Borgata transaction, goodwill impairment charges, and property transactions, net. "Adjusted Property EBITDA" is Adjusted EBITDA before corporate expense and stock compensation expense related to the MGM Resorts and MGP stock compensation plans, which are not allocated to each property. MGM China recognizes stock compensation expense related to its stock-based compensation plan which is included in the calculation of Adjusted EBITDA for MGM China. "Same-store Adjusted Property EBITDA" is Adjusted Property EBITDA related to the operating resorts which were consolidated by the Company for both the entire current and prior year periods presented. "Adjusted EBITDA margin" is Adjusted EBITDA divided by net revenues. "Same-store Adjusted Property EBITDA margin" is Same-store Adjusted Property EBITDA divided by "same-store" net revenues. Adjusted EBITDA information is presented solely as a supplemental disclosure to reported GAAP measures because management believes these measures are 1) widely used measures of operating performance in the gaming industry, and 2) a principal basis for valuation of gaming companies. We present Adjusted Property EBITDA on a "same-store" basis as supplemental information because management believes that providing performance measures on a "same-store" basis is useful for evaluating the period-to-period performance of our domestic casino resorts.

We believe that while items excluded from Adjusted EBITDA, Adjusted Property EBITDA, Same-Store Adjusted Property EBITDA, Adjusted EBITDA margin, and Same-store Adjusted Property EBITDA margin may be recurring in nature and should not be disregarded in evaluation of our earnings performance, it is useful to exclude such items when analyzing current results and trends compared to other periods because these items can vary significantly depending on specific underlying transactions or events that may not be comparable between the periods being presented. Also, we believe excluded items may not relate specifically to current operating trends or be indicative of future results. For example, preopening and start-up expenses will be significantly different in periods when we are developing and constructing a major expansion project and will depend on where the current period lies within the development cycle, as well as the size and scope of the project(s). Property transactions, net includes normal recurring disposals, gains and losses on sales of assets related to specific assets within our resorts, but also includes gains or losses on sales of an entire operating resort or a group of resorts and impairment charges on entire asset groups or investments in unconsolidated affiliates, which may not be comparable period over period. In addition, capital allocation, tax planning, financing and stock compensation awards are all managed at the corporate level. Therefore, we use Adjusted Property EBITDA and Same-store Adjusted Property EBITDA as the primary measure of domestic resorts operating performance.

Adjusted EBITDA, Adjusted Property EBITDA, Same-store Adjusted Property EBITDA, Adjusted EBITDA margin or Same-store Adjusted Property EBITDA margin should not be construed as alternatives to operating income or net income, as indicators of our performance; or as alternatives to cash flows from operating activities, as measures of liquidity; or as any other measure determined in accordance with generally accepted accounting principles. We have significant uses of cash flows, including capital expenditures, interest payments, taxes and debt principal repayments, which are not reflected in Adjusted EBITDA, Adjusted Property EBITDA, Same-store Adjusted Property EBITDA, Adjusted EBITDA margin, or Same-store Adjusted Property EBITDA margin. Also, other companies in the gaming and hospitality industries that report Adjusted EBITDA, Adjusted Property EBITDA Same-store Adjusted Property EBITDA, Adjusted EBITDA margin or Same-store Adjusted Property EBITDA margin information may calculate Adjusted EBITDA, Adjusted Property EBITDA, Same-store Adjusted Property EBITDA, Adjusted EBITDA margin or Same-store Adjusted Property EBITDA margin in a different manner.

The following table presents a reconciliation of net income (loss) attributable to MGM Resorts International to Adjusted EBITDA:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Net income (loss) attributable to MGM Resorts International	\$ 1,960,286	\$ 1,101,440	\$ (447,720)
Plus: Net income (loss) attributable to noncontrolling interests	136,132	135,438	(591,929)
Net income (loss)	2,096,418	1,236,878	(1,039,649)
Provision (benefit) for income taxes	(1,132,663)	22,299	(6,594)
Income (loss) before income taxes	963,755	1,259,177	(1,046,243)
Non-operating expense			
Interest expense, net of amounts capitalized	668,745	694,773	797,579
Non-operating items from unconsolidated affiliates	34,751	53,139	76,462
Other, net	48,241	72,698	15,970
	751,737	820,610	890,011
Operating income (loss)	1,715,492	2,079,787	(156,232)
NV Energy exit expense	(40,629)	139,335	—
Preopening and start-up expenses	118,475	140,075	71,327
Property transactions, net	50,279	17,078	35,951
Goodwill impairment	—	—	1,467,991
Gain on Borgata transaction	—	(430,118)	—
Depreciation and amortization	993,480	849,527	819,883
Adjusted EBITDA	\$ 2,837,097	\$ 2,795,684	\$ 2,238,920

The following tables present reconciliations of operating income (loss) to Adjusted Property EBITDA and Adjusted EBITDA:

	Year Ended December 31, 2017					
	Operating Income (Loss)	NV Energy Exit Expense	Preopening and Start-up Expenses	Property Transactions, Net	Depreciation and Amortization	Adjusted EBITDA
	<i>(In thousands)</i>					
Bellagio	\$ 418,581	\$ (6,970)	\$ —	\$ 924	\$ 92,320	\$ 504,855
MGM Grand Las Vegas	279,205	(7,424)	6	1,752	70,510	344,049
Mandalay Bay	169,678	(8,524)	—	590	96,577	258,321
The Mirage	140,363	(4,043)	—	304	39,854	176,478
Luxor	89,045	(3,394)	—	2,428	38,489	126,568
New York-New York	108,102	(2,025)	(162)	720	28,550	135,185
Excalibur	97,331	(2,658)	—	485	18,352	113,510
Monte Carlo	(30,597)	(2,461)	6,532	33,510	42,269	49,253
Circus Circus Las Vegas	55,239	(3,130)	452	940	16,756	70,257
MGM Grand Detroit	154,801	—	—	—	22,747	177,548
Beau Rivage	62,352	—	—	370	24,865	87,587
Gold Strike Tunica	44,402	—	—	91	9,069	53,562
Borgata	208,628	—	1,430	1,417	71,878	283,353
MGM National Harbor	51,183	—	366	—	82,744	134,293
Domestic Resorts	1,848,313	(40,629)	8,624	43,531	654,980	2,514,819
MGM China	193,619	—	86,970	6,286	238,078	524,953
Unconsolidated resorts	145,989	—	—	—	—	145,989
Management and other operations	19,812	—	—	—	7,925	27,737
	2,207,733	(40,629)	95,594	49,817	900,983	3,213,498
Stock compensation	(50,365)	—	—	—	—	(50,365)
Corporate	(441,876)	—	22,881	462	92,497	(326,036)
	\$ 1,715,492	\$ (40,629)	\$ 118,475	\$ 50,279	\$ 993,480	\$ 2,837,097

Year Ended December 31, 2016

	Operating Income (Loss)	NV Energy Exit Expense	Preopening and Start-up Expenses	Property Transactions, Net and Gain on Borgata Transaction	Depreciation and Amortization	Adjusted EBITDA
	<i>(In thousands)</i>					
Bellagio	\$ 366,543	\$ 23,815	\$ —	\$ 118	\$ 88,783	\$ 479,259
MGM Grand Las Vegas	231,327	25,365	82	1,719	72,188	330,681
Mandalay Bay	114,202	29,123	252	2,377	89,655	235,609
The Mirage	85,300	13,813	—	44	40,270	139,427
Luxor	57,653	11,594	1,625	708	36,612	108,192
New York-New York	93,169	7,439	479	210	20,432	121,729
Excalibur	71,885	9,083	—	4,405	16,152	101,525
Monte Carlo	33,291	8,409	1,929	1,131	34,102	78,862
Circus Circus Las Vegas	33,516	10,694	—	816	16,963	61,989
MGM Grand Detroit	147,865	—	—	(59)	23,608	171,414
Beau Rivage	68,054	—	—	(172)	25,880	93,762
Gold Strike Tunica	39,831	—	—	67	9,792	49,690
Borgata	38,616	—	90	8,652	33,923	81,281
MGM National Harbor	(13,626)	—	17,986	—	5,236	9,596
Domestic Resorts	1,367,626	139,335	22,443	20,016	513,596	2,063,016
MGM China	255,264	—	27,848	(216)	237,840	520,736
Unconsolidated resorts	524,448	—	3,168	—	—	527,616
Management and other operations	4,316	—	1,150	29	7,505	13,000
	2,151,654	139,335	54,609	19,829	758,941	3,124,368
Stock compensation	(44,957)	—	—	—	—	(44,957)
Corporate	(26,910)	—	85,466	(432,869)	90,586	(283,727)
	<u>\$ 2,079,787</u>	<u>\$ 139,335</u>	<u>\$ 140,075</u>	<u>\$ (413,040)</u>	<u>\$ 849,527</u>	<u>\$ 2,795,684</u>

Year Ended December 31, 2015

	Operating Income (Loss)	Preopening and Start-up Expenses	Property Transactions, Net and Goodwill Impairment	Depreciation and Amortization	Adjusted EBITDA
<i>(In thousands)</i>					
Bellagio	\$ 303,858	\$ —	\$ 1,085	\$ 90,442	\$ 395,385
MGM Grand Las Vegas	206,896	—	110	73,260	280,266
Mandalay Bay	120,142	—	3,599	79,733	203,474
The Mirage	66,069	115	1,729	44,562	112,475
Luxor	49,369	(2)	94	37,708	87,169
New York-New York	81,618	(74)	4,931	19,982	106,457
Excalibur	67,545	—	111	14,591	82,247
Monte Carlo	55,594	—	3,219	27,149	85,962
Circus Circus Las Vegas	27,305	280	21	15,639	43,245
MGM Grand Detroit	131,016	—	(36)	23,999	154,979
Beau Rivage	62,613	—	(5)	26,235	88,843
Gold Strike Tunica	34,362	—	221	11,440	46,023
Other resort operations	2,975	—	—	466	3,441
Domestic Resorts	1,209,362	319	15,079	465,206	1,689,966
MGM China	(1,212,377)	13,863	1,472,128	266,267	539,881
Unconsolidated resorts	254,408	3,475	—	—	257,883
Management and other operations	27,395	1,179	1,080	7,765	37,419
	278,788	18,836	1,488,287	739,238	2,525,149
Stock compensation	(32,125)	—	—	—	(32,125)
Corporate	(402,895)	52,491	15,655	80,645	(254,104)
	<u>\$ (156,232)</u>	<u>\$ 71,327</u>	<u>\$ 1,503,942</u>	<u>\$ 819,883</u>	<u>\$ 2,238,920</u>

Liquidity and Capital Resources

Cash Flows – Summary

We require a certain amount of cash on hand to operate our resorts. In addition to required cash on hand for operations, we utilize company-wide cash management procedures to minimize the amount of cash held on hand or in banks. Funds are swept from the accounts at most of our domestic resorts daily into central bank accounts, and excess funds are invested overnight or are used to repay borrowings under our senior secured credit facility. In addition, from time to time we may use excess funds to repurchase our outstanding debt securities subject to limitations in our senior secured credit facility. At December 31, 2017 and 2016, we held cash and cash equivalents of \$1.5 billion and \$1.4 billion, respectively. Cash and cash equivalents related to MGM China at December 31, 2017 and 2016 was \$676 million and \$454 million, respectively. Cash and cash equivalents related to the Operating Partnership at December 31, 2017 and 2016 was \$260 million and \$360 million, respectively.

Our cash flows consisted of the following:

	Year Ended December 31,		
	2017	2016	2015
<i>(In thousands)</i>			
Net cash provided by operating activities	\$ 2,206,411	\$ 1,533,972	\$ 1,005,079
Net cash used in investing activities	(1,580,592)	(2,276,204)	(795,058)
Net cash provided by (used in) financing activities	(568,778)	519,422	(257,879)

Cash Flows

Operating activities. Trends in our operating cash flows tend to follow trends in operating income, excluding non-cash charges, but can be affected by changes in working capital, cash paid for interest, the timing of significant tax payments or refunds, and distributions from unconsolidated affiliates. Cash provided by operating activities was \$2.2 billion in 2017 compared to \$1.5 billion in 2016. Operating cash flows increased in the current period due to an increase in operating income at our domestic resorts, partially offset by an increase in cash paid for taxes. Cash provided by operating activities in 2017 was positively affected by changes in working capital primarily related to the timing of significant purchases of chips by gaming promoters at MGM China.

Cash provided by operating activities in 2016 increased from 2015 due to an increase in operating income at our domestic resorts and a decrease in cash paid for interest, partially offset by an increase in cash paid for taxes. Cash provided by operating activities in 2015 was negatively affected by changes in working capital primarily related to short-term gaming liabilities.

We paid net taxes of \$182 million, \$68 million and \$12 million in 2017, 2016 and 2015, respectively.

Investing activities. Our investing cash flows can fluctuate significantly from year to year depending on our decisions with respect to strategic capital investments in new or existing resorts, business acquisitions or dispositions, and the timing of maintenance capital expenditures to maintain the quality of our resorts. Capital expenditures related to regular investments in our existing resorts can also vary depending on timing of larger remodel projects related to our public spaces and hotel rooms. Most of such costs relate to construction materials, furniture and fixtures, and external labor costs.

- In 2017, we had capital expenditures of \$1.9 billion, which included \$908 million at MGM China, excluding development fees and capitalized interest on development fees eliminated in consolidation. Capital expenditures at MGM China included \$856 million related to the construction of MGM Cotai and \$53 million related to improvements at MGM Macau. Capital expenditures at our domestic resorts and corporate entities of \$956 million included \$269 million related to the construction of MGM Springfield, \$221 million related to the Monte Carlo rebranding project, and \$195 million primarily related to the finalization of construction of MGM National Harbor, as well as various resorts' room remodels, construction of additional convention space at MGM Grand Las Vegas, the parking garage at Excalibur, a waterpark at Circus Circus, and various restaurant and entertainment venue remodels.
- In 2016, we had capital expenditures of \$2.3 billion, which included \$971 million at MGM China, excluding development fees and capitalized interest on development fees eliminated in consolidation. Capital expenditures at MGM China included \$948 million related to the construction of MGM Cotai and \$23 million related to improvements at MGM Macau. Capital expenditures at our domestic resorts and corporate entities of \$1.3 billion included \$741 million related to the construction of MGM National Harbor, \$121 million related to the construction of MGM Springfield, \$39 million related to the construction of The Park, as well as various room remodels including the tower rooms at Mandalay Bay, construction of additional exhibit space at the Mandalay Bay Convention Center, construction of the Park Theater and rebranding at Monte Carlo, construction of the parking garage at Excalibur and restaurant and entertainment venue remodels .
- In 2015, we had capital expenditures of \$1.5 billion, which included \$579 million at MGM China, excluding development fees and capitalized interest on development fees eliminated in consolidation. Capital expenditures at MGM China included \$543 million related to the construction of MGM Cotai and \$36 million related to improvements at MGM Macau. Capital expenditures at our domestic resorts and corporate entities of \$888 million included \$361 million and \$35 million related to the construction of MGM National Harbor and MGM Springfield, respectively, various room remodels including the tower rooms at Mandalay Bay and the suites at Bellagio, construction of additional exhibit space at the Mandalay Bay Convention Center, construction of the Park Theatre, construction of The Park entertainment district, and restaurant and entertainment venue remodels.

We additionally had other investing activities. Distributions from unconsolidated affiliates for 2017 consisted of our \$300 million share of a \$600 million dividend paid by CityCenter in April 2017.

During 2016, we received \$15 million of proceeds related to the sale of a portion of our investment in the Las Vegas Arena Company, LLC, and we paid approximately \$604 million and acquired cash of approximately \$43 million in connection with the acquisition of Boyd Gaming's ownership interest in Borgata. Distributions from unconsolidated affiliates for 2016 primarily related to a \$540 million distribution paid by CityCenter in May 2016.

In 2015, investments in and advances to unconsolidated affiliates primarily represented investments in CityCenter pursuant to the completion guarantee of \$141 million and investments in the Las Vegas Arena Company, LLC of \$50 million. In 2015, investing activities also included proceeds of \$20 million related to the sale of Railroad Pass and Gold Strike Jean, proceeds of \$72 million (net of cash included in the sale) related to the sale of Circus Circus Reno and the Company's 50% interest in Silver Legacy, and \$202 million of distributions received from unconsolidated affiliates, which includes a \$200 million distribution paid by CityCenter in April 2015. In addition, we invested \$200 million in certificates of deposit with original maturities longer than 90 days and received proceeds of \$770 million related to the maturity of certificates of deposit with original maturities longer than 90 days.

Financing activities. In 2017, we repaid net debt of \$138 million which included the following repayments:

- \$503 million for the redemption of our \$475 million 11.375% senior notes, including a premium ;
- \$478 million for the repayment of the MGM National Harbor credit facility, which consisted of \$425 million in term loans and \$53 million drawn on the revolving credit facility, in connection with the MGM National Harbor transaction;
- \$ 42 million of amortization payments on the Operating Partnership senior credit facility term loans;
- \$77 million of amortization payments on the MGM China credit facility term loans; and
- \$13 million of amortization payments on our senior credit facility term loan.

The repayments were partially offset by the following issuances and draws:

- \$350 million for the Operating Partnership's issuance of 4.50% senior notes due 2028 in connection with the MGM National Harbor transaction;
- \$135 million of net draws on our senior secured revolving credit facility;
- \$462 million of net draws on the MGM China revolving credit facility; and
- \$28 million of net draws on the MGM National Harbor revolving credit facility.

Additionally, we paid \$10 million of debt issuance costs related to the issuance of the Operating Partnership's senior notes and the amendments to the MGM China and Operating Partnership credit facilities.

In 2016, we repaid net debt of \$301 million. In April 2016, in connection with the MGP IPO and related financing transactions we permanently repaid \$2.7 billion under our prior senior secured credit facility and entered into an amended and restated senior secured credit facility under which we borrowed \$250 million. The Operating Partnership borrowed net debt of \$2.1 billion during 2016 under its senior credit facility. In addition, MGM National Harbor borrowed \$450 million under its credit facility, MGM China borrowed \$374 million under its revolving credit facility, and we permanently repaid \$584 million under Borgata's credit facility. The following senior notes were issued during 2016:

- \$500 million 4.625% senior notes, due 2026 issued by us;
- \$500 million 4.5% senior notes, due 2026 issued by the Operating Partnership; and
- \$1.05 billion 5.625% senior notes, due 2024 issued by the Operating Partnership.

We redeemed the following senior notes during 2016:

- \$743 million 7.625% senior notes, due 2017 at a premium;
- \$732.7 million 7.5% senior notes, due 2016 at a premium;
- \$500 million 10% senior notes, due 2016 at a premium; and
- \$242.9 million 6.875% senior notes in April 2016 at maturity.

Additionally, we paid \$140 million of debt issuance costs related to the senior notes issued in August 2016, the MGP financing transactions, the MGM National Harbor credit facility and the February 2016 amendment to the MGM China credit facility.

In 2015, we had net borrowings of \$102 million, including \$1.0 billion of borrowings under the MGM China credit facility, the repayment of \$28 million under our senior secured credit facility and the repayment of the \$875 million 6.625% senior notes at maturity in July 2015 using cash on hand. Additionally, we paid \$46 million of debt issuance costs related to the refinancing of the MGM China credit facility.

Other financing activities during the year ended 2017 included MGP's receipt of net proceeds of \$388 million from a secondary offering of its Class A shares issued in September 2017 in connection with the MGM National Harbor transaction. During the year ended 2016, MGP received proceeds of \$1.2 billion in connection with the MGP IPO in April 2016 and paid \$75 million of issuance costs related to the IPO, and we paid \$100 million as part of the consideration for the purchase of an additional 188.1 million common shares of our MGM China subsidiary.

Additionally, in September 2017, we repurchased and retired \$328 million of our common stock pursuant to our stock repurchase plan. As discussed further below, we paid dividends to common shareholders in 2017 and have made distributions to noncontrolling interests in each of 2017, 2016, and 2015.

We received \$47 million and \$6 million in 2016 and 2015, respectively, related to proceeds from the issuance of non-voting membership interests in MGM National Harbor. No non-voting membership interests in MGM National Harbor were issued in 2017.

Anticipated uses of cash. We have significant outstanding debt and contractual obligations in addition to planned capital expenditures. At December 31, 2017, we had \$13.0 billion in principal amount of indebtedness, including \$373 million of borrowings outstanding under our \$1.5 billion senior secured credit facility, \$2.1 billion outstanding under the \$2.7 billion Operating Partnership credit facility, and \$2.3 billion outstanding under the \$2.9 billion MGM China credit facility. In the next twelve months, we have due an estimated \$710 million of cash interest payments and \$820 million of term loan principal payments, of which approximately \$774 million relates to MGM China's existing credit facility. MGM China is in the process of amending its credit facility to extend the maturity date, extend the timing of and reduce the amount of scheduled amortization payments, and increase the maximum leverage ratio. We believe we have the ability to meet known obligations, including principal and interest obligations as well as planned capital expenditures, over the next twelve months from the balance sheet date with existing cash and cash deposits, cash flows from operations, and availability under our revolving credit facilities.

In addition, we have made significant investments through December 31, 2017 and we expect to make capital investments as described below during 2018. See "Executive Overview" for further information regarding the scope and timing of our significant development projects.

- Approximately \$640 million in capital expenditures at our domestic resorts and corporate entities, excluding MGM Springfield;
- Approximately \$455 million on the MGM Cotai project, excluding development fees and capitalized interest;
- Approximately \$375 million on the MGM Springfield project, excluding capitalized interest and land-related costs; and
- Approximately \$115 million in maintenance capital improvements at MGM China.

Our capital expenditures fluctuate depending on our decisions with respect to strategic capital investments in new or existing resorts and the timing of capital investments to maintain the quality of our resorts, the amounts of which can vary depending on timing of larger remodel projects related to our public spaces and hotel rooms. Future capital expenditures could vary from our current expectations depending on the progress of our development efforts and the structure of our ownership interests in future developments.

MGM Resorts International stock repurchase program. In September 2017, our Board of Directors authorized a \$1.0 billion stock repurchase program, under which we may repurchase shares from time to time in the open market or in privately negotiated agreements. The timing, volume and nature of stock repurchases will be at the sole discretion of management, dependent on market conditions, applicable securities laws, and other factors, and may be suspended or discontinued at any time. Repurchased shares are retired. The remaining availability under the stock repurchase program was approximately \$672 million as of December 31, 2017.

MGM Resorts International dividends. During 2017, we paid dividends each quarter of \$0.11 per share, totaling \$252 million for the year. On February 19, 2018 the Board of Directors approved a quarterly dividend to holders of record on March 9, 2018 of \$0.12 per share, totaling \$68 million, which will be paid on March 15, 2018. Our intention is to pay a comparable quarterly dividend in each quarter of 2018, subject to our operating results, cash requirements and financial conditions, any applicable provisions of state law that may limit the amount of funds available to us, and compliance with covenants and financial ratios related to existing or future agreements governing the indebtedness at our subsidiaries and any limitations in other agreements such subsidiaries may have with third parties.

Operating Partnership distributions and MGP dividends. The Operating Partnership paid the following distributions to its partnership unit holders:

- \$112 million distribution paid in January 2018, of which the Company received \$82 million and MGP received \$30 million, which MGP concurrently paid as a dividend to its Class A shareholders;
- \$385 million of distributions paid in 2017, of which the Company received \$290 million and MGP received \$95 million, which MGP concurrently paid as a dividend to its Class A shareholders;
- \$151 million of distributions paid in 2016, of which the Company received \$113 million and MGP received \$38 million, which MGP concurrently paid as a dividend to its Class A shareholders.

MGM China dividends. MGM China paid, or will pay, the following dividends to its shareholders:

- \$47 million dividend, to be paid in 2018 if approved at the MGM China 2018 annual shareholders meeting, of which the Company would receive \$26 million and noncontrolling interests would receive \$21 million;
- \$134 million of dividends paid in 2017, of which the Company received \$75 million and noncontrolling interests received \$59 million;

- \$104 million of dividends paid in 2016, of which the Company received \$53 million and noncontrolling interests received \$51 million;
- \$596 million of dividends paid in 2015, of which the Company received \$304 million and noncontrolling interests received \$292 million.

During 2017, we paid \$7 million of our share of MGM China's dividend to Grand Paradise Macau ("GPM") under a deferred cash payment arrangement. See Note 12 in the accompanying consolidated financial statements for additional information regarding the deferred cash payment arrangement.

Principal Debt Arrangements

See Note 10 to the accompanying consolidated financial statements for information regarding our debt agreements as of December 31, 2017.

Off Balance Sheet Arrangements

Our off-balance sheet arrangements consist primarily of investments in unconsolidated affiliates, which consist primarily of our investments in CityCenter, Grand Victoria, and Las Vegas Arena Company, LLC. We have not entered into any transactions with special purpose entities, nor have we engaged in any derivative transactions, other than the Operating Partnership's cash flow hedges. See Note 10 to the accompanying consolidated financial statements for additional information. Our unconsolidated affiliate investments allow us to realize the proportionate benefits of owning a full-scale resort or other entertainment facilities in a manner that minimizes our initial investment. We guarantee the T-Mobile Arena credit facility as described in Item 2 – Properties. In addition, there are no other provisions in the agreements with our investees which we believe are unusual or subject us to risks to which we would not be subjected if we had full ownership of the resort.

Commitments and Contractual Obligations

The following table summarizes our scheduled contractual obligations as of December 31, 2017:

	2018	2019	2020	2021	2022	Thereafter	Total
	<i>(In millions)</i>						
Long-term debt (1)	\$ 820	\$ 2,424	\$ 1,546	\$ 1,832	\$ 1,018	\$ 5,378	\$ 13,018
Estimated interest payments on long-term debt (2)	710	583	548	443	315	276	2,875
Construction commitments	295	7	—	—	—	—	302
Operating leases (3)	39	36	34	35	32	1,360	1,536
Other Long-term liabilities (4)	—	46	—	7	7	63	123
Other purchase obligations (5)	84	21	18	17	17	101	258
	<u>\$ 1,948</u>	<u>\$ 3,117</u>	<u>\$ 2,146</u>	<u>\$ 2,334</u>	<u>\$ 1,389</u>	<u>\$ 7,178</u>	<u>\$ 18,112</u>

(1) Refer to Note 10 for further information on long-term debt.

(2) Estimated interest payments, adjusted for the impact of interest rate swap agreements, are based on principal amounts and expected maturities of debt outstanding at December 31, 2017 and management's forecasted LIBOR rates for our senior credit facility and HIBOR rates for the MGM China credit facility.

(3) Refer to Note 12 for further information on operating leases.

(4) Reflects future expected cash outlays of our other long-term liabilities recorded on our balance sheet as of December 31, 2017, and, accordingly, we have not included such liabilities above that do not have future cash payments, such as deferred rent. We have also excluded deferred income tax liabilities and unrecognized tax benefits from the amounts presented in the table as the amounts that will be settled in cash are not known and the timing of any payments is uncertain.

(5) Our purchase obligations represent minimum obligations we have under agreements with certain of our vendors, primarily utility and entertainment contracts. Also, although open purchase orders are considered enforceable and legally binding, the terms generally allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to the delivery of goods or performance of services, and hence, have not been included in the table above.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements. To prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, we must make estimates and assumptions that affect the amounts reported in the consolidated financial statements. We regularly evaluate these estimates and assumptions, particularly in areas we consider to be critical accounting estimates, where changes in the estimates and assumptions could have a material effect on our results of operations, financial position or cash flows. Senior management and the Audit Committee of the Board of Directors have reviewed the disclosures included herein about our critical accounting estimates, and have reviewed the processes to determine those estimates. However, by their nature, judgments are subject to an inherent degree of uncertainty and therefore actual results can differ from our estimates.

Allowance for Doubtful Casino Accounts Receivable

Marker play represents a significant portion of the table games volume at certain of our Las Vegas resorts. Our other casinos do not emphasize marker play to the same extent, although we offer markers to customers at those casinos as well. MGM China extends credit to certain in-house VIP gaming customers and gaming promoters. We maintain strict controls over the issuance of markers and aggressively pursue collection from our customers who fail to pay their marker balances timely. These collection efforts are similar to those used by most large corporations when dealing with overdue customer accounts, including the mailing of statements and delinquency notices, personal contacts, the use of outside collection agencies and civil litigation. Markers are generally legally enforceable instruments in the United States and Macau. Markers are not legally enforceable instruments in some foreign countries, but the United States assets of foreign customers may be reached to satisfy judgments entered in the United States. We consider the likelihood and difficulty of enforceability, among other factors, when we issue credit to customers at our domestic resorts who are not residents of the United States. MGM China performs background checks and investigates the credit worthiness of gaming promoters and casino customers prior to issuing credit. At December 31, 2017 and 2016, approximately 60% and 49%, respectively, of our gross casino accounts receivable were owed by customers from the United States.

We maintain an allowance, or reserve, for doubtful casino accounts at all of our operating casino resorts. The provision for doubtful accounts, an operating expense, increases the allowance for doubtful accounts. We regularly evaluate the allowance for doubtful casino accounts. At domestic resorts where marker play is not significant, the allowance is generally established by applying standard reserve percentages to aged account balances. At domestic resorts where marker play is significant, we apply standard reserve percentages to aged account balances under a specified dollar amount and specifically analyze the collectability of each account with a balance over the specified dollar amount, based on the age of the account, the customer's financial condition, collection history and any other known information. MGM China specifically analyzes the collectability of casino receivables on an individual basis taking into account the age of the account, the financial condition and the collection history of the gaming promoter or casino customer.

In addition to enforceability issues, the collectability of unpaid markers given by foreign customers at our domestic resorts is affected by a number of factors, including changes in currency exchange rates and economic conditions in the customers' home countries. Because individual customer account balances can be significant, the allowance and the provision can change significantly between periods, as information about a certain customer becomes known or as changes in a region's economy occur.

The following table shows key statistics related to our casino receivables, net of discounts:

	December 31,	
	2017	2016
	<i>(In thousands)</i>	
Casino receivables	\$ 343,869	\$ 332,443
Allowance for doubtful casino accounts receivable	86,126	92,424
Allowance as a percentage of casino accounts receivable	25%	28%

Approximately \$31 million and \$35 million of casino receivables and \$7 million and \$8 million of the allowance for doubtful casino accounts receivable relate to MGM China at December 31, 2017 and 2016, respectively. The allowance for doubtful accounts as a percentage of casino accounts receivable has decreased in the current year due to a decrease in the age of outstanding account balances. At December 31, 2017, a 100 basis-point change in the allowance for doubtful accounts as a percentage of casino accounts receivable would change income before income taxes by \$3 million.

Fixed Asset Capitalization and Depreciation Policies

Property and equipment are stated at cost. A significant amount of our property and equipment was acquired through business combinations and was therefore recognized at fair value at the acquisition date. Maintenance and repairs that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets. When we construct assets, we capitalize direct costs of the project, including fees paid to architects and contractors, property taxes, and certain costs of our design and construction subsidiaries. In addition, interest cost associated with major development and construction projects is capitalized as part of the cost of the project. Interest is typically capitalized on amounts expended on the project using the weighted-average cost of our outstanding borrowings. Capitalization of interest starts when construction activities begin and ceases when construction is substantially complete or development activity is suspended for more than a brief period.

We must make estimates and assumptions when accounting for capital expenditures. Whether an expenditure is considered a maintenance expense or a capital asset is a matter of judgment. When constructing or purchasing assets, we must determine whether existing assets are being replaced or otherwise impaired, which also may be a matter of judgment. In addition, our depreciation expense is highly dependent on the assumptions we make about our assets' estimated useful lives. We determine the estimated useful lives based on our experience with similar assets, engineering studies, and our estimate of the usage of the asset. Whenever events or circumstances occur which change the estimated useful life of an asset, we account for the change prospectively.

Impairment of Long-lived Assets, Goodwill and Indefinite-lived Intangible Assets

We evaluate our property and equipment and other long-lived assets for impairment based on our classification as held for sale or to be held and used. Several criteria must be met before an asset is classified as held for sale, including that management with the appropriate authority commits to a plan to sell the asset at a reasonable price in relation to its fair value and is actively seeking a buyer. For assets classified as held for sale, we recognize the asset at the lower of carrying value or fair market value less costs of disposal, as estimated based on comparable asset sales, offers received, or a discounted cash flow model. For assets to be held and used, we review for impairment whenever indicators of impairment exist. We then compare the estimated future cash flows of the asset, on an undiscounted basis, to the carrying value of the asset. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, then an impairment is recorded based on the fair value of the asset. For operating assets, fair value is typically measured using a discounted cash flow model whereby future cash flows are discounted using a weighted-average cost of capital, developed using a standard capital asset pricing model, based on guideline companies in our industry. If an asset is still under development, future cash flows include remaining construction costs. All recognized impairment losses, whether for assets to be held for sale or assets to be held and used, are recorded as operating expenses.

There are several estimates, assumptions and decisions in measuring impairments of long-lived assets. First, management must determine the usage of the asset. To the extent management decides that an asset will be sold, it is more likely that an impairment may be recognized. Assets must be tested at the lowest level for which identifiable cash flows exist. This means that some assets must be grouped, and management has some discretion in the grouping of assets. Future cash flow estimates are, by their nature, subjective and actual results may differ materially from our estimates.

On a quarterly basis, we review our major long-lived assets to determine if events have occurred or circumstances exist that indicate a potential impairment. Potential factors which could trigger an impairment include underperformance compared to historical or projected operating results, negative industry or economic factors, significant changes to our operating environment, or changes in intended use of the asset group. We estimate future cash flows using our internal budgets and probability weight cash flows in certain circumstances to consider alternative outcomes associated with recoverability of the asset group, including potential sale. Historically, undiscounted cash flows of our significant operating asset groups have exceeded their carrying values by a substantial margin.

We review indefinite-lived intangible assets at least annually and between annual test dates in certain circumstances. We perform our annual impairment test for indefinite-lived intangible assets in the fourth quarter of each fiscal year. Indefinite-lived intangible assets consist primarily of license rights and trademarks. For our 2017 annual impairment test, we utilized the option to perform a qualitative ("step zero") analysis for certain of our indefinite-lived intangibles and concluded it was more likely than not that the fair values of such intangibles exceeded their carrying values by a substantial margin. We elected to perform a quantitative analysis for the Borgata trade name using a discounted cash flow approach, for which the fair value exceeded its carrying value by approximately 4%. For our 2016 and 2015 annual impairment tests we utilized the two-step quantitative analysis for all of our intangible assets, using a discounted cash flow approach for license rights and using the relief-from-royalty method for trademarks. The estimated fair values of the intangibles were substantially in excess of their carrying values, with the fair value of the Borgata trade name exceeding its carrying value by approximately 2%, reflecting the recentness of the Borgata Transaction. As discussed below, management makes significant judgments and estimates as part of these analyses. If certain future operating results do not meet current expectations it could cause carrying values of the intangibles to exceed their fair values in future periods, potentially resulting in an impairment charge.

We review goodwill at least annually and between annual test dates in certain circumstances. With the exception of our MGM China reporting unit, discussed below, none of our other reporting units incurred any goodwill impairment charges in 2017, 2016 or 2015. For our 2017 annual goodwill impairment tests, we utilized the option to perform a step zero analysis for all of our domestic resorts reporting units and concluded it was more likely than not that the fair values of such reporting units exceeded their carrying values. We utilized the quantitative analysis for the MGM China reporting unit, for which the fair value of such reporting unit exceeded its carrying value by a substantial margin. For our 2016 annual impairment tests, we utilized the option to perform a step zero analysis for certain of our domestic resorts reporting units and concluded it was more likely than not that the fair values of such reporting units exceeded their carrying values by a substantial margin. The estimated fair values of reporting units for which we elected to forego the step zero analysis and instead utilized the two-step quantitative analysis were substantially in excess of their carrying values. As discussed below, management makes significant judgments and estimates as part of these analyses. If future operating results of our reporting units do not meet current expectations it could cause carrying values of our reporting units to exceed their fair values in future periods, potentially resulting in a goodwill impairment charge.

During the fourth quarter of 2015 we conducted our annual impairment tests of goodwill by reviewing each of our reporting units, including our MGM China reporting unit. The step one goodwill analysis of the MGM China reporting unit indicated the fair value was less than its carrying value by 4%. The decrease in fair value resulted from a decrease in forecasted cash flows based on then current market conditions and a sustained decline in the enterprise value multiples of the MGM China reporting unit as well as those of the MGM China reporting unit's peer group. As a result of the indication of impairment from the step one analysis, we proceeded to perform a step two impairment analysis to measure the impairment loss. As such, we determined the fair values of all assets of the MGM China reporting unit, including its separately identifiable intangible assets. The fair values of each of the separately identifiable intangible assets exceeded their respective carrying values by a significant amount, leading to a lower implied fair value of goodwill. Therefore, we recorded a \$1.5 billion non-cash impairment charge to reduce the historical carrying value of goodwill related to the MGM China reporting unit to its implied fair value in 2015.

There are several estimates inherent in evaluating these assets for impairment. In particular, future cash flow estimates are, by their nature, subjective and actual results may differ materially from our estimates. In addition, the determination of multiples, capitalization rates and the discount rates used in the impairment tests are highly judgmental and dependent in large part on expectations of future market conditions.

See Note 2 and Note 8 to the accompanying consolidated financial statements for further discussion of goodwill and other intangible assets.

Impairment of Investments in Unconsolidated Affiliates

See Note 7 and Note 16 to the accompanying consolidated financial statements for discussion of other-than-temporary impairment.

Income Taxes

We recognize deferred tax assets, net of applicable reserves, related to net operating loss and tax credit carryforwards and certain temporary differences with a future tax benefit to the extent that realization of such benefit is more likely than not. Otherwise, a valuation allowance is applied.

We file income tax returns in the U.S. federal jurisdiction, various state and local jurisdictions, and foreign jurisdictions, although the income taxes paid in foreign jurisdictions are not material. Our income tax returns are subject to examination by the Internal Revenue Service ("IRS") and other tax authorities. Positions taken in tax returns are sometimes subject to uncertainty in the tax laws and may not ultimately be accepted by the IRS or other tax authorities. See Note 11 in the accompanying consolidated financial statements for a discussion of the status and impact of examinations by tax authorities.

We assess our tax positions using a two-step process. A tax position is recognized if it meets a "more likely than not" threshold, and is measured at the largest amount of benefit that is greater than fifty percent likely of being realized. Uncertain tax positions must be reviewed at each balance sheet date. Liabilities we record as a result of this analysis are recorded separately from any current or deferred income tax accounts, and are classified as current in "Other accrued liabilities" or long-term in "Other long-term liabilities" based on the time until expected payment. Additionally, we recognize accrued interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

Refer to Note 11 in the accompanying consolidated financial statements for further discussion relating to income taxes.

Market Risk

In addition to the inherent risks associated with our normal operations, we are also exposed to additional market risks. Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates. Our primary exposure to market risk is interest rate risk associated with our variable rate long-term debt. We attempt to limit our exposure to interest rate risk by managing the mix of our long-term fixed rate borrowings and short-term borrowings under our bank credit facilities and by utilizing interest rate swap agreements that provide for a fixed interest payment on the Operating Partnership's term loan B facility. A change in interest rates generally does not have an impact upon our future earnings and cash flow for fixed-rate debt instruments. As fixed-rate debt matures, however, and if additional debt is acquired to fund the debt repayment, future earnings and cash flow may be affected by changes in interest rates. This effect would be realized in the periods subsequent to the periods when the debt matures. We do not hold or issue financial instruments for trading purposes and do not enter into derivative transactions that would be considered speculative positions.

As of December 31, 2017, variable rate borrowings represented approximately 27% of our total borrowings after giving effect to the \$500 million and \$700 million notional amount Operating Partnership interest rate swaps with weighted average fixed rates that we pay 1.764% and 1.901%, respectively. The following table provides additional information about our gross long-term debt subject to changes in interest rates excluding the effect of the Operating Partnership interest rate swaps discussed above:

	Debt maturing in,							Fair Value
	2018	2019	2020	2021	2022	Thereafter	Total	December 31, 2017
	<i>(In millions)</i>							
Fixed-rate	\$ —	\$ 850	\$ 1,500	\$ 1,250	\$ 1,000	\$ 3,653	\$ 8,253	\$ 8,855
Average interest rate	N/A	8.6%	6.3%	6.6%	7.8%	5.4%	6.3%	
Variable rate	\$ 820	\$ 1,574	\$ 46	\$ 582	\$ 18	\$ 1,725	\$ 4,765	\$ 4,770
Average interest rate	3.7%	3.6%	4.0%	4.0%	3.8%	3.8%	3.8%	

In addition to the risk associated with our variable interest rate debt, we are also exposed to risks related to changes in foreign currency exchange rates, mainly related to MGM China and to our operations at MGM Macau and the development of MGM Cotai. While recent fluctuations in exchange rates have not been significant, potential changes in policy by governments or fluctuations in the economies of the United States, China, Macau or Hong Kong could cause variability in these exchange rates. We cannot assure you that the Hong Kong dollar will continue to be pegged to the U.S. dollar or the current peg rate for the Hong Kong dollar will remain at the same level. The possible changes to the peg of the Hong Kong dollar may result in severe fluctuations in the exchange rate thereof. As of December 31, 2017, a 1% increase in the Hong Kong dollar (the functional currency of MGM China) to the U.S. dollar exchange rate would impact the carrying value of our cash balance by \$7 million and a 1% decrease in the exchange rate would impact the carrying value of our debt balance by \$23 million.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We incorporate by reference the information appearing under “Market Risk” in Item 7 of this Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our financial statements and supplementary data required by this Item 8 are included at the end of this report as listed on Item 15.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer) have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (“the Exchange Act”)) were effective as of December 31, 2017 to provide reasonable assurance that information required to be disclosed in the Company’s reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and regulations and to provide that such information is accumulated and communicated to management to allow timely decisions regarding required disclosures. This conclusion is based on an evaluation as required by Rules 13a-15(b) and 15d-15(b) under the Exchange Act conducted under the supervision and participation of the principal executive officer and principal financial officer along with company management.

Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2017, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Management's Annual Report on Internal Control Over Financial Reporting, referred to in Item 15(a)(1) of this Form 10-K, is included at page 63 of this Form 10-K.

Attestation Report of the Independent Registered Public Accounting Firm

The Independent Registered Public Accounting Firm's Attestation Report on our internal control over financial reporting referred to in Item 15(a)(1) of this Form 10-K, is included at page 64 of this Form 10-K.

ITEM 9B. OTHER INFORMATION

On February 23, 2018, the Compensation Committee of the Board of Directors approved a special cash bonus award to each of Mr. Murren, Mr. Baldwin, Mr. Hornbuckle, Mr. Sanders and Mr. D'Arrigo of \$833,000, \$333,000, \$500,000, \$500,000 and \$333,000, respectively. The Compensation Committee approved these one-time awards in recognition of the extraordinary leadership efforts displayed by each of the executives during 2017. The Company paid these amounts in a lump sum in February 2018.

Because this report is being filed within four business days from the date of the reportable event, we have made the foregoing disclosure in this report rather than in a Form 8-K under Item 5.02 (Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers).

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

We incorporate by reference the information appearing under “Executive Officers of the Registrant” in Item 1 of this Form 10-K and under “Election of Directors” and “Corporate Governance” in our definitive Proxy Statement for our 2018 Annual Meeting of Stockholders, which we expect to file with the SEC on or before April 2, 2018 (the “Proxy Statement”).

ITEM 11. EXECUTIVE COMPENSATION

We incorporate by reference the information appearing under “Director Compensation” and “Executive Compensation” and “Corporate Governance — Compensation Committee Interlocks and Insider Participation” and “Compensation Committee Report” in the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

We incorporate by reference the information appearing under “Principal Stockholders” and “Election of Directors” in the Proxy Statement.

Equity Compensation Plan Information

The following table includes information about our equity compensation plans at December 31, 2017:

	Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Securities available for future issuance under equity compensation plans
	<i>(In thousands, except per share data)</i>		
Equity compensation plans approved by security holders (1)	14,945	\$ 20.59	20,869
Equity compensation plans not approved by security holders	—	—	—

- (1) As of December 31, 2017 we had 2.6 million restricted stock units and 3.6 million performance share units outstanding that do not have an exercise price; therefore, the weighted average per share exercise price only relates to outstanding stock appreciation rights. The amount included in the securities outstanding above for performance share units assumes that each target price is achieved.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

We incorporate by reference the information appearing under “Transactions with Related Persons” and “Corporate Governance” in the Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

We incorporate by reference the information appearing under “Selection of Independent Registered Public Accounting Firm” in the Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1). Financial Statements.

Included in Part II of this Report:

<u>Management’s Annual Report on Internal Control Over Financial Reporting</u>	63
<u>Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting</u>	64
<u>Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements</u>	65
<u>Consolidated Balance Sheets — December 31, 2017 and 2016</u>	66
Years Ended December 31, 2017, 2016 and 2015	
<u>Consolidated Statements of Operations</u>	67
<u>Consolidated Statements of Comprehensive Income (Loss)</u>	68
<u>Consolidated Statements of Cash Flows</u>	69
<u>Consolidated Statements of Stockholders’ Equity</u>	70
<u>Notes to Consolidated Financial Statements</u>	71

Audited consolidated financial statements for CityCenter Holdings, LLC as of and for the three years in the period ended December 31, 2017 are presented in Exhibit 99.3 and are incorporated herein by reference.

(a)(2). Financial Statement Schedule.

Years Ended December 31, 2017, 2016 and 2015	
<u>Schedule II — Valuation and Qualifying Accounts</u>	113

We have omitted schedules other than the one listed above because they are not required or are not applicable, or the required information is shown in the Consolidated Financial Statements or Notes to Consolidated Financial Statements.

(a)(3). Exhibits.

Exhibit Number	Description
2.1	<u>Master Contribution Agreement by and among the Company, MGM Growth Properties LLC and MGM Growth Properties Operating Partnership LP, dated as of April 25, 2016 (incorporated by reference to Exhibit 2.1 of the Current Report on Form 8-K of MGM Growth Properties LLC filed on April 25, 2016).</u>
3.1	<u>Amended and Restated Certificate of Incorporation of the Company, dated June 14, 2011 (incorporated by reference to Exhibit 3.1 to the Company’s Quarterly Report on Form 10-Q filed on August 9, 2011).</u>
3.2	<u>Amended and Restated Bylaws of the Company, effective January 13, 2016 (incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed on January 15, 2016).</u>
4.1(1)	<u>Indenture, dated February 1, 1996, by and between Mandalay and First Interstate Bank of Nevada, N.A., as Trustee (the “Mandalay February 1996 Indenture”)</u> (incorporated by reference to Exhibit 4(b) to Mandalay’s Current Report on Form 8-K filed on February 13, 1996).
4.1(2)	<u>Supplemental Indenture, dated as of November 15, 1996, by and between Mandalay and Wells Fargo Bank (Colorado), N.A., (successor to First Interstate Bank of Nevada, N.A.), as Trustee, to the Mandalay February 1996 Indenture, with respect to \$150 million aggregate principal amount of 6.70% Senior Notes due 2096 (incorporated by reference to Exhibit 4(c) to Mandalay’s Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 1996 (the “Mandalay October 1996 10-Q”)).</u>
4.1(3)	<u>6.70% Senior Notes due February 15, 2096 in the principal amount of \$150,000,000 (incorporated by reference to Exhibit 4(d) to the Mandalay October 1996 10-Q).</u>
4.1(4)	<u>Indenture, dated November 15, 1996, by and between Mandalay and Wells Fargo Bank (Colorado), N.A., as Trustee (the “Mandalay November 1996 Indenture”)</u> (incorporated by reference to Exhibit 4(e) to the Mandalay October 1996 10-Q).

- 4.1(5) [Supplemental Indenture, dated as of November 15, 1996, to the Mandalay November 1996 Indenture, with respect to \\$150 million aggregate principal amount of 7.0% Senior Notes due 2036 \(incorporated by reference to Exhibit 4\(f\) to the Mandalay October 1996 10-Q\).](#)
- 4.1(6) [7.0% Senior Notes due February 15, 2036, in the principal amount of \\$150,000,000 \(incorporated by reference to Exhibit 4\(g\) to the Mandalay October 1996 10-Q\).](#)
- 4.1(7) [Indenture, dated as of January 17, 2012, among the Company, the guarantors named therein and U.S. Bank National Association, as Trustee with respect to \\$850 million aggregate principal amount of 8.625% Senior Notes due 2019 \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on January 17, 2012\).](#)
- 4.1(8) [Indenture, dated March 22, 2012, between the Company and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 22, 2012\).](#)
- 4.1(9) [First Supplemental Indenture, dated March 22, 2012, among the Company, the guarantors named therein and U.S. Bank National Association, as trustee with respect to \\$1.0 billion aggregate principal amount of 7.75% senior notes due 2022 \(incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on March 22, 2012\).](#)
- 4.1(10) [Indenture, dated as of September 19, 2012, among the Company, the guarantors named therein and U.S. Bank National Association, as trustee with respect to \\$1.0 billion aggregate principal amount of 6.750% Senior Notes due 2020 \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 19, 2012\).](#)
- 4.1(11) [Second Supplemental Indenture, dated December 20, 2012, among the Company, the guarantors named therein and U.S. Bank National Association, as trustee to the Indenture, dated as of March 22, 2012, among the Company and U.S. Bank National Association, as trustee, relating to the 6.625% senior notes due 2021 \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 20, 2012\).](#)
- 4.1(12) [Third Supplemental Indenture, dated December 19, 2013, among the Company, the guarantors named therein and U.S. Bank National Association, as trustee to the Indenture, dated as of March 22, 2012, among the Company and U.S. Bank National Association, as trustee, relating to the 5.250% senior notes due 2020 \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 19, 2013\).](#)
- 4.1(13) [Fourth Supplemental Indenture, dated November 25, 2014, among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, to the Indenture, dated as of March 22, 2012, among the Company and U.S. Bank National Association, as trustee, relating to the 6.000% senior notes due 2023 \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 25, 2014\).](#)
- 4.1(14) [Fifth Supplemental Indenture, dated August 19, 2016, among MGM Resorts International, the guarantors named therein and U.S. Bank National Association, as trustee, to the Indenture, dated as of March 22, 2012, among MGM Resorts International and U.S. Bank National Association, as trustee, relating to the 4.625% senior notes due 2026 \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on August 19, 2016\).](#)
- 4.1(15) [Indenture, dated as of August 12, 2016, among MGM Growth Properties Operating Partnership LP, MGP Finance Co-Issuer, Inc., the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K of MGM Growth Properties LLC filed on August 12, 2016\).](#)
- 4.1(16) [Indenture, dated as of April 20, 2016, among MGP Escrow Issuer, LLC and MGP Escrow Co-Issuer, Inc. and U.S. Bank National Association, as Trustee \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed April 21, 2016\).](#)
- 4.1(17) [Indenture, dated as of September 21, 2017, among MGM Growth Properties Operating Partnership LP, MGP Finance Co-Issuer, Inc., the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K of MGM Growth Properties LLC and MGM Growth Properties Operating Partnership LP filed on September 21, 2017\).](#)
- 4.2(1) [Guarantee \(Mandalay Resort Group 6.70% Senior Notes due 2096\), dated as of April 25, 2005, by the Company certain subsidiaries of the Company, in favor of The Bank of New York, as successor in interest to First Interstate Bank of Nevada, N.A., as trustee for the benefit of the holders of the Notes pursuant to the Indenture referred to therein \(incorporated by reference to Exhibit 10.21 to the September 2005 10-Q\).](#)

- 4.2(2) [Guarantee \(Mandalay Resort Group 7.0% Senior Notes due 2036\), dated as of April 25, 2005, by the Company and certain subsidiaries of the Company, in favor of The Bank of New York, as trustee for the benefit of the holders of the Notes pursuant to the Indenture referred to therein \(incorporated by reference to Exhibit 10.22 to the September 2005 10-Q\).](#)
- 4.3 [Registration Rights Agreement, dated as of April 20, 2016, among MGP Escrow Issuer, LLC and MGP Escrow Co-Issuer, Inc. and J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representatives of the initial purchasers of the Notes \(incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed April 21, 2016\).](#)
- 10.1(1) [Amended and Restated Credit Agreement, dated as of April 25, 2016, among MGM Resorts International, the Lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed April 25, 2016\).](#)
- 10.1(2) [Credit Agreement, dated as of April 25, 2016, among MGM Growth Properties Operating Partnership LP, the financial institutions referred to as Lenders therein and Bank of America, N.A., as Administrative Agent \(incorporated by reference to Exhibit 10.17 of the Current Report on Form 8-K of MGM Growth Properties LLC filed on April 25, 2016\).](#)
- 10.1(3) [First Amendment to Credit Agreement, dated October 26, 2016, among MGM Growth Properties Operating Partnership LP, the other loan parties and lenders named therein and Bank of America, N.A., as administrative agent \(incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K of MGM Growth Properties LLC filed on October 26, 2016\).](#)
- 10.1(4) [Second Amendment to Credit Agreement, dated May 1, 2017, among MGM Growth Properties Operating Partnership LP, the other loan parties and lenders named therein and Bank of America, N.A., as administrative agent \(incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K of MGM Growth Properties LLC filed on May 1, 2017\).](#)
- 10.1(5) [Second Supplemental Agreement, dated June 9, 2015, between MGM China Holdings Limited and MGM Grand Paradise, S.A., certain Lenders and Arrangers named therein, Bank of America, N.A., Hong Kong Branch, as Facility Agent and Issuing Bank, and Banco Nacional Ultramarino, S.A., as Original Security Agent \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 12, 2015\).](#)
- 10.1(6) [Third Supplemental Agreement, by and among MGM China Holdings Limited, MGM Grand Paradise, S.A., the guarantors named therein, and Bank of America, N.A., as facility agent, dated February 2, 2016 \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 4, 2016\).](#)
- 10.1 (7) [Fourth Supplemental Agreement, dated February 15, 2017, among MGM China Holdings Limited, MGM Grand Paradise, S.A., the guarantors named therein and Bank of America, N.A., as facility agent \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed February 16, 2017\).](#)
- 10.2(1) [Subconcession Contract for the Exploitation of Games Fortune and Chance or Other Games in Casino in the Special Administrative Region of Macau, dated April 19, 2005, between Sociedade de Jogos de Macau, S.A., as concessionaire, and MGM Grand Paradise S.A., as subconcessionaire \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 7, 2011\).](#)
- 10.2(2) [Land Concession Agreement, dated as of April 18, 2005, relating to the MGM Macau resort and casino between the Special Administrative Region of Macau and MGM Grand Paradise, S.A. \(incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2011\).](#)
- 10.2(3) [Land Concession Agreement, effective as of January 9, 2013, relating to the MGM Macau resort and casino between the Special Administrative Region of Macau and MGM Grand Paradise S.A. \(incorporated by reference to Exhibit 10.2\(4\) to the Company's Annual Report on Form 10-K filed on March 1, 2013\).](#)
- 10.3(1) [Third Amended and Restated Limited Liability Company Agreement of CityCenter Holdings, LLC, dated December 22, 2015 \(incorporated by reference to Exhibit 10.3\(1\) to the Company's Annual Report on Form 10-K filed on February 29, 2016\).](#)
- 10.3(2) [Company Stock Purchase and Support Agreement, dated August 21, 2007, by and between the Company and Infinity World Investments, LLC \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed August 27, 2007\).](#)

- 10.3(3) [Amendment No. 1, dated October 17, 2007, to the Company Stock Purchase and Support Agreement by and between the Company and Infinity World Investments, LLC \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 23, 2007\).](#)
- 10.4(1) [Master Lease between MGP Lessor, LLC and MGM Lessee, LLC, dated April 25, 2016 \(incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K of MGM Growth Properties LLC filed on April 25, 2016\).](#)
- 10.4(2) [First Amendment to Master Lease, dated as of August 1, 2016, between MGP Lessor, LLC and MGM Lessee, LLC \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 1, 2016\).](#)
- 10.4(3) [Second Amendment to Master Lease, dated as of October 5, 2017, between MGP Lessor, LLC and MGM Lessee, LLC \(incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K of MGM Growth Properties LLC and MGM Growth Properties Operating Partnership LP filed on October 6, 2017\).](#)
- † 10.4(4) [Hotel & Casino Ground Lease between National Harbor Beltway L.C., as landlord, and MGM National Harbor, LLC, as tenant, dated as of April 26, 2013 \(incorporated by reference to Exhibit 10.4\(3\) to the Company's Annual Report on Form 10-K filed on March 1, 2017\).](#)
- † 10.4(5) [First Amendment to Hotel and Casino Ground Lease, dated July 23, 2014 between National Harbor Beltway L.C. and MGM National Harbor, LLC \(incorporated by reference to Exhibit 10.4\(4\) to the Company's Annual Report on Form 10-K filed on March 1, 2017\).](#)
- † 10.4(6) [Second Amendment to Hotel and Casino Ground Lease, dated November 24, 2015 between National Harbor Grand LLC and MGM National Harbor, LLC \(incorporated by reference to Exhibit 10.4\(5\) to the Company's Annual Report on Form 10-K filed on March 1, 2017\).](#)
- 10.4(7) [Third Amendment to the Hotel and Casino Ground Lease, dated as of August 21, 2017, by and between National Harbor Grand LLC and MGM National Harbor, LLC \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 9, 2017\).](#)
- *10.5(1) [Amended and Restated 2005 Omnibus Incentive Plan \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 10, 2014\).](#)
- *10.5(2) [Second Amended and Restated Annual Performance-Based Incentive Plan for Executive Officers \(incorporated by reference to Appendix A to the Company's Proxy Statement filed on April 20, 2016\).](#)
- *10.5(3) [Deferred Compensation Plan II, as Amended and Restated, effective December 17, 2014 \(incorporated by reference to Exhibit 10.4\(6\) to the Company's Annual Report on Form 10-K filed on March 2, 2015\).](#)
- *10.5(4) [Supplemental Executive Retirement Plan II, dated as of December 30, 2004 \(incorporated by reference to Exhibit 10.1 on Form 8-K filed on January 10, 2005\).](#)
- *10.5(5) [Amendment No. 1 to the Supplemental Executive Retirement Plan II, dated as of July 10, 2007 \(incorporated by reference to Exhibit 10.3\(12\) to the 2007 10-K\).](#)
- *10.5(6) [Amendment No. 2 to the Supplemental Executive Retirement Plan II, dated as of October 15, 2007 \(incorporated by reference to Exhibit 10.3\(14\) to the 2007 10-K\).](#)
- *10.5(7) [Amendment No. 1 to the Supplemental Executive Retirement Plan II, dated as of November 4, 2008 \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on November 7, 2008\).](#)
- *10.5(8) [Employment Agreement, effective as of December 13, 2014, between the Company and Robert H. Baldwin \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 13, 2015\).](#)
- *10.5(9) [Employment Agreement, dated as of October 3, 2016, by and between the Company and James J. Murren \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 5, 2016\).](#)
- *10.5(10) [Employment Agreement, executed as of August 24, 2015, between the Company and Daniel J. D'Arrigo \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 28, 2015\).](#)

- *10.5(11) [Employment Agreement, effective as of November 15, 2016, between the Company and Corey Sanders \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 7, 2016\).](#)
- *10.5(12) [Employment Agreement, effective as of November 15, 2016, between the Company and William Hornbuckle \(incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on December 7, 2016\).](#)
- *10.5(13) [Deferred Compensation Plan for Non-Employee Directors, effective as of June 12, 2012 \(incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2012\).](#)
- *10.5(14) [Form of Restricted Stock Units Agreement of the Company, effective for awards granted in August 2012 through 2015 \(incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2012\).](#)
- *10.5(15) [Form of Restricted Stock Units Agreement of the Company \(Non-Employee Director\), effective for awards granted in August 2012 and thereafter \(incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2012\).](#)
- *10.5(16) [Form of Restricted Stock Units Agreement of the Company \(Performance\), effective for awards granted in August 2012 through 2015 \(incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2012\).](#)
- *10.5(17) [Form of Restricted Stock Units Agreement of the Company effective for awards granted in October 2015 and thereafter \(incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2015\).](#)
- *10.5(18) [Form of Restricted Stock Units Agreement of the Company \(Performance\) effective for awards granted in October 2015 and thereafter \(incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2015\).](#)
- *10.5(19) [Form of Sign-On RSU Award Agreement \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 5, 2016\).](#)
- *10.5(20) [Form of Performance Share Units Agreement of the Company, effective for bonus awards granted in March 2014 through March 2015 \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 8, 2014\).](#)
- *10.5(21) [Form of Performance Share Units Agreement of the Company effective for awards granted in October 2015 and thereafter \(incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2015\).](#)
- *10.5(22) [Form of Bonus Performance Share Units Agreement of the Company, effective for bonus awards granted in March 2016 and thereafter \(incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on May 6, 2016\).](#)
- *10.5(23) [Change of Control Policy for Executive Officers, dated as of November 5, 2012 \(incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on November 8, 2012\).](#)
- *10.5(24) [Form of Memorandum Agreement re: Changes to Severance and Change of Control Policies \(incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on November 8, 2012\).](#)
- *10.5(25) [Form of Freestanding Stock Appreciation Right Agreement of the Company effective for awards granted in August 2012 and thereafter \(incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2012\).](#)
- *10.5(26) [Form of Freestanding Stock Appreciation Right Agreement of the Company effective for awards granted in October 2013 and thereafter \(incorporated by reference to Exhibit 10.4\(43\) of the Company's Annual Report on Form 10-K for the year ended December 31, 2013\).](#)
- *10.5(27) [Amendment to all Stock Appreciation Right Agreements adopted by the Compensation Committee of the Board of Directors on October 7, 2013 \(incorporated by reference to Exhibit 10.4\(44\) of the Company's Annual Report on Form 10-K for the year ended December 31, 2013\).](#)

- *10.5(28) [Form of Freestanding Stock Appreciation Right Agreement of the Company effective for awards granted in October 2015 and thereafter \(incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2015\).](#)
- *10.5(29) [Profit Growth Share Incentive Plan of the Company \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2015\).](#)
- *10.5(30) [Form of Performance Share Units Agreement \(Profit Growth Share Incentive Plan\) of the Company \(incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2015\).](#)
- *10.5(31) [MGM Growth Properties LLC 2016 Omnibus Incentive Plan \(incorporated by reference to Exhibit 99.1 of the Registration Statement on Form S-8 of MGM Growth Properties LLC \(File No. 333-210832\) filed on April 19, 2016\).](#)
- *10.5(32) [MGM Growth Properties LLC Form of 2016 Restricted Share Units Agreement \(MGM Non-Employee Directors\) \(incorporated by reference to Exhibit 10.15 of the Current Report on Form 8-K of MGM Growth Properties LLC filed on April 25, 2016\).](#)
- *10.5(33) [MGM Growth Properties LLC Form of 2016 Restricted Share Units Agreement \(MGM Employees\) \(incorporated by reference to Exhibit 10.16 of the Current Report on Form 8-K of MGM Growth Properties LLC filed on April 25, 2016\).](#)
- *10.5(34) [Form of Letter to Employees re: Existing Equity Awards \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed March 10, 2017\).](#)
- *10.5(35) [Form of Performance Share Unit Agreement \(Bonus Payout\) \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed March 10, 2017\).](#)
- *10.5(36) [Form of Performance Share Unit Agreement \(Annual Grant\) \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed March 10, 2017\).](#)
- *10.5(37) [Form of Restricted Stock Unit Agreement \(Non-Employee Director\) \(incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed March 10, 2017\).](#)
- *10.5(38) [Form of Restricted Stock Unit Agreement \(with Performance Hurdle\) \(incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed March 10, 2017\).](#)
- *10.5(39) [Form of Restricted Stock Unit Agreement \(no Performance Hurdle\) \(incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed March 10, 2017\).](#)
- *10.5(40) [Form of Restricted Stock Unit Agreement \(Bonus RSUs\).](#)
- *10.5(41) [Form of Relative Performance Share Unit Agreement \(Annual Grant\).](#)
- 12 [Computation of ratio of earnings to fixed charges.](#)
- 21 [List of subsidiaries of the Company.](#)
- 23.1 [Consent of Deloitte & Touche LLP, independent auditors to the Company.](#)
- 23.2 [Consent of Deloitte & Touche LLP, independent auditors to CityCenter Holdings, LLC.](#)
- 31.1 [Certification of Chief Executive Officer of Periodic Report Pursuant to Rule 13a-14\(a\) and Rule 15d-14\(a\).](#)
- 31.2 [Certification of Chief Financial Officer of Periodic Report Pursuant to Rule 13a-14\(a\) and Rule 15d-14\(a\).](#)
- **32.1 [Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.](#)
- **32.2 [Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.](#)
- 99.1 [Description of our Operating Resorts.](#)

99.2 [Description of Regulation and Licensing.](#)

99.3 [Audited consolidated financial statements of CityCenter Holdings, LLC, as of and for the three years in the period ended December 31, 2017.](#)

101 The following information from the Company's Annual Report on Form 10-K for the year ended December 31, 2017 formatted in eXtensible Business Reporting Language: (i) Consolidated Balance Sheets at December 31, 2017 and December 31, 2016; (ii) Consolidated Statements of Operations for the years ended December 31, 2017, 2016 and 2015; (iii) Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2017, 2016 and 2015; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2016 and 2015; (v) Consolidated Statements of Stockholders' Equity for the years ended December 31, 2017, 2016 and 2015; (vi) Notes to the Consolidated Financial Statements and (vii) Financial Statement Schedule.

† Portions of this Exhibit have been omitted pursuant to Rule 24b-2, are filed separately with the SEC and are subject to a confidential treatment request.

* Management contract or compensatory plan or arrangement.

** Exhibits 32.1 and 32.2 shall not be deemed filed with the SEC, nor shall they be deemed incorporated by reference in any filing with the SEC under the Exchange Act or the Securities Act of 1933, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any filings

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management's Responsibilities

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Sections 13a-15(f) and 15d-15(f) of the Exchange Act) for MGM Resorts International and subsidiaries (the "Company").

Objective of Internal Control over Financial Reporting

In establishing adequate internal control over financial reporting, management has developed and maintained a system of internal control, policies and procedures designed to provide reasonable assurance that information contained in the accompanying consolidated financial statements and other information presented in this annual report is reliable, does not contain any untrue statement of a material fact or omit to state a material fact, and fairly presents in all material respects the financial condition, results of operations and cash flows of the Company as of and for the periods presented in this annual report. These include controls and procedures designed to ensure that this information is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate for all timely decisions regarding required disclosure. Significant elements of the Company's internal control over financial reporting include, for example:

- Hiring skilled accounting personnel and training them appropriately;
- Written accounting policies;
- Written documentation of accounting systems and procedures;
- Segregation of incompatible duties;
- Internal audit function to monitor the effectiveness of the system of internal control; and
- Oversight by an independent Audit Committee of the Board of Directors.

Management's Evaluation

Management, with the participation of the Company's principal executive officer and principal financial officer, has evaluated the Company's internal control over financial reporting using the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on its evaluation as of December 31, 2017, management believes that the Company's internal control over financial reporting is effective in achieving the objectives described above.

Report of Independent Registered Public Accounting Firm

Deloitte & Touche LLP audited the Company's consolidated financial statements as of and for the year ended December 31, 2017 and issued their report thereon, which is included in this annual report. Deloitte & Touche LLP has also issued an attestation report on the effectiveness of the Company's internal control over financial reporting and such report is also included in this annual report.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of MGM Resorts International

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of MGM Resorts International and subsidiaries (the “Company”) as of December 31, 2017, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2017, of the Company and our report dated March 1, 2018, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Las Vegas, Nevada

March 1, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of MGM Resorts International

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of MGM Resorts International and subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income (loss), cash flows and stockholders' equity for each of the three years in the period ended December 31, 2017, and the related notes and financial statement schedule of Valuation and Qualifying Accounts included in Item 15(a)(2), (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2018, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

Las Vegas, Nevada

March 1, 2018

We have served as the Company's auditor since 2002.

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	December 31,	
	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,499,995	\$ 1,446,581
Accounts receivable, net	540,545	542,924
Inventories	102,292	97,733
Income tax receivable	42,551	—
Prepaid expenses and other	189,244	142,349
Total current assets	<u>2,374,627</u>	<u>2,229,587</u>
Property and equipment, net	19,635,459	18,425,023
Other assets		
Investments in and advances to unconsolidated affiliates	1,034,161	1,220,443
Goodwill	1,806,531	1,817,119
Other intangible assets, net	3,877,960	4,087,706
Other long-term assets, net	430,440	393,423
Total other assets	<u>7,149,092</u>	<u>7,518,691</u>
	<u>\$ 29,159,178</u>	<u>\$ 28,173,301</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 255,028	\$ 250,477
Construction payable	474,807	270,361
Income tax payable	—	10,654
Current portion of long-term debt	158,042	8,375
Accrued interest on long-term debt	135,785	159,028
Other accrued liabilities	2,068,720	1,594,526
Total current liabilities	<u>3,092,382</u>	<u>2,293,421</u>
Deferred income taxes, net	1,304,835	2,551,228
Long-term debt, net	12,751,052	12,979,220
Other long-term obligations	284,416	325,981
Commitments and contingencies (Note 12)		
Redeemable noncontrolling interests	79,778	54,139
Stockholders' equity		
Common stock, \$.01 par value: authorized 1,000,000,000 shares, issued and outstanding 566,275,789 and 574,123,706 shares	5,663	5,741
Capital in excess of par value	5,357,709	5,653,575
Retained earnings	2,252,890	545,811
Accumulated other comprehensive income (loss)	(3,610)	15,053
Total MGM Resorts International stockholders' equity	<u>7,612,652</u>	<u>6,220,180</u>
Noncontrolling interests	4,034,063	3,749,132
Total stockholders' equity	<u>11,646,715</u>	<u>9,969,312</u>
	<u>\$ 29,159,178</u>	<u>\$ 28,173,301</u>

The accompanying notes are an integral part of these consolidated financial statements.

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31,		
	2017	2016	2015
Revenues			
Casino	\$ 5,984,335	\$ 4,936,490	\$ 4,842,836
Rooms	2,151,380	2,023,841	1,876,733
Food and beverage	1,790,287	1,639,910	1,575,496
Entertainment	542,706	517,433	539,318
Retail	214,331	200,340	201,688
Other	605,832	533,528	506,934
Reimbursed costs	402,042	397,152	398,836
	<u>11,690,913</u>	<u>10,248,694</u>	<u>9,941,841</u>
Less: Promotional allowances	(917,009)	(793,571)	(751,773)
	<u>10,773,904</u>	<u>9,455,123</u>	<u>9,190,068</u>
Expenses			
Casino	3,241,180	2,718,483	2,882,752
Rooms	608,103	576,426	564,094
Food and beverage	1,004,949	943,803	917,993
Entertainment	430,981	411,657	410,284
Retail	102,886	96,928	102,904
Other	375,865	351,215	348,513
Reimbursed costs	402,042	397,152	398,836
General and administrative	1,559,915	1,378,617	1,309,104
Corporate expense	356,875	312,774	274,551
NV Energy exit expense	(40,629)	139,335	—
Preopening and start-up expenses	118,475	140,075	71,327
Property transactions, net	50,279	17,078	35,951
Goodwill impairment	—	—	1,467,991
Gain on Borgata transaction	—	(430,118)	—
Depreciation and amortization	993,480	849,527	819,883
	<u>9,204,401</u>	<u>7,902,952</u>	<u>9,604,183</u>
Income from unconsolidated affiliates	<u>145,989</u>	<u>527,616</u>	<u>257,883</u>
Operating income (loss)	<u>1,715,492</u>	<u>2,079,787</u>	<u>(156,232)</u>
Non-operating income (expense)			
Interest expense, net of amounts capitalized	(668,745)	(694,773)	(797,579)
Non-operating items from unconsolidated affiliates	(34,751)	(53,139)	(76,462)
Other, net	(48,241)	(72,698)	(15,970)
	<u>(751,737)</u>	<u>(820,610)</u>	<u>(890,011)</u>
Income (loss) before income taxes	963,755	1,259,177	(1,046,243)
Benefit (provision) for income taxes	1,132,663	(22,299)	6,594
Net income (loss)	2,096,418	1,236,878	(1,039,649)
Less: Net (income) loss attributable to noncontrolling interests	(136,132)	(135,438)	591,929
Net income (loss) attributable to MGM Resorts International	<u>\$ 1,960,286</u>	<u>\$ 1,101,440</u>	<u>\$ (447,720)</u>
Earnings per share			
Basic	\$ 3.39	\$ 1.94	\$ (0.82)
Diluted	\$ 3.35	\$ 1.92	\$ (0.82)
Weighted average common shares outstanding			
Basic	572,253	568,134	542,873
Diluted	578,795	573,317	542,873
Dividends declared per common share	\$ 0.44	\$ —	\$ —

The accompanying notes are an integral part of these consolidated financial statements.

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Year Ended December 31,		
	2017	2016	2015
Net income (loss)	\$ 2,096,418	\$ 1,236,878	\$ (1,039,649)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment	(43,188)	(2,680)	3,727
Unrealized gain on cash flow hedges	7,995	1,879	—
Other	—	—	(672)
Other comprehensive income (loss)	(35,193)	(801)	3,055
Comprehensive income (loss)	2,061,225	1,236,077	(1,036,594)
Less: Comprehensive (income) loss attributable to noncontrolling interests	(119,700)	(134,680)	589,905
Comprehensive income (loss) attributable to MGM Resorts International	<u>\$ 1,941,525</u>	<u>\$ 1,101,397</u>	<u>\$ (446,689)</u>

The accompanying notes are an integral part of these consolidated financial statements.

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2017	2016	2015
Cash flows from operating activities			
Net income (loss)	\$ 2,096,418	\$ 1,236,878	\$ (1,039,649)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	993,480	849,527	819,883
Amortization of debt discounts, premiums and issuance costs	32,996	40,493	46,280
Loss on retirement of long-term debt	45,696	66,933	1,924
Provision for doubtful accounts	20,603	10,863	54,691
Stock-based compensation	62,494	55,487	42,872
Property transactions, net	50,279	17,078	35,951
Goodwill impairment	—	—	1,467,991
Gain on Borgata transaction	—	(430,118)	—
(Income) loss from unconsolidated affiliates	(111,238)	(471,309)	(177,946)
Distributions from unconsolidated affiliates	13,050	16,905	29,333
Deferred income taxes	(1,264,674)	(80,628)	(3,615)
Change in operating assets and liabilities:			
Accounts receivable	(18,438)	(33,208)	(62,720)
Inventories	(4,656)	10,806	(2,649)
Income taxes receivable and payable, net	(53,204)	13,385	(5,946)
Prepaid expenses and other	(46,974)	20,192	(13,694)
Prepaid Cotai land concession premium	(7,765)	(22,376)	(22,427)
Accounts payable and accrued liabilities	419,525	272,828	(139,069)
Other	(21,181)	(39,764)	(26,131)
Net cash provided by operating activities	<u>2,206,411</u>	<u>1,533,972</u>	<u>1,005,079</u>
Cash flows from investing activities			
Capital expenditures, net of construction payable	(1,864,082)	(2,262,473)	(1,466,819)
Dispositions of property and equipment	718	3,944	8,032
Proceeds from partial disposition of investment in unconsolidated affiliate	—	15,000	—
Proceeds from sale of business units and investment in unconsolidated affiliate	—	—	92,207
Acquisition of Borgata, net of cash acquired	—	(559,443)	—
Investments in and advances to unconsolidated affiliates	(16,727)	(3,633)	(196,062)
Distributions from unconsolidated affiliates in excess of cumulative earnings	301,211	542,097	201,612
Investments in cash deposits - original maturities longer than 90 days	—	—	(200,205)
Proceeds from cash deposits - original maturities longer than 90 days	—	—	770,205
Other	(1,712)	(11,696)	(4,028)
Net cash used in investing activities	<u>(1,580,592)</u>	<u>(2,276,204)</u>	<u>(795,058)</u>
Cash flows from financing activities			
Net borrowings under bank credit facilities – maturities of 90 days or less	15,001	491,032	977,275
Borrowings under bank credit facilities – maturities longer than 90 days	—	1,845,375	5,118,750
Repayments under bank credit facilities – maturities longer than 90 days	—	(1,845,375)	(5,118,750)
Issuance of long-term debt	350,000	2,050,000	—
Retirement of senior notes	(502,669)	(2,258,053)	(875,504)
Repayment of Borgata credit facility	—	(583,598)	—
Debt issuance costs	(9,977)	(139,584)	(46,170)
Issuance of MGM Growth Properties Class A shares in public offering	404,685	1,207,500	—
MGM Growth Properties Class A share issuance costs	(17,137)	(75,032)	—
Acquisition of MGM China shares	—	(100,000)	—
Dividends paid to common shareholders	(252,014)	—	—
Distributions to noncontrolling interest owners	(170,402)	(103,367)	(307,227)
Proceeds from issuance of redeemable noncontrolling interests	—	47,325	6,250
Purchases of common stock	(327,500)	—	—
Other	(58,765)	(16,801)	(12,503)
Net cash provided by (used in) financing activities	<u>(568,778)</u>	<u>519,422</u>	<u>(257,879)</u>
Effect of exchange rate on cash	<u>(3,627)</u>	<u>(921)</u>	<u>793</u>
Cash and cash equivalents			
Net increase (decrease) for the period	53,414	(223,731)	(47,065)
Change in cash related to assets held for sale	—	—	3,662
Balance, beginning of period	1,446,581	1,670,312	1,713,715
Balance, end of period	<u>\$ 1,499,995</u>	<u>\$ 1,446,581</u>	<u>\$ 1,670,312</u>
Supplemental cash flow disclosures			
Interest paid, net of amounts capitalized	\$ 658,637	\$ 661,166	\$ 776,540
Federal, state and foreign income taxes paid, net of refunds	181,651	68,236	11,801
Non-cash investing and financing activities			
Common stock issued for acquisition of MGM China shares	\$ —	\$ 174,041	\$ —
Deferred cash payment for acquisition of MGM China shares	—	43,265	—
Conversion of convertible senior notes to equity	—	—	1,449,499
Increase (decrease) in investment in and advances to CityCenter related to change in completion guarantee liability	—	—	(8,198)
Increase in construction accounts payable	204,446	20,241	79,681

The accompanying notes are an integral part of these consolidated financial statements .

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Years ended December 31, 2017, 2016 and 2015
(In thousands)

	Common Stock		Capital in Excess of Par Value	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total		Total Stockholders' Equity
	Shares	Par Value				MGM Resorts International Stockholders' Equity	Non-Controlling Interests	
Balances, January 1, 2015	491,292	\$ 4,913	\$ 4,180,922	\$ (107,909)	\$ 12,991	\$ 4,090,917	\$ 3,537,357	\$ 7,628,274
Net loss	—	—	—	(447,720)	—	(447,720)	(591,929)	(1,039,649)
Currency translation adjustment	—	—	—	—	1,703	1,703	2,024	3,727
Other comprehensive loss from unconsolidated affiliates, net	—	—	—	—	(672)	(672)	—	(672)
Stock-based compensation	—	—	38,464	—	—	38,464	4,538	43,002
Issuance of common stock pursuant to stock-based compensation awards	1,844	18	(24,896)	—	—	(24,878)	—	(24,878)
Conversion of convertible debt to common stock	71,703	717	1,448,779	—	—	1,449,496	—	1,449,496
Cash distributions to noncontrolling interest owners	—	—	—	—	—	—	(307,494)	(307,494)
Issuance of performance share units	—	—	4,872	—	—	4,872	—	4,872
Other	—	—	7,745	—	—	7,745	4	7,749
Balances, December 31, 2015	564,839	5,648	5,655,886	(555,629)	14,022	5,119,927	2,644,500	7,764,427
Net income	—	—	—	1,101,440	—	1,101,440	134,902	1,236,342
Currency translation adjustment	—	—	—	—	(1,477)	(1,477)	(1,203)	(2,680)
Stock-based compensation	—	—	51,460	—	—	51,460	4,147	55,607
Issuance of common stock pursuant to stock-based compensation awards	2,225	22	(30,065)	—	—	(30,043)	—	(30,043)
Issuance of performance share units	—	—	5,817	—	—	5,817	—	5,817
Cash distributions to noncontrolling interest owners	—	—	—	—	—	—	(103,457)	(103,457)
MGM Growth Properties IPO	—	—	(150,414)	—	—	(150,414)	1,334,252	1,183,838
MGP dividend payable to Class A shareholders	—	—	—	—	—	—	(22,281)	(22,281)
MGM China common stock acquisition	7,060	71	127,146	—	1,074	128,291	(270,903)	(142,612)
Borgata transaction	—	—	(18,385)	—	—	(18,385)	28,752	10,367
Other comprehensive income - cash flow hedges	—	—	—	—	1,434	1,434	445	1,879
Other	—	—	12,130	—	—	12,130	(22)	12,108
Balances, December 31, 2016	574,124	5,741	5,653,575	545,811	15,053	6,220,180	3,749,132	9,969,312
Net income	—	—	—	1,960,286	—	1,960,286	128,320	2,088,606
Currency translation adjustment	—	—	—	—	(23,995)	(23,995)	(19,193)	(43,188)
Other comprehensive income - cash flow hedges	—	—	—	—	5,234	5,234	2,761	7,995
Stock-based compensation	—	—	57,531	—	—	57,531	4,991	62,522
Issuance of common stock pursuant to stock-based compensation awards	2,152	22	(33,802)	—	—	(33,780)	—	(33,780)
Issuance of performance share units	—	—	9,648	—	—	9,648	95	9,743
Cash distributions to noncontrolling interest owners	—	—	—	—	—	—	(147,685)	(147,685)
Dividends paid to common shareholders	—	—	—	(252,014)	—	(252,014)	—	(252,014)
MGP dividend payable to Class A shareholders	—	—	—	—	—	—	(29,777)	(29,777)
National Harbor transaction	—	—	(12,486)	—	(11)	(12,497)	19,383	6,886
Repurchase of common stock	(10,000)	(100)	(327,400)	—	—	(327,500)	—	(327,500)
MGP Class A share issuance	—	—	35,029	—	109	35,138	326,484	361,622
Adjustment of redeemable non-controlling interest to redemption value	—	—	(18,280)	—	—	(18,280)	—	(18,280)
Other	—	—	(6,106)	(1,193)	—	(7,299)	(448)	(7,747)
Balances, December 31, 2017	<u>566,276</u>	<u>\$ 5,663</u>	<u>\$ 5,357,709</u>	<u>\$ 2,252,890</u>	<u>\$ (3,610)</u>	<u>\$ 7,612,652</u>	<u>\$ 4,034,063</u>	<u>\$ 11,646,715</u>

The accompanying notes are an integral part of these consolidated financial statements.

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — ORGANIZATION

Organization. MGM Resorts International (together with its consolidated subsidiaries, unless otherwise indicated or unless the context requires otherwise, the “Company”) is a Delaware corporation that acts largely as a holding company and, through subsidiaries, owns and operates casino resorts. As discussed further below, the Company leases certain of its real estate assets from MGM Growth Properties Operating Partnership LP (the “Operating Partnership”), which is a consolidated subsidiary.

The Company owns and operates the following integrated casino, hotel and entertainment resorts in Las Vegas, Nevada: Bellagio, MGM Grand Las Vegas, The Mirage, Mandalay Bay, Luxor, New York-New York, Monte Carlo, Excalibur and Circus Circus Las Vegas. Operations at MGM Grand Las Vegas include management of The Signature at MGM Grand Las Vegas, a condominium-hotel consisting of three towers. The Company operates and, along with local investors, owns MGM Grand Detroit in Detroit, Michigan and MGM National Harbor in Prince George’s County, Maryland. The Company also owns and operates Borgata located on Renaissance Pointe in the Marina area of Atlantic City, New Jersey and the following resorts in Mississippi: Beau Rivage in Biloxi and Gold Strike in Tunica. Additionally, the Company owns and operates the Park, a dining and entertainment district located between New York-New York and Monte Carlo, Shadow Creek, an exclusive world-class golf course located approximately ten miles north of its Las Vegas Strip resorts, Primm Valley Golf Club at the California/Nevada state line and Fallen Oak golf course in Saucier, Mississippi.

On April 25, 2016, MGM Growth Properties LLC (“MGP”), a consolidated subsidiary of the Company, completed its initial public offering (“IPO”) of 57,500,000 of its Class A shares representing limited liability company interests (inclusive of the full exercise by the underwriters of their option to purchase 7,500,000 Class A shares) at an initial offering price of \$21 per share. In connection with the IPO, the Company and MGP entered into a series of transactions and several agreements that, among other things, set forth the terms and conditions of the IPO and provide a framework for the Company’s relationship with MGP.

MGP is organized as an umbrella partnership REIT (commonly referred to as an “UPREIT”) structure in which substantially all of its assets are owned by and substantially all of its businesses are conducted through its Operating Partnership subsidiary. MGP has two classes of authorized and outstanding voting common shares (collectively, the “shares”): Class A shares and a single Class B share. The Company owns MGP’s Class B share, which does not provide its holder any rights to profits or losses or any rights to receive distributions from operations of MGP or upon liquidation or winding up of MGP. MGP’s Class A shareholders are entitled to one vote per share, while the Company, as the owner of the Class B share, is entitled to an amount of votes representing a majority of the total voting power of MGP’s shares so long as the Company and its controlled affiliates’ (excluding MGP) aggregate beneficial ownership of the combined economic interests in MGP and the Operating Partnership does not fall below 30%. The Company and MGP each hold Operating Partnership units representing limited partner interests in the Operating Partnership. The general partner of the Operating Partnership is also a subsidiary of MGP, which is 100% owned by MGP. The Operating Partnership units held by the Company are exchangeable into Class A shares of MGP on a one-to-one basis, or cash at the fair value of a Class A share. The determination of settlement method is at the option of MGP’s independent conflicts committee. The Company and MGP’s ownership interest percentage in the Operating Partnership have varied based upon the transactions that MGP has completed, as discussed in Note 13. As of December 31, 2017, the Company owned 73.4% of the Operating Partnership units, and MGP held the remaining 26.6% ownership interest in the Operating Partnership.

Pursuant to a master contribution agreement entered into in connection with the IPO by and between the Company, MGP, and the Operating Partnership, the Company contributed the real estate assets of The Mirage, Mandalay Bay, Luxor, New York-New York, Monte Carlo, Excalibur, The Park, Gold Strike Tunica, MGM Grand Detroit and Beau Rivage to newly formed subsidiaries and subsequently transferred 100% ownership in such subsidiaries to the Operating Partnership in exchange for a percentage ownership of Operating Partnership units. Concurrently, pursuant to a master lease agreement between a subsidiary of the Company (the “tenant”) and a subsidiary of the Operating Partnership (the “landlord”), the tenant leased the contributed real estate assets from the landlord.

Subsequent to the Company completing its acquisition of Borgata in August 2016, as discussed in Note 4, MGP acquired Borgata’s real property from a subsidiary of the Company, and in October 2017, MGP also acquired the long-term leasehold interest and real property associated with MGM National Harbor from a subsidiary of the Company. Amendments to the master lease agreement provides for the Company to lease the real estate assets of Borgata and MGM National Harbor from a subsidiary of the Operating Partnership. See Note 10, Note 13, and Note 18 for additional information related to MGP, its ownership and transactions, and certain other intercompany agreements and debt financing transactions entered into in connection therewith.

The Company has an approximate 56% controlling interest in MGM China, which owns MGM Grand Paradise, S.A. (“MGM Grand Paradise”). MGM Grand Paradise owns and operates the MGM Macau resort and casino and the related gaming subconcession and land concessions as well as MGM Cotai, an integrated casino, hotel and entertainment resort located on an 18 acre site on the Cotai Strip in Macau that opened on February 13, 2018. The Gaming Inspection and Coordination Bureau of Macau (“DICJ”) approved 100 gaming tables for the opening of MGM Cotai and 25 additional gaming tables effective for operation on January 1, 2019, for a total of 125 gaming tables in aggregate. In addition, the DICJ approved the initial transfer of 77 gaming tables from MGM Macau to MGM Cotai.

The Company owns 50% of and manages CityCenter Holdings, LLC (“CityCenter”), located between Bellagio and Monte Carlo. The other 50% of CityCenter is owned by Infinity World Development Corp, a wholly owned subsidiary of Dubai World, a Dubai, United Arab Emirates government decree entity. CityCenter consists of Aria, an integrated casino, hotel and entertainment resort; Mandarin Oriental Las Vegas, a non-gaming boutique hotel; and Vdara, a luxury condominium-hotel. In addition, CityCenter features residential units in the Residences at Mandarin Oriental and Veer. See Note 7 and Note 18 for additional information related to CityCenter.

The Company and a subsidiary of Anschutz Entertainment Group, Inc. (“AEG”) each own 42.5% of the Las Vegas Arena Company, LLC (“Las Vegas Arena Company”), the entity which owns the T-Mobile Arena, and Athena Arena, LLC owns the remaining 15%. The Company manages the T-Mobile Arena, which is located on a parcel of the Company’s land between Frank Sinatra Drive and New York-New York, adjacent to the Las Vegas Strip. The T-Mobile Arena is a 20,000 seat venue designed to host world-class events – from mixed martial arts, boxing, basketball and bull riding, to high profile awards shows and top-name concerts, and is the home of the Vegas Golden Knights of the National Hockey League. Additionally, the Company leases the MGM Grand Garden Arena, located adjacent to the MGM Grand Las Vegas, to the Las Vegas Arena Company. See Note 7 for additional information regarding the Company’s investment in the Las Vegas Arena Company.

The Company also has a 50% interest in Grand Victoria. Grand Victoria is a riverboat casino in Elgin, Illinois; an affiliate of Hyatt Gaming owns the other 50% of Grand Victoria and also operates the resort. See Note 7 for additional information regarding the Company’s investment in Grand Victoria.

A subsidiary of the Company was awarded a casino license to build and operate MGM Springfield in Springfield, Massachusetts. MGM Springfield is in the process of being developed on approximately 14 acres of land in downtown Springfield. The Company’s plans for the resort currently include a casino with approximately 2,550 slots and 120 table games including poker; a 250-room hotel; 100,000 square feet of retail and restaurant space; 44,000 square feet of meeting and event space; and a 3,500 space parking garage, with an expected development and construction cost of approximately \$960 million, excluding capitalized interest and land-related costs. Construction of MGM Springfield is expected to be completed in the third quarter of 2018.

The Company has two reportable segments: domestic resorts and MGM China. See Note 17 for additional information about the Company’s segments.

NOTE 2 — BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation. For entities not determined to be a variable interest entity (“VIE”), the Company consolidates such entities in which the Company owns 100% of the equity. For entities in which the Company owns less than 100% of the equity interest, the Company consolidates the entity if it has the direct or indirect ability to control the entities’ activities based upon the terms of the respective entities’ ownership agreements. For these entities, the Company records a noncontrolling interest in the consolidated balance sheets. The Company’s investments in unconsolidated affiliates which are 50% or less owned are accounted for under the equity method when the Company can exercise significant influence over or has joint control of the unconsolidated affiliate. All intercompany balances and transactions are eliminated in consolidation.

The Company evaluates entities for which control is achieved through means other than voting rights to determine if it is the primary beneficiary of a VIE. A VIE is an entity in which either (i) the equity investors as a group, if any, lack the power through voting or similar rights to direct the activities of such entity that most significantly impact such entity’s economic performance or (ii) the equity investment at risk is insufficient to finance that entity’s activities without additional subordinated financial support. The Company identifies the primary beneficiary of a VIE as the enterprise that has both of the following characteristics: (i) the power to direct the activities of the VIE that most significantly impact the entity’s economic performance; and (ii) the obligation to absorb losses or receive benefits of the VIE that could potentially be significant to the entity. The Company consolidates its investment in a VIE when it determines that it is its primary beneficiary. For these VIEs, the Company records a noncontrolling interest in the consolidated balance sheets. The Company may change its original assessment of a VIE upon subsequent events such as the modification of contractual arrangements that affect the characteristics or adequacy of the entity’s equity investments at risk and the disposition of all or a portion of an interest held by the primary beneficiary. The Company performs this analysis on an ongoing basis.

Management has determined that MGP is a VIE because the Class A equity investors as a group lack the power through voting or similar rights to direct the activities of such entity that most significantly impact such entity's economic performance. The Company has determined that it is the primary beneficiary of MGP and consolidates MGP because (i) its ownership of MGP's single Class B share entitles it to a majority of the total voting power of MGP's shares, and (ii) the exchangeable nature of the Operating Partnership units owned provide the Company the right to receive benefits from MGP that could potentially be significant to MGP. The Company has recorded MGP's ownership interest in the Operating Partnership of 26.6% as of December 31, 2017 as noncontrolling interest in the Company's consolidated financial statements. As of December 31, 2017, on a consolidated basis MGP had total assets of \$10.4 billion, primarily related to its real estate investments, and total liabilities of \$4.3 billion, primarily related to its indebtedness.

Reclassifications. Certain reclassifications have been made to conform the prior period presentation.

Management's use of estimates. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. These principles require the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value measurements. Fair value measurements affect the Company's accounting and impairment assessments of its long-lived assets, investments in unconsolidated affiliates, cost method investments, assets acquired and liabilities assumed in an acquisition, and goodwill and other intangible assets. Fair value measurements also affect the Company's accounting for certain of its financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is measured according to a hierarchy that includes: Level 1 inputs, such as quoted prices in an active market; Level 2 inputs, which are observable inputs for similar assets; or Level 3 inputs, which are unobservable inputs. The Company used the following inputs in its fair value measurements:

- Level 1 and Level 2 inputs for its long-term debt fair value disclosures. See Note 10;
- Level 2 and Level 3 inputs when assessing the fair value of assets acquired and liabilities assumed during the Borgata transaction. See Note 4;
- Level 2 and Level 3 inputs when measuring the impairment of goodwill related to the MGM China reporting unit. See Note 8; and
- Level 3 inputs when assessing the fair value of its investment in Grand Victoria. See Note 7

Cash and cash equivalents. Cash and cash equivalents include investments and interest bearing instruments with maturities of 90 days or less at the date of acquisition. Such investments are carried at cost, which approximates market value. Book overdraft balances resulting from the Company's cash management program are recorded as accounts payable or construction payable as applicable.

Accounts receivable and credit risk. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of casino accounts receivable. The Company issues credit to approved casino customers and gaming promoters following background checks and investigations of creditworthiness. At December 31, 2017, 35% of the Company's casino receivables at its domestic resorts were due from customers residing in foreign countries and 8% of the Company's casino receivables related to MGM China. Business or economic conditions or other significant events in these countries could affect the collectability of such receivables.

Accounts receivable are typically non-interest bearing and are initially recorded at cost. Accounts are written off when management deems the account to be uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated allowance for doubtful accounts is maintained to reduce the Company's receivables to their net carrying amount, which approximates fair value. The allowance is estimated based on both a specific review of customer accounts as well as historical collection experience and current economic and business conditions. Management believes that as of December 31, 2017, no significant concentrations of credit risk existed for which an allowance had not already been recorded.

Inventories. Inventories consist primarily of food and beverage, retail merchandise and operating supplies, and are stated at the lower of cost or net realizable value. Cost is determined primarily using the average cost method for food and beverage and operating supplies. Cost for retail merchandise is determined using the cost method.

Property and equipment. Property and equipment are stated at cost. A significant amount of the Company's property and equipment was acquired through business combinations and therefore recognized at fair value at the acquisition date. Gains or losses on dispositions of property and equipment are included in the determination of income or loss. Maintenance costs are expensed as incurred. As of December 31, 2017 and 2016, the Company had accrued \$28 million and \$36 million for property and equipment within accounts payable and \$34 million and \$32 million related to construction retention within other long-term liabilities, respectively.

Property and equipment are generally depreciated over the following estimated useful lives on a straight-line basis:

Buildings and improvements	20 to 40 years
Land improvements	10 to 20 years
Furniture and fixtures	3 to 20 years
Equipment	3 to 15 years

The Company evaluates its property and equipment and other long-lived assets for impairment based on its classification as held for sale or to be held and used. Several criteria must be met before an asset is classified as held for sale, including that management with the appropriate authority commits to a plan to sell the asset at a reasonable price in relation to its fair value and is actively seeking a buyer. For assets held for sale, the Company recognizes the asset at the lower of carrying value or fair market value less costs to sell, as estimated based on comparable asset sales, offers received, or a discounted cash flow model. For assets to be held and used, the Company reviews for impairment whenever indicators of impairment exist. The Company then compares the estimated future cash flows of the asset, on an undiscounted basis, to the carrying value of the asset. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, then an impairment charge is recorded based on the fair value of the asset, typically measured using a discounted cash flow model. If an asset is still under development, future cash flows include remaining construction costs. All recognized impairment losses, whether for assets held for sale or assets to be held and used, are recorded as operating expenses.

Capitalized interest. The interest cost associated with major development and construction projects is capitalized and included in the cost of the project. When no debt is incurred specifically for a project, interest is capitalized on amounts expended on the project using the weighted-average cost of the Company's outstanding borrowings. Capitalization of interest ceases when the project is substantially complete or development activity is suspended for more than a brief period.

Investments in and advances to unconsolidated affiliates. The Company has investments in unconsolidated affiliates accounted for under the equity method. Under the equity method, carrying value is adjusted for the Company's share of the investees' earnings and losses, amortization of certain basis differences, as well as capital contributions to and distributions from these companies. Distributions in excess of equity method earnings are recognized as a return of investment and recorded as investing cash inflows in the accompanying consolidated statements of cash flows. The Company classifies operating income and losses as well as gains and impairments related to its investments in unconsolidated affiliates as a component of operating income or loss, as the Company's investments in such unconsolidated affiliates are an extension of the Company's core business operations.

The Company evaluates its investments in unconsolidated affiliates for impairment whenever events or changes in circumstances indicate that the carrying value of its investment may have experienced an "other-than-temporary" decline in value. If such conditions exist, the Company compares the estimated fair value of the investment to its carrying value to determine if an impairment is indicated and determines whether the impairment is "other-than-temporary" based on its assessment of all relevant factors, including consideration of the Company's intent and ability to retain its investment. The Company estimates fair value using a discounted cash flow analysis based on estimated future results of the investee and market indicators of terminal year capitalization rates, and a market approach that utilizes business enterprise value multiples based on a range of multiples from the Company's peer group. See Note 7 and Note 16 for results of the Company's review of its investment in certain of its unconsolidated affiliates.

Goodwill and other intangible assets. Goodwill represents the excess of purchase price over fair market value of net assets acquired in business combinations. Goodwill and indefinite-lived intangible assets must be reviewed for impairment at least annually and between annual test dates in certain circumstances. The Company performs its annual impairment tests in the fourth quarter of each fiscal year. No impairments were indicated or recorded as a result of the annual impairment review for goodwill and indefinite-lived intangible assets in 2017 and 2016. An impairment of goodwill related to the MGM China reporting unit was recorded as a result of the annual impairment review in 2015. See Note 8.

Accounting guidance provides entities the option to perform a qualitative assessment of goodwill and indefinite-lived intangible assets (commonly referred to as "step zero") in order to determine whether further impairment testing is necessary. In performing the step zero analysis the Company considers macroeconomic conditions, industry and market considerations, current and forecasted financial performance, entity-specific events, and changes in the composition or carrying amount of net assets of reporting units for

goodwill. In addition, the Company takes into consideration the amount of excess of fair value over carrying value determined in the last quantitative analysis that was performed, as well as the period of time that has passed since the last quantitative analysis. If the step zero analysis indicates that it is more likely than not that the fair value is less than its carrying amount, the entity would proceed to a quantitative analysis.

Under the quantitative analysis, goodwill for relevant reporting units is tested for impairment using a discounted cash flow analysis based on the estimated future results of the Company's reporting units discounted using market discount rates and market indicators of terminal year capitalization rates, and a market approach that utilizes business enterprise value multiples based on a range of multiples from the Company's peer group. Effective January 1, 2017, the Company prospectively adopted accounting guidance that simplifies goodwill impairment testing by eliminating the requirement to calculate the implied fair value of goodwill (formerly "Step 2") in the event that impairment is identified. Instead, an impairment charge is recognized for the amount by which the carrying value exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit. Under the quantitative analysis, license rights are tested for impairment using a discounted cash flow approach, and trademarks are tested for impairment using the relief-from-royalty method. If the fair value of an indefinite-lived intangible asset is less than its carrying amount, an impairment loss is recognized equal to the difference.

Revenue recognition and promotional allowances. Casino revenue is the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs ("casino front money") and for chips in the customers' possession ("outstanding chip liability"). Hotel, food and beverage, entertainment, retail and other operating revenues are recognized as services are performed and goods are provided. Advance deposits on rooms and advance ticket sales are recorded as accrued liabilities until services are provided to the customer.

Gaming revenues are recognized net of certain sales incentives, including discounts and points earned in point-loyalty programs. The retail value of hotel rooms, food and beverage, and other services furnished to guests without charge is included in gross revenue and then deducted as promotional allowances. The estimated cost of providing promotional allowances is primarily included in casino expenses as follows:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Rooms	\$ 139,992	\$ 120,369	\$ 112,313
Food and beverage	324,554	283,598	279,041
Entertainment, retail and other	42,357	39,611	39,388
	<u>\$ 506,903</u>	<u>\$ 443,578</u>	<u>\$ 430,742</u>

Gaming promoters. A significant portion of the high-end ("VIP") gaming volume at MGM Macau is generated through the use of gaming promoters, also known as junket operators. These operators introduce VIP gaming players to MGM Macau, assist these customers with travel arrangements, and extend gaming credit to these players. VIP gaming at MGM Macau is conducted by the use of special purpose nonnegotiable gaming chips. Gaming promoters purchase these nonnegotiable chips from MGM Macau and in turn sell these chips to their players. The nonnegotiable chips allow MGM Macau to track the amount of wagering conducted by each gaming promoter's clients in order to determine VIP gaming play volume, or rolling chip turnover, which is the amount of nonnegotiable chips wagered and lost. In exchange for the gaming promoters' services, MGM Macau compensates the gaming promoters through revenue-sharing arrangements and rolling chip turnover-based commissions. The estimated portion of the gaming promoter commissions that represent amounts passed through to VIP customers is recorded as a reduction of casino revenue, and the estimated portion retained by the gaming promoter for its compensation is recorded as casino expense.

Reimbursed costs. The Company recognizes costs reimbursed pursuant to management services as revenue in the period it incurs the costs. Reimbursed costs related primarily to the Company's management of CityCenter.

Loyalty programs. The Company's primary loyalty program is "M life Rewards" and is available to patrons at most of the Company's domestic resorts and CityCenter. Members may earn points and/or Express Comps for their gaming play which can be redeemed at restaurants, box offices or the M life Rewards front desk at participating properties. Points may also be redeemed for free slot play on participating machines. The Company records a liability based on the points earned multiplied by the redemption value, less an estimate for points not expected to be redeemed, and records a corresponding reduction in casino revenue. Customers also earn Express Comps based on their gaming play which can be redeemed for complimentary goods and services, including hotel rooms, food and beverage, and entertainment. The Company records a liability for the estimated costs of providing goods and services for Express Comps based on the Express Comps earned multiplied by a cost margin, less an estimate for Express Comps not expected to be redeemed and records a corresponding expense in the casino department. MGM Macau also has loyalty programs, including M life Rewards as well as the Golden Lion Club, which provides benefits to customers focused on gaming.

Advertising. The Company expenses advertising costs the first time the advertising takes place. Advertising expense, which is generally included in general and administrative expenses, was \$223 million, \$171 million and \$156 million for 2017, 2016 and 2015, respectively.

Corporate expense. Corporate expense represents unallocated payroll, aircraft costs, professional fees and various other expenses not directly related to the Company's casino resort operations. In addition, corporate expense includes the costs associated with the Company's evaluation and pursuit of new business opportunities, which are expensed as incurred.

Preopening and start-up expenses. Preopening and start-up costs, including organizational costs, are expensed as incurred. Costs classified as preopening and start-up expenses include payroll, outside services, advertising, and other expenses related to new or start-up operations.

Property transactions, net. The Company classifies transactions such as write-downs and impairments, demolition costs, and normal gains and losses on the sale of assets as "Property transactions, net." See Note 16 for a detailed discussion of these amounts.

Redeemable noncontrolling interest. In 2015 and 2016, MGM National Harbor issued non-voting economic interests in MGM National Harbor ("Interests") to noncontrolling interest parties for a total aggregate purchase price of \$53 million. The Interests provide for annual preferred distributions by MGM National Harbor to the noncontrolling interest parties based on a percentage of its annual net gaming revenue (as defined in the MGM National Harbor operating agreement). Such distributions are accrued each quarter and are paid 90-days after the end of each fiscal year.

Beginning on December 31, 2019 the noncontrolling interest parties will each have the ability to require MGM National Harbor to purchase all or a portion of their Interests for a purchase price based on a contractually agreed upon formula. Additionally, certain noncontrolling interest parties each have the right to sell back all or a portion of their Interests prior to such date if MGM National Harbor were to guarantee or grant liens to secure any indebtedness of the Company or its affiliates other than the indebtedness of MGM National Harbor.

The Company has recorded the Interests as "Redeemable noncontrolling interests" in the mezzanine section of the accompanying consolidated balance sheets and not stockholders' equity because their redemption is not exclusively in the Company's control. Interests were initially accounted for at fair value. Subsequently, the Company recognizes changes in the redemption value as they occur and adjusts the carrying amount of the redeemable noncontrolling interests to equal the maximum redemption value, provided such amount does not fall below the initial carrying value, at the end of each reporting period. The Company records any changes caused by such an adjustment in capital in excess of par value. Additionally, the carrying amount of the redeemable noncontrolling interests is adjusted for accrued annual preferred distributions, with changes caused by such adjustments recorded within net income (loss) attributable to noncontrolling interests.

Income (loss) per share of common stock. The table below reconciles basic and diluted income (loss) per share of common stock. Diluted net income (loss) attributable to common stockholders includes adjustments for redeemable noncontrolling interests and the potentially dilutive effect on the Company's equity interests in MGP and MGM China due to shares outstanding under their respective stock compensation plans. Diluted weighted-average common and common equivalent shares include adjustments for potential dilution of share-based awards outstanding under the Company's stock compensation plan.

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Numerator:			
Net income (loss) attributable to MGM Resorts International	\$ 1,960,286	\$ 1,101,440	\$ (447,720)
Adjustment related to redeemable noncontrolling interests	(18,363)	(28)	—
Net income (loss) available to common stockholders - basic	1,941,923	1,101,412	(447,720)
Potentially dilutive effect due to MGP Omnibus Plan	(90)	(40)	—
Potentially dilutive effect due to MGM China Share Option Plan	(178)	(11)	—
Net income (loss) attributable to common stockholders - diluted	\$ 1,941,655	\$ 1,101,361	\$ (447,720)
Denominator:			
Weighted-average common shares outstanding basic	572,253	568,134	542,873
Potential dilution from share-based awards	6,542	5,183	—
Weighted-average common and common equivalent shares - diluted	578,795	573,317	542,873
Antidilutive share-based awards excluded from the calculation of diluted earnings per share	2,601	4,207	18,276

Currency translation. The Company translates the financial statements of foreign subsidiaries that are not denominated in U.S. dollars. Balance sheet accounts are translated at the exchange rate in effect at each balance sheet date. Income statement accounts are translated at the average rate of exchange prevailing during the period. Translation adjustments resulting from this process are recorded to other comprehensive income (loss).

Accumulated other comprehensive income (loss). Comprehensive income (loss) includes net income (loss) and all other non-stockholder changes in equity, or other comprehensive income (loss). Elements of the Company's accumulated other comprehensive income are reported in the accompanying consolidated statements of stockholders' equity. Amounts reported in accumulated other comprehensive income related to cash flow hedges will be reclassified to interest expense as interest payments are made on our variable-rate debt. The following table summarizes the changes in the accumulated balance of other comprehensive income:

	Currency Translation Adjustments	Cash Flow Hedges	Other	Total
	<i>(In thousands)</i>			
Balance, January 1, 2016	\$ 14,022	\$ —	\$ —	\$ 14,022
Other comprehensive income (loss) before reclassifications	(2,680)	1,521	1,074	(85)
Amounts reclassified from accumulated other comprehensive income to interest expense	—	358	—	358
Other comprehensive income (loss), net of tax	(2,680)	1,879	1,074	273
Other comprehensive income (loss) attributable to noncontrolling interest	1,203	(445)	—	758
Balance, December 31, 2016	12,545	1,434	1,074	15,053
Other comprehensive income (loss) before reclassifications	(43,188)	(1,221)	98	(44,311)
Amounts reclassified from accumulated other comprehensive income (loss) to interest expense	—	9,216	—	9,216
Other comprehensive income (loss), net of tax	(43,188)	7,995	98	(35,095)
Other comprehensive income (loss) attributable to noncontrolling interest	19,193	(2,761)	—	16,432
Balance, December 31, 2017	<u>\$ (11,450)</u>	<u>\$ 6,668</u>	<u>\$ 1,172</u>	<u>\$ (3,610)</u>

Recently issued accounting standards. In May 2014, the FASB issued ASC 606, "Revenue from Contracts with Customers (Topic 606)" which outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods and services.

The Company adopted ASC 606 on a full retrospective basis, effective January 1, 2018, which will be reflected in future financial statements. The most significant impacts of adoption of the new accounting pronouncement are as follows:

- **Promotional Allowances:** The Company is no longer permitted to recognize revenues for goods and services provided to customers for free as an inducement to gamble as gross revenue with a corresponding offset to promotional allowances to arrive at net revenues, and accordingly the promotional allowances line item will be removed in future filings. The majority of such amounts previously included in promotional allowances will now offset casino revenues based on stand-alone selling price. This change will primarily result in a reclassification of revenue between revenue line items;
- **Loyalty Accounting:** Accounting for Express Comps granted under the M life Rewards program and points granted under the Golden Lion Club will be identified as separate performance obligations and recorded as a reduction in gaming revenues when earned at the retail value of such benefits owed to the customer (less estimated breakage) and an increase to the loyalty program liability representing outstanding performance obligations. Such amounts will be recognized as revenue in the line item of the corresponding good or service provided when the performance obligation is fulfilled. This change will result in a decrease to beginning retained earnings of approximately \$41 million as a result of the initial application of the standard and will not have a significant impact to earnings;

- Gaming Promoter Commission: Commissions paid to gaming promoters under MGM China’s incentive program will now be fully reflected as a reduction in casino revenue. This change will primarily result in a decrease in casino expense and a corresponding decrease in casino revenue;
- Gross versus Net Presentation: Mandatory service charges on food and beverage and hotel offerings and wide area progressive operator fees will be recorded gross, that is, the amount received from the customer will be recorded as revenue with the corresponding amount paid as an expense. These changes will primarily result in an increase in revenue with a corresponding increase in expense;
- Estimated Cost of Promotional Allowances: The Company will no longer reclassify the estimated cost of complimentary provided to the gaming patron from other expense line items to the casino expense line item. This change will result in a reclassification of expense between expense line items which will reduce casino expense by \$507 million, \$444 million, and \$431 million for the years ended December 31, 2017, 2016, and 2015, respectively, and increase Rooms, Food and beverage, Retail, Entertainment and Other expenses. Refer to the ‘Revenue recognition and promotional allowances’ section within this note for the historical amounts that will be reclassified back to each expense line item when the retrospective adoption to prior years is reflected in future filings.

These changes, and other less significant adjustments that were required upon adoption, will not have an aggregate material impact on operating income, net income, or cash flows .

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842),” (“ASU 2016-02”), which replaces the existing guidance in Accounting Standards Codification (“ASC”) 840, “Leases.” ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. ASU 2016-02 requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use (“ROU”) asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the ROU asset and for operating leases the lessee would recognize a straight-line total lease expense. The Company is currently assessing the impact the adoption of ASU 2016-02 will have on its consolidated financial statements and footnote disclosures.

In August 2016, the FASB issued ASU No. 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force),” (“ASU 2016-15”), effective for fiscal years beginning after December 15, 2017. ASU 2016-15 amends the guidance of ASC 230 on the classification of certain cash receipts and payments in the statement of cash flows. The primary purpose of ASU 2016-15 is to reduce the diversity in practice that has resulted from the lack of consistent principles, specifically clarifying the guidance on eight cash flow issues. The adoption of ASU 2016-15 did not have a material effect on the Company’s consolidated financial statements and footnote disclosures.

In January 2017, the Company adopted ASU No. 2016-09, “Compensation – Stock Compensation (Topic 718),” (“ASU 2016-09”). ASU 2016-09 simplifies the accounting for share-based payment transactions, including the income tax consequences, accounting for forfeitures, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 has separate transition guidance for each element of the new standard. The adoption of ASU 2016-09 did not have a material effect on the Company’s consolidated financial statements and footnote disclosures.

In January 2017, the Company adopted ASU No. 2016-17, “Consolidation (Topic 810): Interests Held Through Related Parties that are Under Common Control,” (“ASU 2016-17”). The amendments affect the evaluation of whether to consolidate a VIE in certain situations involving entities under common control. Specifically, the amendments change the evaluation of whether an entity is the primary beneficiary of a VIE for an entity that is a single decision-maker of a variable interest by changing how an entity treats indirect interests in the VIE held through related parties that are under common control with the reporting entity. The guidance in ASU 2016-17 must be applied retrospectively to all relevant periods. The adoption of ASU 2016-17 did not have a material effect on the Company’s consolidated financial statements and footnote disclosures.

In January 2017, the Company early adopted ASU No. 2017-04, “Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment” (“ASU 2017-04”). ASU 2017-04 simplifies the subsequent measurement of goodwill by eliminating step two from the goodwill impairment test. Under the amended guidance, the Company will perform its annual goodwill impairment tests (and interim tests if any are determined to be necessary) by comparing the fair value of its reporting units with their carrying value, and an impairment charge, if any, will be recognized for the amount by which the carrying value exceeds the reporting unit’s fair value, not to exceed the total amount of goodwill allocated to that reporting unit. The adoption of ASU 2017-04 did not have a material effect on the Company’s consolidated financial statements and footnote disclosures.

NOTE 3 — ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following:

	December 31,	
	2017	2016
	<i>(In thousands)</i>	
Casino	\$ 343,869	\$ 332,443
Hotel	146,931	169,321
Other	142,316	139,080
	<u>633,116</u>	<u>640,844</u>
Less: Allowance for doubtful accounts	(92,571)	(97,920)
	<u>\$ 540,545</u>	<u>\$ 542,924</u>

NOTE 4— BORGATA TRANSACTION

On August 1, 2016, the Company completed the acquisition of Boyd Gaming Corporation’s (“Boyd Gaming”) ownership interest in Borgata. Following the completion of the acquisition of Boyd Gaming’s interest, MGP acquired Borgata’s real property from the Company and leased back the real property to a subsidiary of the Company.

As part of the purchase and sale agreement, the Company agreed to pay Boyd Gaming half of any net amount received or utilized by the Company as it relates to the Atlantic City property tax refund owed to Borgata at the time of the transaction. After taking into account the contingent consideration paid related to the property tax refunds realized by Borgata through the finalization of purchase price accounting, cash paid to Boyd Gaming for its interest in Borgata was \$604 million. As further discussed in Note 12, Borgata subsequently entered into a property tax reimbursement agreement in February 2017 with the Department of Community Affairs of the State of New Jersey and Atlantic City and received the settlement amount of \$72 million in June 2017, half of which the Company paid Boyd Gaming, net of fees and expenses.

Through the acquisition of Boyd Gaming’s interest in Borgata, the Company obtained 100% of the equity interests in Borgata and therefore consolidated Borgata as of August 1, 2016. The Company recognized 100% of the assets and liabilities of Borgata at fair value at the date of the acquisition. Prior to the acquisition, the Company held a 50% ownership interest in Borgata, which was accounted for under the equity method. The fair value of the equity interests of Borgata was determined by the transaction price and equaled approximately \$1.2 billion. The carrying value of the Company’s equity method investment was significantly less than its share of the fair value of Borgata at the acquisition date, resulting in a \$430 million gain on the acquisition. Under the acquisition method, the fair value was allocated to the assets acquired and liabilities assumed in the transaction. The allocation of fair value for substantially all of the assets and liabilities has been finalized as of December 31, 2016.

The following table sets forth the finalized allocation at December 31, 2016 (in thousands):

Fair value of assets acquired and liabilities assumed:

Current assets	\$	112,221
Property and equipment and other long-term assets		1,373,567
Goodwill		386,892
Trade name		83,000
Customer list		22,000
Current liabilities		(122,743)
Long-term debt		(583,187)
Deferred taxes		(12,124)
Other long-term obligations		(51,894)
	<u>\$</u>	<u>1,207,732</u>

As discussed above, the Company recognized the identifiable intangible assets of Borgata at fair value. The trade name and customer relationship intangible assets did not have historical cost bases at Borgata. The estimated fair values of the intangible assets were determined using methodologies under the income approach based on significant inputs that were not observable.

Unfavorable lease liability. The Company has assumed the liability of a series of ground leases for a total of approximately 11 acres of land on which the Borgata employee parking garage, public space expansion, rooms expansion, modified surface parking lot, beer garden and outdoor pool reside. The Company recorded an unfavorable lease liability of \$1 million in “Current liabilities” and \$47 million in “Other long-term obligations” for the excess contractual lease obligations over the market value of the leases, which will be amortized on a straight-line basis over the term of the lease contracts through December 2070. Both a market and income approach using Level 2 and Level 3 inputs were utilized to determine the fair value of these leases.

Deferred taxes. The Company recorded an additional net deferred tax liability of \$89 million, of which \$82 million and \$7 million was recorded to income tax expense and goodwill, respectively. The net deferred tax liability represents the excess of the financial reporting amounts of the net assets of Borgata over their respective basis under U.S. and New Jersey tax law expected to be applied to taxable income in the periods such differences are expected to be realized.

Consolidated results. Borgata’s net revenue for the period from August 1, 2016 through December 31, 2016 was \$348 million, operating income was \$39 million and net income was \$8 million.

Pro forma information. The operating results for Borgata are included in the accompanying consolidated statements of operations from the date of acquisition. The following unaudited pro forma consolidated financial information for the Company has been prepared assuming the Company’s acquisition of its controlling interest has occurred as of January 1, 2015 and excludes the \$430 million gain discussed above. The unaudited pro forma financial information below is not necessarily indicative of either future results of operations or results that might have been achieved had the acquisition been consummated as of January 1, 2015.

	Year Ended December 31,	
	2016	2015
	<i>(In thousands, except per share data)</i> <i>(unaudited)</i>	
Net revenues	\$ 9,940,176	\$ 9,993,718
Net income (loss) attributable to MGM Resorts International	819,278	(417,671)
Basis net income (loss) per share	\$ 1.44	\$ (0.77)
Diluted net income (loss) per share	\$ 1.43	\$ (0.77)

NOTE 5 — DISPOSITIONS

On April 1, 2015, the Company closed the sale of Railroad Pass. At closing, the Company received \$8 million in cash proceeds. On April 30, 2015, the Company closed the sale of Gold Strike and related assets in Jean, Nevada. At closing, the Company received \$12 million in cash proceeds. On July 7, 2015, the Company entered into an agreement with Eldorado Resorts, Inc. to sell Circus Circus Reno, as well as the Company’s 50% interest in Silver Legacy and associated real property. On November 23, 2015, the Company closed the sale and received \$80 million in cash proceeds and recorded a gain of \$23 million related to the sale, classified within “Property transactions, net.” See Note 7 for further discussion of the sale of the Company’s 50% investment in Silver Legacy. Railroad Pass, Gold Strike and Circus Circus Reno were not classified as discontinued operations because the Company concluded that the sales did not have a major effect on the Company’s operations or its financial results and they do not represent a disposal of a major geographic segment or product line.

NOTE 6 — PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	December 31,	
	2017	2016
	<i>(In thousands)</i>	
Land	\$ 6,531,701	\$ 6,530,988
Buildings, building improvements and land improvements	12,245,950	11,969,984
Furniture, fixtures and equipment	5,157,363	4,863,647
Construction in progress	3,950,635	2,628,603
	<u>27,885,649</u>	<u>25,993,222</u>
Less: Accumulated depreciation	(8,250,190)	(7,568,199)
	<u>\$ 19,635,459</u>	<u>\$ 18,425,023</u>

NOTE 7 — INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES

Investments in and advances to unconsolidated affiliates consisted of the following:

	December 31,	
	2017	2016
	<i>(In thousands)</i>	
CityCenter Holdings, LLC – CityCenter (50%)	\$ 809,084	\$ 1,007,358
Elgin Riverboat Resort–Riverboat Casino – Grand Victoria (50%)	124,342	123,585
Las Vegas Arena Company, LLC (42.5%)	76,619	80,339
Other	24,116	9,161
	<u>\$ 1,034,161</u>	<u>\$ 1,220,443</u>

The Company recorded its share of the net income from unconsolidated affiliates, including adjustments for basis differences, as follows:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Income from unconsolidated affiliates	\$ 145,989	\$ 527,616	\$ 257,883
Preopening and start-up expenses	—	(3,168)	(3,475)
Non-operating items from unconsolidated affiliates	(34,751)	(53,139)	(76,462)
	<u>\$ 111,238</u>	<u>\$ 471,309</u>	<u>\$ 177,946</u>

CityCenter

Crystals sale. In April 2016, CityCenter closed the sale of Crystals for approximately \$1.1 billion. During the year ended December 31, 2016, CityCenter recognized a gain on the sale of Crystals of \$400 million and the Company recognized a \$401 million gain, which included \$200 million representing its 50% share of the gain recorded by CityCenter and \$201 million representing the reversal of certain basis differences. The basis differences primarily related to other-than-temporary impairment charges recorded on the Company’s investment in CityCenter that were allocated to Crystals’ building assets.

CityCenter distributions. In April 2017, CityCenter paid a \$600 million dividend, consisting of a \$350 million dividend using proceeds from the upsized senior credit facilities and a \$250 million dividend from cash on hand, of which \$78 million was part of its annual dividend policy. MGM Resorts received its 50% share, or \$300 million. In March 2016, a \$90 million distribution was declared in accordance with CityCenter’s annual distribution policy and in April 2016, CityCenter declared a \$990 million special distribution in connection with the Crystals sale. The Company’s \$540 million share of such distributions was paid in May 2016. In April 2015, CityCenter declared a special distribution of \$400 million, of which the Company received its 50% share of \$200 million.

CityCenter litigation settlement. During the first quarter of 2015, CityCenter recognized a \$160 million gain as a result of the final resolution of its construction litigation and related settlements, of which the Company recorded \$80 million, its 50% share of the gain.

CityCenter credit facility. In April 2017, CityCenter completed a refinancing of its senior credit facility. The new senior credit facility consists of a \$1.6 billion term loan B facility maturing in April 2024 and a \$125 million revolving credit facility maturing in April 2022. The term loan B was issued at 99.5% and bears interest at LIBOR plus 2.50% with a LIBOR floor of 0.75%. The revolving facility bears interest at LIBOR plus 2.00%. The term loan B facility requires CityCenter to make amortization payments of 0.25% of the original principal balance at each quarter end.

Borgata

As discussed in Note 4, the Company acquired Boyd Gaming’s ownership interest in Borgata on August 1, 2016, and therefore began to consolidate Borgata beginning on that date. Prior thereto, the Company’s investment in Borgata was accounted for under the equity method.

Grand Victoria

At December 31, 2015, the Company reviewed the carrying value of its Grand Victoria investment for impairment due to a greater than anticipated decline in operating results resulting in part from a continued loss of market share to video gaming terminals, as well as a decrease in forecasted cash flows compared to the prior forecast. The Company used a blended discounted cash flow analysis and guideline public company method to determine the estimated fair value from a market participant's viewpoint. Key assumptions included in the discounted cash flow analysis were estimates of future cash flows including outflows for capital expenditures, a long-term growth rate of 2% and a discount rate of 10.5%. Key assumptions in the guideline public company method included business enterprise value multiples selected based on the range of multiples in Grand Victoria's peer group. As a result of the analysis, the Company determined that it was necessary to record an other-than-temporary impairment charge of \$17 million at December 31, 2015, based on an estimated fair value of \$123 million for the Company's 50% interest. The Company performed a sensitivity analysis surrounding its long-term growth rate assumption and noted that if a long-term growth rate of 1.5% had been used, the resulting estimated fair value of the Company's 50% interest in Grand Victoria would have been approximately \$120 million. The Company intends to, and believes it will be able to, retain its investment in Grand Victoria; however, due to the extent of the shortfall and the Company's assessment of the uncertainty of fully recovering its investment, the Company has determined that the impairment was other-than-temporary.

Las Vegas Arena Company, LLC

Athena Arena transaction. On September 1, 2016, the Company and AEG each sold a 7.5% membership interest in the Las Vegas Arena Company, LLC to Athena Arena, LLC. As a result of this transaction, the Company received \$15 million in proceeds and recorded a \$3 million gain in "Property transactions, net".

Arena financing. As of December 31, 2017, the senior secured credit facility consisted of a \$129 million term loan A and a \$50 million term loan B. The senior secured credit facility matures in September 2019, is secured by substantially all the assets of the Las Vegas Arena Company, and contains certain financial covenants which became applicable upon the opening of the T-Mobile Arena in April 2016. See Note 12 for discussion of the Company's repayment guarantee related to the Las Vegas Arena Company's term loan B facility.

Silver Legacy

Silver Legacy sale. As discussed in Note 5, the Company closed the sale of its 50% interest in Silver Legacy on November 23, 2015, received proceeds of \$58 million, and recorded a gain of \$20 million. The Company's investment in Silver Legacy was not classified as discontinued operations because the Company concluded that the sale would not have a major effect on the Company's operations or its financial results and it did not represent a disposal of a major geographic segment or product line.

Basis Differences

The Company's investments in unconsolidated affiliates do not equal the Company's share of venture-level equity due to various basis differences. Basis differences related to depreciable assets are being amortized based on the useful lives of the related assets and liabilities, and basis differences related to non-depreciable assets, such as land and indefinite-lived intangible assets, are not being amortized. Differences between the Company's share of venture-level equity and investment balances are as follows:

	December 31,	
	2017	2016
	<i>(In thousands)</i>	
Venture-level equity attributable to the Company	\$ 2,660,644	\$ 2,883,324
Adjustment to CityCenter equity upon contribution of net assets by MGM Resorts International (1)	(532,501)	(537,819)
CityCenter capitalized interest (2)	206,065	215,467
CityCenter completion guarantee (3)	322,703	337,223
CityCenter deferred gain (4)	(219,561)	(221,638)
CityCenter capitalized interest on sponsor notes (5)	(40,258)	(42,095)
Other-than-temporary impairments of CityCenter investment (6)	(1,504,161)	(1,555,509)
Acquisition fair value adjustments net of other-than-temporary impairments of Grand Victoria investment (7)	99,619	99,619
Other adjustments	41,611	41,871
	<u>\$ 1,034,161</u>	<u>\$ 1,220,443</u>

(1) Primarily relates to land and fixed assets.

(2) Relates to interest capitalized on the Company's investment balance during development and construction stages.

- (3) Created by contributions to CityCenter under the completion guarantee recognized as equity contributions by CityCenter split between the members.
- (4) Relates to a deferred gain on assets contributed to CityCenter upon formation of CityCenter.
- (5) Relates to interest on the sponsor notes capitalized by CityCenter during development. Such sponsor notes were converted to equity in 2013.
- (6) The impairment of the Company's CityCenter investment includes \$379 million of impairments allocated to land.
- (7) Relates to indefinite-lived gaming license rights for Grand Victoria and other-than-temporary impairments of the Company's investment in Grand Victoria.

NOTE 8 — GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets consisted of the following:

	December 31,	
	2017	2016
Goodwill:	<i>(In thousands)</i>	
Domestic resorts	\$ 457,867	\$ 457,867
MGM China	1,348,664	1,359,252
	<u>\$ 1,806,531</u>	<u>\$ 1,817,119</u>
Indefinite-lived intangible assets:		
Detroit development rights	\$ 98,098	\$ 98,098
Trademarks, license rights and other	312,022	312,022
Total indefinite-lived intangible assets	<u>410,120</u>	<u>410,120</u>
Finite-lived intangible assets:		
MGM Grand Paradise gaming subconcession	4,478,911	4,514,073
Less: Accumulated amortization	(1,180,908)	(1,024,185)
	<u>3,298,003</u>	<u>3,489,888</u>
MGM Macau land concession	84,076	84,736
Less: Accumulated amortization	(27,870)	(23,817)
	<u>56,206</u>	<u>60,919</u>
MGM China customer lists	127,969	128,974
Borgata customer list	22,000	22,000
Less: Accumulated amortization	(145,569)	(135,574)
	<u>4,400</u>	<u>15,400</u>
Maryland license, Massachusetts license and other intangible assets	136,127	136,127
Less: Accumulated amortization	(26,896)	(24,748)
	<u>109,231</u>	<u>111,379</u>
Total finite-lived intangible assets, net	<u>3,467,840</u>	<u>3,677,586</u>
Total other intangible assets, net	<u>\$ 3,877,960</u>	<u>\$ 4,087,706</u>

Goodwill . A summary of changes in the Company's goodwill by reportable segment is as follows for 2017 and 2016:

	2017			
	Balance at January 1	Acquisitions	Currency exchange	Balance at December 31
	<i>(In thousands)</i>			
Goodwill, net by reportable segment:				
Domestic resorts	\$ 457,867	\$ —	\$ —	\$ 457,867
MGM China	1,359,252	—	(10,588)	1,348,664
	<u>\$ 1,817,119</u>	<u>\$ —</u>	<u>\$ (10,588)</u>	<u>\$ 1,806,531</u>

	2016			
	Balance at January 1	Acquisitions	Currency exchange	Balance at December 31
	<i>(In thousands)</i>			
Goodwill, net by reportable segment:				
Domestic resorts	\$ 70,975	\$ 386,892	\$ —	\$ 457,867
MGM China	1,359,792	—	(540)	1,359,252
	<u>\$ 1,430,767</u>	<u>\$ 386,892</u>	<u>\$ (540)</u>	<u>\$ 1,817,119</u>

Goodwill concerning domestic resorts relates to the acquisition of Mirage Resorts in 2001, the acquisition of Mandalay Resort Group in 2005, and the acquisition of Borgata in August 2016. See Note 4 for goodwill recognized in connection with the Borgata transaction. The Company recognized goodwill resulting from its acquisition of a controlling interest in MGM China in 2011.

MGM China Goodwill Impairment. During the fourth quarter of 2015, the Company conducted its annual impairment tests of goodwill by reviewing each of its reporting units, including its MGM China reporting unit. The step one goodwill analysis of the MGM China reporting unit indicated the fair value was less than its carrying value by 4%. The decrease in fair value resulted from a decrease in forecasted cash flows based on then current market conditions and a sustained decline in the enterprise value multiples of the MGM China reporting unit as well as the multiples of the reporting unit's peer group.

As a result of the indication of impairment from its step one analysis, the Company performed a step two impairment analysis to measure the impairment loss. As such, the Company determined the fair values of all assets of the MGM China reporting unit, including its separately identifiable intangible assets. The fair values of each of the separately identifiable intangible assets exceeded their respective carrying values by a significant amount, leading to a lower implied fair value of goodwill. Therefore, the Company recorded a \$1.5 billion non-cash impairment charge to reduce the historical carrying value of goodwill related to the MGM China reporting unit to its implied fair value. The carrying value of goodwill related to the MGM China reporting unit as of December 31, 2015 following the impairment charge was \$1.4 billion.

Indefinite-lived intangible assets. The Company's indefinite-lived intangible assets consist primarily of development rights in Detroit, trademarks of which \$210 million related to the Mandalay Resort Group trademarks and trade names, and \$83 million related to the Borgata trade name, and license rights.

MGM Grand Paradise gaming subconcession. Pursuant to the agreement dated June 19, 2004 between MGM Grand Paradise and Sociedade de Jogos de Macau, S.A., a gaming subconcession was acquired by MGM Grand Paradise for the right to operate casino games of chance and other casino games for a period of 15 years commencing on April 20, 2005. The Company cannot provide any assurance that the gaming subconcession will be extended beyond the original terms of the agreement; however, management believes that the gaming subconcession will be extended, given that the Cotai land concession agreement with the government extends significantly beyond the gaming subconcession. As such, the Company is amortizing the gaming subconcession intangible asset on a straight-line basis over the term of the Cotai land concession, ending in January 2038.

MGM Macau land concession. MGM Grand Paradise entered into a contract with the Macau government to use the land under MGM Macau commencing from April 6, 2006. The land use right has an initial term through April 6, 2031, subject to renewal for additional periods. The land concession intangible asset is amortized on a straight-line basis over the remaining initial contractual term.

Customer lists. The Company recognized an intangible asset related to MGM China’s customer lists, which was amortized on an accelerated basis over its estimated useful life of five years. The MGM China customer list intangible asset became fully amortized in 2016. The Company recognized an intangible asset related to the Borgata customer list, which is amortized on an accelerated basis over its estimated useful life of two years and five months.

Gaming licenses. The Company was granted a license to operate a casino in Maryland. The consideration paid to the State of Maryland for the license fee of \$22 million is considered a finite-lived intangible asset that is amortized on a straight-line basis over a period of 15 years, beginning in December 2016, when the casino started operations. The Company was granted a license to operate a casino in Massachusetts. The consideration paid to the State of Massachusetts for the license fee of \$85 million is considered a finite-lived intangible asset that will be amortized over a period of 15 years beginning upon the opening of the casino resort.

Other. The Company’s other finite-lived intangible assets consist primarily of lease acquisition costs amortized over the life of the related leases, and certain license rights amortized over their contractual life.

Total amortization expense related to intangible assets was \$173 million, \$180 million and \$199 million for 2017, 2016, and 2015, respectively. Estimated future amortization is as follows:

Years ending December 31,	<i>(In thousands)</i>
2018	\$ 176,432
2019	176,755
2020	176,755
2021	176,755
2022	176,755
Thereafter	2,584,388
	<u>\$ 3,467,840</u>

NOTE 9 — OTHER ACCRUED LIABILITIES

Other accrued liabilities consisted of the following:

	December 31,	
	2017	2016
	<i>(In thousands)</i>	
Payroll and related	\$ 483,101	\$ 483,194
Advance deposits and ticket sales	149,698	148,707
Casino outstanding chip liability	597,753	227,538
Casino front money deposits	304,652	214,727
MGM China gaming promoter commissions	23,651	31,445
Other gaming related accruals	131,109	119,446
Taxes, other than income taxes	170,639	166,916
MGP Dividend	29,777	22,281
Other	178,340	180,272
	<u>\$ 2,068,720</u>	<u>\$ 1,594,526</u>

NOTE 10 — LONG-TERM DEBT

Long-term debt consisted of the following:

	December 31,	
	2017	2016
	<i>(In thousands)</i>	
Senior credit facility	\$ 372,500	\$ 250,000
Operating Partnership senior credit facility	2,091,375	2,133,250
MGM China credit facility	2,301,584	1,933,313
MGM National Harbor credit facility	—	450,000
\$475 million 11.375% senior notes, due 2018	—	475,000
\$850 million 8.625% senior notes, due 2019	850,000	850,000
\$500 million 5.25% senior notes, due 2020	500,000	500,000
\$1,000 million 6.75% senior notes, due 2020	1,000,000	1,000,000
\$1,250 million 6.625% senior notes, due 2021	1,250,000	1,250,000
\$1,000 million 7.75% senior notes, due 2022	1,000,000	1,000,000
\$1,250 million 6% senior notes, due 2023	1,250,000	1,250,000
\$1,050 million 5.625% Operating Partnership senior notes, due 2024	1,050,000	1,050,000
\$500 million 4.50% Operating Partnership senior notes, due 2026	500,000	500,000
\$500 million 4.625% senior notes, due 2026	500,000	500,000
\$350 million 4.50% Operating Partnership senior notes, due 2028	350,000	—
\$0.6 million 7% debentures, due 2036	552	552
\$2.3 million 6.7% debentures, due 2096	2,265	2,265
	13,018,276	13,144,380
Less: Premiums, discounts, and unamortized debt issuance costs, net	(109,182)	(156,785)
	12,909,094	12,987,595
Less: Current portion	(158,042)	(8,375)
	<u>\$ 12,751,052</u>	<u>\$ 12,979,220</u>

Debt due within one year of the December 31, 2017 balance sheet was classified as long-term as the Company had both the intent and ability to refinance current maturities on a long-term basis under its revolving senior credit facilities, with the exception that \$158 million related to MGM China's term loan amortization payments in excess of available borrowings under the MGM China revolving credit facility were classified as current. Debt due within one year of the December 31, 2016 balance sheet was classified as long-term as the Company had both the intent and ability to refinance current maturities on a long-term basis under its revolving senior credit facilities, with the exception that \$8 million of MGP's quarterly amortization payments under its senior credit facility were classified as current because MGP used cash to make such amortization payments in January 2017.

Interest expense, net consisted of the following:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Total interest incurred	\$ 779,855	\$ 814,731	\$ 862,377
Interest capitalized	(111,110)	(119,958)	(64,798)
	<u>\$ 668,745</u>	<u>\$ 694,773</u>	<u>\$ 797,579</u>

Senior credit facility. At December 31, 2017, the Company's senior credit facility consisted of a \$238 million term loan A facility and a \$1.25 billion revolving facility. The term loan A facility and the revolving facility bear interest determined by reference to a total net leverage ratio pricing grid which results in an interest rate of LIBOR plus 1.75% to 2.75%. Both the term loan A facility and the revolving facility will mature in April 2021. The term loan A facility is subject to amortization of principal in equal quarterly installments, with 5.0% of the initial aggregate principal amount of the term loan A facility to be payable each year. The Company permanently repaid \$13 million of the term loan A facility for the year ended December 31, 2017 in accordance with the scheduled amortization. At December 31, 2017, \$135 million was drawn on the revolving credit facility. At December 31, 2017, the interest rate on the term loan A facility was 3.82% and the interest rate on the revolving credit facility was 3.74%. For the year ended December 31, 2016, the Company incurred a loss on early retirement of its prior credit facility of approximately \$28 million recorded in "Other, net" in the consolidated statements of operations.

The senior credit facility contains representations and warranties, customary events of default, and positive, negative and financial covenants, including that the Company maintain compliance with a maximum total net leverage ratio, a maximum first lien net leverage ratio and a minimum interest coverage ratio. The Company was in compliance with its credit facility covenants at December 31, 2017.

The senior credit facility is secured by (i) a mortgage on the real properties comprising the MGM Grand Las Vegas and the Bellagio, (ii) a pledge of substantially all existing and future personal property of the subsidiaries of the Company that own the MGM Grand Las Vegas and the Bellagio; and (iii) a pledge of the equity or limited liability company interests of the entities that own MGM Grand Las Vegas and the Bellagio.

Mandatory prepayments of the credit facilities will be required upon the occurrence of certain events, including sales of certain assets, casualty events and the incurrence of certain additional indebtedness, subject to certain exceptions and reinvestment rights.

Operating Partnership senior credit facility. At December 31, 2017, the Operating Partnership's senior secured credit facility consisted of a \$274 million term loan A facility, a \$1.82 billion term loan B facility, and a \$600 million revolving credit facility. The revolving credit facility and term loan A facility bear interest determined by reference to a total net leverage ratio pricing grid which results in an interest rate of LIBOR plus 2.25% to 2.75%. Prior to February 2017, the term loan B facility bore interest at LIBOR plus 2.75% with a LIBOR floor of 0.75%. In February 2017, the Operating Partnership received a reduction of its term loan B interest rate to LIBOR plus 2.50%, with a LIBOR floor of 0.75% upon achieving a minimum corporate family rating of Ba3/BB-. On May 1, 2017, the Operating Partnership repriced its term loan B interest rate to LIBOR plus 2.25% with a LIBOR floor of 0%. All other principal provisions of the existing credit facility remain unchanged. The revolving credit facility and the term loan A facility will mature in April 2021 and the term loan B facility will mature in April 2023.

The term loan facilities are subject to amortization of principal in equal quarterly installments, with 5.0% of the initial aggregate principal amount of the term loan A facility and 1.0% of the initial aggregate principal amount of the term loan B facility to be payable each year. The Operating Partnership permanently repaid \$19 million of the term loan A facility and \$23 million of the term loan B facility for the year ended December 31, 2017, in accordance with the scheduled amortization. At December 31, 2017, the interest rate on the term loan A facility was 4.32% and the interest rate on the term loan B facility was 3.82%. No amounts have been drawn on the revolving credit facility.

The Operating Partnership credit facility contains customary representations and warranties, events of default, and positive, negative and financial covenants, including that the Operating Partnership maintain compliance with a maximum senior secured net debt to adjusted total assets ratio, maximum total net debt to adjusted assets ratio and a minimum interest coverage ratio. The Operating Partnership was in compliance with its credit facility covenants at December 31, 2017.

The Operating Partnership senior credit facility is guaranteed by each of the Operating Partnership's existing and subsequently acquired direct and indirect wholly owned material domestic restricted subsidiaries, and secured by a first priority lien security interest on substantially all of the Operating Partnership's and such restricted subsidiaries' material assets, including mortgages on its real estate, subject to customary exclusions, other than that of MGM National Harbor.

The Operating Partnership is party to interest rate swaps to mitigate the interest rate risk inherent in its senior secured term loan B facility. As of December 31, 2017, the Operating Partnership pays a weighted average fixed rate of 1.844% on total notional amount of \$1.2 billion and the variable rate received resets monthly to the one-month LIBOR with no minimum floor. Net unrealized gain on the interest rate swaps was \$11 million as of December 31, 2017. As of December 31, 2016 the Operating Partnership had interest rate swaps with a notional amount of \$500 million outstanding with a weighted average fixed rate of 1.825% and a net unrealized gain of \$2 million.

MGM China credit facility. At December 31, 2017, the MGM China credit facility consisted of \$1.47 billion of term loans and a \$1.45 billion revolving credit facility, which bear interest at a fluctuating rate per annum based on HIBOR plus a margin that ranges between 1.375% and 2.5% based on MGM China's leverage ratio. The MGM China credit facility is scheduled to mature in April 2019 with the term loan facilities subject to amortization of principal in quarterly installments as a percentage of the original principal amount of 5% due in January 2018, 15% due in each of the subsequent quarters of 2018 and the first quarter of 2019, and the balance due at maturity in April 2019. The Company permanently repaid \$77 million of term loans for the year ended December 31, 2017 in accordance with the scheduled amortization. The MGM China credit facility is secured by MGM Grand Paradise's interest in the Cotai land use right, and MGM China, MGM Grand Paradise and their guarantor subsidiaries have granted a security interest in substantially all of their assets to secure the facility. At December 31, 2017, \$832 million was drawn on the revolving credit facility. At December 31, 2017, the weighted average interest rate on the term loans was 3.71% and the weighted average interest rate on the revolving credit facility was 3.57%.

The MGM China credit facility contains customary representations and warranties, events of default, and positive, negative and financial covenants, including that MGM China maintains compliance with a maximum leverage ratio and a minimum interest coverage ratio. In February 2017, the MGM China credit facility was amended to increase the maximum total leverage ratio to 6.00 to 1.00 through December 31, 2017, declining to 5.50 to 1.00 at March 31, 2018, 5.00 to 1.00 at June 30, 2018, 4.50 to 1.00 at September 30, 2018 and thereafter. MGM China was in compliance with its credit facility covenants at December 31, 2017.

MGM China is in the process of amending its credit facility. The proposed amended facility extends the maturity date, extends the timing of and reduces the amount of scheduled amortization payments, and increases the maximum leverage ratio.

MGM National Harbor credit agreement. In October 2017, the revolving credit facility was repaid and terminated by the Company and the \$425 million in outstanding term loans were assumed, and immediately repaid, by a subsidiary of MGP in conjunction with the MGM National Harbor transaction. The Company incurred a \$14 million loss on the early retirement of debt related to the MGM National Harbor credit facility recorded in “Other, net” in the consolidated statements of operations.

Senior Notes. In July 2017, the Company redeemed for cash all \$475 million principal amount of its outstanding 11.375% senior notes due 2018. The Company incurred a \$30 million loss on the early retirement of such notes recorded in “Other, net” in the consolidated statements of operations.

In August 2016, the Company issued \$500 million in aggregate principal amount of 4.625% senior notes due 2026 for net proceeds of \$493 million. The Company used the net proceeds, together with cash on hand, to redeem the \$743 million outstanding aggregate principal amount of its 7.625% senior notes due 2017, in September 2016. The Company incurred a loss on early retirement of the 7.625% senior notes of approximately \$16 million recorded in “Other, net” in the consolidated statements of operations.

In connection with the closing of MGP’s IPO, on May 25, 2016 (the “Redemption Date”) the Company redeemed for cash all \$1.23 billion aggregate principal amount of its outstanding 7.5% senior notes due 2016 and 10% senior notes due 2016 in accordance with the terms of the applicable indenture. The Company incurred a loss on early retirement of such notes of approximately \$22 million recorded in “Other, net” in the consolidated statements of operations.

Operating Partnership senior notes. In September 2017, the Operating Partnership issued \$350 million in aggregate principal amount of 4.50% senior notes due 2028 for net proceeds of \$346 million.

In August 2016, the Operating Partnership issued \$500 million in aggregate principal amount of 4.5% senior notes due 2026 for net proceeds of \$492 million.

In April 2016, a subsidiary of the Operating Partnership issued \$1.05 billion in aggregate principal amount of 5.625% senior notes due 2024 and on MGP’s IPO date, the Operating Partnership entered into a supplemental indenture through which it assumed the obligations under the notes from such subsidiary (which merged into the Operating Partnership on such date).

Each series of the Operating Partnership’s senior notes are fully and unconditionally guaranteed, jointly and severally, on a senior basis by all of the Operating Partnership’s subsidiaries that guarantee the Operating Partnership’s credit facilities, other than MGP Finance Co-Issuer, Inc., which is a co-issuer of the senior notes. The Operating Partnership may redeem all or part of the senior notes at a redemption price equal to 100% of the principal amount of the senior notes plus, to the extent the Operating Partnership is redeeming senior notes prior to the date that is three months prior to their maturity date, an applicable make whole premium, plus, in each case, accrued and unpaid interest. The indentures governing the senior notes contain customary covenants and events of default. These covenants are subject to a number of important exceptions and qualifications set forth in the applicable indentures governing the senior notes, including, with respect to the restricted payments covenants, the ability to make unlimited restricted payments to maintain the REIT status of MGP.

Bridge Facilities. In connection with the Borgata transaction in August 2016, the Company borrowed \$545 million under certain bridge facilities, the proceeds of which were used to repay existing Borgata debt. The bridge facilities were subsequently contributed to the Operating Partnership. The Operating Partnership immediately repaid the bridge facilities with a combination of cash on hand and a draw down on its revolving credit facility, which it subsequently refinanced with proceeds from its offering of its 4.5% senior notes due 2026.

In connection with the master contribution agreement and related transactions in April 2016, the Company borrowed \$4.0 billion under certain bridge facilities, the proceeds of which were used to repay its outstanding obligations under its prior senior credit facility and were used to repay its 7.5% senior notes due 2016 and its 10% senior notes due 2016 on the Redemption Date. The bridge facilities were subsequently assumed by the Operating Partnership pursuant to the master contribution agreement. The Operating Partnership repaid the bridge facilities with a combination of proceeds from financing its transactions and the proceeds from the IPO.

Maturities of long-term debt. The maturities of the principal amount of the Company's long-term debt as of December 31, 2017 are as follows:

Years ending December 31,	<i>(In thousands)</i>
2018	\$ 819,572
2019	2,424,013
2020	1,546,000
2021	1,832,250
2022	1,018,500
Thereafter	5,377,941
	<u>\$ 13,018,276</u>

Fair value of long-term debt. The estimated fair value of the Company's long-term debt was \$13.6 billion and \$13.9 billion at December 31, 2017 and 2016, respectively. Fair value was estimated using quoted market prices for the Company's senior notes and senior credit facilities.

NOTE 11 — INCOME TAXES

The Company recognizes deferred income tax assets, net of applicable reserves, related to net operating losses, tax credit carryforwards and certain temporary differences. The Company recognizes future tax benefits to the extent that realization of such benefit is more likely than not. Otherwise, a valuation allowance is applied.

Income (loss) before income taxes for domestic and foreign operations consisted of the following:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Domestic operations	\$ 750,055	\$ 985,683	\$ 155,296
Foreign operations	213,700	273,494	(1,201,539)
	<u>\$ 963,755</u>	<u>\$ 1,259,177</u>	<u>\$ (1,046,243)</u>

The benefit (provision) for income taxes attributable to income (loss) before income taxes is as follows:

	Year Ended December 31,		
	2017	2016	2015
Federal:	<i>(In thousands)</i>		
Current	\$ (120,980)	\$ (97,502)	\$ (13,540)
Deferred (excluding separate components)	203,674	(125,181)	280,220
Deferred – change in enacted rates	994,249	—	—
Deferred – valuation allowance	101,443	222,688	(247,867)
Other noncurrent	1,356	3,608	(590)
Benefit for federal income taxes	<u>1,179,742</u>	<u>3,613</u>	<u>18,223</u>
State:			
Current	(6,798)	4,069	(1,840)
Deferred (excluding separate components)	(25,233)	2,313	(2,768)
Deferred – operating loss carryforward	44,242	(16,024)	(2,263)
Deferred – valuation allowance	(40,078)	23,058	(4,465)
Other noncurrent	(3,875)	(2,901)	7,153
Benefit (provision) for state income taxes	<u>(31,742)</u>	<u>10,515</u>	<u>(4,183)</u>
Foreign:			
Current	(470)	(2,015)	(2,127)
Deferred (excluding separate components)	(40,653)	(34,425)	(5,832)
Deferred – operating loss carryforward	4,688	2,988	10,472
Deferred – valuation allowance	21,098	(2,975)	(9,959)
Provision for foreign income taxes	<u>(15,337)</u>	<u>(36,427)</u>	<u>(7,446)</u>
	<u>\$ 1,132,663</u>	<u>\$ (22,299)</u>	<u>\$ 6,594</u>

A reconciliation of the federal income tax statutory rate and the Company's effective tax rate is as follows:

	Year Ended December 31,		
	2017	2016	2015
Federal income tax statutory rate	35.0%	35.0%	35.0%
Change in enacted rates	(103.1)	—	—
Foreign tax credit	(70.1)	(10.5)	63.7
Repatriation of foreign earnings	35.3	5.2	(32.0)
Foreign goodwill impairment	—	—	(49.1)
Federal valuation allowance	(10.5)	(17.7)	(23.7)
State taxes, net	2.4	—	—
Stock-based compensation	(2.1)	—	—
Gain on Borgata transaction	—	(5.4)	—
Foreign jurisdiction income/losses taxed at other than 35%	(4.9)	(3.8)	6.9
Permanent and other items	0.5	(1.0)	(0.2)
	<u>(117.5)%</u>	<u>1.8%</u>	<u>0.6%</u>

The major tax-effected components of the Company's net deferred tax liability are as follows:

	December 31,	
	2017	2016
Deferred tax assets – federal and state:	<i>(In thousands)</i>	
Bad debt reserve	\$ 25,432	\$ 40,330
Deferred compensation	5,232	6,881
Net operating loss carryforward	46,702	9,669
Accruals, reserves and other	85,626	168,712
Investments in unconsolidated affiliates	84,006	152,092
Stock-based compensation	24,390	33,311
Tax credits	3,045,138	2,824,312
	<u>3,316,526</u>	<u>3,235,307</u>
Less: Valuation allowance	(2,462,272)	(2,510,140)
	<u>854,254</u>	<u>725,167</u>
Deferred tax assets – foreign:		
Bad debt reserve	821	895
Net operating loss carryforward	76,909	72,788
Accruals, reserves and other	—	3,945
Stock-based compensation	4,423	3,830
	<u>82,153</u>	<u>81,458</u>
Less: Valuation allowance	(51,466)	(73,134)
	<u>30,687</u>	<u>8,324</u>
Total deferred tax assets	<u>\$ 884,941</u>	<u>\$ 733,491</u>
Deferred tax liabilities – federal and state:		
Property and equipment	\$ (1,670,704)	\$ (2,657,230)
Long-term debt	(48,809)	(146,018)
Intangibles	(79,167)	(124,729)
	<u>(1,798,680)</u>	<u>(2,927,977)</u>
Deferred tax liabilities – foreign:		
Accruals, reserves and other	(26,657)	—
Property and equipment	(16,277)	(4,691)
Intangibles	(348,162)	(352,051)
	<u>(391,096)</u>	<u>(356,742)</u>
Total deferred tax liability	<u>\$ (2,189,776)</u>	<u>\$ (3,284,719)</u>
Net deferred tax liability	<u>\$ (1,304,835)</u>	<u>\$ (2,551,228)</u>

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the U.S. Tax Cuts and Jobs Act (the “Tax Act”). The Tax Act makes broad and complex changes to the U.S. tax code that will generally be applicable to tax years beginning after December 31, 2017, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; (2) requiring companies to pay a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries; (3) generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries; (4) adding a new provision designed to tax global intangible low-taxed income (GILTI), which allows for the possibility of using foreign tax credits (FTCs) and a deduction of up to 50 percent to offset the income tax liability (subject to some limitations); (5) creating a new limitation on deductible interest expense; (6) imposing additional limitations on the deductibility of executive compensation and certain employee fringe benefits; and (7) increasing bonus depreciation to allow for full expensing of qualified property.

The SEC staff issued Staff Accounting Bulletin No. 118 (SAB 118), which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the Tax Act.

In connection with its initial analysis of the impact of the Tax Act, the Company's accounting for certain elements of the Tax Act is incomplete. However, the Company was able to make reasonable estimates of certain effects and, therefore, recorded a provisional discrete non-cash net tax benefit of \$1.4 billion in the period ended December 31, 2017, consisting of a benefit of \$994 million for the corporate rate reduction and a benefit of \$438 million from its provisional re-assessment of the Tax Act's impact on the valuation allowance on its foreign tax credit ("FTC") carryovers. The Company did not provide tax expense for the transition tax on its unrepatriated earnings, which totaled \$ 669 million without regard to actual 2017 distributions of \$62 million, because such earnings are fully offset by FTCs. Furthermore, the Company has made an accounting policy decision to treat taxes due, if any, on future inclusions in U.S. taxable income under the GILTI provisions as a current period expense when incurred. Accordingly, the Company has not provided a deferred tax liability for any GILTI taxes that may result in future periods.

The Company's accounting for the impact of the Tax Act is incomplete. The Company was able to make a reasonable estimate of the impact on the valuation allowance against its FTC carryovers and provided the provisional adjustment described above. This amount may be adjusted during the measurement period as the Company gathers additional information and evaluates any future regulatory or other guidance on items that may impact the valuation allowance, including, but not limited to, the computations of foreign derived intangible income and allocations of interest and other expenses to active foreign source income. In addition, the Company was not able to make reasonable estimates and provided no provisional amounts for the potential impact, if any, of indirect costs of providing certain employee fringe benefits that may be subject to limitation under the Tax Act.

The Company has recorded a provisional valuation allowance of \$2.4 billion on its FTC carryover of \$3.0 billion as of December 31, 2017 based upon its initial assessment of future realization under the Tax Act, resulting in an FTC net deferred tax asset of \$618 million. The FTCs are attributable to the Macau Special Gaming Tax, which is 35% of gross gaming revenue in Macau. Because MGM Grand Paradise is presently exempt from the Macau 12% complementary tax on gaming profits, the Company believes that payment of the Macau Special Gaming Tax qualifies as a tax paid in lieu of an income tax that is creditable against U.S. taxes. While the Company generally does not expect to generate new FTC carryovers under the Tax Act, it will be able to utilize its existing FTC carryovers to the extent that it has active foreign source income during the 10-year FTC carryforward period. Such foreign source income includes the recapture, to the extent of U.S. taxable income, of overall domestic losses that totaled \$2.3 billion at December 31, 2017. The Company relies on future U.S. source operating income in assessing utilization of the overall domestic losses and, by extension, future FTC realization during the 10-year FTC carryover period. The FTC carryovers will expire if not utilized as follows: \$752 million in 2022; \$976 million in 2023; \$787 million in 2024; \$331 million in 2025; and \$199 million in 2027.

The Company's assessment of the realization of its FTC deferred tax asset is based on available evidence, including assumptions concerning future U.S. operating profits and its initial interpretations of the Tax Act in the absence of regulatory or other clarifying guidance. As a result, significant judgment is required in assessing the possible need for a valuation allowance and changes to such assumptions could result in a material change in the valuation allowance with a corresponding impact on the provision for income taxes in the period including such change.

Income generated from gaming operations of MGM Grand Paradise, which is owned by MGM China, is exempted from Macau's 12% complementary tax, pursuant to approval from the Macau government. Absent this exemption, "Net income attributable to MGM Resorts International" would have decreased by \$23 million and \$25 million in 2017 and 2016, respectively, and diluted earnings per share would have decreased by \$0.04 in each year.

On September 7, 2016, MGM Grand Paradise was granted an additional extension of the complementary tax exemption through March 31, 2020, concurrent with the end of the term of its current gaming subconcession. A competitor of MGM Grand Paradise subsequently received an additional extension of its exemption through March 31, 2020, which also runs concurrent with the end of the term of its current gaming concession. Based upon these developments and the uncertainty concerning taxation after the concession renewal process, the Company has assumed that MGM Grand Paradise will pay the Macau 12% complementary tax on gaming profits for all periods beyond March 31, 2020 and has factored that assumption into the measurement of Macau deferred tax assets and liabilities.

Non-gaming operations remain subject to the Macau complementary tax. MGM Grand Paradise had at December 31, 2017 a complementary tax net operating loss carryforward of \$625 million resulting from non-gaming operations that will expire if not utilized against non-gaming income in years 2018 through 2020.

MGM Grand Paradise's exemption from the Macau 12% complementary tax on gaming profits does not apply to dividend distributions of such profits to MGM China. However, MGM Grand Paradise has had an agreement with the Macau government to settle the 12% complementary tax that would otherwise be due by its shareholder, MGM China, on distributions of its gaming profits by paying a flat annual payment ("annual fee arrangement") regardless of the amount of distributable dividends. Such annual fee arrangement was effective for distributions of profits earned through December 31, 2016. MGM China was not subject to the complementary tax on distributions covered by the annual fee arrangement, which required annual payments of \$2 million through

2016. Since the earnings for 2017 were not covered by an annual fee arrangement as of December 31, 2017, the Company provided deferred taxes on such earnings, which total \$41 million as of December 31, 2017. Subsequent to year-end, on February 27, 2018, MGM Grand Paradise was notified of the terms of an extension of the annual fee arrangement, which covers the distributions of profits earned for the period of January 1, 2017 through March 31, 2020. It will require annual payments of approximately \$1 million for 2017 through 2019 and a payment of approximately \$300,000 for the first quarter 2020. When the extension is executed, the Company will reverse the deferred taxes previously recorded on 2017 earnings, which is anticipated to be within the first quarter 2018, resulting in a reduction in provision for income taxes in such period that will be partially offset by the 2017 annual payment amount.

The Company has net operating losses in certain of the states in which it operates that total \$708 million as of December 31, 2017, which equates to deferred tax assets of \$47 million after federal tax effect and before valuation allowance. These net operating loss carryforwards will expire if not utilized by 2021 through 2037. The Company has provided a valuation allowance of \$36 million on certain of its state deferred tax assets, including the net operating losses described above.

In addition, there is a valuation allowance of \$49 million on certain Macau deferred tax assets, and a valuation allowance of \$2 million on Hong Kong net operating losses because the Company believes these assets do not meet the “more likely than not” criteria for recognition.

A reconciliation of the beginning and ending amounts of gross unrecognized tax benefits is as follows:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Gross unrecognized tax benefits at January 1	\$ 14,026	\$ 13,724	\$ 31,143
Gross decreases - prior period tax positions	(2,280)	(3,375)	(14,158)
Gross increases - current period tax positions	6,842	3,677	1,222
Settlements with taxing authorities	—	—	(2,408)
Lapse in Statutes of Limitations	—	—	(2,075)
Gross unrecognized tax benefits at December 31	<u>\$ 18,588</u>	<u>\$ 14,026</u>	<u>\$ 13,724</u>

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was \$11 million and \$9 million at December 31, 2017 and 2016, respectively.

The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense, which were not material as of December 31, 2017, 2016 or 2015. The Company does not anticipate that the total amounts of unrecognized tax benefits at December 31, 2017 will change materially within the next twelve months.

The Company files income tax returns in the U.S. federal jurisdiction, various state and local jurisdictions, and foreign jurisdictions, although the income taxes paid in foreign jurisdictions are not material. As of December 31, 2017, the IRS can no longer assess tax with respect to years ended prior to 2014; however the IRS may adjust NOLs generated in such years that were utilized in 2014. The Company’s 2014 U.S. consolidated federal income tax return and the 2014 U.S. income tax return of CityCenter Holdings, LLC, an unconsolidated affiliate treated as a partnership for income tax purposes are currently under examination by the IRS. During 2015, the Company received final approval from the Joint Committee on Taxation of the results of the IRS examination of the 2009 tax year and agreed to all IRS adjustments to the 2010 and 2011 tax years of CityCenter Holdings, LLC. The Company received a refund of \$16 million of taxes and associated interest in connection with the settlement of these examinations, which are considered settled for financial accounting purposes.

As of December 31, 2017, other than adjustments resulting from the federal income tax audits discussed above, the various state and local tax jurisdictions in which the Company files tax returns can no longer assess tax with respect to years ended prior to 2013. However, such jurisdictions may adjust NOLs generated in such years that are utilized in subsequent years. Subsequent to year-end, the state of Mississippi informed the Company that it would be opening an audit of the 2014 through 2016 Mississippi tax returns filed by the Company. During 2015, the state of New Jersey completed its examination of Marina District Development Holding Company, LLC for the 2003 through 2009 tax years. All adjustments were agreed to by the members of Marina District Development Holding Company, LLC and the examination is now considered settled for financial accounting purposes. The Company made a \$1 million payment of tax and associated interest as a result of this settlement. No other state or local income tax returns are currently under examination.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Leases. The Company leases real estate and various equipment under operating and, to a lesser extent, capital lease arrangements. Certain real estate leases provide for escalation of rent based upon a specified price index and/or based upon periodic appraisals.

At December 31, 2017, the Company was obligated under non-cancellable operating leases to make future minimum lease payments as follows:

Years ending December 31,	<i>(In thousands)</i>
2018	\$ 39,429
2019	35,525
2020	33,754
2021	35,293
2022	32,458
Thereafter	1,360,206
Total minimum lease payments	\$ 1,536,665

The table above excludes the Company's future lease obligations to a subsidiary of the Operating Partnership pursuant to the master lease agreement discussed in Note 18 as these lease obligations are eliminated in consolidation. Rental expense for operating leases was \$92 million, \$80 million and \$74 million for 2017, 2016 and 2015, respectively, which included short-term rentals charged to rent expense as well as \$7 million in each of 2017, 2016, 2015 related to the amortization of the Cotai land concession. The Company accounts for the Cotai land concession contract as an operating lease for which the required upfront payments are amortized over the initial 25-year contract term. Amortization relating to the Cotai land concession is included in "Preopening and start-up expenses" prior to its opening.

In August 2016, in connection with the Borgata transaction, the Company has assumed the liability of a series of ground leases for a total of approximately 11 acres of land on which the Borgata employee parking garage, public space expansion, rooms expansion, and modified surface parking lot reside. The Company recorded an unfavorable lease liability for the excess contractual lease obligations over the market value of the leases, which will be amortized on a straight-line basis over the term of the lease contracts through December 2070. The remaining balance of the unfavorable lease liability was \$47 million and \$48 million as of December 31, 2017 and 2016, respectively. The ground lease is accounted for as an operating lease with rental expense of \$6 million and \$2 million for the years ending December 31, 2017 and December 31, 2016, respectively.

In April 2013, the Company entered into a ground lease agreement for an approximate 23 acre parcel of land in connection with the MGM National Harbor project. The ground lease has an initial term of 25 years and the right to extend for up to 13 additional six year periods with the first 7 of those additional periods considered to be reasonably assured. The Company therefore amortizes the lease on a straight line basis over a 67 year term. The ground lease is accounted for as an operating lease with rental expense of \$16 million, \$16 million and \$19 million recorded for the years ending December 31, 2017, 2016 and 2015, respectively. Rent recognized for the ground lease was recorded in "Preopening and start-up expenses" prior to its opening in December 2016 .

Borgata property tax reimbursement agreement. On February 15, 2017, Borgata, the Department of Community Affairs of the State of New Jersey and Atlantic City entered into an agreement wherein Borgata was to be reimbursed \$72 million as settlement for property tax refunds in satisfaction of New Jersey Tax Court and Superior Court judgments totaling approximately \$106 million, plus interest for the 2009-2012 tax years and the settlement of pending tax appeals for the tax years 2013-2015. Those pending tax appeals could potentially have resulted in Borgata being awarded additional refunds due of approximately \$65 million. In June 2017, Atlantic City and the State of New Jersey issued bonds and used the proceeds to pay the \$72 million settlement in full. The Company recorded the amounts received pursuant to the reimbursement agreement as an offset to general and administrative expenses in the consolidated statements of operations. As required by the purchase and sale agreement to acquire Borgata in August 2016, the Company paid Boyd Gaming half of the settlement amount received by the Company, net of fees and expenses. Amounts paid to Boyd Gaming were recorded in general and administrative expenses in the consolidated statements of operations.

NV Energy. In July 2016, the Company filed its notice to exit the fully bundled sales system of NV Energy and now purchases energy, capacity, and/or ancillary services from a provider other than NV Energy. The Company paid an upfront impact payment of \$83 million, including \$14 million related to CityCenter, in September 2016. Under the terms of the exit agreement, the Company and CityCenter were required to make ongoing payments to NV Energy for non-bypassable rate charges, which primarily relate to each entity's share of NV Energy's portfolio of renewable energy contracts which extended through 2040 and each entity's share of the costs of decommissioning and remediation of coal-fired power plants in Nevada. The Company's initial estimate of its obligation

related to non-bypassable charges was \$71 million. The expense recognized related to the upfront payment and the initial accrual for the liability associated with the non-bypassable charges was recorded within “NV Energy exit expense” in the Company’s consolidated statements of operations for the year ended December 31, 2016. Subsequent accretion of the liability and changes in estimates are recognized within general and administrative expenses in the consolidated statement of operations. In the second quarter of 2017, the terms of the ongoing impact fee obligations were modified. Such modifications included a credit to be applied against future non-bypassable rate charges and substantially shortened the period over which the Company and CityCenter are responsible for such charges, with an end date in 2022. As such, the Company recognized a reduction in its liability for future charges of \$41 million with a corresponding credit to “NV Energy exit expense”. Additionally, CityCenter recorded an \$8 million reduction in liability and credit to expense. As of December 31, 2017 and 2016, the Company has recorded an estimate of its remaining liability on a discounted basis of \$10 million and \$8 million, respectively, in “Other accrued liabilities” and \$23 million and \$63 million, respectively, in “Other long-term obligations.”

Grand Paradise Macau deferred cash payment. On September 1, 2016, the Company purchased 188.1 million common shares of its MGM China subsidiary from Grand Paradise Macau (“GPM”), an entity controlled by Ms. Ho, Pansy Catilina Chiu King (“Ms. Ho”). As part of the consideration for the purchase, the Company agreed to pay GPM a deferred cash payment of \$50 million, which will be paid in amounts equal to the ordinary dividends received on such shares, with a final lump sum payment due on the fifth anniversary of the closing date of the transaction if any portion of the deferred cash payment remains unpaid at that time. In 2017, the total amount paid under the deferred cash payment arrangement was \$7 million. As of December 31, 2017, the Company recorded a remaining liability on a discounted basis of \$39 million in “Other long-term obligations.”

T-Mobile Arena senior credit facility. The Company is party to a repayment guarantee for the term loan B facility under the Las Vegas Arena Company’s senior credit facility. As of December 31, 2017, the term loan B outstanding balance was \$50 million. As of December 31, 2017, the Company does not believe it is probable that it will need to perform on the guarantee.

Other guarantees. The Company and its subsidiaries are party to various guarantee contracts in the normal course of business, which are generally supported by letters of credit issued by financial institutions. The Company’s senior credit facility limits the amount of letters of credit that can be issued to \$250 million, MGP’s senior credit facility limits the amount to \$75 million, and MGM China’s credit facility limits the amount to \$100 million. At December 31, 2017, \$15 million in letters of credit were outstanding under the Company’s senior credit facility and \$39 million in letters of credit were outstanding under MGM China’s credit facility. No letters of credit were outstanding under the MGP senior credit facility at December 31, 2017. The amount of available borrowings under each of the credit facilities is reduced by any outstanding letters of credit.

October 1 litigation. The Company and/or certain of its subsidiaries have been named as defendants in a number of lawsuits related to the October 1, 2017 shooting in Las Vegas. The matters involve in large degree the same legal and factual issues, in each case being filed on behalf of individuals who are seeking damages for emotional distress, physical injury, medical expenses, economic damages and/or wrongful death based on assertions that the Company and/or certain of its subsidiaries were negligent. Pending lawsuits were first filed in October 2017 and include actions filed by multiple individuals in the District Court of Clark County, Nevada and in the Superior Court of Los Angeles County, California. Some of the original actions have been voluntarily dismissed, and plaintiffs’ counsel indicate they anticipate re-filing the lawsuits in similar form. Additional lawsuits related to this incident may be filed in the future.

The Company is currently unable to reliably predict the developments in, outcome of, and economic costs and other consequences of pending or future litigation related to this matter. The Company will continue to investigate the factual and legal defenses, and evaluate these matters based on subsequent events, new information and future circumstances. The Company intends to defend against these lawsuits and ultimately believes it should prevail, but litigation of this type is inherently unpredictable. Although there are significant procedural, factual and legal issues to be resolved that could significantly affect the Company’s belief as to the possibility of liability, the Company currently believes that it is reasonably possible that it could incur liability in connection with certain of these lawsuits. The foregoing determination was made in accordance with generally accepted accounting principles, as codified in ASC 450-20, and is not an admission of any liability on the part of the Company or any of its affiliates. Given that these cases are in the early stages and in light of the uncertainties surrounding them, the Company does not currently possess sufficient information to determine a range of reasonably possible liability. In the event the Company incurs any liability, the Company believes it is unlikely it would incur losses in connection with these claims in excess of its insurance coverage. In addition, the Company’s general liability insurance coverage provides, as part of the contractual “duty to defend”, payment of legal fees and associated costs incurred to defend covered lawsuits that are filed arising from the October 1, 2017 shooting in Las Vegas. Payment of such fees and costs is in addition to (and not limited by) the limits of the insurance policies and does not erode the total liability coverage available. The insurance carriers have not expressed any reservation of rights or coverage defenses that indicate they dispute coverage under the applicable policies.

Other litigation. The Company is a party to various other legal proceedings, most of which relate to routine matters incidental to its business. Management does not believe that the out come of such proceedings will have a material adverse effect on the Company's financial position, results of operations or cash flows.

NOTE 13 — STOCKHOLDERS' EQUITY

Noncontrolling interest

The following is a summary of net income attributable to MGM Resorts International and transfers to noncontrolling interest.

	For the Years Ended December 31,	
	2017	2016
	<i>(In thousands)</i>	
Net income attributable to MGM Resorts International	\$ 1,960,286	\$ 1,101,440
Transfers from/(to) to noncontrolling interest:		
MGP formation transactions	—	(150,414)
Borgata transaction	—	(18,385)
MGP Class A share issuance	35,138	—
MGM National Harbor transaction	(12,497)	—
MGM China transaction	—	(45,554)
Other	(2,889)	—
Net transfers from/(to) noncontrolling interest	<u>19,752</u>	<u>(214,353)</u>
Change from net income attributable to MGM Resorts International and transfers to noncontrolling interest	<u>\$ 1,980,038</u>	<u>\$ 887,087</u>

Noncontrolling interest ownership transactions

MGP formation transactions. In 2016, the Company adjusted the carrying value of the noncontrolling interests to reflect MGP's Class A shareholders' initial 26.7% ownership interest in the consolidated net assets of MGP related to MGP's IPO and related transactions discussed in Note 1, with an offsetting adjustment to capital in excess of par value. Subsequent to the MGP formation transactions, the Company indirectly owned 73.3% of partnership units in the Operating Partnership.

Borgata transaction. In 2016, MGP acquired Borgata's real property from a subsidiary of the Company in exchange for MGP's assumption of \$545 million of indebtedness and the issuance of 27.4 million Operating Partnership units to a subsidiary of the Company. The Company adjusted the carrying value of the noncontrolling interests for the change in noncontrolling interests ownership percentage of the Operating Partnership's net assets, including assets and liabilities transferred, with an offsetting adjustment to capital in excess of par value. Subsequent to the Borgata transaction, the Company indirectly owned 76.3% of partnership units in the Operating Partnership.

MGP Class A share issuance. In September 2017, MGP completed a public offering of 13,225,000 of its Class A shares, including 1,725,000 shares sold pursuant to the underwriters' over-allotment option, at a public offering price of \$30.60 per share for net proceeds of \$388 million. The Company has adjusted the carrying value of the noncontrolling interests as a result of MGP's Class A share issuance to adjust for the change in noncontrolling interests ownership percentage of the Operating Partnership's net assets, with offsetting adjustments to capital in excess of par value and accumulated other comprehensive income. Subsequent to MGP's issuance of the incremental shares, the Company indirectly owned 72.3% of partnership units in the Operating Partnership.

MGM National Harbor transaction. In October 2017, MGP acquired the long-term leasehold interest and real property associated with MGM National Harbor from a subsidiary of the Company in exchange for cash of \$463 million, the assumption of \$425 million of indebtedness, which was immediately repaid by MGP on the closing date, and the issuance of 9.8 million Operating Partnership units to a subsidiary of the Company. The Company adjusted the carrying value of noncontrolling interest to adjust for the change in noncontrolling interest ownership percentage of the Operating Partnership's net assets, including assets and liabilities transferred, with offsetting adjustments to capital in excess of par value and accumulated other comprehensive income. Subsequent to the MGM National Harbor transaction, the Company indirectly owned 73.4% of the partnership units in the Operating Partnership.

MGM China transaction. In September 2016, the Company acquired 188.1 million ordinary shares of MGM China from GPM. As a result of the transaction, the Company owns approximately 56% of MGM China's outstanding common shares. Ms. Ho owned approximately 22.5% immediately following the transaction. As consideration for the MGM China shares, the Company issued 7,060,492 shares of its common stock and paid \$100 million to GPM. In addition, the Company agreed to pay GPM a deferred cash payment of \$50 million. See Note 12 for additional information regarding the deferred cash payment. The Company adjusted the

carrying value of the noncontrolling interest and accumulated other comprehensive income to reflect the change in MGM China's noncontrolling ownership interest resulting from the transaction. The difference between the fair value of the consideration paid and the aforementioned adjustments was recognized as a reduction to capital in excess of par value.

Dividends

MGM Resorts International dividends. The Company paid, or will pay, the following dividends:

- \$68 million quarterly dividend, or \$0.12 per share, to be paid on March 15, 2018 to holders of record as of March 9, 2018;
- \$62 million quarterly dividend in December 2017, or \$0.11 per share; and
- \$63 million quarterly dividend in each of September, June, and March 2017, or \$0.11 per share.

The Company intends to pay a quarterly dividend in each future quarter subject to the Company's operating results, cash requirements and financial conditions, any applicable provisions of state law that may limit the amount of available funds, and compliance with covenants and financial ratios related to existing or future agreements governing the indebtedness at the Company's subsidiaries and any limitations in other agreements such subsidiaries may have with third parties.

Stock repurchase program

MGM Resorts International stock repurchase program. In September 2017, the Company's Board of Directors authorized a \$1.0 billion stock repurchase program (the "Stock Repurchase Program"). Under the Stock Repurchase Program, the Company may repurchase shares from time to time in the open market or in privately negotiated agreements. The timing, volume and nature of stock repurchases will be at the sole discretion of management, dependent on market conditions, applicable securities laws, and other factors, and may be suspended or discontinued at any time.

In September 2017, the Company repurchased 10 million shares of its common stock at \$32.75 per share for a total aggregate amount of \$328 million. Repurchased shares were retired. The remaining availability under the Stock Repurchase Program was approximately \$672 million as of December 31, 2017.

NOTE 14 — STOCK-BASED COMPENSATION

MGM Resorts 2005 Omnibus Incentive Plan. The Company's omnibus incentive plan, as amended (the "Omnibus Plan"), allows it to grant up to 45 million shares or share-based awards, such as stock options, stock appreciation rights ("SARs"), restricted stock units ("RSUs"), performance share units ("PSUs") and other stock-based awards to eligible directors, officers and employees of the Company and its subsidiaries.

As of December 31, 2017, the Company had an aggregate of approximately 21 million shares of common stock available for grant as share-based awards under the Omnibus Plan. Additionally, as of December 31, 2017, the Company had approximately 9 million aggregate stock options and SARs outstanding and approximately 6 million aggregate RSUs and PSUs outstanding, including deferred share units and dividend equivalent rights related to RSUs and PSUs.

Intrinsic value. The following table includes information related to the intrinsic value:

	Year ended	
	December 31, 2017	
	<i>(In thousands)</i>	
Share-based awards exercised and RSUs and PSUs vested	\$	100,264
Stock options and SARs outstanding		112,604
Stock options and SARs vested and expected to vest		111,284
Stock options and SARs exercisable		78,865

As of December 31, 2017, there was a total of \$127 million of unamortized compensation related to stock options, SARs, RSUs, and PSUs, which is expected to be recognized over a weighted-average period of 2.1 years.

MGM Growth Properties 2016 Omnibus Incentive Plan and MGM China Share Option Plan. The Company's subsidiaries, MGP and MGM China, each adopted their own equity award plans for the issuance of share-based awards to each subsidiary's eligible recipients. As of December 31, 2017, the MGP Omnibus Plan had approximately 244,000 aggregate RSUs and PSUs outstanding, including deferred share units and dividend equivalent rights related to RSUs and PSUs. As of December 31, 2017, MGM China had approximately 77 million stock options outstanding.

Recognition of compensation cost. Compensation cost was recognized as follows:

	Year Ended December 31,		
	2017	2016	2015
Compensation cost:	<i>(In thousands)</i>		
Omnibus Plan	\$ 49,383	\$ 43,661	\$ 33,742
MGM Growth Properties Omnibus Incentive Plan	2,568	3,401	—
MGM China Share Option Plan	10,571	8,545	9,260
Total compensation cost	62,522	55,607	43,002
Less: Reimbursed costs and capitalized cost	(1,398)	(1,350)	(1,156)
Compensation cost after reimbursed costs and capitalized cost	61,124	54,257	41,846
Less: Related tax benefit	(18,650)	(16,782)	(11,230)
Compensation cost, net of tax benefit	<u>\$ 42,474</u>	<u>\$ 37,475</u>	<u>\$ 30,616</u>

NOTE 15 — EMPLOYEE BENEFIT PLANS

Multiemployer benefit plans. The Company currently participates in multiemployer pension plans in which the risks of participating differs from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers;
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers;
- If an entity chooses to stop participating in some of its multiemployer plans, the entity may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability; and
- If the plan is terminated by withdrawal of all employers and if the value of the nonforfeitable benefits exceeds plan assets and withdrawal liability payments, employers are required by law to make up the insufficient difference.

The Company's participation in these plans is presented below.

Pension Fund (1)	EIN/Pension Plan Number	Pension Protection Act Zone Status (2)		FIP/RP Status (3)	Contributions by the Company (in thousands) (4)			Surcharge Imposed	Expiration Dates of Collective Bargaining Agreements
		2016	2015		2017	2016	2015		
Southern Nevada Culinary and Bartenders Pension Plan	88-6016617/001	Green	Green	No	\$ 45,297	\$ 44,001	\$ 41,904	No	5/31/2018 (5)
Legacy Plan of the National Retirement Fund (NRF) (6)	13-6130178/001	Red	Red	Yes	\$ 9,416	\$ 3,788	\$ —	Yes	2/29/2020

- The Company was listed in the plan's Form 5500 as providing more than 5% of the total contributions for the plan years 2016 and 2015 for the Southern Nevada Culinary and Bartenders Pension Plan and for the plan year 2016 for the NRF. At the date the financial statements were issued, Form 5500 was not available for the plan year 2017.
- The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Plans in the red zone are generally less than 65% funded (critical status) and plans in the green zone are at least 80% funded.
- Indicates plans for which a Financial Improvement Plan (FIP) or a Rehabilitation Plan (RP) is either pending or has been implemented.
- There have been no significant changes that affect the comparability of contributions, other than those for the Legacy Plan of the National Retirement Fund which reflect the period from acquisition of Borgata of August 1, 2016 through December 31, 2016 within the 2016 column and a full-year of contributions within the 2017 column.
- The Company is party to ten collective bargaining agreements (CBA) that require contributions. The agreements between CityCenter Hotel Casino, LLC, Bellagio, Mandalay Corp., MGM Grand Hotel, LLC and the Local Joint Executive Board of Las Vegas are the most significant because more than half of the Company's employee participants in this plan are covered by those four agreements.

- (6) In December 2017, the Pension Benefit Guaranty Corporation approved the spin-off of the UNITE HERE portion of the NRF to the plan of the newly-formed UNITE HERE Retirement Fund (UHF). As a result of the spin-off, the pension liabilities as well as certain assets of the plan were transferred to the new UHF Plan. The terms of the UHF Plan are identical to the NRF. The spin-off was effective as of January 1, 2018.

Multiemployer Benefit Plans Other Than Pensions. Pursuant to its collective bargaining agreements referenced above, the Company also contributes to UNITE HERE Health (the “Health Fund”), which provides healthcare benefits to its active and retired members. The Company contributed \$183 million, \$187 million, and \$192 million to the Health Fund in the years ended December 31, 2017, 2016, and 2015, respectively.

Self-insurance. The Company is self-insured for most health care benefits and workers compensation for its non-union employees. The liability for self-insurance was \$87 million and \$83 million at December 31, 2017 and 2016, respectively, which is included in “Other accrued liabilities.”

NOTE 16 — PROPERTY TRANSACTIONS, NET

Property transactions, net consisted of the following:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Grand Victoria investment impairment	\$ —	\$ —	\$ 17,050
Gain on sale of Circus Circus Reno and Silver Legacy investment	—	—	(23,002)
Other property transactions, net	50,279	17,078	41,903
	<u>\$ 50,279</u>	<u>\$ 17,078</u>	<u>\$ 35,951</u>

Grand Victoria investment. See Note 7 for additional information related to the Grand Victoria investment impairment charge in 2015.

Circus Circus Reno and Silver Legacy investment sale. See Note 5 for additional information related to the sale of Circus Circus Reno and Note 7 for further discussion of the sale of the Company’s 50% investment in Silver Legacy in 2015.

Other. Other property transactions, net includes miscellaneous asset disposals and demolition costs in the periods presented in the above table, including a loss of \$34 million related to the rebranding of the Monte Carlo Resort and Casino to Park MGM and NoMad Las Vegas in 2017, and a loss of \$18 million in connection with the trade-in of Company aircraft in 2015.

NOTE 17 — SEGMENT INFORMATION

The Company’s management views each of its casino resorts as an operating segment. Operating segments are aggregated based on their similar economic characteristics, types of customers, types of services and products provided, the regulatory environments in which they operate, and their management and reporting structure. The Company’s principal operating activities occur in two geographic regions: the United States and Macau S.A.R. The Company has aggregated its operations into two reportable segments based on the similar characteristics of the operating segments: domestic resorts and MGM China. The Company’s operations related to investments in unconsolidated affiliates and certain other corporate operations and management services have not been identified as separate reportable segments; therefore, these operations are included in “Corporate and other” in the following segment disclosures to reconcile to consolidated results.

The Company’s management utilizes Adjusted Property EBITDA as the primary profit measure for its reportable segments. Adjusted Property EBITDA is a measure defined as Adjusted EBITDA before corporate expense and stock compensation expense related to the Omnibus Plan and the MGM Growth Properties Omnibus Incentive Plan, which are not allocated to the reportable segments or each operating segment, as applicable. MGM China recognizes stock compensation expense related to the MGM China Share Option Plan which is included in the calculation of Adjusted EBITDA for MGM China. Adjusted EBITDA is a measure defined as earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening and start-up expenses, NV Energy exit expense, gain on Borgata transaction, goodwill impairment charges, and property transactions, net.

The following tables present the Company's segment information:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Net Revenues			
Domestic resorts	\$ 8,322,403	\$ 7,055,718	\$ 6,497,361
MGM China	1,970,494	1,920,487	2,214,767
Reportable segment net revenues	10,292,897	8,976,205	8,712,128
Corporate and other	481,007	478,918	477,940
	<u>\$ 10,773,904</u>	<u>\$ 9,455,123</u>	<u>\$ 9,190,068</u>
Adjusted Property EBITDA			
Domestic resorts	\$ 2,514,819	\$ 2,063,016	\$ 1,689,966
MGM China	524,953	520,736	539,881
Reportable segment Adjusted Property EBITDA	3,039,772	2,583,752	2,229,847
Other operating income (expense)			
Corporate and other	(202,675)	211,932	9,073
NV Energy exit expense	40,629	(139,335)	—
Preopening and start-up expenses	(118,475)	(140,075)	(71,327)
Property transactions, net	(50,279)	(17,078)	(35,951)
Goodwill impairment	—	—	(1,467,991)
Gain on Borgata transaction	—	430,118	—
Depreciation and amortization	(993,480)	(849,527)	(819,883)
Operating income (loss)	<u>1,715,492</u>	<u>2,079,787</u>	<u>(156,232)</u>
Non-operating income (expense)			
Interest expense, net of amounts capitalized	(668,745)	(694,773)	(797,579)
Non-operating items from unconsolidated affiliates	(34,751)	(53,139)	(76,462)
Other, net	(48,241)	(72,698)	(15,970)
	<u>(751,737)</u>	<u>(820,610)</u>	<u>(890,011)</u>
Income (loss) before income taxes	963,755	1,259,177	(1,046,243)
Benefit (provision) for income taxes	1,132,663	(22,299)	6,594
Net income (loss)	2,096,418	1,236,878	(1,039,649)
Less: Net (income) loss attributable to noncontrolling interests	(136,132)	(135,438)	591,929
Net income (loss) attributable to MGM Resorts International	<u>\$ 1,960,286</u>	<u>\$ 1,101,440</u>	<u>\$ (447,720)</u>
	December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Total assets:			
Domestic resorts	\$ 16,428,885	\$ 16,451,461	\$ 13,261,882
MGM China	9,461,535	8,443,411	7,895,376
Reportable segment total assets	25,890,420	24,894,872	21,157,258
Corporate and other	3,338,882	3,333,625	4,099,837
Eliminated in consolidation	(70,124)	(55,196)	(41,917)
	<u>\$ 29,159,178</u>	<u>\$ 28,173,301</u>	<u>\$ 25,215,178</u>
	December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Property and equipment, net:			
Domestic resorts	\$ 14,320,824	\$ 14,353,971	\$ 11,853,802
MGM China	3,827,391	2,857,626	1,896,815
Reportable segment property and equipment, net	18,148,215	17,211,597	13,750,617
Corporate and other	1,557,368	1,268,622	1,663,095
Eliminated in consolidation	(70,124)	(55,196)	(41,917)
	<u>\$ 19,635,459</u>	<u>\$ 18,425,023</u>	<u>\$ 15,371,795</u>

	Year Ended December 31,		
	2017	2016	2015
Capital expenditures:	<i>(In thousands)</i>		
Domestic resorts	\$ 486,611	\$ 317,951	\$ 383,367
MGM China	923,346	984,355	590,968
Reportable segment capital expenditures	1,409,957	1,302,306	974,335
Corporate and other	469,053	973,446	504,398
Eliminated in consolidation	(14,928)	(13,279)	(11,914)
	<u>\$ 1,864,082</u>	<u>\$ 2,262,473</u>	<u>\$ 1,466,819</u>

NOTE 18 — RELATED PARTY TRANSACTIONS

CityCenter

Management agreements. The Company and CityCenter have entered into agreements whereby the Company is responsible for management of the operations of CityCenter for a fee of 2% of revenue and 5% of EBITDA (as defined) for Aria and Vdara and \$3 million per year for Crystals. The Company earned fees of \$49 million, \$43 million and \$41 million for the years ended December 31, 2017, 2016 and 2015, respectively. The Company is being reimbursed for certain costs in performing its development and management services. During the years ended December 31, 2017, 2016 and 2015, the Company incurred \$390 million, \$387 million and \$393 million, respectively, of costs reimbursable by CityCenter, primarily for employee compensation and certain allocated costs. As of December 31, 2017 and 2016, CityCenter owed the Company \$75 million and \$77 million, respectively, for management services and reimbursable costs recorded in “Accounts receivable, net” in the accompanying consolidated balance sheets.

MGM China

Ms. Ho is a member of the Board of Directors of, and holds a minority ownership interest in, MGM China. Ms. Ho is also the managing director of Shun Tak Holdings Limited (together with its subsidiaries “Shun Tak”), a leading conglomerate in Hong Kong with core businesses in transportation, property, hospitality and investments. Shun Tak provides various services and products, including ferry tickets, travel products, rental of hotel rooms, laundry services, advertising services and property cleaning services to MGM China. MGM China incurred expenses relating to Shun Tak of \$13 million, \$10 million and \$16 million for the years ended December 31, 2017, 2016 and 2015, respectively.

MGM Branding and Development Holdings, Ltd. (together with its subsidiary MGM Development Services, Ltd., “MGM Branding and Development”), an entity included in the Company’s consolidated financial statements in which Ms. Ho indirectly holds a noncontrolling interest, is party to a brand license agreement and a development services agreement with MGM China, for which the related amounts are eliminated in consolidation. An entity owned by Ms. Ho received distributions of \$15 million during each of the years ended December 31, 2017, 2016 and 2015 in connection with the ownership of a noncontrolling interest in MGM Branding and Development Holdings, Ltd.

MGP

As further described in Note 1, pursuant to the master lease, the tenant leases the real estate assets of The Mirage, Mandalay Bay, Luxor, New York-New York, Monte Carlo, Excalibur, The Park, Gold Strike Tunica, MGM Grand Detroit and Beau Rivage from the landlord. On August 1, 2016, Borgata was added to the existing master lease and, on October 5, 2017, MGM National Harbor was also added to the existing master lease.

The master lease has an initial lease term of ten years beginning on April 25, 2016 (other than with respect to MGM National Harbor, as described below) with the potential to extend the term for four additional five-year terms thereafter at the option of the tenant. The master lease provides that any extension of its term must apply to all of the real estate under the master lease at the time of the extension. The master lease has a triple-net structure, which requires the tenant to pay substantially all costs associated with the lease, including real estate taxes, insurance, utilities and routine maintenance, in addition to the base rent. Additionally, the master lease provides the landlord with a right of first offer with respect to the Company’s development property located in Springfield, Massachusetts, which the landlord may exercise should the Company elect to sell this property in the future. In connection with the MGM National Harbor transaction, the master lease was amended to provide that the initial term with respect to MGM National Harbor ends on April 31, 2024. Thereafter, the initial term of the master lease with respect to MGM National Harbor may be renewed at the option of the tenant for an initial renewal period lasting until the earlier of the end of the then-current term of the master lease or

the next renewal term (depending on whether MGM elects to renew the other properties under the master lease in connection with the expiration of the initial ten-year term). If, however, the tenant chooses not to renew the lease with respect to MGM National Harbor after the initial MGM National Harbor term under the master Lease, the tenant would also lose the right to renew the master lease with respect to the rest of the properties when the initial ten-year lease term ends related to the rest of the properties in 2026.

The initial annual rent under the master lease, for the first lease year commencing April 25, 2016, was \$550 million. In connection with the Borgata transaction on August 1, 2016, total annual rent under the master lease increased to \$650 million. In connection with the commencement of the second lease year on April 1, 2017, the total annual rent under the master lease increased to \$662 million. Then, in connection with the MGM National Harbor Transaction on October 5, 2017, the total annual rent payments under the master lease for the second lease year increased to \$757 million. Rent under the master lease consists of a “base rent” component and a “percentage rent” component. As of December 31, 2017, the base rent represents approximately 90% of the rent payments due under the master lease and the percentage rent represents approximately 10% of the rent payments due under the master lease. The master lease also provides for fixed annual escalators of 2% on the base rent in the second through sixth years and the possibility for additional 2% increases thereafter subject to the tenant meeting an adjusted net revenue to rent ratio, as well as potential increases in percentage rent in year six and every five years thereafter based on a percentage of average actual annual net revenue during the preceding five year period calculated in accordance with the terms under the master lease. The master lease also contains customary events of default and financial covenants. The Company was in compliance with all applicable covenants as of December 31, 2017.

All intercompany transactions, including transactions under the master lease, have been eliminated in the Company’s consolidation of MGP. The public ownership of MGP’s Class A shares is recognized as non-controlling interests in the Company’s consolidated financial statements.

NOTE 19 — CONDENSED CONSOLIDATING FINANCIAL INFORMATION

As of December 31, 2017, all of the Company’s principal debt arrangements are guaranteed by each of its material domestic subsidiaries, other than MGP and the Operating Partnership, MGM Grand Detroit, LLC, MGM National Harbor, LLC and Blue Tarp reDevelopment, LLC (the company that will own and operate the Company’s casino in Springfield, Massachusetts), and each of their respective subsidiaries. The Company’s international subsidiaries, including MGM China and its subsidiaries, are not guarantors of such indebtedness. Separate condensed financial statement information for the subsidiary guarantors and non-guarantors as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015, are presented below. Within the Condensed Consolidating Statements of Cash Flows, the Company has presented net changes in intercompany accounts as investing activities if the applicable entities have a net asset in intercompany accounts and as a financing activity if the applicable entities have a net intercompany liability balance.

Certain of the Company’s subsidiaries collectively own 73.4% of the Operating Partnership units as of December 31, 2017, and each subsidiary accounts for its respective investment under the equity method within the condensed consolidating financial information presented below. For these subsidiaries, such investment constitutes continuing involvement, and accordingly, the contribution and leaseback of the real estate assets do not qualify for sale-leaseback accounting. The real estate assets that were contributed to and owned by the Operating Partnership in connection with the IPO, along with the related transactions, are reflected in the balance sheets of the MGM subsidiaries that contributed such assets. In addition, such subsidiaries recognized finance liabilities within “Other long-term obligations” related to rent payments due under the master lease and recognized the related interest expense component of such payments. These real estate assets are also reflected on the balance sheet of the MGP subsidiary that received such assets in connection with the contribution. The condensed consolidating financial information presented below therefore includes the accounting for such activity within the respective columns presented and in the elimination column. For all periods prior to the commencement of the master lease arrangement, the condensed consolidating financial information set forth herein has been retrospectively adjusted to conform prior periods to the current presentation, as the transactions occurred between entities, which are considered businesses under common control. Accordingly, the real estate assets and associated operations in all periods prior to the IPO date were reclassified to conform to the current organizational structure, and are reflected in the MGP subsidiary that currently has legal title to such assets.

CONDENSED CONSOLIDATING BALANCE SHEET INFORMATION

	December 31, 2017					
	Non-Guarantor Subsidiaries					Consolidated
	Parent	Guarantor Subsidiaries	MGP	Other	Elimination	
<i>(In thousands)</i>						
Current assets	\$ 78,909	\$ 1,014,074	\$ 266,627	\$ 1,022,340	\$ (7,323)	\$ 2,374,627
Property and equipment, net	—	13,521,221	10,021,938	6,125,722	(10,033,422)	19,635,459
Investments in subsidiaries	21,085,194	3,318,836	—	—	(24,404,030)	—
Investments in the MGP Operating Partnership	—	3,549,063	—	862,037	(4,411,100)	—
Investments in and advances to unconsolidated affiliates	—	1,003,767	—	5,394	25,000	1,034,161
Intercompany accounts	—	5,983,656	—	—	(5,983,656)	—
Other non-current assets	49,142	913,602	62,555	5,134,220	(44,588)	6,114,931
	<u>\$ 21,213,245</u>	<u>\$ 29,304,219</u>	<u>\$ 10,351,120</u>	<u>\$ 13,149,713</u>	<u>\$ (44,859,119)</u>	<u>\$ 29,159,178</u>
Current liabilities	\$ 153,159	\$ 1,399,120	\$ 144,537	\$ 1,609,106	\$ (213,540)	\$ 3,092,382
Intercompany accounts	5,783,579	—	962	199,115	(5,983,656)	—
Deferred income taxes, net	944,424	—	28,544	360,411	(28,544)	1,304,835
Long-term debt, net	6,682,571	2,835	3,934,628	2,131,018	—	12,751,052
Other long-term obligations	36,860	7,268,664	174,710	2,305,353	(9,501,171)	284,416
Total liabilities	13,600,593	8,670,619	4,283,381	6,605,003	(15,726,911)	17,432,685
Redeemable noncontrolling interests	—	—	—	79,778	—	79,778
MGM Resorts International stockholders' equity	7,612,652	20,633,600	4,443,089	4,055,519	(29,132,208)	7,612,652
Noncontrolling interests	—	—	1,624,650	2,409,413	—	4,034,063
Total stockholders' equity	7,612,652	20,633,600	6,067,739	6,464,932	(29,132,208)	11,646,715
	<u>\$ 21,213,245</u>	<u>\$ 29,304,219</u>	<u>\$ 10,351,120</u>	<u>\$ 13,149,713</u>	<u>\$ (44,859,119)</u>	<u>\$ 29,159,178</u>

	December 31, 2016					
	Non-Guarantor Subsidiaries					Consolidated
	Parent	Guarantor Subsidiaries	MGP	Other	Elimination	
<i>(In thousands)</i>						
Current assets	\$ 103,934	\$ 981,705	\$ 368,622	\$ 783,920	\$ (8,594)	\$ 2,229,587
Property and equipment, net	—	13,599,127	9,079,678	4,837,868	(9,091,650)	18,425,023
Investments in subsidiaries	18,907,988	3,338,752	—	—	(22,246,740)	—
Investments in the MGP Operating Partnership	—	3,553,840	—	636,268	(4,190,108)	—
Investments in and advances to unconsolidated affiliates	—	1,189,590	—	5,853	25,000	1,220,443
Intercompany accounts	—	4,796,713	—	—	(4,796,713)	—
Other non-current assets	50,741	934,836	58,440	5,302,132	(47,901)	6,298,248
	<u>\$ 19,062,663</u>	<u>\$ 28,394,563</u>	<u>\$ 9,506,740</u>	<u>\$ 11,566,041</u>	<u>\$ (40,356,706)</u>	<u>\$ 28,173,301</u>
Current liabilities	\$ 184,281	\$ 1,301,423	\$ 139,099	\$ 837,844	\$ (169,226)	\$ 2,293,421
Intercompany accounts	3,406,699	—	166	1,389,848	(4,796,713)	—
Deferred income taxes, net	2,202,809	—	25,368	348,419	(25,368)	2,551,228
Long-term debt, net	7,019,745	2,835	3,613,567	2,343,073	—	12,979,220
Other long-term obligations	28,949	7,360,887	120,279	1,051,754	(8,235,888)	325,981
Total liabilities	12,842,483	8,665,145	3,898,479	5,970,938	(13,227,195)	18,149,850
Redeemable noncontrolling interests	—	—	—	54,139	—	54,139
MGM Resorts International stockholders' equity	6,220,180	19,729,418	4,274,444	3,125,649	(27,129,511)	6,220,180
Noncontrolling interests	—	—	1,333,817	2,415,315	—	3,749,132
Total stockholders' equity	6,220,180	19,729,418	5,608,261	5,540,964	(27,129,511)	9,969,312
	<u>\$ 19,062,663</u>	<u>\$ 28,394,563</u>	<u>\$ 9,506,740</u>	<u>\$ 11,566,041</u>	<u>\$ (40,356,706)</u>	<u>\$ 28,173,301</u>

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME INFORMATION

	Year Ended December 31, 2017					
		Non-Guarantor Subsidiaries				
	Parent	Guarantor Subsidiaries	MGP	Other	Elimination	Consolidated
	<i>(In thousands)</i>					
Net revenues	\$ —	\$ 7,516,836	\$ 765,695	\$ 3,260,883	\$ (769,510)	\$ 10,773,904
Equity in subsidiaries' earnings	1,394,690	157,348	—	—	(1,552,038)	—
Expenses						
Casino and hotel operations	10,784	4,127,270	—	2,031,768	(3,816)	6,166,006
General and administrative	8,742	1,181,329	84,348	369,844	(84,348)	1,559,915
Corporate expense	127,092	200,804	34,085	(515)	(4,591)	356,875
NV Energy exit expense	—	(40,629)	—	—	—	(40,629)
Preopening and start-up expenses	—	8,258	—	110,217	—	118,475
Property transactions, net	—	43,985	34,022	6,294	(34,022)	50,279
Depreciation and amortization	—	649,676	260,455	343,804	(260,455)	993,480
	<u>146,618</u>	<u>6,170,693</u>	<u>412,910</u>	<u>2,861,412</u>	<u>(387,232)</u>	<u>9,204,401</u>
Income (loss) from unconsolidated affiliates	—	147,001	—	(1,012)	—	145,989
Operating income	1,248,072	1,650,492	352,785	398,459	(1,934,316)	1,715,492
Interest expense, net of amounts capitalized	(466,907)	(982)	(184,175)	(16,681)	—	(668,745)
Other, net	26,215	(402,602)	2,286	(142,997)	434,106	(82,992)
Income before income taxes	807,380	1,246,908	170,896	238,781	(1,500,210)	963,755
Benefit (provision) for income taxes	1,152,906	—	(4,906)	(15,337)	—	1,132,663
Net income	1,960,286	1,246,908	165,990	223,444	(1,500,210)	2,096,418
Less: Net income attributable to noncontrolling interests	—	—	(41,775)	(94,357)	—	(136,132)
Net income attributable to MGM Resorts International	<u>\$ 1,960,286</u>	<u>\$ 1,246,908</u>	<u>\$ 124,215</u>	<u>\$ 129,087</u>	<u>\$ (1,500,210)</u>	<u>\$ 1,960,286</u>
Net income	\$ 1,960,286	\$ 1,246,908	\$ 165,990	\$ 223,444	\$ (1,500,210)	\$ 2,096,418
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustment	(23,995)	(23,995)	—	(43,188)	47,990	(43,188)
Unrealized gain on cash flow hedges	5,234	—	9,782	—	(7,021)	7,995
Other comprehensive income (loss)	<u>(18,761)</u>	<u>(23,995)</u>	<u>9,782</u>	<u>(43,188)</u>	<u>40,969</u>	<u>(35,193)</u>
Comprehensive income	1,941,525	1,222,913	175,772	180,256	(1,459,241)	2,061,225
Less: Comprehensive income attributable to noncontrolling interests	—	—	(44,536)	(75,164)	—	(119,700)
Comprehensive income attributable to MGM Resorts International	<u>\$ 1,941,525</u>	<u>\$ 1,222,913</u>	<u>\$ 131,236</u>	<u>\$ 105,092</u>	<u>\$ (1,459,241)</u>	<u>\$ 1,941,525</u>

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION

	Year Ended December 31, 2017					Consolidated
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Elimination	
			MGP	Other		
	<i>(In thousands)</i>					
Cash flows from operating activities						
Net cash provided by (used in) operating activities	\$ (584,251)	\$ 1,150,814	\$ 482,578	\$ 1,157,270	\$ —	\$ 2,206,411
Cash flows from investing activities						
Capital expenditures, net of construction payable	—	(482,024)	(488)	(1,381,570)	—	(1,864,082)
Dispositions of property and equipment	—	502	—	216	—	718
Acquisition of National Harbor, net of cash acquired	—	—	(462,500)	—	462,500	—
Investments in and advances to unconsolidated affiliates	—	(16,727)	—	—	—	(16,727)
Distributions from unconsolidated affiliates in excess of cumulative earnings	—	301,211	—	—	—	301,211
Intercompany accounts	462,500	(1,186,942)	—	—	724,442	—
Other	—	(1,754)	—	42	—	(1,712)
Net cash provided by (used in) investing activities	462,500	(1,385,734)	(462,988)	(1,381,312)	1,186,942	(1,580,592)
Cash flows from financing activities						
Net borrowings (repayments) under bank credit facilities - maturities of 90 days or less	122,500	—	(466,875)	359,376	—	15,001
Issuance of long-term debt	—	—	350,000	—	—	350,000
Retirement of senior notes	(502,669)	—	—	—	—	(502,669)
Debt issuance costs	—	—	(5,598)	(4,379)	—	(9,977)
Issuance of MGM Growth Properties Class A shares in public offering	—	—	404,685	—	—	404,685
MGM Growth Properties Class A share issuance costs	—	—	(17,137)	—	—	(17,137)
Dividends paid to common shareholders	(252,014)	—	—	—	—	(252,014)
MGP dividends paid to consolidated subsidiaries	—	—	(290,091)	—	290,091	—
Distributions to noncontrolling interest owners	—	—	(95,344)	(75,058)	—	(170,402)
Intercompany accounts	1,042,111	249,893	—	185,029	(1,477,033)	—
Purchases of common stock	(327,500)	—	—	—	—	(327,500)
Other	(33,802)	(11,643)	—	(13,320)	—	(58,765)
Net cash provided by (used in) financing activities	48,626	238,250	(120,360)	451,648	(1,186,942)	(568,778)
Effect of exchange rate on cash	—	—	—	(3,627)	—	(3,627)
Cash and cash equivalents						
Net increase (decrease) for the period	(73,125)	3,330	(100,770)	223,979	—	53,414
Balance, beginning of period	99,995	307,713	360,492	678,381	—	1,446,581
Balance, end of period	\$ 26,870	\$ 311,043	\$ 259,722	\$ 902,360	\$ —	\$ 1,499,995

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME INFORMATION

	Year Ended December 31, 2016					Consolidated
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Elimination	
			MGP	Other		
			<i>(In thousands)</i>			
Net revenues	\$ —	\$ 6,918,748	\$ 467,548	\$ 2,539,794	\$ (470,967)	\$ 9,455,123
Equity in subsidiaries' earnings	1,780,707	175,729	—	—	(1,956,436)	—
Expenses						
Casino and hotel operations	9,063	3,894,478	—	1,595,542	(3,419)	5,495,664
General and administrative	6,834	1,137,110	68,063	214,839	(48,229)	1,378,617
Corporate expense	131,938	160,956	20,360	(194)	(286)	312,774
NV Energy exit expense	—	139,335	—	—	—	139,335
Preopening and start-up expenses	—	8,775	—	131,300	—	140,075
Property transactions, net	—	16,449	4,684	(246)	(3,809)	17,078
Gain on Borgata transaction	—	(430,118)	—	—	—	(430,118)
Depreciation and amortization	—	524,123	220,667	261,730	(156,993)	849,527
	<u>147,835</u>	<u>5,451,108</u>	<u>313,774</u>	<u>2,202,971</u>	<u>(212,736)</u>	<u>7,902,952</u>
Income (loss) from unconsolidated affiliates	—	527,934	—	(318)	—	527,616
Operating income	1,632,872	2,171,303	153,774	336,505	(2,214,667)	2,079,787
Interest expense, net of amounts capitalized	(562,536)	(1,500)	(115,438)	(15,299)	—	(694,773)
Other, net	(7,864)	(324,141)	(726)	(93,145)	300,039	(125,837)
Income before income taxes	1,062,472	1,845,662	37,610	228,061	(1,914,628)	1,259,177
Benefit (provision) for income taxes	38,968	(22,579)	(2,264)	(36,424)	—	(22,299)
Net income	1,101,440	1,823,083	35,346	191,637	(1,914,628)	1,236,878
Less: Net income attributable to noncontrolling interests	—	—	(29,938)	(105,500)	—	(135,438)
Net income attributable to MGM Resorts International	<u>\$ 1,101,440</u>	<u>\$ 1,823,083</u>	<u>\$ 5,408</u>	<u>\$ 86,137</u>	<u>\$ (1,914,628)</u>	<u>\$ 1,101,440</u>
Net income	\$ 1,101,440	\$ 1,823,083	\$ 35,346	\$ 191,637	\$ (1,914,628)	\$ 1,236,878
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustment	(1,477)	(1,477)	—	(2,680)	2,954	(2,680)
Unrealized gain on cash flow hedges	1,434	—	1,879	—	(1,434)	1,879
Other comprehensive income (loss)	(43)	(1,477)	1,879	(2,680)	1,520	(801)
Comprehensive income	1,101,397	1,821,606	37,225	188,957	(1,913,108)	1,236,077
Less: Comprehensive income attributable to noncontrolling interests	—	—	(30,383)	(104,297)	—	(134,680)
Comprehensive income attributable to MGM Resorts International	<u>\$ 1,101,397</u>	<u>\$ 1,821,606</u>	<u>\$ 6,842</u>	<u>\$ 84,660</u>	<u>\$ (1,913,108)</u>	<u>\$ 1,101,397</u>

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION

	Year Ended December 31, 2016					Consolidated
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Elimination	
			MGP	Other		
<i>(In thousands)</i>						
Cash flows from operating activities						
Net cash provided by (used in) operating activities	\$ (603,136)	\$ 1,312,165	\$ 297,781	\$ 527,162	\$ —	\$ 1,533,972
Cash flows from investing activities						
Capital expenditures, net of construction payable	—	(290,455)	(138,987)	(1,833,031)	—	(2,262,473)
Dispositions of property and equipment	—	1,940	—	2,004	—	3,944
Proceeds from partial disposition of investment in unconsolidated affiliates	—	15,000	—	—	—	15,000
Acquisition of Borgata, net of cash acquired	—	(559,443)	—	—	—	(559,443)
Investments in and advances to unconsolidated affiliates	—	(3,633)	—	—	—	(3,633)
Distributions from unconsolidated affiliates in excess of cumulative earnings	—	542,097	—	—	—	542,097
Intercompany accounts	—	(1,562,442)	—	—	1,562,442	—
Other	—	(7,651)	—	(4,045)	—	(11,696)
Net cash used in investing activities	—	(1,864,587)	(138,987)	(1,835,072)	1,562,442	(2,276,204)
Cash flows from financing activities						
Net borrowings (repayments) under bank credit facilities - maturities of 90 days or less	(2,016,000)	4,094,850	(2,411,600)	823,782	—	491,032
Borrowings under bank credit facilities - maturities longer than 90 days	1,845,375	—	—	—	—	1,845,375
Repayments under bank credit facilities - maturities longer than 90 days	(1,845,375)	—	—	—	—	(1,845,375)
Issuance of long-term debt	500,000	—	1,550,000	—	—	2,050,000
Retirement of senior notes	(2,255,392)	(2,661)	—	—	—	(2,258,053)
Repayment of Borgata credit facility	—	(583,598)	—	—	—	(583,598)
Debt issuance costs	(29,871)	—	(77,163)	(32,550)	—	(139,584)
Issuance of MGM Growth Properties Class A shares in public offering	—	—	1,207,500	—	—	1,207,500
MGM Growth Properties Class A share issuance costs	—	—	(75,032)	—	—	(75,032)
Acquisition of MGM China shares	(100,000)	—	—	—	—	(100,000)
MGP dividends paid to consolidated subsidiaries	—	—	(113,414)	—	113,414	—
Distributions to noncontrolling interest owners	—	—	(37,415)	(65,952)	—	(103,367)
Intercompany accounts	4,082,303	(2,952,624)	158,822	387,355	(1,675,856)	—
Proceeds from issuance of redeemable noncontrolling interests	—	—	—	47,325	—	47,325
Other	(16,765)	—	—	(36)	—	(16,801)
Net cash provided by financing activities	164,275	555,967	201,698	1,159,924	(1,562,442)	519,422
Effect of exchange rate on cash	—	—	—	(921)	—	(921)
Cash and cash equivalents						
Net increase (decrease) for the period	(438,861)	3,545	360,492	(148,907)	—	(223,731)
Balance, beginning of period	538,856	304,168	—	827,288	—	1,670,312
Balance, end of period	<u>\$ 99,995</u>	<u>\$ 307,713</u>	<u>\$ 360,492</u>	<u>\$ 678,381</u>	<u>\$ —</u>	<u>\$ 1,446,581</u>

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME INFORMATION

	Year Ended December 31, 2015					
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Elimination	Consolidated
			MGP	Other		
			<i>(In thousands)</i>			
Net revenues	\$ —	\$ 6,429,103	\$ —	\$ 2,763,862	\$ (2,897)	\$ 9,190,068
Equity in subsidiaries' earnings	376,074	(566,270)	—	—	190,196	—
Expenses						
Casino and hotel operations	6,717	3,807,569	—	1,813,987	(2,897)	5,625,376
General and administrative	4,959	1,038,053	58,473	207,619	—	1,309,104
Corporate expense	120,615	154,424	—	(488)	—	274,551
Preopening and start-up expenses	—	4,973	—	66,354	—	71,327
Property transactions, net	—	24,688	6,665	1,472,589	—	1,503,942
Depreciation and amortization	—	348,159	196,816	274,908	—	819,883
	<u>132,291</u>	<u>5,377,866</u>	<u>261,954</u>	<u>3,834,969</u>	<u>(2,897)</u>	<u>9,604,183</u>
Income (loss) from unconsolidated affiliates	—	259,002	—	(1,119)	—	257,883
Operating income (loss)	243,783	743,969	(261,954)	(1,072,226)	190,196	(156,232)
Interest expense, net of amounts capitalized	(762,529)	(1,057)	—	(33,993)	—	(797,579)
Other, net	49,497	(84,958)	—	(56,971)	—	(92,432)
Income (loss) before income taxes	(469,249)	657,954	(261,954)	(1,163,190)	190,196	(1,046,243)
Benefit (provision) for income taxes	21,529	(7,125)	—	(7,810)	—	6,594
Net income (loss)	(447,720)	650,829	(261,954)	(1,171,000)	190,196	(1,039,649)
Less: Net loss attributable to noncontrolling interests	—	—	—	591,929	—	591,929
Net income (loss) attributable to MGM Resorts International	<u>\$ (447,720)</u>	<u>\$ 650,829</u>	<u>\$ (261,954)</u>	<u>\$ (579,071)</u>	<u>\$ 190,196</u>	<u>\$ (447,720)</u>
Net income (loss)	\$ (447,720)	\$ 650,829	\$ (261,954)	\$ (1,171,000)	\$ 190,196	\$ (1,039,649)
Other comprehensive income, net of tax:						
Foreign currency translation adjustment	1,703	1,703	—	3,727	(3,406)	3,727
Other	(672)	(672)	—	—	672	(672)
Other comprehensive income	<u>1,031</u>	<u>1,031</u>	<u>—</u>	<u>3,727</u>	<u>(2,734)</u>	<u>3,055</u>
Comprehensive income (loss)	(446,689)	651,860	(261,954)	(1,167,273)	187,462	(1,036,594)
Less: Comprehensive loss attributable to noncontrolling interests	—	—	—	589,905	—	589,905
Comprehensive income (loss) attributable to MGM Resorts International	<u>\$ (446,689)</u>	<u>\$ 651,860</u>	<u>\$ (261,954)</u>	<u>\$ (577,368)</u>	<u>\$ 187,462</u>	<u>\$ (446,689)</u>

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION

	Year Ended December 31, 2015					Consolidated
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Elimination	
			MGP	Other		
	(In thousands)					
Cash flows from operating activities						
Net cash provided by (used in) operating activities	\$ (776,996)	\$ 1,375,703	\$ (58,473)	\$ 464,845	\$ —	\$ 1,005,079
Cash flows from investing activities						
Capital expenditures, net of construction payable	—	(353,245)	(129,308)	(984,266)	—	(1,466,819)
Dispositions of property and equipment	—	7,901	—	131	—	8,032
Proceeds from sale of business units and investment in unconsolidated affiliates	—	92,207	—	—	—	92,207
Investments in and advances to unconsolidated affiliates	(141,390)	(54,672)	—	—	—	(196,062)
Distributions from unconsolidated affiliates in excess of cumulative earnings	—	201,612	—	—	—	201,612
Investments in cash deposits - maturities longer than 90 days	(200,205)	—	—	—	—	(200,205)
Proceeds from cash deposits - maturities longer than 90 days	770,205	—	—	—	—	770,205
Intercompany accounts	—	(1,059,181)	—	—	1,059,181	—
Other	—	(7,516)	—	3,488	—	(4,028)
Net cash provided by (used in) investing activities	428,610	(1,172,894)	(129,308)	(980,647)	1,059,181	(795,058)
Cash flows from financing activities						
Net borrowings (repayments) under bank credit facilities - maturities of 90 days or less	(28,000)	—	—	1,005,275	—	977,275
Borrowings under bank credit facilities - maturities longer than 90 days	3,768,750	—	—	1,350,000	—	5,118,750
Repayments under bank credit facilities - maturities longer than 90 days	(3,768,750)	—	—	(1,350,000)	—	(5,118,750)
Retirement of senior notes	(875,504)	—	—	—	—	(875,504)
Debt issuance costs	—	—	—	(46,170)	—	(46,170)
Intercompany accounts	1,003,750	(157,958)	187,781	25,608	(1,059,181)	—
Distributions to noncontrolling interest owners	—	—	—	(307,227)	—	(307,227)
Proceeds from issuance of redeemable noncontrolling interests	—	—	—	6,250	—	6,250
Other	(12,512)	—	—	9	—	(12,503)
Net cash provided by (used in) financing activities	87,734	(157,958)	187,781	683,745	(1,059,181)	(257,879)
Effect of exchange rate on cash	—	—	—	793	—	793
Cash and cash equivalents						
Net increase (decrease) for the period	(260,652)	44,851	—	168,736	—	(47,065)
Change in cash related to assets held for sale	—	3,662	—	—	—	3,662
Balance, beginning of period	799,508	255,655	—	658,552	—	1,713,715
Balance, end of period	\$ 538,856	\$ 304,168	\$ —	\$ 827,288	\$ —	\$ 1,670,312

NOTE 20 — SELECTED QUARTERLY FINANCIAL RESULTS (UNAUDITED)

	Quarter				
	First	Second	Third	Fourth	Total
2017	<i>(In thousands, except per share data)</i>				
Net revenues	\$ 2,708,179	\$ 2,641,737	\$ 2,826,740	\$ 2,597,248	\$ 10,773,904
Operating income	497,181	501,046	493,861	223,404	1,715,492
Net income	253,009	241,620	176,496	1,425,293	2,096,418
Net income attributable to MGM Resorts International	206,847	210,611	149,115	1,393,713	1,960,286
Earnings per share-basic	\$ 0.36	\$ 0.37	\$ 0.26	\$ 2.43	\$ 3.39
Earnings per share-diluted	\$ 0.36	\$ 0.36	\$ 0.26	\$ 2.40	\$ 3.35
2016					
Net revenues	\$ 2,209,686	\$ 2,269,502	\$ 2,515,115	\$ 2,460,820	\$ 9,455,123
Operating income	315,954	769,055	712,755	282,023	2,079,787
Net income	91,198	514,498	561,260	69,922	1,236,878
Net income attributable to MGM Resorts International	66,799	474,353	535,619	24,669	1,101,440
Earnings per share-basic	\$ 0.12	\$ 0.84	\$ 0.94	\$ 0.04	\$ 1.94
Earnings per share-diluted	\$ 0.12	\$ 0.83	\$ 0.93	\$ 0.04	\$ 1.92

Because earnings per share amounts are calculated using the weighted average number of common and dilutive common equivalent shares outstanding during each quarter, the sum of the per share amounts for the four quarters does not equal the total earnings per share amounts for the year. The following sections list certain items affecting comparability of quarterly and year-to-date results and related per share amounts. Additional information related to these items is included elsewhere in the notes to the accompanying financial statements.

Certain items affecting comparability for the year ended December 31, 2017 are as follows:

- **First Quarter.** None;
- **Second Quarter.** The Company recorded a \$41 million gain (\$0.05 per share in the quarter and full year of 2017) related to a modification of the 2016 NV Energy exit fee. Additionally, the Company recorded a \$36 million gain (\$0.04 per share in the quarter and full year of 2017) related to Borgata's share of a property tax settlement from Atlantic City;
- **Third Quarter.** None; and
- **Fourth Quarter.** The Company recorded a \$1.4 billion tax benefit (\$2.50 per share in the quarter and \$2.47 per share for full year of 2017) related to the enactment of the Tax Act.

Certain items affecting comparability for the year ended December 31, 2016 are as follows:

- **First Quarter.** None;
- **Second Quarter.** In the second quarter and the full year, the Company recorded a \$406 million and a \$401 million gain, respectively, (\$0.57 and \$0.56 per share in the quarter and full year of 2016, respectively) for its share of CityCenter's gain related to the sale of Crystals;
- **Third Quarter.** The Company recorded a \$430 million gain (\$0.60 and \$0.61 per share in the quarter and full year of 2016, respectively) related to the acquisition of Borgata. Additionally, the Company recorded a \$139 million charge (\$0.18 loss per share in the quarter and full year of 2016) related to NV Energy exit expense and a \$13 million charge (\$0.02 loss per share in the quarter and full year of 2016) related to our share of CityCenter's NV Energy exit expense associated with the Company's strategic decision to exit the fully bundled sales system of NV Energy; and
- **Fourth Quarter.** None.

ITEM 16. FORM 10K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MGM Resorts International

By: /s/ JAMES J. MURREN

James J. Murren
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Dated: March 1, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
<u>/ s / JAMES J. MURREN</u> James J. Murren	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 1, 2018
<u>/ s / ROBERT H. BALDWIN</u> Robert H. Baldwin	Chief Customer Development Officer and Director	March 1, 2018
<u>/ s / DANIEL J. D'ARRIGO</u> Daniel J. D'Arrigo	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 1, 2018
<u>/ s / ROBERT C. SELWOOD</u> Robert C. Selwood	Executive Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 1, 2018
<u>/ s / WILLIAM A. BIBLE</u> William A. Bible	Director	March 1, 2018
<u>/ s / MARY CHRIS GAY</u> Mary Chris Gay	Director	March 1, 2018
<u>/ s / WILLIAM W. GROUNDS</u> William W. Grounds	Director	March 1, 2018
<u>/ s / ALEXIS M. HERMAN</u> Alexis M. Herman	Director	March 1, 2018
<u>/ s / ROLAND HERNANDEZ</u> Roland Hernandez	Director	March 1, 2018

SIGNATURE	TITLE	DATE
<hr/> <i>/ s / JOHN B. KILROY, JR.</i> <hr/> John B. Kilroy, Jr.	Director	March 1, 2018
<hr/> <i>/ s / ROSE MCKINNEY-JAMES</i> <hr/> Rose McKinney-James	Director	March 1, 2018
<hr/> <i>/ s / GREGORY M. SPIERKEL</i> <hr/> Gregory M. Spierkel	Director	March 1, 2018
<hr/> <i>/ s / DANIEL J. TAYLOR</i> <hr/> Daniel J. Taylor	Director	March 1, 2018

MGM RESORTS INTERNATIONAL

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

(In thousands)

	<u>Balance at Beginning of Period</u>	<u>Provision for Doubtful Accounts</u>	<u>Write-offs, Net of Recoveries</u>	<u>Balance at End of Period</u>
Allowance for doubtful accounts:				
Year Ended December 31, 2017	\$ 97,920	\$ 20,603	\$ (25,952)	\$ 92,571
Year Ended December 31, 2016	89,789	10,863	(2,732)	97,920
Year Ended December 31, 2015	89,602	54,691	(54,504)	89,789

	<u>Balance at Beginning of Period</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at End of Period</u>
Deferred income tax valuation allowance:				
Year Ended December 31, 2017	\$ 2,583,274	\$ —	\$ (69,536)	\$ 2,513,738
Year Ended December 31, 2016	2,807,131	2,975	(226,832)	2,583,274
Year Ended December 31, 2015	2,558,767	248,504	(140)	2,807,131

**MGM RESORTS INTERNATIONAL
RESTRICTED STOCK UNITS AGREEMENT**

No. of Restricted Stock Units:

This Agreement (including its Exhibit, the “Agreement”) is made by and between MGM Resorts International (formerly MGM MIRAGE), a Delaware corporation (the “Company”), and _____ (the “Participant”) with an effective date of _____ (the “Effective Date”).

RECITALS

A. The Board of Directors of the Company (the “Board”) has adopted the Company’s 2005 Omnibus Incentive Plan, as amended (the “Plan”), which provides for the granting of Restricted Stock Units (as that term is defined in Section 1 below) to selected service providers. Capitalized terms used and not defined in this Agreement shall have the same meanings as in the Plan.

B. The Board believes that the grant of Restricted Stock Units will stimulate the interest of selected employees in, and strengthen their desire to remain with, the Company or a Parent or Subsidiary (as those terms are hereinafter defined).

C. The Compensation Committee of the Board (the “Committee”) has authorized the grant of Restricted Stock Units to the Participant pursuant to the terms of the Plan and this Agreement.

D. The Committee and the Participant intend that the Plan and this Agreement constitute the entire agreement between the parties hereto with regard to the subject matter hereof and shall supersede any other agreements, representations or understandings (whether oral or written and whether express or implied, and including, without limitation, any employment agreement between the Participant and the Company or any of its affiliates (including, without limitation, any Parent or Subsidiary) whether previously entered into, currently effective or entered into in the future) which relate to the subject matter hereof.

Accordingly, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Definitions.

1.1 “Code” means the Internal Revenue Code of 1986, as amended.

1.2 “Employer” means the Company, the Subsidiaries and any Parent and affiliated companies, but specifically excludes Tracinda Corporation, its stockholder or stockholders, and its subsidiaries.

1.3 “Fair Market Value” means the closing price of a share of Stock reported on the New York Stock Exchange (“NYSE”) or other applicable established stock exchange or over the

counter market on the applicable date of determination, or if no closing price was reported on such date, the first trading day immediately preceding the applicable date of determination on which such a closing price was reported. In the event shares of Stock are not publicly traded at the time a determination of their value is required to be made hereunder, the determination of their Fair Market Value shall be made by the Committee in such manner as it deems appropriate.

1.4 “Parent” means a parent corporation as defined in Section 424(e) of the Code.

1.5 “Restricted Stock Unit” means an award granted to a Participant pursuant to Article 8 of the Plan, except that no shares of Stock are actually awarded or granted to the Participant on the date of grant.

1.6 “Section 409A” means Section 409A of the Code, and the regulations and guidance promulgated thereunder to the extent applicable.

1.7 “Stock” means the Company’s common stock, \$.01 par value per share.

1.8 “Subsidiary” means a subsidiary corporation of the Company as defined in Section 424(f) of the Code or corporation or other entity, whether domestic or foreign, in which the Company has or obtains a proprietary interest of more than fifty percent (50%) by reason of stock ownership or otherwise.

2. Grant to Participant. The Company hereby grants to the Participant, subject to the terms and conditions of the Plan and this Agreement, an award of _____ Restricted Stock Units. Except as otherwise set forth in the Plan or this Agreement, each Restricted Stock Unit represents the right to receive one (1) share of Stock in respect thereof that shall be paid to the Participant within thirty (30) days following the earlier to occur of (i) a change of control (as defined in the Company’s Change of Control Policy for Executive Officers, as amended from time to time, provided such change of control meets the definition of a change in control event for purposes of Section 409A and (ii) the third anniversary of the Effective Date.

3. Terms and Conditions.

3.1 Vesting. The Restricted Stock Units shall be fully vested as of the date of grant and shall not be subject to forfeiture in the event Participant’s employment with Employer terminates for any reason. For the avoidance of doubt, the Restricted Stock Units shall be paid out under Section 2 notwithstanding any prior termination of employment.

3.2 Stockholder Rights and Dividend Equivalents.

(i) Participant will have no rights as a stockholder with respect to any shares of Stock subject to Restricted Stock Units until the shares of Stock relating thereto have been issued and recorded on the records of the Company or its transfer agent or registrars.

(ii) Notwithstanding the foregoing, this award shall accrue dividend equivalents with respect to dividends that would otherwise be paid on the shares of Stock underlying the award during the period from the Effective Date to the date such underlying shares of Stock are delivered. Any such dividend equivalent shall be deemed reinvested in additional full and

fractional Restricted Stock Units immediately upon the related dividend's payment date, based on the then-current Fair Market Value, and shall be subject to the same vesting, settlement and other conditions applicable to the Restricted Stock Units on which such dividend equivalents are paid. Any fractional shares shall be paid in cash upon the settlement of such Restricted Share Units.

3.3 Limits on Transferability. The Restricted Stock Units granted under this Agreement may be transferred solely to a trust in which the Participant or the Participant's spouse control the management of the assets. Any transfer of Restricted Stock Units shall be subject to the terms and conditions of the Plan and this Agreement and the transferee shall be subject to the same terms and conditions as if it were the Participant. No interest of the Participant under this Agreement shall be subject to attachment, execution, garnishment, sequestration, the laws of bankruptcy or any other legal or equitable process.

3.4 Adjustments. If there is any change in the Stock by reason of any stock dividend, recapitalization, reorganization, merger, consolidation, split-up, combination or exchange of shares of Stock, or any similar change affecting the Stock the Committee will make appropriate and proportionate adjustments (including relating to the Stock, other securities, cash or other consideration which may be acquired upon payment or settlement of the Restricted Stock Units) that it deems necessary to the number and class of securities subject to the Restricted Stock Units and any other terms of this Agreement. Any adjustment so made shall be final and binding upon the Participant.

3.5 No Right to Continued Performance of Services. The grant of the Restricted Stock Units does not confer upon the Participant any right to continue to be employed by the Company or any of its affiliates (including, without limitation, any Parent or Subsidiary) nor may it interfere in any way with the right of the Company or any of its affiliates (including, without limitation, any Parent or Subsidiary) for which the Participant performs services to terminate the Participant's employment at any time.

3.6 Compliance With Law and Regulations. The grant of Restricted Stock Units and the obligation of the Company to issue shares of Stock under this Agreement are subject to all applicable federal and state laws, rules and regulations, including those related to disclosure of financial and other information to the Participant and to approvals by any government or regulatory agency as may be required. The Company shall not be required to issue or deliver any certificates for shares of Stock prior to (A) the listing of such shares on any stock exchange on which the Stock may then be listed and (B) the completion of any registration or qualification of such shares under any federal or state law, or any rule or regulation of any government body which the Company shall, in its sole discretion, determine to be necessary or advisable.

3.7 Corporate Transaction. Subject to Section 2, upon the occurrence of a reorganization, merger, consolidation, recapitalization, or similar transaction, unless otherwise specifically prohibited under applicable laws or by the applicable rules and regulations of any governing governmental agencies or national securities exchanges, the Committee is authorized (but not obligated) to make adjustments in the terms and conditions of the Restricted Stock Units, including without limitation the following (or any combination thereof): (i) continuation or assumption of the Restricted Stock Units by the Company (if it is the surviving company or

corporation) or by the surviving company or corporation or its parent; (ii) substitution by the surviving company or corporation or its parent of an award with substantially the same terms for the Restricted Stock Units; and (iii) cancellation of all or any portion of the Restricted Stock Units for fair value (in the form of cash or its equivalent (e.g., by check), other property or any combination thereof) as determined in the sole discretion of the Committee and which value may be zero (if the value of the underlying stock is zero), and payment to the Participant within thirty (30) days thereafter.

4. Investment Representation. The Participant must, within five (5) days of demand by the Company furnish the Company an agreement satisfactory to the Company in which the Participant represents that the shares of Stock acquired upon payment are being acquired for investment. The Company will have the right, at its election, to place legends on the certificates representing the shares of Stock so being issued with respect to limitations on transferability imposed by federal and/or state laws, and the Company will have the right to issue “stop transfer” instructions to its transfer agent.

5. Participant Bound by Plan. The Participant hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof as amended from time to time.

6. Withholding. The Company or any Parent or Subsidiary shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of the Restricted Stock Units awarded by this Agreement, their grant or otherwise, and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such withholding taxes, which may include, without limitation, reducing the number of shares otherwise distributable to the Participant by the number of shares of Stock whose Fair Market Value is equal to the amount of tax required to be withheld by the Company or a Parent or Subsidiary as a result of the settlement or otherwise of the Restricted Stock Units.

7. Notices. Any notice hereunder to the Company must be addressed to: MGM Resorts International, 3600 Las Vegas Boulevard South, Las Vegas, Nevada 89109, Attention: 2005 Omnibus Incentive Plan Administrator, and any notice hereunder to the Participant must be addressed to the Participant at the Participant’s last address on the records of the Company, subject to the right of either party to designate at any time hereafter in writing some other address. Any notice shall be deemed to have been duly given on personal delivery or three (3) days after being sent in a properly sealed envelope, addressed as set forth above, and deposited (with first class postage prepaid) in the United States mail.

8. Entire Agreement. This Agreement and the Plan constitute the entire agreement between the parties hereto with regard to the subject matter hereof and shall supersede any other agreements, representations or understandings (whether oral or written and whether express or implied, and including, without limitation, any employment agreement between the Participant and the Company or any of its affiliates (including, without limitation, any Parent or Subsidiary) whether previously entered into, currently effective or entered into in the future that includes terms and conditions regarding equity awards) which relate to the subject matter hereof.

9. Waiver. No waiver of any breach or condition of this Agreement shall be deemed a waiver of any other or subsequent breach or condition whether of like or different nature.

10. Participant Undertaking. The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or effect one or more of the obligations or restrictions imposed on either the Participant or the Restricted Stock Units pursuant to this Agreement.

11. Successors and Assigns. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's assigns and the legal representatives, heirs and legatees of the Participant's estate, whether or not any such person shall have become a party to this Agreement and agreed in writing to be joined herein and be bound by the terms hereof.

12. Governing Law. The parties hereto agree that the validity, construction and interpretation of this Agreement shall be governed by the laws of the state of Nevada.

13. Arbitration. Except as otherwise provided in Exhibit A to this Agreement (which constitutes a material provision of this Agreement), disputes relating to this Agreement shall be resolved by arbitration pursuant to Exhibit A hereto.

14. Clawback Policy. By accepting this award the Participant hereby agrees that this award and any other compensation paid or payable to the Participant is subject to Company's Policy on Recovery of Incentive Compensation in Event of Financial Restatement (or any successor policy) as in effect from time to time, and that this award shall be considered a bonus for purposes of such policy. In addition, the Participant agrees that such policy may be amended from time to time by the Board in a manner designed to comply with applicable law and/or stock exchange listing requirements. The Participant also hereby agrees that the award granted hereunder and any other compensation payable to the Participant shall be subject to recovery (in whole or in part) by the Company to the minimum extent required by applicable law and/or stock exchange listing requirements.

15. Amendment. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto; provided that the Company may alter, modify or amend this Agreement unilaterally if such change is not materially adverse to the Participant or to cause this Agreement to comply with applicable law.

16. Severability. The provisions of this Agreement are severable and if any portion of this Agreement is declared contrary to any law, regulation or is otherwise invalid, in whole or in part, the remaining provisions of this Agreement shall nevertheless be binding and enforceable.

17. Execution. Each party agrees that an electronic, facsimile or digital signature or an online acceptance or acknowledgment will be accorded the full legal force and effect of a handwritten signature under Nevada law. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

18. Variation of Pronouns. All pronouns and any variations thereof contained herein shall be deemed to refer to masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

19. Tax Treatment; Section 409A. The Participant shall be responsible for all taxes with respect to the Restricted Stock Units. Notwithstanding the forgoing or any provision of the Plan or this Agreement:

19.1 The parties agree that this Agreement shall be interpreted to comply with or be exempt from Section 409A, and all provisions of this Agreement shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. If any provision of this Agreement or the Plan contravenes Section 409A or could cause the Participant to incur any tax, interest or penalties under Section 409A, the Committee may, in its sole discretion and without the Participant's consent, modify such provision in order to comply with the requirements of Section 409A or to satisfy the conditions of any exception therefrom, or otherwise to avoid the imposition of the additional income tax and interest under Section 409A, while maintaining, to the maximum extent practicable, the original intent and economic benefit to the Participant, without materially increasing the cost to the Company, of the applicable provision. However, the Company makes no guarantee regarding the tax treatment of the Restricted Stock Units and none of the Company, its Parent, Subsidiaries or affiliates, nor any of their employees or representatives shall have any liability to the Participant with respect thereto.

19.2 A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits considered "nonqualified deferred compensation" under Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." If the Participant is deemed on the date of termination to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provision of any benefit that is considered nonqualified deferred compensation under Section 409A payable on account of a "separation from service," such payment or benefit shall be made or provided at the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such "separation from service" of the Participant, and (ii) the date of the Participant's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 19.2 (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed on the first business day following the expiration of the Delay Period to the Participant in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

19.3 For purposes of Section 409A, the Participant's right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within thirty (30) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

* * *

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IN WITNESS WHEREOF, the parties hereto have executed this Restricted Stock Units Agreement as of the date first written above.

MGM RESORTS INTERNATIONAL

By: _____
Name:
Title:

PARTICIPANT

By: _____
Name:

[Signature Page to Restricted Stock Units Agreement]

EXHIBIT A
ARBITRATION

This Exhibit A sets forth the methods for resolving disputes should any arise under the Agreement, and accordingly, this Exhibit A shall be considered a part of the Agreement.

1. Except for a claim by either Participant or the Company for injunctive relief where such would be otherwise authorized by law, any controversy or claim arising out of or relating to the Agreement or the breach hereof including without limitation any claim involving the interpretation or application of the Agreement or the Plan, shall be submitted to binding arbitration in accordance with the employment arbitration rules then in effect of the Judicial Arbitration and Mediation Service (“JAMS”), to the extent not inconsistent with this paragraph. This Exhibit A covers any claim Participant might have against any officer, director, employee, or agent of the Company, or any of the Company’s subsidiaries, divisions, and affiliates, and all successors and assigns of any of them. The promises by the Company and Participant to arbitrate differences, rather than litigate them before courts or other bodies, provide consideration for each other, in addition to other consideration provided under the Agreement.

2. Claims Subject to Arbitration. This Exhibit A contemplates mandatory arbitration to the fullest extent permitted by law. Only claims that are justiciable under applicable state or federal law are covered by this Exhibit A. Such claims include any and all alleged violations of any state or federal law whether common law, statutory, arising under regulation or ordinance, or any other law, brought by any current or former employees.

3. Non-Waiver of Substantive Rights. This Exhibit A does not waive any rights or remedies available under applicable statutes or common law. However, it does waive Participant’s right to pursue those rights and remedies in a judicial forum. By signing the Agreement and the acknowledgment at the end of this Exhibit A, the undersigned Participant voluntarily agrees to arbitrate his or her claims covered by this Exhibit A.

4. Time Limit to Pursue Arbitration; Initiation : To ensure timely resolution of disputes, Participant and the Company must initiate arbitration within the statute of limitations (deadline for filing) provided for by applicable law pertaining to the claim. The failure to initiate arbitration within this time limit will bar any such claim. The parties understand that the Company and Participant are waiving any longer statutes of limitations that would otherwise apply, and any aggrieved party is encouraged to give written notice of any claim as soon as possible after the event(s) in dispute so that arbitration of any differences may take place promptly. The parties agree that the aggrieved party must, within the time frame provided by this Exhibit A, give written notice of a claim pursuant to Section 7 of the Agreement. In the event such notice is to be provided to the Company, the Participant shall provide a copy of such notice of a claim to the Company’s Executive Vice President and General Counsel. Written notice shall identify and describe the nature of the claim, the supporting facts and the relief or remedy sought.

5. Selecting an Arbitrator: This Exhibit A mandates Arbitration under the then current rules of the Judicial Arbitration and Mediation Service (JAMS) regarding employment disputes. The arbitrator shall be either a retired judge or an attorney experienced in employment law and licensed to practice in the state in which arbitration is convened. The parties shall select one arbitrator from among a list of three qualified neutral arbitrators provided by JAMS. If the parties are unable to agree on the arbitrator, each party shall strike one name and the remaining named arbitrator shall be selected.

6. Representation/Arbitration Rights and Procedures:

a. Participant may be represented by an attorney of his/her choice at his/her own expense.

b. The arbitrator shall apply the substantive law (and the law of remedies, if applicable) of Nevada (without regard to its choice of law provisions) and/or federal law when applicable. In all cases, this Exhibit A shall provide for the broadest level of arbitration of claims between the Company and Participant under Nevada or applicable federal law. The arbitrator is without jurisdiction to apply any different substantive law or law of remedies.

c. The arbitrator shall have no authority to award non-economic damages or punitive damages except where such relief is specifically authorized by an applicable state or federal statute or common law. In such a situation, the arbitrator shall specify in the award the specific statute or other basis under which such relief is granted.

d. The applicable law with respect to privilege, including attorney-client privilege, work product, and offers to compromise must be followed.

e. The parties shall have the right to conduct reasonable discovery, including written and oral (deposition) discovery and to subpoena and/or request copies of records, documents and other relevant discoverable information consistent with the procedural rules of JAMS. The arbitrator shall decide disputes regarding the scope of discovery and shall have authority to regulate the conduct of any hearing and/or trial proceeding. The arbitrator shall have the right to entertain a motion to dismiss and/or motion for summary judgment.

f. The parties shall exchange witness lists at least 30 days prior to the trial/hearing procedure. The arbitrator shall have subpoena power so that either Participant or the Company may summon witnesses. The arbitrator shall use the Federal Rules of Evidence. Both parties have the right to file a post hearing brief. Any party, at its own expense, may arrange for and pay the cost of a court reporter to provide a stenographic record of the proceedings.

g. Any arbitration hearing or proceeding shall take place in private, not open to the public, in Las Vegas, Nevada.

7. Arbitrator's Award: The arbitrator shall issue a written decision containing the specific issues raised by the parties, the specific findings of fact, and the specific conclusions of law. The award shall be rendered promptly, typically within 30 days after conclusion of the arbitration hearing, or the submission of post-hearing briefs if requested. The arbitrator may not award any relief or remedy in excess of what a court could grant under applicable law. The

arbitrator's decision is final and binding on both parties. Judgment upon an award rendered by the arbitrator may be entered in any court having competent jurisdiction.

a. Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Exhibit A and to enforce an arbitration award.

b. In the event of any administrative or judicial action by any agency or third party to adjudicate a claim on behalf of Participant which is subject to arbitration under this Exhibit A, Participant hereby waives the right to participate in any monetary or other recovery obtained by such agency or third party in any such action, and Participant's sole remedy with respect to any such claim shall be any award decreed by an arbitrator pursuant to the provisions of this Exhibit A.

8. Fees and Expenses: The Company shall be responsible for paying any filing fee and the fees and costs of the arbitrator; provided, however, that if Participant is the party initiating the claim, Participant will contribute an amount equal to the filing fee to initiate a claim in the court of general jurisdiction in the state in which Participant is (or was last) employed by the Company. Participant and the Company shall each pay for their own expenses, attorney's fees (a party's responsibility for his/her/its own attorney's fees is only limited by any applicable statute specifically providing that attorney's fees may be awarded as a remedy), and costs and fees regarding witness, photocopying and other preparation expenses. If any party prevails on a statutory claim that affords the prevailing party attorney's fees and costs, or if there is a written agreement providing for attorney's fees and/or costs, the arbitrator may award reasonable attorney's fees and/or costs to the prevailing party, applying the same standards a court would apply under the law applicable to the claim(s).

9. The arbitration provisions of this Exhibit A shall survive the termination of Participant's employment with the Company and the expiration of the Agreement. These arbitration provisions can only be modified or revoked in a writing signed by both parties and which expressly states an intent to modify or revoke the provisions of this Exhibit A.

10. The arbitration provisions of this Exhibit A do not alter or affect the termination provisions of this Agreement.

11. Capitalized terms not defined in this Exhibit A shall have the same definition as in the Agreement to which this is Exhibit A.

12. If any provision of this Exhibit A is adjudged to be void or otherwise unenforceable, in whole or in part, such adjudication shall not affect the validity of the remainder of Exhibit A. All other provisions shall remain in full force and effect.

ACKNOWLEDGMENT

BOTH PARTIES ACKNOWLEDGE THAT: THEY HAVE CAREFULLY READ THIS EXHIBIT A IN ITS ENTIRETY, THEY UNDERSTAND ITS TERMS, EXHIBIT A CONSTITUTES A MATERIAL TERM AND CONDITION OF THE RESTRICTED STOCK UNITS AGREEMENT BETWEEN THE PARTIES TO WHICH IT IS EXHIBIT A, AND THEY AGREE TO ABIDE BY ITS TERMS.

The parties also specifically acknowledge that by agreeing to the terms of this Exhibit A, they are waiving the right to pursue claims covered by this Exhibit A in a judicial forum and instead agree to arbitrate all such claims before an arbitrator without a court or jury. It is specifically understood that this Exhibit A does not waive any rights or remedies which are available under applicable state and federal statutes or common law. Both parties enter into this Exhibit A voluntarily and not in reliance on any promises or representation by the other party other than those contained in the Agreement or in this Exhibit A.

Participant further acknowledges that Participant has been given the opportunity to discuss this Exhibit A with Participant's private legal counsel and that Participant has availed himself/herself of that opportunity to the extent Participant wishes to do so.

* * *

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MGM RESORTS INTERNATIONAL
PERFORMANCE SHARE UNITS AGREEMENT

Target No. of Performance Share Units: [●]

This Agreement (including its Exhibits, the “Agreement”) is made by and between MGM Resorts International (formerly MGM MIRAGE), a Delaware corporation (the “Company”), and [●] (the “Participant”) with an effective date of [●] (the “Effective Date”).

RECITALS

A. The Board of Directors of the Company (the “Board”) has adopted the Company’s 2005 Omnibus Incentive Plan, as amended (the “Plan”), which provides for the granting of Performance Share Units (as that term is defined in Section 1 below) to selected service providers. Capitalized terms used and not defined in this Agreement shall have the same meanings as in the Plan.

B. The Board believes that the grant of Performance Share Units will stimulate the interest of selected employees in, and strengthen their desire to remain with, the Company or a Parent or Subsidiary (as those terms are hereinafter defined).

C. The Compensation Committee of the Board (the “Committee”) has authorized the grant of Performance Share Units to the Participant pursuant to the terms of the Plan and this Agreement.

D. The Committee and the Participant intend that the Plan and this Agreement constitute the entire agreement between the parties hereto with regard to the subject matter hereof and shall supersede any other agreements, representations or understandings (whether oral or written and whether express or implied, and including, without limitation, any employment agreement between the Participant and the Company or any of its affiliates (including, without limitation, any Parent or Subsidiary) whether previously entered into, currently effective or entered into in the future) which relate to the subject matter hereof.

Accordingly, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Definitions.

1.1 “Beginning Average Share Price” means the average closing price of either (a) the Shares or (b) the stock of a member of the Comparison Group, as applicable, in any such case over the sixty (60) calendar day period ending on the Effective Date.

1.2 “Bankrupt Comparator Entity” means a company that is a member of the Comparison Group as of the Effective Date and that becomes subject to any of the following conditions during the Performance Period: (a) bankruptcy, (b) liquidation, (c) dissolution or (d) other than as part of a merger, acquisition or similar corporate transaction, cessation of business operations. Determinations with respect to a Bankrupt Comparator Entity shall be made by the Committee in its sole discretion.

1.3 “ Change of Control ” means:

A. the date that a reorganization, merger, consolidation, recapitalization, or similar transaction is consummated, unless: (i) at least 50% of the outstanding voting securities of the surviving or resulting entity (including, without limitation, an entity which as a result of such transaction owns the Company either directly or through one or more subsidiaries) (“ Resulting Entity ”) are beneficially owned, directly or indirectly, by the persons who were the beneficial owners of the outstanding voting securities of the Corporation immediately prior to such transaction in substantially the same proportions as their beneficial ownership, immediately prior to such transaction, of the outstanding voting securities of the Corporation and (ii) immediately following such transaction no person or persons acting as a group beneficially owns capital stock of the Resulting Entity possessing thirty-five percent (35%) or more of the total voting power of the stock of the Resulting Entity;

B. the date that a majority of members of the Company’s Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Company’s Board before the date of the appointment or election;

C. the date that any one person, or persons acting as a group, acquires (or has or have acquired as of the date of the most recent acquisition by such person or persons) beneficial ownership of stock of the Company possessing thirty-five percent (35%) or more of the total voting power of the stock of the Company; or

D. the date that any one person acquires, or persons acting as a group acquire (or has or have acquired as of the date of the most recent acquisition by such person or persons), assets from the Company that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions.

1.4 “ Code ” means the U.S. Internal Revenue Code of 1986, as amended from time to time. For purposes of the Plan and this Agreement, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision.

1.5 “ Comparison Group ” means the S&P 500 as constituted as of the Effective Date. Determinations with respect to the Comparison Group shall be made by the Committee in its sole discretion.

1.6 “ Current Employment Agreement ” means the Participant’s employment agreement with the Company or any of its affiliates (including, without limitation, any Parent or Subsidiary) in effect as of the applicable date of determination.

1.7 “ Disability ” means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months or is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Employer.

1.8 “ Employer ” means the Company, the Subsidiaries and any Parent and affiliated companies, but specifically excludes Tracinda Corporation, its stockholder or stockholders, and its subsidiaries.

1.9 “ Employer’s Good Cause ” shall have the meaning given such term or a comparable term in the Current Employment Agreement; provided, that if there is no Current Employment Agreement or if such agreement does not include such term or a comparable term, “ Employer’s Good Cause ” means:

A. Participant’s failure to abide by the Employer’s policies and procedures, misconduct, insubordination, inattention to the Employer’s business, failure to perform the duties required of the Participant up to the standards established by the Employer’s senior management, or material breach of the Current Employment Agreement, which failure or breach is not cured by the Participant within ten (10) days after written notice thereof from the Employer specifying the facts and circumstances of the alleged failure or breach, provided, however, that

such notice and opportunity to cure shall not be required if, in the good faith judgment of the Board, such breach is not capable of being cured within ten (10) days;

B. Participant's failure or inability to apply for and obtain any license, qualification, clearance or other similar approval which the Employer or any regulatory authority which has jurisdiction over the Employer requests or requires that the Participant obtain;

C. the Employer is directed by any governmental authority in Nevada, Michigan, Mississippi, Illinois, Macau S.A.R., or any other jurisdiction in which the Employer is engaged in a gaming business or where the Employer has applied to (or during the term of the Participant's employment under the Current Employment Agreement, may apply to) engage in a gaming business to cease business with the Participant;

D. the Employer determines, in its reasonable judgment, that the Participant was, is or might be involved in, or is about to be involved in, any activity, relationship(s) or circumstance which could or does jeopardize the Employer's business, reputation or licenses to engage in the gaming business; or

E. any of the Employer's gaming business licenses are threatened to be, or are, denied, curtailed, suspended or revoked as a result of the Participant's employment by the Employer or as a result of the Participant's actions.

1.10 "Ending Average Share Value" means the sum of (a) the average closing price of either (i) the Shares or (ii) the stock of a member of the Comparison Group, as applicable, in any such case over the sixty (60) calendar day period ending on the last day of the Performance Period plus (b) the sum of all dividends paid on (x) a Share or (y) a share of stock, as applicable, in any such case during the Performance Period (assuming such dividends are reinvested in Shares or stock, as applicable); provided, however, that in the event of a Change of Control prior to the third anniversary of the Effective Date, the "Ending Average Share Value" for purposes of the Company shall equal the sum of (I) the price per share of the Company's Shares to be paid to the holders thereof in accordance with the definitive agreement governing the transaction constituting the Change of Control (or, in the absence of such agreement, the closing price per Share for the last trading day prior to the consummation of the Change of Control) and (II) the sum of all dividends paid on a Share during the Performance Period (assuming such dividends are reinvested in Shares).

1.11 "Fair Market Value" or "FMV" shall have the meaning set forth for such term in the Plan.

1.12 "Merged Comparator Entity" means a company, other than a Bankrupt Comparator Entity, that is a member of the Comparison Group as of the Effective Date but that ceases to have a class of equity securities that is both registered under the Securities Exchange Act of 1934 and actively traded on a U.S. public securities market during the Performance Period. Determinations with respect to a Merged Comparator Entity shall be made by the Committee in its sole discretion.

1.13 "Parent" means a parent corporation as defined in Section 424(e) of the Code.

1.14 "Participant's Good Cause" shall have the meaning given such term or a comparable term in the Current Employment Agreement; provided, that if there is no Current Employment Agreement or if such agreement does not include such term or a comparable term, "Participant's Good Cause" means:

A. The failure of the Employer to pay the Participant any compensation when due; or

B. A material reduction in the scope of duties or responsibilities of the Participant or any reduction in the Participant's salary.

If a breach constituting Participant's Good Cause occurs, the Participant shall give the Employer thirty (30) days' advance written notice specifying the facts and circumstances of the alleged breach. During such thirty (30) day period, the Employer may either cure the breach (in which case such notice will be considered withdrawn) or declare that the Employer disputes that Participant's Good Cause exists, in which case Participant's Good Cause shall not

exist until the dispute is resolved in accordance with the methods for resolving disputes specified in Exhibit A hereto.

1.15 “ Performance Period ” means the period beginning on the Effective Date and ending on third anniversary thereof or, if earlier, the date of consummation of a Change of Control.

1.16 “ Performance Share Units ” means an award of Performance Share Units granted to a Participant pursuant to Article 9 of the Plan.

1.17 “ Section 409A ” means Code Section 409A, the regulations thereunder promulgated by the United States Department of Treasury and other guidance issued thereunder.

1.18 “ Share ” means the Company’s common stock, \$.01 per share.

1.19 “ Subsidiary ” means a subsidiary corporation of the Company as defined in Section 424(f) of the Code or corporation or other entity, whether domestic or foreign, in which the Company has or obtains a proprietary interest of more than fifty percent (50%) by reason of stock ownership or otherwise.

1.20 “ Total Shareholder Return ” or “ TSR ” means, with respect to (a) the Company or (b) any member of the Comparison Group (but, for avoidance of doubt, excluding any Merged Comparator Entity), the quotient of the Ending Average Share Value over the Beginning Average Share Price for the applicable entity, expressed as a percentage return; provided, however, that TSR for a Bankrupt Comparator Entity will be negative one hundred percent (-100%). Determinations with respect to TSR shall be made by the Committee in its sole discretion.

2. Grant to Participant . The Company hereby grants to the Participant, subject to the terms and conditions of the Plan and this Agreement, a target award of [●] Performance Share Units (the “ Target Award ”). Except as otherwise set forth in the Plan or this Agreement, (i) the grant of Performance Share Units represents the right to receive a percentage of the Target Award upon vesting of such Performance Share Units, with each Performance Share Unit that vests representing the right to receive one (1) Share upon vesting thereof, (ii) unless and until the Performance Share Units have vested in accordance with the terms of this Agreement, the Participant shall not have any right to delivery of the Shares underlying such Performance Share Units or any other consideration in respect thereof, and (iii) the portion of the Target Award that vests hereunder shall be paid to the Participant as set forth in Section 3 hereof.

3. Terms and Conditions .

3.1 Vesting .

(i) Subject to Section 3.3 herein, a percentage of the Target Award shall vest as set forth in the table below based on the Company’s percentile rank of TSR against the Comparison Group over the Performance Period; provided, however, that, notwithstanding anything herein to the contrary, if the Company’s absolute TSR is negative during the Performance Period and the Relative TSR Percentile is below the 75th percentile, the maximum portion of the Target Award that shall be eligible for vesting in accordance with the following table shall be 100%.

<u>Performance Level</u>	<u>Relative TSR Percentile</u>	<u>Vested % of Target Award</u>
<i>Maximum</i>	75th or greater	150%
<i>Target</i>	50th	100%
<i>Threshold</i>	25th	50%

(ii) In no event shall the Participant be awarded more than 150% of the Target Award. If the Company’s percentile rank of TSR is below the 25th percentile, no portion of the Target Award will vest.

(iii) If the Company’s percentile rank of TSR should fall between two of the percentiles set forth above, the percentage of the Target Award that shall vest shall be determined based on straight-line interpolation between the applicable figures.

(iv) Any Performance Share Units that are not vested as of the last day of the Performance Period shall immediately be forfeited and cancelled without consideration.

3.2 Payment. Any Performance Share Units which vest in accordance with Section 3.1 (following application of Section 3.3), and any Dividend Equivalent Rights which vest as set forth on Exhibit B hereto, shall be paid to the Participant in Shares, less applicable withholding taxes, within thirty (30) days following the last day of the Performance Period; provided, that any fractional Shares shall be paid in cash.

3.3 Termination of Service. Upon termination of employment (or other service) with the Employer for any reason on or prior to the last day of the Performance Period, the Performance Share Units shall be forfeited without any consideration; provided, however, that, upon termination of employment by the Employer without Employer's Good Cause, by the Participant with Participant's Good Cause, or due to the Participant's death or Disability, a pro-rata portion of the Performance Share Units, if any, that would have become vested (but for such termination) under the schedule determined in Section 3.1 herein, shall vest, such proration determined based on the number of days Participant was employed during the Performance Period plus an additional twelve (12) months (or, if shorter, through the end of the Performance Period), and, together with any Dividend Equivalent Rights which vest as set forth on Exhibit B hereto, shall be paid on the same schedule determined in Section 3.2 herein; provided, however, that such continued vesting shall immediately cease and unvested Performance Share Units shall be forfeited in the event the Participant breaches any post-termination covenant with the Company or its affiliate in an employment agreement (after taking into account any applicable cure period).

3.4 Committee Discretion. The Committee, in its discretion, may accelerate the vesting of the Target Award up to the maximum amount described in Section 3.1 above, at any time, subject to the terms of the Plan and this Agreement and Section 409A. If so accelerated, the Performance Share Units will be considered as having vested as of the date specified by the Committee or an applicable written agreement, but the Committee will have no right to accelerate any payment under this Agreement if such acceleration would cause this Agreement to fail to comply with, or give rise to any tax, penalty or interest under, Section 409A.

3.5 Stockholder Rights and Dividend Equivalents.

A. Participant will have no rights as a stockholder with respect to any Shares subject to Performance Share Units until the Performance Share Units have vested and Shares relating thereto have been issued and recorded on the records of the Company or its transfer agent or registrars.

B. Notwithstanding the foregoing, this award shall accrue dividend equivalents with respect to dividends that would otherwise be paid on the Shares underlying the award during the period from the date of grant to the date such Performance Share Unit is earned and the underlying Shares delivered. On each dividend payment date during such period, the award shall accrue a target number of dividend equivalents equal to (A) the sum of (i) the number of Performance Share Units subject to the Target Award, plus (ii) the number of dividend equivalents previously accrued, multiplied by (B) the applicable per-share dividend amount and divided by (C) the then-current Fair Market Value. The dividend equivalent shall be subject to the same vesting, settlement and other conditions applicable to the Performance Share Units on which such dividend equivalents are accrued. As such, the determination of the number of dividend equivalents which vest and are payable pursuant to the award shall be determined as the product of (a) the sum of all dividend equivalents determined in accordance with this Section 3.5(ii) and (b) a fraction equal to (i) the number of Performance Share Units which vest in accordance with the terms of this Agreement divided by (ii) the number of Performance Share Units subject to the Target Award.

3.6 Limits on Transferability. The Performance Share Units granted under this Agreement may be transferred solely to a trust in which the Participant or the Participant's spouse control the management of the assets. With respect to Performance Share Units, if any, that have been transferred to a trust, references in this Agreement to vesting related to such Performance Share Units shall be deemed to include such trust. Any transfer of Performance Share Units shall be subject to the terms and conditions of the Plan and this Agreement and the transferee shall be subject to the same terms and conditions as if it were the Participant. No interest of the Participant under this Agreement shall be subject to attachment, execution, garnishment, sequestration, the laws of bankruptcy or any other legal or equitable process.

3.7 Adjustments. If there is any change in the Shares by reason of any stock dividend, recapitalization, reorganization, merger, consolidation, split-up, combination or exchange of Shares, or any similar change affecting the Shares the Committee will make appropriate and proportionate adjustments (including relating to the Shares, other securities, cash or other consideration which may be acquired upon vesting of the Performance Share Units) that it deems necessary to the number and class of securities subject to the Performance Share Units and any other terms of this Agreement. Any adjustment so made shall be final and binding upon the Participant.

3.8 No Right to Continued Performance of Services. The grant of the Performance Share Units does not confer upon the Participant any right to continue to be employed by the Company or any of its affiliates (including, without limitation, any Parent or Subsidiary) nor may it interfere in any way with the right of the Company or any of its affiliates (including, without limitation, any Parent or Subsidiary) for which the Participant performs services to terminate the Participant's employment at any time.

3.9 Compliance With Law and Regulations. The grant and vesting of Performance Share Units and the obligation of the Company to issue Shares under this Agreement are subject to all applicable federal and state laws, rules and regulations, including those related to disclosure of financial and other information to the Participant and to approvals by any government or regulatory agency as may be required. The Company shall not be required to issue or deliver any certificates for Shares prior to (A) the listing of such shares on any stock exchange on which the Shares may then be listed and (B) the completion of any registration or qualification of such shares under any federal or state law, or any rule or regulation of any government body which the Company shall, in its sole discretion, determine to be necessary or advisable.

3.10 Corporate Transaction. Upon the occurrence of a reorganization, merger, consolidation, recapitalization, or similar transaction, unless otherwise specifically prohibited under applicable laws or by the applicable rules and regulations of any governing governmental agencies or national securities exchanges, the Committee is authorized (but not obligated) to make adjustments in the terms and conditions of the Performance Share Units, including without limitation the following (or any combination thereof): (i) continuation or assumption of the Performance Share Units by the Company (if it is the surviving company or corporation) or by the surviving company or corporation or its parent; (ii) substitution by the surviving company or corporation or its parent of an award with substantially the same terms for the Performance Share Units; (iii) accelerated vesting with respect to the Performance Share Units immediately prior to the occurrence of such event and payment to the Participant within thirty (30) days thereafter; and (iv) cancellation of all or any portion of the Performance Share Units for fair value (in the form of cash or its equivalent (e.g., by check), other property or any combination thereof) as determined in the sole discretion of the Committee and which value may be zero (if the value of the underlying stock is zero), and payment to the Participant within thirty (30) days thereafter.

4. Investment Representation. The Participant must, within five (5) days of demand by the Company furnish the Company an agreement satisfactory to the Company in which the Participant represents that the Shares acquired upon vesting are being acquired for investment. The Company will have the right, at its election, to place legends on the certificates representing the Shares so being issued with respect to limitations on transferability imposed by federal and/or state laws, and the Company will have the right to issue "stop transfer" instructions to its transfer agent.

5. Participant Bound by Plan. The Participant hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof as amended from time to time.

6. Withholding. The Company or any Parent or Subsidiary shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of the Performance Share Units awarded by this Agreement, their grant, vesting or otherwise, and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such withholding taxes, which may include, without limitation, reducing the number of shares otherwise distributable to the Participant by the number of Shares whose Fair Market Value is equal to the amount of tax required to be withheld by the Company or a Parent or Subsidiary as a result of the vesting or settlement or otherwise of the Performance Share Units.

7. Notices. Any notice hereunder to the Company must be addressed to: MGM Resorts International, 3600 Las Vegas Boulevard South, Las Vegas, Nevada 89109, Attention: 2005 Omnibus Incentive Plan Administrator, and any

notice hereunder to the Participant must be addressed to the Participant at the Participant's last address on the records of the Company, subject to the right of either party to designate at any time hereafter in writing some other address. Any notice shall be deemed to have been duly given on personal delivery or three (3) days after being sent in a properly sealed envelope, addressed as set forth above, and deposited (with first class postage prepaid) in the United States mail.

8. Entire Agreement. This Agreement and the Plan constitute the entire agreement between the parties hereto with regard to the subject matter hereof and shall supersede any other agreements, representations or understandings (whether oral or written and whether express or implied, and including, without limitation, any employment agreement between the Participant and the Company or any of its affiliates (including, without limitation, any Parent or Subsidiary) whether previously entered into, currently effective or entered into in the future that includes terms and conditions regarding equity awards) which relate to the subject matter hereof.

9. Waiver. No waiver of any breach or condition of this Agreement shall be deemed a waiver of any other or subsequent breach or condition whether of like or different nature.

10. Participant Undertaking. The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or effect one or more of the obligations or restrictions imposed on either the Participant or the Performance Share Units pursuant to this Agreement.

11. Successors and Assigns. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's assigns and the legal representatives, heirs and legatees of the Participant's estate, whether or not any such person shall have become a party to this Agreement and agreed in writing to be joined herein and be bound by the terms hereof.

12. Governing Law. The parties hereto agree that the validity, construction and interpretation of this Agreement shall be governed by the laws of the state of Nevada.

13. Arbitration. Except as otherwise provided in Exhibit A to this Agreement (which constitutes a material provision of this Agreement), disputes relating to this Agreement shall be resolved by arbitration pursuant to Exhibit A hereto.

14. Clawback Policy. By accepting this award the Participant hereby agrees that this award and any other compensation paid or payable to the Participant is subject to Company's Policy on Recovery of Incentive Compensation in Event of Financial Restatement (or any successor policy) as in effect from time to time, and that this award shall be considered a bonus for purposes of such policy. In addition, the Participant agrees that such policy may be amended from time to time by the Board in a manner designed to comply with applicable law and/or stock exchange listing requirements. The Participant also hereby agrees that the award granted hereunder and any other compensation payable to the Participant shall be subject to recovery (in whole or in part) by the Company to the minimum extent required by applicable law and/or stock exchange listing requirements.

15. Amendment. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto; provided, that the Company may alter, modify or amend this Agreement unilaterally if such change is not materially adverse to the Participant or to cause this Agreement to comply with applicable law or avoid the imposition of any tax, interest or penalty under Section 409A.

16. Severability. The provisions of this Agreement are severable and if any portion of this Agreement is declared contrary to any law, regulation or is otherwise invalid, in whole or in part, the remaining provisions of this Agreement shall nevertheless be binding and enforceable.

17. Execution. Each party agrees that an electronic, facsimile or digital signature or an online acceptance or acknowledgment will be accorded the full legal force and effect of a handwritten signature under Nevada law. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

18. Variation of Pronouns.. All pronouns and any variations thereof contained herein shall be deemed to refer to masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

19. Tax Treatment: Section 409A. The Participant shall be responsible for all taxes with respect to the Performance Share Units. Notwithstanding the forgoing or any provision of the Plan or this Agreement:

19.1 The parties agree that this Agreement shall be interpreted to comply with or be exempt from Section 409A, and all provisions of this Agreement shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. If any provision of this Agreement or the Plan contravenes Section 409A or could cause the Participant to incur any tax, interest or penalties under Section 409A, the Committee may, in its sole discretion and without the Participant's consent, modify such provision in order to comply with the requirements of Section 409A or to satisfy the conditions of any exception therefrom, or otherwise to avoid the imposition of the additional income tax and interest under Section 409A, while maintaining, to the maximum extent practicable, the original intent and economic benefit to the Participant, without materially increasing the cost to the Company, of the applicable provision. However, the Company makes no guarantee regarding the tax treatment of the Performance Share Units and none of the Company, its Parent, Subsidiaries or affiliates, nor any of their employees or representatives shall have any liability to the Participant with respect thereto.

19.2 A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits considered "nonqualified deferred compensation" under Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." If the Participant is deemed on the date of termination to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provision of any benefit that is considered nonqualified deferred compensation under Section 409A payable on account of a "separation from service," such payment or benefit shall be made or provided at the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such "separation from service" of the Participant, and (ii) the date of the Participant's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 19.2 (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed on the first business day following the expiration of the Delay Period to the Participant in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

19.3 For purposes of Section 409A, the Participant's right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within thirty (30) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

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IN WITNESS WHEREOF, the parties hereto have executed this Performance Share Units Agreement as of the date first written above.

MGM RESORTS INTERNATIONAL

By: _____
Name:
Title:

PARTICIPANT

By: _____
Name:

[Signature Page to Performance Share Units Agreement]

EXHIBIT A

ARBITRATION

This Exhibit A sets forth the methods for resolving disputes should any arise under the Agreement, and accordingly, this Exhibit A shall be considered a part of the Agreement.

1. Except for a claim by either Participant or the Company for injunctive relief where such would be otherwise authorized by law, any controversy or claim arising out of or relating to the Agreement or the breach hereof including without limitation any claim involving the interpretation or application of the Agreement or the Plan, shall be submitted to binding arbitration in accordance with the employment arbitration rules then in effect of the Judicial Arbitration and Mediation Service (“JAMS”), to the extent not inconsistent with this paragraph. This Exhibit A covers any claim Participant might have against any officer, director, employee, or agent of the Company, or any of the Company’s subsidiaries, divisions, and affiliates, and all successors and assigns of any of them. The promises by the Company and Participant to arbitrate differences, rather than litigate them before courts or other bodies, provide consideration for each other, in addition to other consideration provided under the Agreement.

2. Claims Subject to Arbitration : This Exhibit A contemplates mandatory arbitration to the fullest extent permitted by law. Only claims that are justiciable under applicable state or federal law are covered by this Exhibit A. Such claims include any and all alleged violations of any state or federal law whether common law, statutory, arising under regulation or ordinance, or any other law, brought by any current or former employees.

3. Non-Waiver of Substantive Rights : This Exhibit A does not waive any rights or remedies available under applicable statutes or common law. However, it does waive Participant’s right to pursue those rights and remedies in a judicial forum. By signing the Agreement and the acknowledgment at the end of this Exhibit A, the undersigned Participant voluntarily agrees to arbitrate his or her claims covered by this Exhibit A.

4. Time Limit to Pursue Arbitration; Initiation : To ensure timely resolution of disputes, Participant and the Company must initiate arbitration within the statute of limitations (deadline for filing) provided for by applicable law pertaining to the claim. The failure to initiate arbitration within this time limit will bar any such claim. The parties understand that the Company and Participant are waiving any longer statutes of limitations that would otherwise apply, and any aggrieved party is encouraged to give written notice of any claim as soon as possible after the event(s) in dispute so that arbitration of any differences may take place promptly. The parties agree that the aggrieved party must, within the time frame provided by this Exhibit A, give written notice of a claim pursuant to Section 7 of the Agreement. In the event such notice is to be provided to the Company, the Participant shall provide a copy of such notice of a claim to the Company’s Executive Vice President and General Counsel. Written notice shall identify and describe the nature of the claim, the supporting facts and the relief or remedy sought.

5. Selecting an Arbitrator : This Exhibit A mandates Arbitration under the then current rules of the Judicial Arbitration and Mediation Service (JAMS) regarding employment disputes. The arbitrator shall be either a retired judge or an attorney experienced in employment law and licensed to practice in the state in which arbitration is convened. The parties shall select one arbitrator from among a list of three qualified neutral arbitrators provided by JAMS. If the parties are unable to agree on the arbitrator, each party shall strike one name and the remaining named arbitrator shall be selected.

6. Representation/Arbitration Rights and Procedures :

- a. Participant may be represented by an attorney of his/her choice at his/her own expense.
 - b. The arbitrator shall apply the substantive law (and the law of remedies, if applicable) of Nevada (without regard to its choice of law provisions) and/or federal law when applicable. In all cases, this Exhibit A shall provide for the broadest level of arbitration of claims between the Company and Participant under Nevada or applicable federal law. The arbitrator is without jurisdiction to apply any different substantive law or law of remedies.
 - c. The arbitrator shall have no authority to award non-economic damages or punitive damages except where such relief is specifically authorized by an applicable state or federal statute or common law. In such a situation, the arbitrator shall specify in the award the specific statute or other basis under which such relief is granted.
-

d. The applicable law with respect to privilege, including attorney-client privilege, work product, and offers to compromise must be followed.

e. The parties shall have the right to conduct reasonable discovery, including written and oral (deposition) discovery and to subpoena and/or request copies of records, documents and other relevant discoverable information consistent with the procedural rules of JAMS. The arbitrator shall decide disputes regarding the scope of discovery and shall have authority to regulate the conduct of any hearing and/or trial proceeding. The arbitrator shall have the right to entertain a motion to dismiss and/or motion for summary judgment.

f. The parties shall exchange witness lists at least 30 days prior to the trial/hearing procedure. The arbitrator shall have subpoena power so that either Participant or the Company may summon witnesses. The arbitrator shall use the Federal Rules of Evidence. Both parties have the right to file a post hearing brief. Any party, at its own expense, may arrange for and pay the cost of a court reporter to provide a stenographic record of the proceedings.

g. Any arbitration hearing or proceeding shall take place in private, not open to the public, in Las Vegas, Nevada.

7. Arbitrator's Award: The arbitrator shall issue a written decision containing the specific issues raised by the parties, the specific findings of fact, and the specific conclusions of

law. The award shall be rendered promptly, typically within 30 days after conclusion of the arbitration hearing, or the submission of post-hearing briefs if requested. The arbitrator may not award any relief or remedy in excess of what a court could grant under applicable law. The arbitrator's decision is final and binding on both parties. Judgment upon an award rendered by the arbitrator may be entered in any court having competent jurisdiction.

a. Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Exhibit A and to enforce an arbitration award.

b. In the event of any administrative or judicial action by any agency or third party to adjudicate a claim on behalf of Participant which is subject to arbitration under this Exhibit A, Participant hereby waives the right to participate in any monetary or other recovery obtained by such agency or third party in any such action, and Participant's sole remedy with respect to any such claim shall be any award decreed by an arbitrator pursuant to the provisions of this Exhibit A.

8. Fees and Expenses: The Company shall be responsible for paying any filing fee and the fees and costs of the arbitrator; provided, however, that if Participant is the party initiating the claim, Participant will contribute an amount equal to the filing fee to initiate a claim in the court of general jurisdiction in the state in which Participant is (or was last) employed by the Company. Participant and the Company shall each pay for their own expenses, attorney's fees (a party's responsibility for his/her/its own attorney's fees is only limited by any applicable statute specifically providing that attorney's fees may be awarded as a remedy), and costs and fees regarding witness, photocopying and other preparation expenses. If any party prevails on a statutory claim that affords the prevailing party attorney's fees and costs, or if there is a written agreement providing for attorney's fees and/or costs, the arbitrator may award reasonable attorney's fees and/or costs to the prevailing party, applying the same standards a court would apply under the law applicable to the claim(s).

9. The arbitration provisions of this Exhibit A shall survive the termination of Participant's employment with the Company and the expiration of the Agreement. These arbitration provisions can only be modified or revoked in a writing signed by both parties and which expressly states an intent to modify or revoke the provisions of this Exhibit A.

10. The arbitration provisions of this Exhibit A do not alter or affect the termination provisions of this Agreement.

11. Capitalized terms not defined in this Exhibit A shall have the same definition as in the Agreement to which this is Exhibit A.

12. If any provision of this Exhibit A is adjudged to be void or otherwise unenforceable, in whole or in part, such adjudication shall not affect the validity of the remainder of Exhibit A. All other provisions shall remain in full force and effect.

ACKNOWLEDGMENT

BOTH PARTIES ACKNOWLEDGE THAT: THEY HAVE CAREFULLY READ THIS EXHIBIT A IN ITS ENTIRETY, THEY UNDERSTAND ITS TERMS, EXHIBIT A CONSTITUTES A MATERIAL TERM AND CONDITION OF THE PERFORMANCE SHARE UNITS AGREEMENT BETWEEN THE PARTIES TO WHICH IT IS EXHIBIT A, AND THEY AGREE TO ABIDE BY ITS TERMS.

The parties also specifically acknowledge that by agreeing to the terms of this Exhibit A, they are waiving the right to pursue claims covered by this Exhibit A in a judicial forum and instead agree to arbitrate all such claims before an arbitrator without a court or jury. It is specifically understood that this Exhibit A does not waive any rights or remedies which are available under applicable state and federal statutes or common law. Both parties enter into this Exhibit A voluntarily and not in reliance on any promises or representation by the other party other than those contained in the Agreement or in this Exhibit A.

Participant further acknowledges that Participant has been given the opportunity to discuss this Exhibit A with Participant's private legal counsel and that Participant has availed himself/herself of that opportunity to the extent Participant wishes to do so.

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MGM RESORTS INTERNATIONAL

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(In thousands, except ratio data)

	Years Ended December 31,				
	2017	2016	2015	2014	2013
	<i>(In thousands)</i>				
Earnings:					
Income (loss) from continuing operations before income taxes and (income) loss from unconsolidated affiliates	\$ 852,517	\$ 787,868	\$ (1,224,189)	\$ 435,761	\$ 202,550
Fixed charges (see below)	806,030	814,731	862,377	846,321	862,417
Distributed income from unconsolidated affiliates	13,050	16,905	29,333	15,568	17,038
Less: Preference security dividend requirements of consolidated subsidiaries (c)	(26,175)	(546)	—	—	—
Less: Capitalized interest	(111,110)	(119,958)	(64,798)	(29,260)	(5,070)
Total earnings	<u>1,534,312</u>	<u>1,499,000</u>	<u>(397,277)</u>	<u>1,268,390</u>	<u>1,076,935</u>
Fixed charges:					
Interest expense, net (a)	\$ 668,745	\$ 694,773	\$ 797,579	\$ 817,061	\$ 857,347
Preference security dividend requirements of consolidated subsidiaries (c)	26,175	546	—	—	—
Capitalized interest	111,110	119,958	64,798	29,260	5,070
Total fixed charges	<u>806,030</u>	<u>815,277</u>	<u>862,377</u>	<u>846,321</u>	<u>862,417</u>
Ratio of earnings to fixed charges	<u>1.90x</u>	<u>1.84x</u>	<u>(b)</u>	<u>1.50x</u>	<u>1.25x</u>
Deficiency	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,259,654</u>	<u>\$ —</u>	<u>\$ —</u>

(a) Interest expense does not include the interest factor of rental expense as these amounts are not material.

(b) Earnings were inadequate to cover fixed charges.

(c) Preference security dividend is the amount of pretax earnings that is required to pay the dividends as well as the accretion of the carrying value of redeemable noncontrolling interest, both relating to the non-voting economic interests of MGM National Harbor.

Subsidiaries of MGM Resorts International

Listed below are the majority-owned subsidiaries of MGM Resorts International as of December 31, 2017. The names of certain subsidiaries have been omitted because considered in the aggregate as a single subsidiary they would not constitute a significant subsidiary.

Blue Tarp reDevelopment, LLC	Massachusetts
MGM Springfield reDevelopment, LLC	Massachusetts
Beau Rivage Resorts, LLC	Mississippi
Destron, Inc.	Nevada
MGM Grand (International), Pte Ltd.	Singapore
MGM Resorts International Marketing, Inc.	Nevada
MGM Resorts International Marketing, Ltd.	Hong Kong
Las Vegas Arena Management, LLC	Nevada
Mandalay Resort Group	Nevada
550 Leasing Company II, LLC	Nevada
Circus Circus Casinos, Inc.	Nevada
Diamond Gold, Inc.	Nevada
MGM Elgin Sub, Inc.	Nevada
Mandalay Bay, LLC	Nevada
Mandalay Employment, LLC	Nevada
Mandalay Place LLC	Nevada
MGM Resorts Festival Grounds, LLC	Nevada
MGM Resorts Festival Grounds II, LLC	Nevada
MGM Resorts Mississippi, Inc.	Mississippi
M.S.E. Investments, Incorporated (“ <u>MSE</u> ”)	Nevada
Gold Strike L.V.	Nevada
Victoria Partners	Nevada
Arena Land Holdings, LLC	Nevada
New York-New York Tower, LLC	Nevada
Park District Holdings, LLC	Nevada
New Castle Corp.	Nevada
Ramparts, Inc.	Nevada
Vintage Land Holdings, LLC	Nevada
Metropolitan Marketing, LLC	Nevada
MMNY Land Company, Inc.	New York
MGM Finance Corp.	Delaware
MGM Grand Detroit, Inc.	Delaware
MGM Grand Detroit, LLC	Delaware
MGM Grand Hotel, LLC	Nevada
Grand Laundry, Inc.	Nevada
MGM Grand Condominiums, LLC	Nevada
MGM Grand Condominiums II, LLC	Nevada
MGM Grand Condominiums III, LLC	Nevada
Tower B, LLC	Nevada
Tower C, LLC	Nevada
MGM Growth Properties LLC	Delaware
MGM Growth Properties OP GP LLC	Delaware
MGM Growth Properties Operating Partnership LP	Delaware
MGP Finance Co-Issuer Inc.	Delaware
MGP Lessor Holdings, LLC	Delaware
MGP Lessor, LLC	Delaware
MGM Hospitality, LLC	Nevada
MGM Hospitality Global, LLC	Nevada
MGM Hospitality International, LP	Cayman Islands
MGM Hospitality International, GP, Ltd.	Cayman Islands
MGM Hospitality Holdings, LLC	Dubai
MGM Hospitality Development, LLC	Dubai

MGM Hospitality International Holdings, Ltd.	Isle of Man
MGM Asia Pacific Limited (f/k/a MGM Resorts China Holdings Limited)	Hong Kong
MGM (Beijing) Hospitality Services, Ltd.	Beijing
MGM Hospitality India Private, Ltd.	India
MGM International, LLC	Nevada
MGM Resorts International Holdings, Ltd.	Isle of Man
MGM China Holdings, Ltd.	Cayman Islands
MGM Resorts Japan, LLC	Japan
MGM Resorts West Japan, LLC	Japan
MGM Branding and Development Holdings, Ltd.	BVI
MGM Development Services Limited	Macau
MGM Lessee, LLC	Delaware
MGM National Harbor, LLC	Nevada
MGM Resorts Advertising, Inc.	Nevada
VidiAd	Nevada
MGM Resorts Arena Holdings, LLC	Nevada
MGM Resorts Development, LLC	Nevada
MGM Resorts Global Development, LLC	Nevada
MGM Resorts International Operations, Inc.	Nevada
MGM Resorts Land Holdings, LLC	Nevada
MGM Resorts Interactive, LLC	Nevada
MGM Resorts Regional Operations, LLC	Nevada
MGM Resorts Retail	Nevada
MGM Resorts Sub 1, LLC	Nevada
Las Vegas Basketball Ventures, LLC	Nevada
MGM Public Policy, LLC	Nevada
Park Theater, LLC	Nevada
Grand Garden Arena Management, LLC	Nevada
MGM Resorts Venue Management, LLC	Nevada
MGM Springfield, LLC	Massachusetts
MGMM Insurance Company	Nevada
Mirage Resorts, Incorporated	Nevada
AC Holding Corp.	Nevada
AC Holding Corp. II	Nevada
Bellagio, LLC	Nevada
LV Concrete Corp.	Nevada
MAC, CORP.	New Jersey
Marina District Development Holding Co., LLC	New Jersey
Marina District Development Company, LLC (dba Borgata)	New Jersey
MGM Resorts Aviation Corp.	Nevada
MGM Resorts Corporate Services	Nevada
MGM Resorts Design & Development (fka MGM Resorts International Design)	Nevada
MGM Resorts Manufacturing Corp.	Nevada
MH, Inc.	Nevada
Mirage Laundry Services Corp.	Nevada
MGM CC, LLC	Nevada
Project CC, LLC	Nevada
Aria Resort & Casino, LLC	Nevada
CityCenter Facilities Management, LLC	Nevada
CityCenter Realty Corporation	Nevada
CityCenter Retail Holdings Management, LLC	Nevada
Vdara Condo Hotel, LLC	Nevada
New York-New York Hotel & Casino, LLC	Nevada
Vintage Land Holdings II, LLC	Nevada
PRMA, LLC	Nevada
PRMA Land Development Company	Nevada
The Mirage Casino-Hotel, LLC	Nevada
The Signature Condominiums, LLC	Nevada
Signature Tower 1, LLC	Nevada
Signature Tower 2, LLC	Nevada
Signature Tower 3, LLC	Nevada
Vendido, LLC	Nevada

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-00187, 333-22957, 333- 42729, 333-73155, 333-77061, 333-50880, 333-105964, 333-124864, 333-160117, and 333-198011 on Form S-8 and No. 333-202427 on Form S-3, of our reports dated March 1, 2018, relating to the consolidated financial statements and financial statement schedule of MGM Resorts International and subsidiaries, and the effectiveness of MGM Resorts International and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K of MGM Resorts International for the year ended December 31, 2017.

/s/ DELOITTE & TOUCHE LLP

Las Vegas, Nevada
March 1, 2018

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statement Nos. 333-00187, 333-22957, 333- 42729, 333-73155, 333-77061, 333-50880, 333-105964, 333-124864, 333-160117, and 333-198011 on Form S-8 and No. 333-202427 on Form S-3, of our report dated February 19, 2018, relating to the consolidated financial statements of CityCenter Holdings, LLC and subsidiaries, appearing in this Annual Report on Form 10-K of MGM Resorts International for the year ended December 31, 2017.

/s/ DELOITTE & TOUCHE LLP

Las Vegas, Nevada
March 1, 2018

CERTIFICATION

I, James J. Murren, certify that:

1. I have reviewed this annual report on Form 10-K of MGM Resorts International;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 1, 2018

/s/ J AMES J. M URREN

James J. Murren

Chairman of the Board and Chief Executive Officer

CERTIFICATION

I, Daniel J. D'Arrigo, certify that:

1. I have reviewed this annual report on Form 10-K of MGM Resorts International;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 1, 2018

/s/ DANIEL J. D'ARRIGO

Daniel J. D'Arrigo

Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Annual Report of MGM Resorts International (the "Company") on Form 10-K for the period ending December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James J. Murren, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ J AMES J. MURREN

James J. Murren

Chairman of the Board and Chief Executive Officer

March 1, 2018

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Annual Report of MGM Resorts International (the "Company") on Form 10-K for the period ending December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel J. D'Arrigo, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ DANIEL J. D'ARRIGO

Daniel J. D'Arrigo

Executive Vice President and Chief Financial Officer

March 1, 2018

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

DESCRIPTION OF OUR OPERATING RESORTS

The following information describes each of our operating resorts, including their key amenities, features and awards.

Bellagio

Bellagio is located at the heart of the Las Vegas Strip and has earned the prestigious Five Diamond award from the American Automobile Association (“AAA”) since 2001. The resort is richly decorated, including a conservatory filled with unique botanical displays that change with the seasons. At the front of Bellagio is an eight-acre lake featuring over 1,000 fountains that come alive at regular intervals in a choreographed ballet of water, music and lights. Bellagio also offers over 200,000 square feet of convention space. For both business and leisure customers, Bellagio’s restaurants offer the finest choices, including Five Diamond award winners Picasso and Le Cirque. Leisure travelers can also enjoy Bellagio’s expansive pool, world-class spa and Gallery of Fine Arts. Via Bellagio features luxury retail shops and restaurants.

Bellagio features *O*, the Cirque du Soleil production where world-class acrobats, synchronized swimmers, divers and characters perform in, on, and above water. Other entertainment options include the nightclub The Bank, Hyde Lounge overlooking the Bellagio fountains and several other unique bars and lounges. Bellagio is connected via a covered walkway with Vdara and by a people mover to Crystals.

MGM Grand Las Vegas

MGM Grand Las Vegas, located on the corner of the Las Vegas Strip and Tropicana Avenue is a recipient of the prestigious AAA Four Diamond award. In addition to the standard room offerings, the resort also offers several unique room offerings, including: StayWell, a unique wellness hotel experience; Skylofts, ultra-luxurious penthouse suites featuring the ultimate in personal service and a AAA Five Diamond award winner; and the exclusive Mansion for premium gaming customers. Additionally, The Signature at MGM Grand is a connecting AAA Four Star all-suite, non-smoking, non-gaming development featuring three towers.

The resort boasts an extensive array of restaurants including two restaurants by renowned chef Joël Robuchon – whose self-titled restaurant is a AAA Five Diamond award recipient and a recipient of a Michelin three-star rating. Other celebrity chef restaurants include Craftsteak by Tom Colicchio, Michael Mina’s Pub 1842, Emeril Lagasse’s New Orleans Fish House, and Hakkasan.

MGM Grand offers unique entertainment options including the spectacular show *KÀ*, by Cirque du Soleil, performed in a custom-designed theatre seating almost 2,000 guests. The MGM Grand Garden Arena, with a seating capacity of over 16,000, hosts premier concerts, award shows, sporting events including championship boxing, and other special events. The David Copperfield Theatre and Brad Garrett’s Comedy Club entertain guests seven nights a week.

For Daylife and Nightlife club goes, Hakkasan Las Vegas is the ultimate mega-night club and Wet Republic is the ultra-pool dayclub with shared global superstar resident DJs.

Other amenities include a traditional Wedding Chapel, numerous retail shopping outlets, a 380,000 square foot conference center, a 90,000 square foot pillar-less trade show pavilion, and an extensive pool and spa complex.

Mandalay Bay

Mandalay Bay is the first major resort on the Las Vegas Strip to greet visitors arriving by automobile from Southern California. This AAA Four Diamond resort features numerous restaurants, such as Charlie Palmer’s Aureole, Wolfgang Puck’s Lupo, Hubert Keller’s Fleur, Shawn McClain’s Libertine Social and Michael Mina’s Stripsteak. Mandalay Bay offers multiple entertainment venues that include a 12,000-seat special events arena, the House of Blues, and a 1,700-seat showroom which is the home of the *Cirque du Soleil* Michael Jackson ONE production show.

Mandalay Bay also offers 2.1 million square feet of convention, ballroom and meeting rooms. At the south end of the convention center is the Shark Reef Aquarium, exhibiting sharks, other fascinating sea creatures and a Komodo dragon. Mandalay Bay’s expansive pool and beach area plays host to an array of evening open air concerts during the pool season and includes a 155,000 square foot casino, a large wave pool, and Moorea, a European-style “ultra” beach and Daylight Beach Club. The resort also features Spa Mandalay, a 30,000 square-foot spa and fitness center.

Included within Mandalay Bay is a Four Seasons Hotel with its own lobby, restaurants and pool and spa, providing visitors with 13 years of AAA Five-Diamond-rated hospitality experience. The Delano is an all-suite hotel tower within the Mandalay Bay

complex. The Delano includes its own spa and fitness center, a lounge and two restaurants, including Rivea and the Skyfall lounge, created by famed chef Alain Ducasse and located on the top floor of The Delano.

The Mirage

The Mirage is a tropically-themed hotel and casino resort located at the center of the Las Vegas Strip and is recognized by AAA as a Four Diamond resort. The exterior of the resort is landscaped with lagoons and other water features centered around a volcano that erupts at scheduled intervals. Inside the front entrance is an atrium with a tropical garden and additional water features capped by a 100-foot-high glass dome. Located at the rear of the hotel, adjacent to the swimming pool area, is *Siegfried & Roy's Secret Garden and Dolphin Habitat*, an attraction featuring bottlenose dolphins that allow guests to view the beautiful exotic animals of Siegfried & Roy, the world-famous illusionists.

The Mirage features a wide array of restaurants, including Tom Colicchio's Heritage Steak, Stack, Osteria Costa and Fin. Casual dining options include Cravings Buffet, Carnegie Deli, California Pizza Kitchen and Pantry. Entertainment at The Mirage features The Beatles Love, by Cirque du Soleil; celebrity impressionist and ventriloquist Terry Fator, winner of NBC's America's Got Talent competition; and The Mirage Aces of Comedy series featuring acts such as Daniel Tosh, Ron White, Ray Romano and others. Nightlife options at The Mirage include IOAK and Parlor, an intimate piano lounge. The Mirage has numerous retail shopping outlets and 170,000 square feet of meetings and convention space, including the 90,000-square foot Mirage Events Center.

Luxor

Luxor is a 4,400 room pyramid-shaped hotel and casino resort situated at the south end of the Las Vegas strip between Mandalay Bay and Excalibur. In addition to the well-known beam of light, brilliantly shining from the top of the pyramid, Luxor offers over 20,000 square feet of convention and meeting space, Nurture Spa, and food and entertainment venues on three different levels beneath a soaring hotel atrium. Nightlife and dining at Luxor includes, Centra, an exotic and inviting lounge located in the center of the casino, TENDER steak & seafood, rated one of Las Vegas' top steakhouses, Public House, the popular East Coast hangout featuring casual cocktails, comfortable food and spectacular sports and Tacos & Tequila, a Mexican style menu intermixed with a rock-n-roll flair. The Luxor is home to *Titanic: The Artifacts Exhibition*, and *Bodies... The Exhibition*. With some of the most popular entertainment in Las Vegas, Luxor features the popular entertainment show Blue Man Group, the Cirque du Soleil production show *CRISS ANGEL Mindfreak Live!*, "Entertainer of the Year" prop comic *Carrot Top* and the adult dance revue *Fantasy*.

Excalibur

Excalibur is a castle-themed hotel and casino complex situated immediately north of Luxor at the corner of Las Vegas Boulevard and Tropicana Avenue. Entertainment options at Excalibur include the long-running *Tournament of Kings* dinner show, *The Australian Bee Gees* and the male revue *Thunder from Down Under*. Excalibur's other world-class venues include the Fun Dungeon, featuring the Excalibur arcade and midway, and the Castle Walk, a shopping expedition featuring artisans' booths and specialty shops. In addition, Excalibur has several restaurants and bars including Dick's Last Resort, a wacky and wild down-to-earth dining and entertainment option, Buca di Beppo, serving fresh, authentic family style Italian food and the Steakhouse at Camelot, offering the finest cuts of beef, along with the freshest seafood flown in daily. The property also features a fitness facility and spa, as well as a pool with over 30,000 square feet of deck space. Excalibur, Luxor and Mandalay Bay are connected by a tram allowing guests to travel easily from resort to resort.

New York-New York

New York-New York is located at the corner of the Las Vegas Strip and Tropicana Avenue. Pedestrian bridges link New York-New York with both MGM Grand Las Vegas and Excalibur. The architecture at New York-New York replicates many of New York City's landmark buildings and icons, including the Statue of Liberty, the Empire State Building, the Brooklyn Bridge, and a Coney Island-style roller coaster. New York-New York also features several restaurants and numerous bars and lounges, including nationally recognized Tom's Urban, Shake Shack, and Nine Fine Irishmen, an authentic Irish Pub. New York-New York's entertainment options include *Zumanity* by Cirque du Soleil and The Bar at Times Square piano bar. New York-New York, Monte Carlo and the T-Mobile Arena are connected by The Park, an eclectic blend of restaurants, bars, and entertainment.

Monte Carlo

Monte Carlo is located on the Las Vegas Strip adjacent to New York-New York. The resort currently offers a variety of restaurant offerings, including fine dining at Bavette's Steakhouse & Bar, Primrose and Double Barrel Roadhouse. Monte Carlo is being reimagined and rebranded as Park MGM. The transformation, which is expected to be completed within the next year, will include two distinct experiences: a Las Vegas version of the widely acclaimed NoMad Hotel, as well as innovative food & beverage offerings, highlighted by Eataly, a vibrant Italian marketplace with cafes, to-go counters and full-service restaurants interspersed with

high-quality products from sustainable Italian and local producers. Monte Carlo's newest attraction is The Park Theater, which opened in December 2016. The 5,200 seat-entertainment venue was created to host world-renowned performers.

Circus Circus Las Vegas

Circus Circus Las Vegas is situated on the north end of the Las Vegas Strip and features the Adventuredome, a five-acre indoor theme park, and the Midway, which houses performances by circus acts and provides amusement for all ages. Circus Circus is home to the award-winning THE Steak House, which has been voted Best of Las Vegas for over 30 years. In 2014 the Adventuredome introduced the El Loco roller coaster, where riders will experience twists, turns and drops very unique in the coaster world as they ascend 90 feet before dropping to experience a feeling of flying.

MGM Grand Detroit

MGM Grand Detroit is the city's first and only downtown hotel, gaming, and entertainment destination built from the ground up. The resort features Wolfgang Puck Steak, TAP sports pub, exciting nightlife amenities, and a luxurious spa. Additional amenities include a private entrance and lobby for hotel guests and 30,000 square feet of meeting and events space.

Beau Rivage

Beau Rivage is located on a beachfront site where Interstate 110 meets the Gulf Coast in Biloxi, Mississippi. Beau Rivage blends world-class amenities with southern hospitality and features elegantly remodeled guest rooms and suites, numerous restaurants, nightclubs and bars, a 1,550-seat theatre, an upscale shopping promenade, and a world-class spa and salon. The resort also has 50,000 square feet of convention space.

Gold Strike Tunica

Gold Strike Tunica is a dockside casino located along the Mississippi River, 20 miles south of Memphis and approximately three miles west of Mississippi State Highway 61, a major north/south highway connecting Memphis with Tunica County. The property features an 800-seat showroom, the Chicago Steakhouse, a coffee shop, a buffet, and 17,000 square feet of meeting space. Gold Strike Tunica is part of a three-casino development covering approximately 72 acres. The other two casinos are owned and operated by unaffiliated third parties.

Borgata

The Borgata Hotel Casino and Spa is located at Renaissance Pointe in Atlantic City, New Jersey. In addition to its guest rooms and suites and extensive gaming floor, Borgata offers several specialty restaurants, including Angelina by Michael Symon, Bobby Flay Steak, Izakaya and Wolfgang Puck American Grille. Borgata also includes various retail shops, a European-style health spa, approximately 90,000 square feet of meeting space and unique entertainment venues, including the Event Center with 30,000 square feet of event space and The Music Box, a concert venue with 1,000 seats.

National Harbor

National Harbor is a destination casino resort in Prince George's County at National Harbor, which is a waterfront development located on the Potomac River just outside of Washington, D.C. The casino resort includes a boutique hotel with 308 well-appointed rooms, including 74 suites. The resort offers exclusive restaurants by celebrated chefs José Andrés, Marcus Samuelsson and Michael and Bryan Voltaggio, complementing an array of specialty and quick-casual dining. The Theater at MGM National Harbor, an intimate 3,000-seat entertainment venue delivers A-list performers normally reserved for arena-sized settings. The Conservatory at MGM National Harbor is a spectacular 15,000-square-foot floral attraction that changes seasonally.

National Harbor also offers 3 bars and lounges, a two-level, 27,000-square-foot spa and salon with, and an eclectic retail district with multiple offerings ranging from Fink's Jewelers, Stitched and Ella Rue to the first standalone boutique for SJP by Sarah Jessica Parker.

MGM Macau

We own approximately 56% of MGM China Holdings Limited, an entity which indirectly owns MGM Macau, a hotel casino resort in Macau S.A.R. MGM Macau is an award-winning, five-star integrated casino and luxury hotel resort located on the Macau Peninsula, the center of gaming activity in the greater China region. The resort's focal point is the signature Grande Praca and features Portuguese-inspired architecture, dramatic landscapes and a glass ceiling rising over 80 feet above the floor of the resort. The Grande Praca features unique themed displays and events throughout the year. MGM Macau has over 1,000 slot machines, 427 gaming tables and multiple VIP and private gaming areas. The hotel comprises a 35-story tower with over 580 rooms, suites and

private luxury villas . In addition, MGM Macau offers luxurious amenities, including a variety of diverse restaurants, world-class pool and spa facilities, and over 15,000 square feet of convertible convention space. The hotel is directly connected to the prestigious 200,000 square foot One Central Complex, which features many of the world's leading luxury retailers.

MGM Cotai

MGM Cotai opened February 13, 2018, and is a luxury, award-winning integrated casino and resort located on the Cotai Strip in Macau. The resort offers 1,400 hotel rooms and suites, meeting space, a high-end spa, retail offerings, food and beverage outlets and the Mansion for the ultimate luxury experience. MGM Cotai also offers Asia's first dynamic theater and a spectacle that introduces more advanced and innovative forms of entertainment to Macau.

DESCRIPTION OF REGULATION AND LICENSING

The gaming industry is highly regulated, and we must maintain our licenses and pay gaming taxes to continue our operations. Each of our casinos is subject to extensive regulation under the laws, rules, and regulations of the jurisdiction where it is located. These laws, rules, and regulations generally concern the responsibility, financial stability, and character of the owners, managers, and persons with financial interest in the gaming operations. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions.

In addition to gaming regulations, our businesses are subject to various federal, state, and local laws and regulations of the countries and states in which we operate. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, smoking, environmental matters, employment and immigration, currency transactions, taxation, zoning and building codes, land use, marketing and advertising, timeshare, lending, privacy, telemarketing, regulations applicable under the Office of Foreign Asset Control, the Foreign Corrupt Practices Act and the various reporting and anti-money laundering regulations. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Any material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could adversely affect our business and operating results.

Nevada Government Regulation

The ownership and operation of our casino gaming facilities in Nevada are subject to the Nevada Gaming Control Act and the regulations promulgated thereunder (collectively, the “Nevada Act”), and various local regulations. Our gaming operations are subject to the licensing and regulatory control of the Nevada Gaming Commission (the “Nevada Commission”), the Nevada State Gaming Control Board (the “Nevada Board”), and various county and city licensing agencies (the “local authorities”). The Nevada Commission, the Nevada Board, and the local authorities are collectively referred to as the “Nevada Gaming Authorities.”

The laws, regulations, and supervisory procedures of the Nevada Gaming Authorities are based upon declarations of public policy that are concerned with, among other things:

- the prevention of unsavory or unsuitable persons from having direct or indirect involvement with gaming at any time or in any capacity;
- the establishment and maintenance of responsible accounting practices;
- the maintenance of effective controls over the financial practices of licensees, including the establishment of minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues;
- providing reliable record keeping and requiring the filing of periodic reports with the Nevada Gaming Authorities;
- the prevention of cheating and fraudulent practices; and
- providing a source of state and local revenues through taxation and licensing fees.

Any change in the laws, regulations, and supervisory procedures of the Nevada Gaming Authorities could have an adverse effect on our gaming operations.

Each of our subsidiaries that currently operate casinos in Nevada (collectively, the “Nevada casino licensees”) is required to be licensed by the Nevada Gaming Authorities. Each gaming license requires the periodic payment of fees and taxes and is not transferable. MGM Grand Hotel, LLC, New York-New York Hotel & Casino, LLC, Bellagio, LLC, MGM Resorts Manufacturing Corp., and Aria Resort & Casino, LLC are also licensed as manufacturers and distributors of gaming devices (collectively, the “Nevada manufacturer and distributor licensees”). Certain of our subsidiaries have also been licensed or found suitable as shareholders, members, or general partners, as relevant, of the Nevada casino licensees and of the Nevada manufacturer and distributor licensees. The Nevada casino licensees, Nevada manufacturer and distributor licensees, and the foregoing subsidiaries are collectively referred to as the “Nevada licensed subsidiaries.”

We, along with Mandalay Resort Group, are required to be registered by the Nevada Commission as publicly traded corporations (collectively, the “Nevada registered corporations”) and Mirage Resorts, Incorporated is required to be registered as an intermediary company and, as such, each of us is required periodically to submit detailed financial and operating reports to the Nevada

Commission and furnish any other information that the Nevada Commission may require. No person may become a stockholder or member of, or receive any percentage of profits from, the Nevada licensed subsidiaries without first registering with (for equity ownership of 5% or less), or obtaining licenses and approvals from the Nevada Gaming Authorities. Additionally, the local authorities have taken the position that they have the authority to approve all persons owning or controlling the stock of any corporation controlling a gaming licensee. The Nevada registered corporations, Mirage Resorts, Incorporated and the Nevada licensed subsidiaries have obtained from the Nevada Gaming Authorities the various registrations, approvals, permits, and licenses required in order to engage in gaming activities in Nevada.

The Nevada Gaming Authorities may investigate any individual who has a material relationship to, or material involvement with, the Nevada registered corporations or any of the Nevada licensed subsidiaries to determine whether such individual is suitable or should be licensed as a business associate of a gaming licensee. Officers, directors, and certain key employees of the Nevada licensed subsidiaries must file applications with the Nevada Gaming Authorities and may be required to be licensed by the Nevada Gaming Authorities. Officers, directors, and key employees of the Nevada registered corporations who are actively and directly involved in the gaming activities of the Nevada licensed subsidiaries may be required to be licensed or found suitable by the Nevada Gaming Authorities. The Nevada Gaming Authorities may deny an application for licensing or a finding of suitability for any cause they deem reasonable. A finding of suitability is comparable to licensing, and both require submission of detailed personal and financial information followed by a thorough investigation. The applicant for licensing or a finding of suitability, or the gaming licensee by which the applicant is employed or for whom the applicant serves, must pay all the costs of the investigation. Changes in licensed positions must be reported to the Nevada Gaming Authorities, and, in addition to their authority to deny an application for a finding of suitability or licensure, the Nevada Gaming Authorities have jurisdiction to disapprove a change in a corporate position.

If the Nevada Gaming Authorities were to find an officer, director, or key employee unsuitable for licensing or to continue having a relationship with the Nevada registered corporations or the Nevada licensed subsidiaries, such Nevada registered corporations or Nevada licensed subsidiaries, as applicable, would have to sever all relationships with that person. In addition, the Nevada Commission may require the Nevada registered corporations or the Nevada licensed subsidiaries to terminate the employment of any person who refuses to file appropriate applications. Determinations of suitability or of questions pertaining to licensing are not subject to judicial review in Nevada.

The Nevada registered corporations and the Nevada casino licensees are required to submit detailed financial and operating reports to the Nevada Commission. Substantially all of the Nevada registered corporations' and the Nevada licensed subsidiaries' material loans, leases, sales of securities, and similar financing transactions must be reported to or approved by the Nevada Commission.

If the Nevada Commission determined that we or a Nevada licensed subsidiary violated the Nevada Act, it could limit, condition, suspend, or revoke, subject to compliance with certain statutory and regulatory procedures, our gaming licenses and those of the Nevada licensed subsidiaries. In addition, the Nevada registered corporations and the Nevada licensed subsidiaries and the persons involved could be subject to substantial fines for each separate violation of the Nevada Act at the discretion of the Nevada Commission. Further, a supervisor could be appointed by the Nevada Commission to operate the gaming establishments and, under certain circumstances, earnings generated during the supervisor's appointment (except for the reasonable rental value of the gaming establishments) could be forfeited to the State of Nevada. Limitation, conditioning, or suspension of any gaming license or the appointment of a supervisor could (and revocation of any gaming license would) materially adversely affect our gaming operations.

Any beneficial holder of our voting securities, regardless of the number of shares owned, may be required to file an application, be investigated, and have his or her suitability as a beneficial holder of the voting securities determined if the Nevada Commission has reason to believe that such ownership would otherwise be inconsistent with the declared policies of the State of Nevada. The applicant must pay all costs of investigation incurred by the Nevada Gaming Authorities in conducting any such investigation.

The Nevada Act requires any person who acquires more than 5% of any class of our voting securities to report the acquisition to the Nevada Commission. The Nevada Act requires that beneficial owners of more than 10% of any class of our voting securities apply to the Nevada Commission for a finding of suitability within 30 days after the Chairman of the Nevada Board mails the written notice requiring such filing. Under certain circumstances, an "institutional investor" as defined in the Nevada Act, which acquires more than 10% but not more than 25% of any class of our voting securities, may apply to the Nevada Commission for a waiver of such finding of suitability if such institutional investor holds the voting securities for investment purposes only. An institutional investor that has obtained a waiver may, in certain circumstances, own up to 29% of the voting securities of a registered company for a limited period of time and maintain the waiver.

An institutional investor will be deemed to hold voting securities for investment purposes if it acquires and holds the voting securities in the ordinary course of business as an institutional investor and not for the purpose of causing, directly or indirectly, the election of a majority of the members of our board of directors, any change in our corporate charter, bylaws, management, policies, or

operations, or any of our gaming affiliates, or any other action that the Nevada Commission finds to be inconsistent with holding our voting securities for investment purposes only. Activities that are not deemed to be inconsistent with holding voting securities for investment purposes only include:

- voting on all matters voted on by stockholders;
- making financial and other inquiries of management of the type normally made by securities analysts for informational purposes and not to cause a change in its management, policies, or operations; and
- such other activities as the Nevada Commission may determine to be consistent with such investment intent.

If the beneficial holder of voting securities who must be found suitable is a corporation, partnership, or trust, it must submit detailed business and financial information including a list of beneficial owners. The applicant is required to pay all costs of investigation.

Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by the Nevada Commission or the Chairman of the Nevada Board, or who refuses or fails to pay the investigative costs incurred by the Nevada Gaming Authorities in connection with investigation of its application, may be found unsuitable. The same restrictions apply to a record owner if the record owner, after request, fails to identify the beneficial owner. Any stockholder found unsuitable and who holds, directly or indirectly, any beneficial ownership of our common stock beyond such period of time as may be prescribed by the Nevada Commission may be guilty of a criminal offense. We will be subject to disciplinary action if, after we receive notice that a person is unsuitable to be a stockholder or to have any other relationship with us or a Nevada licensed subsidiary, we or any of the Nevada licensed subsidiaries:

- pays that person any dividend or interest upon any of our voting securities;
- allows that person to exercise, directly or indirectly, any voting right conferred through securities held by that person;
- pays remuneration in any form to that person for services rendered or otherwise; or
- fails to pursue all lawful efforts to require such unsuitable person to relinquish his or her voting securities including if necessary, the immediate purchase of the voting securities for cash at fair market value.

The Nevada Commission may, in its discretion, require the holder of any debt security of the Nevada registered corporations to file an application, be investigated, and be found suitable to hold the debt security. If the Nevada Commission determines that a person is unsuitable to own such security, then pursuant to the Nevada Act, the registered corporation can be sanctioned, including the loss of its approvals, if, without the prior approval of the Nevada Commission, it:

- pays to the unsuitable person any dividend, interest, or any distribution whatsoever;
- recognizes any voting right by such unsuitable person in connection with such securities;
- pays the unsuitable person remuneration in any form; or
- makes any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation, or similar transaction.

We are required to maintain a current stock ledger in Nevada that may be examined by the Nevada Gaming Authorities at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to the Nevada Gaming Authorities. A failure to make such disclosure may be grounds for finding the record holder unsuitable. We are also required to render maximum assistance in determining the identity of the beneficial owner. The Nevada Commission has the power to require the Nevada registered corporations' stock certificates to bear a legend indicating that such securities are subject to the Nevada Act. However, to date, the Nevada Commission has not imposed such a requirement on the Nevada registered corporations.

The Nevada registered corporations may not make a public offering of any securities without the prior approval of the Nevada Commission if the securities or the proceeds therefrom are intended to be used to construct, acquire, or finance gaming facilities in Nevada, or to retire or extend obligations incurred for those purposes or for similar purposes. An approval, if given, does not

constitute a finding, recommendation, or approval by the Nevada Commission or the Nevada Board as to the accuracy or adequacy of the prospectus or the investment merits of the securities. Any representation to the contrary is unlawful.

On July 27, 2017, the Nevada Commission granted the Nevada registered corporations prior approval to make public offerings for a period of three years, subject to certain conditions.

Changes in control of the Nevada registered corporations through merger, consolidation, stock or asset acquisitions, management or consulting agreements, or any act or conduct by a person whereby he or she obtains control may not occur without the prior approval of the Nevada Commission. Entities seeking to acquire control of a registered corporation must satisfy the Nevada Board and the Nevada Commission concerning a variety of stringent standards prior to assuming control of the registered corporation. The Nevada Commission may also require controlling stockholders, officers, directors, and other persons having a material relationship or involvement with the entity proposing to acquire control to be investigated and licensed as part of the approval process relating to the transaction.

The Nevada legislature has declared that some corporate acquisitions opposed by management, repurchases of voting securities, and corporate defensive tactics affecting Nevada gaming licensees and registered corporations that are affiliated with those operations may be injurious to stable and productive corporate gaming. The Nevada Commission has established a regulatory scheme to ameliorate the potentially adverse effects of these business practices upon Nevada's gaming industry and to further Nevada's policy to:

- assure the financial stability of corporate gaming operators and their affiliates;
- preserve the beneficial aspects of conducting business in the corporate form; and
- promote a neutral environment for the orderly governance of corporate affairs.

Approvals are, in certain circumstances, required from the Nevada Commission before we can make exceptional repurchases of voting securities above the current market price and before a corporate acquisition opposed by management can be consummated. The Nevada Act also requires prior approval of a plan of recapitalization proposed by a registered corporation's board of directors in response to a tender offer made directly to the registered corporation's stockholders for the purpose of acquiring control of that corporation.

License fees and taxes, computed in various ways depending on the type of gaming or activity involved, are payable to the State of Nevada and to the local authorities. Depending upon the particular fee or tax involved, these fees and taxes are payable either monthly, quarterly, or annually and are based upon either:

- a percentage of the gross revenues received;
- the number of gaming devices operated; or
- the number of table games operated.

The tax on gross revenues received is generally 6.75%. A live entertainment tax is also paid on charges for admission to any facility where certain forms of live entertainment are provided. The Nevada manufacturer and distributor licensees also pay certain fees and taxes to the State of Nevada.

Because we are involved in gaming ventures outside of Nevada, we are required to deposit with the Nevada Board, and thereafter maintain, a revolving fund in the amount of \$10,000 to pay the expenses of investigation by the Nevada Board of our participation in such foreign gaming. The revolving fund is subject to increase or decrease at the discretion of the Nevada Commission. Thereafter, we are also required to comply with certain reporting requirements imposed by the Nevada Act. We would be subject to disciplinary action by the Nevada Commission if we:

- knowingly violate any laws of the foreign jurisdiction pertaining to the foreign gaming operation;
- fail to conduct the foreign gaming operation in accordance with the standards of honesty and integrity required of Nevada gaming operations;

- engage in any activity or enter into any association that is unsuitable because it poses an unreasonable threat to the control of gaming in Nevada, reflects or tends to reflect discredit or disrepute upon the State of Nevada or gaming in Nevada, or is contrary to the gaming policies of Nevada;
- engage in any activity or enter into any association that interferes with the ability of the State of Nevada to collect gaming taxes and fees; or
- employ, contract with, or associate with any person in the foreign gaming operation who has been denied a license or a finding of suitability in Nevada on the ground of personal unsuitability, or who has been found guilty of cheating at gambling.

The sale of alcoholic beverages by the Nevada licensed subsidiaries is subject to licensing, control, and regulation by the applicable local authorities. All licenses are revocable and are not transferable. The agencies involved have full power to limit, condition, suspend, or revoke any such license, and any such disciplinary action could (and revocation would) have a material adverse effect upon our operations.

Michigan Government Regulation and Taxation

The Michigan Gaming Control and Revenue Act (the “Michigan Act”) subjects the owners and operators of casino gaming facilities to extensive state licensing and regulatory requirements. The Michigan Act also authorizes local regulation of casino gaming facilities by the City of Detroit, provided that any such local ordinances regulating casino gaming are consistent with the Michigan Act and rules promulgated to implement it. We are subject to the Michigan Act through our ownership interest in MGM Grand Detroit, LLC (the “licensed subsidiary”) which operates MGM Grand Detroit. Our ownership interest in MGM Grand Detroit, LLC is held by our wholly-owned subsidiary MGM Grand Detroit, Inc.

The Michigan Act creates the Michigan Gaming Control Board (the “Michigan Board”) and authorizes it to grant casino licenses to not more than three applicants who have entered into development agreements with the City of Detroit. The Michigan Board is granted extensive authority to conduct background investigations and determine the suitability of casino license applicants, affiliated companies, officers, directors, or managerial employees of applicants and affiliated companies and persons or entities holding a one percent or greater direct or indirect interest in an applicant or affiliated company. Institutional investors holding less than certain specified amounts of our debt or equity securities are exempted from meeting the suitability requirements of the Michigan Act since we are a publicly traded corporation, and provided that the securities were purchased for investment purposes only and not for the purpose of influencing or affecting our affairs. Any person who supplies goods or services to the licensed subsidiary which are directly related to, used in connection with, or affecting gaming, and any person who supplies other goods or services to the licensed subsidiary on a regular and continuing basis, must obtain a supplier’s license from the Michigan Board. In addition, any individual employed by the licensed subsidiary or by a supplier licensee whose work duties are related to or involved in the gaming operation or are performed in a restricted area or a gaming area of the licensed subsidiary must obtain an occupational license from the Michigan Board.

The Michigan Act imposes the burden of proof on the applicant for a casino license to establish its suitability to receive and hold the license. The applicant must establish its suitability as to integrity, moral character and reputation, business probity, financial ability and experience, responsibility, and other criteria deemed appropriate by the Michigan Board. A casino license is valid for a period of one year and the Michigan Board may refuse to renew it upon a determination that the licensee no longer meets the requirements for licensure.

The Michigan Board may, among other things, revoke, suspend or restrict the licensed subsidiary’s casino license. The licensed subsidiary is also subject to fines or forfeiture of assets for violations of gaming or liquor control laws or rules. In the event that the licensed subsidiary’s license is revoked or suspended for more than 120 days, the Michigan Act provides for the appointment of a conservator who, among other things, is required to preserve the assets to ensure that they shall continue to be operated in a sound and businesslike manner, or upon order of the Michigan Board, to sell or otherwise transfer the assets to another person or entity who meets the requirements of the Michigan Act for licensure, subject to certain approvals and consultations.

The Michigan Board has adopted administrative rules to implement the terms of the Michigan Act. Among other things, the rules impose more detailed substantive and procedural requirements with respect to casino licensing and operations.

Included are requirements regarding such things as licensing investigations and hearings, record keeping and retention, contracting, reports to the Michigan Board, internal control and accounting procedures, security and surveillance, extensions of credit to gaming patrons, conduct of gaming, and transfers of ownership interests in licensed casinos. The rules also establish numerous

Michigan Board procedures regarding licensing, disciplinary and other hearings, and similar matters. The rules have the force of law and are binding on the Michigan Board as well as on applicants for or holders of casino licenses.

Under rules of the Michigan Board, a person or company which intends to acquire shares representing more than a 5% equity interest in a publicly traded company which is the holding company of a Michigan casino licensee must obtain approval of the acquisition from the Michigan Board. Subsequent to the acquisition, the person or company acquiring the shares must be determined by the Michigan Board to be “suitable” and “qualified” to own the shares. In addition, if the acquisition is by a company, “key persons” in the company (generally the officers, directors, managerial employees, and significant owners) must also be determined to be “suitable” and “qualified.” “Institutional investors” (as that term is defined in the Michigan Act) may generally obtain a waiver from these requirements if the institutional investor has less than 15% ownership interest in the publicly traded company. Upon attaining equity ownership of 5% or more, or filing Schedule 13D or 13G with the SEC, the Michigan Board must be notified by the investor. Unless otherwise ordered by the Michigan Board, institutional investors acquiring less than 10% equity ownership in the publicly traded company are entitled to an exemption from the approval requirements, but are required to file an institutional waiver application with the Michigan Board. Institutional investors acquiring 10% or more equity ownership must apply for an institutional waiver, supplying certain information delineated in Rule 504(3). Pursuant to Rule 504(4), institutional investors acquiring more than 15% equity ownership must apply to the Michigan Board for approval of the acquisition within 45 days after it occurs. The institutional investor and its key persons may be subject to suitability and qualification determinations.

The term “institutional investor” includes financial institutions, insurance companies, pension funds, mutual funds, etc. The shares held by the institutional investor must be held for investment purposes only. The following activities are deemed consistent with holding the shares for investment purposes: voting by proxy furnished by the board of directors, on all matters voted on by the holders of the voting securities; serving as a member of a committee of creditors or security holders formed in connection with a debt restructuring; nominating a candidate for election or appointment to the board of directors in connection with a debt restructuring; accepting appointment or election as a member of the board of directors in connection with a debt restructuring and serving in that capacity until the conclusion of the member’s term; making financial and other inquiries of management of the type normally made by securities analysts for information purposes and not to cause a change in its management, policies, or operations; and other activities that the board determines to be consistent with the investment intent.

The Michigan Liquor Control Commission licenses, controls and regulates the sale of alcoholic beverages by the licensed subsidiary pursuant to the Michigan Liquor Control Code of 1998. The Michigan Act also requires that the licensed subsidiary sell in a manner consistent with the Michigan Liquor Control Code.

The Detroit City Council enacted an ordinance entitled “Casino Gaming Authorization and Casino Development Agreement Certification and Compliance.” The ordinance authorizes casino gaming only by operators who are licensed by the Michigan Board and are parties to a development agreement which has been approved and certified by the City Council and is currently in effect, or are acting on behalf of such parties. The development agreement among the City of Detroit, MGM Grand Detroit, LLC and the Economic Development Corporation of the City of Detroit has been so approved and certified and is currently in effect. Under the ordinance, the licensed subsidiary is required to submit to the Mayor of Detroit and to the City Council periodic reports regarding its compliance with the development agreement or, in the event of non-compliance, reasons for non-compliance and an explanation of efforts to comply. The ordinance requires the Mayor of Detroit to monitor each casino operator’s compliance with its development agreement, to take appropriate enforcement action in the event of default and to notify the City Council of defaults and enforcement action taken; and, if a development agreement is terminated, it requires the City Council to transmit notice of such action to the Michigan Board within five business days along with Detroit’s request that the Michigan Board revoke the relevant operator’s casino license. If a development agreement is terminated, the Michigan Act requires the Michigan Board to revoke the relevant operator’s casino license upon the request of Detroit.

The administrative rules of the Michigan Board prohibit the licensed subsidiary or us from entering into a debt transaction affecting the capitalization or financial viability of MGM Grand Detroit without prior approval from the Michigan Board.

The Michigan Act effectively provides for a wagering tax equal to 19% of adjusted gross receipts from gaming operations conducted at a casino. Proceeds of the wagering tax are shared between the State of Michigan and the City of Detroit. In addition to the wagering tax, the Michigan Act establishes an annual municipal service fee equal to the greater of \$4 million or 1.25% of adjusted gross receipts to be paid to Detroit to defray its cost of hosting casinos, and an annual assessment, as adjusted annually based upon a consumer price index, in the initial amount of approximately \$8.3 million to be paid to Michigan to defray its regulatory enforcement and other casino-related costs. These payments are in addition to the taxes, fees and assessments customarily paid by business entities situated in Detroit. The licensed subsidiary is also obligated to pay 1% of its adjusted gross receipts to Detroit, to be increased to 2% of its adjusted gross receipts in any calendar year in which adjusted gross receipts exceed \$400 million.

We conduct our Mississippi gaming operations through two indirect subsidiaries, Beau Rivage Resorts, LLC which operates Beau Rivage in Biloxi, Mississippi, and MGM Resorts Mississippi, LLC, which operates the Gold Strike Casino in Tunica County, Mississippi (collectively, the “casino licensees”). The operation of casino facilities in Mississippi is subject to extensive state and local regulation, but primarily the licensing and regulatory control of the Mississippi Gaming Commission and the Mississippi Department of Revenue.

The Mississippi Gaming Control Act (the “Mississippi Act”) legalized casino gaming in Mississippi. The Mississippi Gaming Commission adopted regulations in furtherance of the Mississippi Act. The laws, regulations and supervisory procedures of Mississippi and the Mississippi Gaming Commission seek to:

- prevent unsavory or unsuitable persons from having any direct or indirect involvement with gaming at any time or in any capacity;
- establish and maintain responsible accounting practices and procedures;
- maintain effective control over the financial practices of licensees, including establishing minimum procedures for internal fiscal affairs and safeguarding of assets and revenues, providing reliable record keeping and making periodic reports to the Mississippi Gaming Commission;
- prevent cheating and fraudulent practices;
- provide a source of state and local revenues through taxation and licensing fees; and
- ensure that gaming licensees, to the extent practicable, employ Mississippi residents.

The regulations are subject to amendment and interpretation by the Mississippi Gaming Commission. Changes in Mississippi law or the regulations or the Mississippi Gaming Commission’s interpretations thereof may limit or otherwise materially affect the types of gaming that may be conducted, and could have a material adverse effect on us and our Mississippi gaming operations.

The Mississippi Act provides for legalized gaming at the discretion of the 14 counties that either border the Gulf Coast or the Mississippi River, but only if the voters in such counties have not voted to prohibit gaming in that county. As of December 31, 2017, gaming was permissible in nine of the 14 eligible counties in the state and gaming operations had commenced in Adams, Coahoma, Hancock, Harrison, Tunica, Warren and Washington counties. Prior to Hurricane Katrina, Mississippi law required that gaming vessels be located on the Mississippi River or on navigable waters in eligible counties along the Mississippi River, or in the waters of the State of Mississippi lying south of the state in eligible counties along the Mississippi Gulf Coast. Subsequent to Hurricane Katrina, changes to the law became effective which allowed gaming facilities to be constructed on land in the three Gulf Coast counties, provided that no portion of the gaming facilities is located more than 800 feet from the mean high water line of the Mississippi Sound or designated bays on the Sound. The 800-foot limit does not apply to non-gaming facilities. The law permits unlimited stakes gaming on permanently moored dockside vessels or in land-based facilities on a 24-hour basis and does not restrict the percentage of space which may be utilized for gaming. There are no limitations on the number of gaming licenses which may be issued in Mississippi.

The casino licensees are subject to the licensing and regulatory control of the Mississippi Gaming Commission. Gaming licenses require the periodic payment of fees and taxes and are not transferable. Gaming licenses are issued for a maximum term of three years and must be renewed periodically thereafter. The current license of Beau Rivage Resorts, LLC is effective through April 20, 2019 and the current license of MGM Resorts Mississippi, LLC. is effective through June 22, 2018.

We are registered by the Mississippi Gaming Commission under the Mississippi Act as a publicly traded holding company of the casino licensees. As a registered publicly traded corporation, we are subject to the licensing and regulatory control of the Mississippi Gaming Commission, and are required to periodically submit detailed financial, operating and other reports to the Mississippi Gaming Commission and furnish any other information which the Mississippi Gaming Commission may require. If we are unable to satisfy the registration requirements of the Mississippi Act, we and our casino licensees cannot own or operate gaming facilities in Mississippi. The casino licensees are also required to periodically submit detailed financial, operating and other reports to the Mississippi Gaming Commission and the Mississippi Department of Revenue and to furnish any other information required thereby. With certain exceptions, no person may become a stockholder of or receive any percentage of profits from the casino licensees without first obtaining licenses and approvals from the Mississippi Gaming Commission.

Certain of our officers, directors and employees must be found suitable or be licensed by the Mississippi Gaming Commission. We believe that we have applied for all necessary findings of suitability with respect to these persons, although the Mississippi Gaming Commission, in its discretion, may require additional persons to file applications for findings of suitability. In addition, any person having a material relationship or involvement with us may be required to be found suitable, in which case those persons must pay the costs and fees associated with the investigation. A finding of suitability requires submission of detailed personal and financial information followed by a thorough investigation. There can be no assurance that a person who is subject to a finding of suitability will be found suitable by the Mississippi Gaming Commission. The Mississippi Gaming Commission may deny an application for a finding of suitability for any cause that it deems reasonable. Findings of suitability must be periodically renewed.

Changes in certain licensed positions must be reported to the Mississippi Gaming Commission. In addition to its authority to deny an application for a finding of suitability, the Mississippi Gaming Commission has jurisdiction to disapprove a change in a licensed position. The Mississippi Gaming Commission has the power to require us to suspend or dismiss officers, directors and other key employees or sever relationships with other persons who refuse to file appropriate applications or whom the authorities find unsuitable to act in their capacities.

Employees associated with gaming must obtain work permits that are subject to immediate suspension. The Mississippi Gaming Commission will refuse to issue a work permit to a person convicted of a felony and it may refuse to issue a work permit to a gaming employee if the employee has committed various misdemeanors or knowingly violated the Mississippi Act or for any other reasonable cause.

At any time, the Mississippi Gaming Commission has the power to investigate and require a finding of suitability of any of our record or beneficial stockholders, regardless of the percentage of ownership. Mississippi law requires any person who acquires more than 5% of our voting securities to report the acquisition to the Mississippi Gaming Commission, and that person may be required to be found suitable. Also, any person who becomes a beneficial owner of more than 10% of our voting securities, as reported to the Mississippi Gaming Commission, must apply for a finding of suitability by the Mississippi Gaming Commission. An applicant for finding of suitability must pay the costs and fees that the Mississippi Gaming Commission incurs in conducting the investigation.

The Mississippi Gaming Commission has generally exercised its discretion to require a finding of suitability of any beneficial owner of more than 5% of a registered public or private company's voting securities. However, the Mississippi Gaming Commission has adopted a regulation that permits certain institutional investors to own beneficially up to 25% and, under certain circumstances, up to 29%, of a registered or licensed company's voting securities without a finding of suitability. Under the regulations, an "institutional investor," as defined therein, may apply to the Executive Director of the Mississippi Gaming Commission for a waiver of a finding of suitability if such institutional investor (i) beneficially owns up to 25% (or, in certain circumstances, up to 29%) of the voting securities of a registered or licensed company, and (ii) holds the voting securities for investment purposes only. An institutional investor shall not be deemed to hold voting securities for investment purposes unless the voting securities were acquired and are held in the ordinary course of business as an institutional investor and not for the purpose of causing, directly or indirectly, the election of a majority of the members of the board of directors of the registered or licensed company, any change in the registered or licensed company's corporate charter, bylaws, management, policies or operations of the registered public or private company or any of its gaming affiliates, or any other action which the Mississippi Gaming Commission finds to be inconsistent with holding the registered or licensed company's voting securities for investment purposes only.

Activities that are not deemed to be inconsistent with holding voting securities for investment purposes only include:

- voting, directly or indirectly through the delivery of a proxy furnished by the board of directors, on all matters voted upon by the holders of such voting securities;
- serving as a member of any committee of creditors or security holders formed in connection with a debt restructuring;
- nominating any candidate for election or appointment to the board of directors in connection with a debt restructuring;
- accepting appointment or election (or having a representative accept appointment or election) as a member of the board of directors in connection with a debt restructuring and serving in that capacity until the conclusion of the member's term;
- making financial and other inquiries of management of the type normally made by securities analysts for informational purposes and not to cause a change in management, policies or operations; and
- such other activities as the Mississippi Gaming Commission may determine to be consistent with such investment intent.

If a stockholder who must be found suitable is a corporation, partnership or trust, it must submit detailed business and financial information including a list of beneficial owners. The Mississippi Gaming Commission may at any time dissolve, suspend, condition, limit or restrict a finding of suitability to own a registered public company's equity interests for any cause it deems reasonable.

We may be required to disclose to the Mississippi Gaming Commission upon request the identities of the holders of any of our debt or other securities. In addition, under the Mississippi Act, the Mississippi Gaming Commission may, in its discretion, require holders of our debt securities to file applications, investigate the holders, and require the holders to be found suitable to own the debt securities.

Although the Mississippi Gaming Commission generally does not require the individual holders of obligations such as notes to be investigated and found suitable, the Mississippi Gaming Commission retains the discretion to do so for any reason, including but not limited to a default, or where the holder of the debt instrument exercises a material influence over the gaming operations of the entity in question. Any holder of debt securities required to apply for a finding of suitability must pay all investigative fees and costs of the Mississippi Gaming Commission in connection with the investigation.

Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by the Mississippi Gaming Commission may be found unsuitable. Any person found unsuitable and who holds, directly or indirectly, any beneficial ownership of our securities beyond the time that the Mississippi Gaming Commission prescribes, may be guilty of a misdemeanor. After receiving notice that a person is unsuitable to be a stockholder, a holder of our debt securities or to have any other relationship with us, we will be subject to disciplinary action if we:

- pay the unsuitable person any dividend, interest or other distribution whatsoever;
- recognize the exercise, directly or indirectly, of any voting rights conferred through such securities held by the unsuitable person;
- pay the unsuitable person any remuneration in any form for services rendered or otherwise, except in limited and specific circumstances;
- make any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation or similar transaction; or
- fail to pursue all lawful efforts to require the unsuitable person to divest himself or herself of the securities, including, if necessary, the immediate purchase of the securities for cash at a fair market value.

The casino licensees must maintain in Mississippi a current ledger with respect to the ownership of their equity securities and we must maintain in Mississippi a current list of our stockholders which must reflect the record ownership of each outstanding share of any equity security issued by us. The ledger and stockholder lists must be available for inspection by the Mississippi Gaming Commission at any time. If any of our securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to the Mississippi Gaming Commission. A failure to make that disclosure may be grounds for finding the record holder unsuitable. We must also render maximum assistance in determining the identity of the beneficial owner.

The Mississippi Act requires that the certificates representing securities of a registered publicly traded corporation bear a legend to the general effect that the securities are subject to the Mississippi Act and the regulations of the Mississippi Gaming Commission. On May 28, 2009, the Mississippi Gaming Commission granted us a waiver of this legend requirement. The Mississippi Gaming Commission has the power to impose additional restrictions on us and the holders of our securities at any time.

Substantially all loans, leases, sales of securities and similar financing transactions by the casino licensees must be reported to or approved by the Mississippi Gaming Commission. The licensed subsidiaries may not make a public offering of their securities, but may pledge or mortgage casino facilities with the prior approval of the Mississippi Gaming Commission. We may not make a public offering of our securities without the prior approval of the Mississippi Gaming Commission if any part of the proceeds of the offering is to be used to finance the construction, acquisition or operation of gaming facilities in Mississippi or to retire or extend obligations incurred for those purposes. The approval, if given, does not constitute a recommendation or approval of the accuracy or adequacy of the prospectus or the investment merits of the securities subject to the offering. Effective June 23, 2015, the Mississippi Gaming Commission granted us a waiver of the prior approval requirement for our securities offerings for a period of three years, subject to certain conditions. The waiver may be rescinded for good cause without prior notice upon the issuance of an interlocutory stop order by the Executive Director of the Mississippi Gaming Commission.

Under the regulations of the Mississippi Gaming Commission, the casino licensees may not guarantee a security issued by us pursuant to a public offering, or pledge their assets to secure payment or performance of the obligations evidenced by such a security issued by us, without the prior approval of the Mississippi Gaming Commission. Similarly, we may not pledge the stock or other ownership interests of the casino licensees, nor may the pledgee of such ownership interests foreclose on such a pledge, without the prior approval of the Mississippi Gaming Commission. Moreover, restrictions on the transfer of an equity security issued by us and agreements not to encumber such securities granted by us are ineffective without the prior approval of the Mississippi Gaming Commission. The waiver of the prior approval requirement for our securities offerings received from the Mississippi Gaming Commission effective June 23, 2015 includes a waiver of the prior approval requirement for such guarantees, pledges and restrictions of the casino licensees, subject to certain conditions.

We cannot change our control through merger, consolidation, acquisition of assets, management or consulting agreements or any form of takeover without the prior approval of the Mississippi Gaming Commission. The Mississippi Gaming Commission may also require controlling stockholders, officers, directors, and other persons having a material relationship or involvement with the entity proposing to acquire control, to be investigated and licensed as part of the approval process relating to the transaction.

The Mississippi Legislature has declared that some corporate acquisitions opposed by management, repurchases of voting securities and other corporate defensive tactics that affect corporate gaming licensees in Mississippi and corporations whose stock is publicly traded that are affiliated with those licensees may be injurious to stable and productive corporate gaming. The Mississippi Gaming Commission has established a regulatory scheme to ameliorate the potentially adverse effects of these business practices upon Mississippi's gaming industry and to further Mississippi's policy to assure the financial stability of corporate gaming operators and their affiliates, preserve the beneficial aspects of conducting business in the corporate form, and promote a neutral environment for the orderly governance of corporate affairs.

We may be required to obtain approval from the Mississippi Gaming Commission before we may make exceptional repurchases of voting securities in excess of the current market price of its common stock (commonly called "greenmail") or before we may consummate a corporate acquisition opposed by management. The regulations also require prior approval by the Mississippi Gaming Commission if we adopt a plan of recapitalization proposed by our Board of Directors opposing a tender offer made directly to the stockholders for the purpose of acquiring control of us.

Neither we nor the casino licensees may engage in gaming activities in Mississippi while we, the casino licensees and/or persons found suitable to be associated with the gaming license of the casino licensees conduct gaming operations outside of Mississippi without approval of the Mississippi Gaming Commission. The Mississippi Gaming Commission may require that it have access to information concerning our, and our affiliates', out-of-state gaming operations. We believe that we have applied for all necessary waivers of foreign gaming approval from the Mississippi Gaming Commission for the conduct of our active or planned gaming operations outside of Mississippi.

If the Mississippi Gaming Commission decides that the casino licensees violated a gaming law or regulation, the Mississippi Gaming Commission could limit, condition, suspend or revoke the license of the subsidiary. In addition, we, the casino licensees and the persons involved could be subject to substantial fines for each separate violation. A violation under any of our other operating subsidiaries' gaming licenses may be deemed a violation of the casino licensees' gaming license.

Because of a violation, the Mississippi Gaming Commission could attempt to appoint a supervisor to operate the casino facilities. Limitation, conditioning or suspension of the casino licensees' gaming license or our registration as a publicly traded holding company, or the appointment of a supervisor could, and the revocation of any gaming license or registration would, materially adversely affect our Mississippi gaming operations.

The casino licensees must pay license fees and taxes, computed in various ways depending on the type of gaming involved, to the State of Mississippi and to the county or city in which the licensed gaming subsidiary conducts operations. Depending upon the particular fee or tax involved, these fees and taxes are payable either monthly, quarterly or annually and are based upon a percentage of gross gaming revenues, the number of slot machines operated by the casino, and the number of table games operated by the casino.

The license fee payable to the State of Mississippi is based upon "gross revenues," generally defined as cash receipts less cash payouts to customers as winnings, and generally equals 8% of gross revenue. These license fees are allowed as a credit against our Mississippi income tax liability for the year paid. The gross revenue fee imposed by the Mississippi cities and counties in which casino operations are located is in addition to the fees payable to the State of Mississippi and equals approximately 4% of gross revenue.

The Mississippi Gaming Commission adopted a regulation in 1994 requiring as a condition of licensure or license renewal that a gaming establishment's plan include a 500-car parking facility in close proximity to the casino complex and infrastructure facilities

which will amount to at least 25% of the casino cost. Infrastructure facilities are defined in the regulation to include a hotel with at least 250 rooms, theme park, golf course and other similar facilities. Beau Rivage and Gold Strike Tunica are in compliance with this requirement. On January 21, 1999, the Mississippi Gaming Commission adopted an amendment to this regulation which increased the infrastructure requirement to 100% from the existing 25%; however, the regulation grandfathers existing licensees and applies only to new casino projects and casinos that are not operating at the time of acquisition or purchase, and would therefore not apply to Beau Rivage and Gold Strike Tunica. In any event, Beau Rivage and Gold Strike Tunica would comply with such requirement. On February 21, 2013, the Mississippi Gaming Commission adopted further amendments to this regulation to impose additional requirements on new casino projects. However, the amended regulation grandfathers any licensee who has been licensed by the Mississippi Gaming Commission prior to December 31, 2013; therefore, the amendments do not apply to Beau Rivage or Gold Strike Tunica.

Both the local jurisdiction and the Alcoholic Beverage Control Division of the Mississippi Department of Revenue license, control and regulate the sale of alcoholic beverages by the casino licensees. Beau Rivage and Gold Strike Tunica are in areas designated as special resort areas, which allows casinos located therein to serve alcoholic beverages on a 24-hour basis. The Alcoholic Beverage Control Division requires that our key officers and managers and the casino licensees' key officers and managers and all owners of more than 5% of the casino licensees' equity submit detailed personal, and in some instances, financial information to the Alcoholic Beverage Control Division and be investigated and licensed. All such licenses are non-transferable. The Alcohol Beverage Control Division has the full power to limit, condition, suspend or revoke any license for the service of alcoholic beverages or to place a licensee on probation with or without conditions. Any disciplinary action could, and revocation would, have a material adverse effect upon the casino's operations.

Illinois Government Regulation

Our 50% joint venture ownership interest in Grand Victoria Riverboat Casino, located in Elgin, Illinois ("Grand Victoria") is subject to extensive state regulation under the Illinois Riverboat Gambling Act (the "Illinois Act") and the regulations of the Illinois Gaming Board (the "Illinois Board").

In February 1990, the State of Illinois legalized riverboat gambling. The Illinois Act authorizes the Illinois Board to issue up to ten riverboat gaming owners' licenses on any water within the State of Illinois or any water other than Lake Michigan which constitutes a boundary of the State of Illinois. The Illinois Act restricts the location of certain of the ten owners' licenses. Three of the licenses must be located on the Mississippi River. One license must be at a location on the Illinois River south of Marshall County and another license must be located on the Des Plaines River in Will County. The remaining licenses are not restricted as to location. Currently, all ten owner's licenses are in operation in Alton, Aurora, East Peoria, East St. Louis, Elgin, Metropolis, Rock Island, Des Plaines, and two licenses in Joliet.

The Illinois Act strictly regulates the facilities, persons, associations and practices related to gaming operations. It grants the Illinois Board specific powers and duties, and all other powers necessary and proper to fully and effectively execute the Illinois Act for the purpose of administering, regulating and enforcing the system of riverboat gaming. The Illinois Board has authority over every person, association, corporation, partnership and trust involved in riverboat gaming operations in the State of Illinois.

The Illinois Act requires the owner of a riverboat gaming operation to hold an owner's license issued by the Illinois Board. Each owner's license permits the holder to own up to two riverboats as part of its gaming operation; however, gaming participants are limited to 1,200 for any owner's license. The number of gaming participants will be determined by the number of gaming positions available at any given time. Gaming positions are counted as follows:

- positions for electronic gaming devices will be determined as 90% of the total number of devices available for play;
- craps tables will be counted as having ten gaming positions; and
- games utilizing live gaming devices, except for craps, will be counted as having five gaming positions.

Each owner's license initially runs for a period of three years. Thereafter, the license must be renewed annually. The Board may renew an owner's license for up to four years. An owner licensee is eligible for renewal upon payment of the applicable fee and a determination by the Illinois Board that the licensee continues to meet all of the requirements of the Illinois Act and Illinois Board's rules. The owner's license for Grand Victoria was issued in October 1994 and was renewed for a four-year period that ends in October 2020. An ownership interest in an owner's license may not be transferred or pledged as collateral without the prior approval of the Illinois Board.

Pursuant to the Illinois Act, the Illinois Board established certain rules to follow in deciding whether to approve direct or indirect ownership or control of an owner's license. The Illinois Board must consider the impact of any economic concentration caused by the ownership or control. No direct or indirect ownership or control may be approved which will result in undue economic concentration of the ownership of a riverboat gambling operation in Illinois. The Illinois Act specifies a number of criteria for the Illinois Board to consider in determining whether the approval of the issuance, transfer or holding of a license will create undue economic concentration. The application of such criteria could reduce the number of potential purchasers for the Grand Victoria or our 50% joint venture interest therein.

The Illinois Act does not limit the maximum bet or per patron loss. Minimum and maximum wagers on games are set by the holder of the owner's license. Wagering may not be conducted with money or other negotiable currency. No person under the age of 21 is permitted to wager and wagers only may be received from a person present on the riverboat. With respect to electronic gaming devices, the payout percentage may not be less than 80% or more than 100%.

Illinois imposes a number of taxes on Illinois casinos. Such taxes are subject to change by the Illinois legislature and have been increased in the past. The Illinois legislature also may impose new taxes on Grand Victoria's activities. Illinois currently imposes an admission tax of \$2.00 per person for an owner licensee that admitted 1,000,000 persons or fewer in the 2004 calendar year, and \$3.00 per person for all other owner licensees (including Grand Victoria).

Additionally, Illinois imposes a wagering tax on the adjusted gross receipts, as defined in the Illinois Act, of a riverboat operation. The owner licensee is required, on a daily basis, to wire the wagering tax payment to the Illinois Board. Currently, the wagering tax is:

- 15.0% of adjusted gross receipts up to and including \$25.0 million;
- 22.5% of adjusted gross receipts in excess of \$25.0 million but not exceeding \$50.0 million;
- 27.5% of adjusted gross receipts in excess of \$50.0 million but not exceeding \$75.0 million;
- 32.5% of adjusted gross receipts in excess of \$75.0 million but not exceeding \$100.0 million;
- 37.5% of adjusted gross receipts in excess of \$100.0 million but not exceeding \$150.0 million;
- 45.0% of adjusted gross receipts in excess of \$150.0 million but not exceeding \$200.0 million; and
- 50.0% of adjusted gross receipts in excess of \$200.0 million.

A holder of any gaming license in Illinois is subject to imposition of fines, suspension or revocation of such license, or other action for any act or failure to act by the licensee or the licensee's agents or employees, that is injurious to the public health, safety, morals, good order and general welfare of the people of the State of Illinois, or that would discredit or tend to discredit the Illinois gaming industry or the State of Illinois. The Illinois Board may revoke or suspend licenses, as the Illinois Board may determine and, in compliance with applicable Illinois law regarding administrative procedures, may suspend an owner's license, without notice or hearing, upon a determination that the safety or health of patrons or employees is jeopardized by continuing a riverboat's operation. The suspension may remain in effect until the Illinois Board determines that the cause for suspension has been abated and it may revoke the owner's license upon a determination that the owner has not made satisfactory progress toward abating the hazard.

If the Illinois Board has suspended, revoked or refused to renew an owner's license or if a riverboat gambling operation is closing and the owner is voluntarily surrendering its owner's license, the Illinois Board may petition the local circuit court in which the riverboat is situated for appointment of a receiver. The circuit court has sole jurisdiction over any and all issues pertaining to the appointment of a receiver. The Illinois Board specifies the specific powers, duties and limitations of the receiver.

The Illinois Board requires that each "Key Person" of an owner licensee submit a Personal Disclosure or Business Entity Form and be investigated and approved by the Illinois Board. The Illinois Board determines which positions, individuals or Business Entities are required to be approved by the Board as Key Persons. Once approved, such Key Person status must be maintained. Key Persons include:

- any Business Entity and any individual with an ownership interest or voting rights of more than 5% in the licensee or applicant and the trustee of any trust holding such ownership interest or voting rights;

- the directors of the licensee or applicant and its chief executive officer, president and chief operating officer or their functional equivalents;
- a Gaming Operations Manager or any other business entity or individual who has influence and/or control over the conduct of gaming or the Riverboat Gaming Operation; and
- all other individuals or Business Entities that, upon review of the applicant's or licensee's Table of Organization, Ownership and Control the Board determines hold a position or a level of ownership, control or influence that is material to the regulatory concerns and obligations of the Illinois Board for the specified licensee or applicant.

Each owner licensee must provide a means for the economic disassociation of a Key Person in the event such economic disassociation is required by an order of the Illinois Board. Based upon findings from an investigation into the character, reputation, experience, associations, business probity and financial integrity of a Key Person, the Illinois Board may enter an order upon the licensee or require the economic disassociation of the Key Person.

Applicants for and holders of an owner's license are required to obtain the Illinois Board's approval for changes in the following: (i) Key Persons; (ii) type of entity; (iii) equity and debt capitalization of the entity; (iv) investors and/or debt holders; (v) source of funds; (vi) applicant's economic development plan; (vii) riverboat capacity or significant design change; (viii) gaming positions; (ix) anticipated economic impact; or (x) agreements, oral or written, relating to the acquisition or disposition of property (real or personal) of a value greater than \$1 million. Illinois regulations provide that a holder of an owner's license may make distributions to its stockholders only to the extent that such distributions do not impair the financial viability of the owner.

The Illinois Board requires each holder of an owner's license to obtain the Illinois Board's approval prior to issuing a guaranty of any indebtedness. Accordingly, we and our subsidiaries with a direct interest in Grand Victoria intend to petition the Illinois Board to allow those subsidiaries to issue subsidiary guaranties of any indebtedness that we incur in the future to the extent such guaranties are required by our lenders. Although we and those subsidiaries believe the Illinois Board will continue to approve our petitions and allow such guaranties of our future indebtedness, there can be no assurance that the Illinois Board will continue to grant the necessary approvals.

The Illinois Board requires that each "institutional investor," as that term is defined by Illinois Board, that, individually or jointly with others, cumulatively acquires, directly or indirectly, 5% or more of any class of voting securities of a publicly-traded licensee or a licensee's publicly-traded parent corporation shall, within no less than ten days after acquiring such securities, notify the Illinois Board of such ownership and shall, upon request, provide such additional information as may be required by the Illinois Board. An institutional investor that, individually or jointly with others, cumulatively acquires, directly or indirectly, 10% or more of any class of voting securities of a publicly-traded licensee or a licensee's publicly-traded parent corporation shall file an "Institutional Investor Disclosure Form," provided by the Illinois Board, within 45 days after cumulatively acquiring such level of ownership interest, unless such requirement is waived by the Illinois Board. Additionally, we must notify the Illinois Board as soon as possible after we become aware that we are involved in an ownership acquisition by an institutional investor.

The Illinois Board may waive any licensing requirement or procedure provided by rule if it determines that the waiver is in the best interests of the public and the gaming industry. Also, the Illinois Board may, from time to time, amend or change its rules.

On January 1, 2008, Illinois' statewide public smoking ban became effective. Smoking is now illegal in Illinois' casinos, bars, restaurants and other public establishments. This may continue to negatively impact the gaming industry in Illinois.

From time to time, various proposals have been introduced in the Illinois legislature that, if enacted, would affect the taxation, regulation, operation or other aspects of the gaming industry. The Illinois legislature regularly considers proposals that would expand gaming opportunities in Illinois. Some of this legislation, if enacted, could adversely affect the gaming industry. No assurance can be given whether such or similar legislation will be enacted.

The Illinois legislature continues to discuss the possibility of gaming expansion. This expansion could include several new casinos (including one in Chicago), increased gaming positions in existing casinos, as well as gaming positions at Illinois racetracks. If gaming expansion occurs, Grand Victoria's operating results could be adversely impacted by the increased competition.

On July 13, 2009, Illinois enacted the Video Gaming Act, which legalizes the use of up to five video gaming terminals in most bars, restaurants, fraternal organizations and veterans' organizations holding valid Illinois liquor licenses, as well as at qualifying truck stops. The Illinois Board adopted a set of Regulations and continues to release new or emergency Regulations, as necessary, to implement and regulate the Video Gaming Act. Effective October 9, 2012, video gaming in Illinois became operational. The video gaming terminals in licensed establishments allow patrons to play games such as video poker, line up and blackjack. In December 2017, over 6,200 licensed establishments were operating nearly 28,000 video gaming terminals. Grand Victoria's revenues may be adversely impacted by the availability of video gaming terminals in non-casino establishments proximately located to its customer base.

Macau S.A.R. Laws and Regulations

MGM Grand Paradise is regulated as a gaming operator under applicable Macau law and our ownership interest in MGM Grand Paradise is subject to continuing regulatory scrutiny. We are required to be approved by the Macau government (gaming authorities) to own an interest in a gaming operator. Authorized gaming operators must pay periodic fees and taxes, and gaming rights are not transferable, unless approved by the Macau government. MGM Grand Paradise must periodically submit detailed financial and operating reports to the Macau gaming authorities and furnish any other information that the Macau gaming authorities may require. No person may acquire any rights over the shares or assets of MGM Grand Paradise without first obtaining the approval of the Macau gaming authorities. The transfer or creation of encumbrances over ownership of shares representing the share capital of MGM Grand Paradise or other rights relating to such shares, and any act involving the granting of voting rights or other stockholders' rights to persons or entities other than the original owners, would require the approval of the Macau government and the subsequent report of such acts and transactions to the Macau gaming authorities. The stock of MGM Grand Paradise and its casinos, assets and equipment shall not be subject to any liens or encumbrances, except under authorization by the Macau government.

MGM Grand Paradise's subconcession contract requires approval of the Macau government for transfers of shares, or of any rights over such shares, in any of the direct or indirect stockholders in MGM Grand Paradise, including us, provided that such shares or rights are directly or indirectly equivalent to an amount that is equal to or higher than 5% of the share capital in MGM Grand Paradise. Under the subconcession contract, this approval requirement does not apply to securities that are listed and tradable on a stock market. Since MGM Grand Paradise's securities are not listed and tradable on a stock market this approval requirement applies to transfers of MGM Grand Paradise's shares. In addition, this contract requires that the Macau government be given notice of the creation of any encumbrance or the grant of voting rights or other stockholders' rights to persons other than the original owners on shares in any of the direct or indirect stockholders in MGM Grand Paradise, including us, provided that such shares or rights are indirectly equivalent to an amount that is equal to or higher than 5% of the share capital in MGM Grand Paradise. This notice requirement will not apply, however, to securities listed and tradable on a stock exchange.

MGM Grand Paradise is in no case allowed to delegate the management of gaming operations to a management company, and is in no case allowed to enter into a management contract by which its managing powers are or might be assumed by a third party. Any act or contract by which MGM Grand Paradise assigns, transfers, alienates or creates liens or encumbrances on gaming operations to or in favor of a third party is prohibited, unless previously approved by the Macau government.

The Macau gaming authorities may investigate any individual who has a material relationship to, or material involvement with, MGM Grand Paradise to determine whether MGM Grand Paradise's suitability and/or financial capacity is affected by that individual. MGM Grand Paradise shareholders with 5% or more of the share capital and directors must apply for and undergo a finding of suitability process and maintain due qualification during the subconcession term, and accept the persistent and long-term inspection and supervision exercised by the Macau government. MGM Grand Paradise is required to immediately notify the Macau government should MGM Grand Paradise become aware of any fact that may be material to the appropriate qualification of any shareholder who owns 5% or more of the share capital, or any director or key employee. Changes in approved corporate positions must be reported to the Macau gaming authorities. The Macau gaming authorities have jurisdiction to deny an application for a finding of suitability.

Any person who fails or refuses to apply for a finding of suitability after being ordered to do so by the Macau gaming authorities may be found unsuitable. Any stockholder subject to a suitability process who is found unsuitable must transfer their shares to a third party within a term set by the Macau government. If such transfer is not consummated, MGM Grand Paradise must acquire those shares. If any officer, director or key employee is found unsuitable, MGM Grand Paradise must sever all relationships with that person. In case of failure to act in accordance thereof, MGM Grand Paradise would become subject to administrative sanctions and penalties.

The Macau government must give their prior approval to changes in control of MGM Grand Paradise through a merger, consolidation, stock or asset acquisition, management or consulting agreement or any act or conduct by any person whereby he or she obtains control. Entities seeking to acquire control of a registered corporation must satisfy the Macau government concerning a variety of stringent standards prior to assuming control. The Macau gaming authorities may also require controlling stockholders, officers,

directors and other persons having a material relationship or involvement with the entity proposing to acquire control, to be considered suitable as part of the approval process of the transaction.

The Macau gaming authorities also have the power to supervise gaming operators in order to assure the financial stability of corporate gaming operators and their affiliates.

The subconcession contract requires the Macau gaming authorities' prior approval of any recapitalization plan, any increase of the capital stock by public subscription, any issue of preferential shares or any creation, issue or transformation of types or series of shares representative of MGM Grand Paradise capital stock, as well as any change in the constituent documents (i.e., articles of association) of MGM Grand Paradise. The Chief Executive of Macau could also require MGM Grand Paradise to increase its share capital if he deemed it necessary.

MGM Macau was constructed and is operated under MGM Grand Paradise's subconcession contract. This subconcession excludes the following gaming activities: mutual bets, gaming activities provided to the public, interactive gaming and games of chance or other gaming, betting or gambling activities on ships or planes. MGM Grand Paradise's subconcession is exclusively governed by Macau law. MGM Grand Paradise is subject to the exclusive jurisdiction of the courts of Macau in case of any potential dispute or conflict relating to our subconcession.

MGM Grand Paradise's subconcession contract expires on March 31, 2020. Unless the subconcession is extended, on that date, all casino operations and related equipment in MGM Macau will automatically be transferred to the Macau government without compensation to MGM Grand Paradise and MGM Resorts International will cease to generate any revenues from these operations. Beginning on April 20, 2017, the Macau government may redeem the subconcession by giving MGM Grand Paradise at least one year prior notice and by paying fair compensation or indemnity.

The amount of such compensation or indemnity will be determined based on the amount of revenue generated during the tax year prior to the redemption.

The Macau government also has the right to unilaterally terminate, without compensation to MGM Grand Paradise, the subconcession at any time upon the occurrence of fundamental non-compliance by MGM Grand Paradise with applicable Macau laws or MGM Grand Paradise's basic obligations under the subconcession contract. If the default is curable, the Macau gaming authorities are required to give MGM Grand Paradise prior notice to cure the default, though no specific cure period for that purpose is provided.

The subconcession contract contains various general covenants and obligations and other provisions, the compliance with which is subjective. MGM Grand Paradise has the following obligations under the subconcession contract:

- ensure the proper operation and conduct of casino games;
- employ people with appropriate qualifications;
- operate and conduct casino games of chance in a fair and honest manner without the influence of criminal activities; and
- safeguard and ensure Macau's interests in tax revenue from the operation of casinos and other gaming areas.

The subconcession contract requires MGM Grand Paradise Limited to maintain a certain minimum level of insurance which are in place.

MGM Grand Paradise Limited is also subject to certain reporting requirements to the Macau gaming authorities.

Under the subconcession, MGM Grand Paradise Limited is obligated to pay to the Macau S.A.R. an annual premium with a fixed portion and a variable portion based on the number and type of gaming tables employed and gaming machines operated. The fixed portion of the premium is equal to 30 million patacas (approximately \$3.73 million, based on exchange rates at December 29, 2017). The variable portion is equal to 300,000 patacas per gaming table reserved exclusively for certain kinds of games or players, 150,000 patacas per gaming table not so reserved and 1,000 patacas per electrical or mechanical gaming machine, including slot machines (approximately \$37,280, \$18,640 and \$124, respectively, based on exchange rates at December 29, 2017), subject to a minimum of forty five million patacas (approximately \$5.6 million, based on exchange rates at December 29, 2017). MGM Grand Paradise Limited also has to pay a special gaming tax of 35% of gross gaming revenues and applicable withholding taxes. It must also contribute 1.6% and 2.4% (a portion of which must be used for promotion of tourism in Macau) of its gross gaming revenue to a public foundation designated by the Macau S.A.R. government and to the Macau S.A.R., respectively, as special levy.

Currently, the gaming tax in Macau is calculated as a percentage of gross gaming revenue. However, gross gaming revenue does not include deductions for credit losses. As a result, if MGM Grand Paradise issues markers to its customers in Macau and is unable to collect on the related receivables from them, it has to pay taxes on its winnings from these customers even though it was unable to collect the related receivables.

MGM Grand Paradise has received a concession from the Macau government to use a 10.67 acre parcel of land for MGM Macau (the “MGM Macau Land Contract”). The land concession will expire on April 6, 2031 and is renewable.

The MGM Macau Land Contract requires MGM Grand Paradise to pay a premium which was paid in full before the opening of MGM Macau. In addition, MGM Grand Paradise is also obligated to pay rent annually for the term of the MGM Macau Land Contract. The rent amount may be revised every five years by the Macau government, according to the provisions of the Macau Land law.

In addition, MGM Grand Paradise has received a concession from the Macau government to use an approximately 18 acre site in Cotai Macau and develop a second resort and casino (the “Cotai Land Contract”). The land concession contract became effective on January 9, 2013 and has an initial term of 25 years. The total land premium payable to the Macau government for the land concession contract is \$161 million and is composed of a down payment and eight additional semi-annual payments. In January 2017, MGM China paid the final semi-annual payment of \$15 million under the land concession contract.

MGM Grand Paradise received an exemption from Macau’s corporate income tax on profits generated by the operation of casino games of chance for a period of five-years starting at January 1, 2007. In October 2011, MGM Grand Paradise was granted an extension of this exemption for an additional five years. The exemption was further extended on September 7, 2016 through March 31, 2020.

Maryland Government Regulation

The Maryland State Lottery Video Lottery Terminal Law (“Maryland VLT Law”) subjects the owners and operators of video lottery facilities to extensive state licensing and regulatory requirements. We are subject to the Maryland VLT Law and the regulations promulgated to implement it through our ownership interest in MGM National Harbor, LLC, which owns and operates the MGM National Harbor video lottery facility in Prince George’s County, Maryland.

Under the Maryland VLT Law, the Maryland Lottery and Gaming Control Commission (“Maryland Commission”), in conjunction with the Maryland Lottery and Gaming Control Agency (“Maryland Agency”), maintains authority to regulate the operation of video lottery terminals and tables games within the State of Maryland, and to issue video lottery operation licenses to qualified applicants. The Maryland Video Lottery Facility Location Commission (“Maryland Location Commission”) has the authority to award up to six video lottery operation licenses within the State of Maryland and is responsible for evaluating competing proposals and awarding the video lottery operation licenses to applicants based on business and market, economic development and location siting factors. The Maryland Location Commission cannot award a video lottery operation license to an applicant until the Maryland Commission determines that the applicant is qualified. On October 10, 2013, the Maryland Commission determined that MGM National Harbor, LLC and all applicable principals were qualified, and on December 23, 2013, the Maryland Location Commission awarded the video lottery operation license in Prince George’s County, Maryland to MGM National Harbor, LLC. MGM National Harbor, LLC was awarded the sixth and final video lottery operation license in Maryland. On December 7, 2016, the Maryland Commission issued a video lottery operation license to MGM National Harbor, LLC, which license has an initial term of 15 years.

The initial license fee was based on the number of video lottery terminals initially proposed within the video lottery facility. As 3,600 video lottery terminals were proposed for MGM National Harbor, our initial license fee was \$21 million, and the Maryland Location Commission determined that MGM National Harbor may have up to 3,600 terminals. Within 1 year of the end of the initial 15-year license term, a video lottery operation licensee may reapply for a license that has a license term of 10 years and a license fee to be established by statute.

At the request of the Company, on August 17, 2016, the Maryland Commission temporarily reduced the number of permitted video lottery terminals to 3,321, which temporary reduction was to become permanent if there were not 3,600 terminals in operation at MGM National Harbor by December 8, 2017. However, at the request of the Company, on June 29, 2017, the Maryland Commission approved a further temporary reduction to not less than 2,700 terminals in connection with a casino expansion project while preserving the Company’s originally authorized allotment of 3,600 terminals until December 8, 2018. The Maryland Commission further determined that as of December 8, 2018 the authorized number of terminals shall be not less than 3,321 or more than 3,600, with the final authorized number of terminals being the actual number of terminals in operation at MGM National Harbor as of December 8, 2018.

Under the Maryland VLT Law, video lottery terminals each must have an average payout percentage of at least 87%. Video lottery facilities are permitted to operate 24 hours a day, and patrons must be 21 years of age to wager. While alcohol may be offered in the video lottery facility, it may not be offered free of charge. The Maryland VLT Law and regulations also impose various restrictions on check cashing, debit and credit card usage, ATMs, and other transactions within the video lottery facility.

The Maryland Commission has extensive authority to conduct background investigations and to determine whether applicants for a video lottery operation license, affiliated holding or intermediary companies, directors, officers, key management employees, principals, partners, and other persons or entities holding a five percent or greater interest in the applicant, are qualified under the Maryland VLT Law.

The Maryland VLT Law provides that institutional investors may be exempt from certain regulatory requirements, and an Institutional Investor Waiver Application may be submitted for entities holding an interest in an applicant or licensee that are considered institutional investors. The term “institutional investor” generally includes insurance companies, banks and financial institutions, investment companies, trusts and advisors, pension funds, etc. The Maryland Commission’s decision concerning whether to grant a waiver is discretionary, and based on a variety of factors that include, but are not limited to, the institutional investor’s securities, whether the investor is substantially involved in the video lottery operations of the licensee, and the investor’s gaming licensure history in other jurisdictions.

After a video lottery operation license is awarded and/or issued, the Maryland Commission has responsibility for the continuing regulation and licensing of the licensee and its officers, directors, and other designated persons. The Maryland Commission retains the authority to suspend, revoke or restrict a video lottery operation license, and may levy civil penalties for regulatory and other violations. The licensee’s participation in video lottery and table game operations is expressly deemed a revocable privilege under the Maryland VLT Law, conditioned on the proper and continued qualification of the licensee and the licensee meeting reporting requirements and continuing to provide any assistance and information necessary to the Maryland regulators. Each licensee has an affirmative responsibility to provide an annual update of applicable licensing information to the Maryland Commission. Among other things, the Maryland Commission is also responsible for the collection of application, license and other fees, conducting investigations into the operation of video lottery terminals and table games, and reviewing and ruling on complaints, and may conduct unannounced inspections of the video lottery facility premises or the licensee’s records and equipment.

The regulations promulgated to implement the Maryland VLT Law impose detailed substantive and procedural requirements related to video lottery licensing and ongoing operations. The regulations include, but are not limited to, provisions concerning: licensing investigations and hearings; marketing controls and standards; internal control standards related to accounting, finance and statistics, audits, record retention, complimentaries, surveillance, security, cage and customer transactions, promotions, and other gaming related controls; facility design standards; table games surveillance; gaming floor plans; the transportation and testing of video lottery terminals and table games equipment; the registration of video lottery terminals and table games; voluntary and mandatory patron exclusion; responsible gaming; and junket enterprises and representatives. Applicants and licensees must also meet requirements concerning minority business participation, provide health insurance and retirement benefits for employees, and give preference to hiring employees located within ten miles of the video lottery facility.

Generally, a video lottery operation license may not be transferred, assigned or pledged as collateral without approval from the Maryland Commission. Specifically, a licensee cannot sell or transfer more than 5% of the legal or beneficial interests in the licensee unless the Maryland Commission is notified and determines that the buyer or transferee meets all applicable qualification and regulatory requirements. If the licensee fails to meet these requirements, the applicable license will be automatically revoked ninety days after the transfer or sale. Entities and individuals are also prohibited from owning an interest in more than one video lottery facility, and any application to the Maryland Location Commission to apply for an additional license must include a plan for divesting the applicable interest in the initial license. Applicants seeking investors in an entity applying for a video lottery operation license must make serious, good-faith efforts to solicit and interview a reasonable number of minority investors before a license will be awarded by the Maryland Location Commission, and following the award, must again make serious, good-faith efforts to interview minority investors in any future attempts to raise venture capital or attract new investors to the entity awarded the license.

The Maryland Commission retains the authority to recommend or propose changes to the Maryland VLT Law, and may amend or change regulations concerning the Maryland VLT Law, which, if enacted, could adversely affect the gaming industry and our ability to operate in Maryland.

New Jersey Government Regulation

Our ownership of Borgata in Atlantic City, New Jersey subjects us to extensive state regulation under the New Jersey Casino Control Act and the regulations promulgated thereunder (collectively, the “NJ Act”) and various other statutes and regulations. The New Jersey Casino Control Commission (“NJ Commission”) and the New Jersey Division of Gaming Enforcement (“NJ Division”

and, together with the NJ Commission, the “NJ Gaming Authorities”) are, to varying degrees, empowered to regulate a wide spectrum of gaming and non-gaming related activities and to approve the form of ownership and financial structure of not only a casino licensee, but also its holding and intermediary companies and entity qualifiers.

The NJ Commission issues casino licenses and casino key employee licenses and the NJ Division issues all other types of licenses, including permits to conduct intrastate Internet gaming and registrations and licenses to persons who provide goods or services to a casino. The NJ Division also is responsible for investigating all license applications and for monitoring compliance with and enforcing the requirements of the NJ Act.

On June 24, 2010, the NJ Commission renewed Borgata’s casino license effective July 1, 2010 for a term which became indefinite by operation of law. However, no later than five years after the issuance of a casino license, and approximately every five years thereafter, the casino licensee and its qualifying entities and individuals must submit information to the NJ Gaming Authorities to demonstrate their continuing qualification. In addition, the NJ Commission may reopen the license hearing at any time, and the NJ Commission must do so at the request of the NJ Division. In September 2014, we and certain of our subsidiaries were found qualified as holding companies of Borgata.

Pursuant to the NJ Act and applicable precedent, no entity may hold a casino license unless each officer, director, person who directly or indirectly holds any beneficial interest or ownership of the securities of the licensee, each person who in the opinion of the Director of the NJ Division has the ability to control or elect a majority of the board of directors of the licensee (other than a banking or other licensed lending institution acting in the ordinary course of business) and each of its holding, intermediary or subsidiary companies, obtains and maintains qualification approval from the NJ Gaming Authorities.

Persons holding 5% or more of the equity securities of a holding or intermediary company are presumed to have the ability to control the company or elect one or more of its directors and will, unless this presumption is rebutted by clear and convincing evidence or the qualification requirement is waived, be required to individually qualify. Equity securities are defined in the NJ Act as any voting stock or any other security having a direct or indirect participation in the profits of the issuer. Notwithstanding either the presumption of control for holding 5% or more of the equity securities of a holding company or the requirement that a casino licensee establish and maintain the qualification of certain holders of debt securities, the NJ Act provides for a waiver of qualification for passive “institutional investors,” as defined by the NJ Act under certain circumstances.

Casino licensees are also required to establish and maintain the qualifications of any financial backer, investor, mortgagee, bondholder, or holder of indentures, notes or other evidences of indebtedness, either in effect or proposed which bears any relation to the casino operation or casino hotel premises who holds 25% or more of such financial instruments or other evidences of indebtedness; provided, however, in circumstances of default, persons holding 10% of such financial instruments or evidences of indebtedness shall be required to establish and maintain their qualifications. Persons who hold less than these thresholds may be required to establish and maintain their qualifications in the discretion of the Director of the NJ Division. Banks and licensed lending institutions, however, are exempt from any qualification requirements if they are acting in the ordinary course of business.

The NJ Act imposes certain restrictions upon the issuance, ownership and transfer of securities of a casino licensee and its holding and intermediary companies and defines the term “security” to include instruments which evidence a direct or indirect beneficial ownership or creditor interest, including stock (common and preferred) mortgages, debentures, security agreements, notes, warrants, options and rights. If the NJ Commission finds that a holder of such securities is not qualified under the NJ Act, it has the right to take any remedial action deemed appropriate including the right to force divestiture by such disqualified holder of such securities. In the event that certain disqualified holders fail to divest themselves of such securities, the NJ Commission has the power to revoke or suspend the casino license or licenses related to the company which issued the securities. It is unlawful for a disqualified holder (i) to exercise, directly or through any trustee or nominee, any right conferred by such securities or (ii) to receive any dividends or interest upon such securities or any remuneration, in any form, from its affiliated casino licensee for services rendered or otherwise.

The NJ Act requires our certificate of incorporation to provide that our securities are held subject to the condition that if a holder is found to be disqualified by the NJ Commission pursuant to the NJ Act, such holder shall dispose of his interest in the company. Accordingly, our certificate of incorporation provides that a holder of our securities must dispose of such securities if the holder is found disqualified under the NJ Act. In addition, our certificate of incorporation provides that we may redeem the stock of any holder found to be disqualified.

The ability of a lender to foreclose on pledged assets, including gaming equipment, is subject to compliance with the NJ Act. Generally, no person is permitted to hold an ownership interest in or manage a casino or own any gaming assets, including gaming devices, without being licensed. Consequently, any lender who desires to enforce a security interest must file the necessary applications for licensure, be investigated, and either be found qualified by the NJ Commission or obtain interim casino authorization (“ICA”) prior to obtaining any ownership interest. Similarly, any prospective purchaser of an ownership interest in a casino or of

gaming assets must file the necessary applications for licensure, be investigated, and either found qualified by the NJ Commission or obtain ICA prior to obtaining any ownership interest or gaming assets.

Massachusetts Government Regulation

The Massachusetts Expanded Gaming Act (“Massachusetts Act”) subjects the owners and operators of gaming establishments to extensive state licensing and regulatory requirements. We are subject to the Massachusetts Act and the regulations promulgated to implement it through our ownership interest in Blue Tarp reDevelopment, LLC (“Blue Tarp”), which is expected to operate a gaming establishment in Springfield, Massachusetts, which establishment is currently scheduled for completion and opening in the third quarter of 2018.

Under the Massachusetts Act, the Massachusetts Gaming Commission (“Massachusetts Commission”) is responsible for issuing licenses under the Massachusetts Act and assuring that licenses are not issued or held by unqualified, disqualified or unsuitable persons. The Investigations and Enforcement Bureau (“IEB”), which is a Bureau within the Massachusetts Commission, is responsible for conducting administrative investigations of applicants and licensees, and for generally enforcing the Massachusetts Act and the regulations promulgated thereunder. In order to enforce the law, the IEB coordinates with the Massachusetts State Police, Attorney General and the Alcoholic Beverage Control Commission in order to perform its duties. The Massachusetts Act also establishes a Gaming Enforcement Division within the Massachusetts Attorney General’s Office responsible for investigating and prosecuting criminal violations of the Massachusetts Act. The Massachusetts Commission has the authority to award up to three Category 1 licenses (table games and slot machines), and one Category 2 license (slot machines only), within the Commonwealth of Massachusetts to qualified applicants.

On December 23, 2013, the Massachusetts Commission determined that Blue Tarp and all applicable principal individuals and entities were qualified, and on November 6, 2014, the Massachusetts Commission awarded the sole Category 1 license in Region B of Massachusetts to Blue Tarp, effective November 7, 2014.

While a Category 1 license has been awarded to Blue Tarp, Blue Tarp may not conduct gaming activities until an operations certificate has been issued by the Massachusetts Commission, which will be issued upon compliance with applicable provisions of the Massachusetts Act and regulations promulgated thereunder, receipt of all required permits and approvals, compliance with the conditions of Blue Tarp’s Category 1 license, and Blue Tarp continuing to meet applicable licensing, registration, qualification and other regulatory requirements. Under the Massachusetts Act, a Category 1 gaming licensee who fails to commence operations within one year from the opening date approved by the Massachusetts Commission is subject to the suspension or revocation of its license and, if the Commission determines that the gaming licensee acted in bad faith in its application, be assessed a fine of \$50,000,000 or less.

The initial license term is 15 years, which will commence upon the Massachusetts Commission’s approval of the commencement of the operation of the gaming establishment. The initial license fee for Category 1 licenses is \$85,000,000, as determined by the Massachusetts Commission and authorized by the Massachusetts Act, which amount Blue Tarp has paid. All Category 1 and Category 2 gaming licensees are also subject to additional annual fees under the Massachusetts Act. Category 1 licensees must generally make on-going annual capital expenditures to their gaming establishments in a minimum aggregate amount equal to 3.5 percent of the net gaming revenues derived from the establishment.

Under the Massachusetts Act, gaming establishments may be open 24 hours a day, and patrons must be 21 years of age to wager. Gaming beverage licenses may be granted by the Massachusetts Commission for the sale and distribution of alcoholic beverages at the gaming establishment except (i) between the hours of 2 a.m. and 8 a.m. outside of the gaming area and (ii) between the hours of 4 a.m. and 8 a.m. within the gaming area. The Massachusetts Act and regulations also describe procedures for, and restrictions on, check cashing, debit and credit card usage, ATMs, and other transactions within the gaming establishment.

The Massachusetts Commission, in particular the IEB, has extensive authority to conduct background investigations and to determine whether applicants for Category 1 and Category 2 licenses, affiliated holding or intermediary companies, subsidiaries, directors, managers, officers, financiers and debt holders, associates, key gaming executives and employees, other gaming related employees, and other persons or entities holding a five percent or greater direct or indirect interest in the applicant, are qualified under the Massachusetts Act (with certain exemptions for institutional investors in the discretion of the Massachusetts Commission).

After a Category 1 license is awarded, the Massachusetts Commission and IEB have responsibility for the continuing regulation and licensing of the licensee and its officers, directors, employees and other designated persons. The Massachusetts Commission retains the authority to suspend, revoke or condition a Category 1 license, or any other license issued under the Massachusetts Act, and the IEB may levy civil penalties for regulatory and other violations. All licenses issued under the Massachusetts Act are expressly deemed a revocable privilege, conditioned on the licensee’s fulfillment of all conditions of licensure, compliance with applicable laws

and regulations, and the licensee's continuing qualification and suitability . Among other things, the Massachusetts Commission is also responsible for the collection of application, license and other fees, conducting investigations of and monitoring applicants and licensees, and reviewing and ruling on complaints, and may conduct inspections of the gaming establishment premises or the licensee's records and equipment .

The regulations promulgated to implement the Massachusetts Act impose detailed substantive and procedural requirements related to licensing and on-going operations. The regulations include, but are not limited to, provisions concerning: licensing and registration of employees and vendors; accounting procedures and internal controls; surveillance and security requirements; gaming equipment, devices and systems, and device registration and testing; self-exclusion; on-going reporting requirements related to construction, approvals and operations; temporary licensure; marketing and affirmative marketing plans; notification requirements related to new or changes in shareholders, executives, and other qualifiers; notification and/or approval of certain material events and transactions; complimentary services; on-going capital expenditures; political contributions; credit issuance and customer transactions; auditing and record retention; facility design and gaming floor plans; slot machine possession and transportation; table game rules and procedures; employee credentials; vendors and junkets; and count room and cage procedures.

Generally, interests in a gaming establishment and Category 1 licenses may not be transferred without notification to and approval of the Massachusetts Commission. The sale, assignment, transfer, pledge or other disposition of any security issued by a corporation which holds a gaming license is conditional and will be ineffective if disapproved by the Massachusetts Commission. Category 1 licensees may also not change their business governing structure without the notification and approval of the Massachusetts Commission, and may not operate, invest in or own, in whole or in part, another gaming licensee's license or gaming establishment.

The Massachusetts Commission retains the authority to promulgate, amend or repeal regulations concerning the Massachusetts Act, which, if enacted, could adversely affect the gaming industry and our ability to operate in Massachusetts. Further, certain regulations are currently in draft form, and subject to further review, revision and final approval.

CITYCENTER HOLDINGS, LLC AND SUBSIDIARIES

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I NDEPENDENT AUDITORS' REPORT

To the Board of Directors
CityCenter Holdings, LLC

We have audited the accompanying consolidated financial statements of CityCenter Holdings, LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of operations, members' equity, and cash flows for each of the three years in the period ended December 31, 2017, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CityCenter Holdings, LLC and its subsidiaries as of December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2017, in accordance with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Las Vegas, Nevada
February 19, 2018

CITYCENTER HOLDINGS, LLC
CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31,	
	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 208,364	\$ 248,474
Accounts receivable, net	118,264	106,029
Inventories	18,547	16,786
Prepaid expenses and other current assets	26,659	22,994
Total current assets	<u>371,834</u>	<u>394,283</u>
Property and equipment, net	6,574,703	6,657,660
Other assets		
Intangible assets, net	18,681	19,881
Deposits and other assets, net	24,165	26,944
Total other assets	<u>42,846</u>	<u>46,825</u>
	<u>\$ 6,989,383</u>	<u>\$ 7,098,768</u>
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	\$ 25,482	\$ 23,973
Construction payable	36,327	6,743
Accrued interest on long-term debt	516	13,662
Current portion of long-term debt	16,000	–
Due to MGM Resorts International	75,275	63,939
Other accrued liabilities	192,904	187,505
Total current liabilities	<u>346,504</u>	<u>295,822</u>
Long-term debt, net	1,545,797	1,227,509
Other long-term obligations	11,836	21,407
Commitments and contingencies (Note 11)		
Members' equity	5,085,246	5,554,030
	<u>\$ 6,989,383</u>	<u>\$ 7,098,768</u>

The accompanying notes are an integral part of these consolidated financial statements.

CITYCENTER HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands)

	Year Ended December 31,		
	2017	2016	2015
Revenues			
Casino	\$ 477,719	\$ 440,832	\$ 450,166
Rooms	476,852	458,015	429,488
Food and beverage	350,360	327,339	285,883
Entertainment	8,145	19,723	54,273
Retail	21,349	22,160	21,937
Residential	–	2,646	33,358
Other	69,197	58,247	51,948
	<u>1,403,622</u>	<u>1,328,962</u>	<u>1,327,053</u>
Less: Promotional allowances	(136,069)	(128,897)	(130,673)
	<u>1,267,553</u>	<u>1,200,065</u>	<u>1,196,380</u>
Expenses			
Casino	211,577	212,592	230,227
Rooms	142,662	137,985	133,507
Food and beverage	211,650	205,769	174,624
Entertainment	2,332	14,018	36,904
Retail	13,420	14,525	14,629
Residential	20	1,880	23,994
Other	32,815	32,616	31,197
General and administrative	233,329	230,734	242,576
Property transactions, net	9,541	4,529	(154,788)
NV energy exit expense	(8,250)	26,089	–
Depreciation and amortization	224,358	313,787	251,847
	<u>1,073,454</u>	<u>1,194,524</u>	<u>984,717</u>
Operating income	<u>194,099</u>	<u>5,541</u>	<u>211,663</u>
Non-operating income (expense)			
Interest income	1,357	885	471
Interest expense, net	(60,094)	(61,032)	(72,791)
Loss on retirement of debt	(4,554)	(4,102)	–
Other, net	408	(106)	(191)
Net income (loss) from continuing operations	<u>131,216</u>	<u>(58,814)</u>	<u>139,152</u>
Income from discontinued operations	–	407,187	22,681
Net income	<u>\$ 131,216</u>	<u>\$ 348,373</u>	<u>\$ 161,833</u>

The accompanying notes are an integral part of these consolidated financial statements.

CITYCENTER HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2017	2016	2015
Cash flows from operating activities			
Net income	\$ 131,216	\$ 348,373	\$ 161,833
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	224,358	318,122	272,330
Amortization of debt discounts and issuance costs	4,657	3,960	4,486
Loss on retirement of long-term debt	4,554	4,102	—
Gain on the sale of Crystals	—	(400,082)	—
Property transactions, net	9,541	4,529	(154,733)
Provision for doubtful accounts	(2,407)	12,551	22,420
Changes in current assets and liabilities:			
Accounts receivable	(9,828)	(11,401)	(22,622)
Inventories	(1,761)	2,000	1,751
Prepaid expenses and other	(831)	8,461	(11,612)
Accounts payable and accrued liabilities	(6,185)	(4,807)	(74,248)
Change in residential real estate	—	1,771	6,609
Other	(12,521)	10,100	(7,754)
Net cash provided by operating activities	<u>340,793</u>	<u>297,679</u>	<u>198,460</u>
Cash flows from investing activities			
Capital expenditures, net of construction payable	(107,166)	(70,454)	(133,966)
Litigation settlements and insurance proceeds	—	—	87,617
Proceeds from the sale of Crystals	—	1,078,889	—
Decrease in restricted cash	—	—	143,170
Proceeds of property and equipment	2,177	—	—
Other	—	657	(49)
Net cash provided by (used in) investing activities	<u>(104,989)</u>	<u>1,009,092</u>	<u>96,772</u>
Cash flows from financing activities			
Net borrowings (repayments) under senior credit facilities – maturities of ninety days or less	350,250	—	(38,000)
Repayments under senior credit facilities - maturities longer than ninety days	—	(266,000)	—
Dividends and distributions paid	(600,000)	(1,080,000)	(400,000)
Cash contributions from Members	—	—	141,390
Cash distributions to Members	—	(2,098)	—
Due to MGM Resorts International	(441)	20,244	4,524
Debt issuance costs	(25,723)	—	—
Net cash used in financing activities	<u>(275,914)</u>	<u>(1,327,854)</u>	<u>(292,086)</u>
Cash and cash equivalents			
Net increase (decrease) for the period	(40,110)	(21,083)	3,146
Balance, beginning of period	248,474	269,557	266,411
Balance, end of period	<u>\$ 208,364</u>	<u>\$ 248,474</u>	<u>\$ 269,557</u>

The accompanying notes are an integral part of these consolidated financial statements.

CITYCENTER HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
(In thousands)

Balance as of January 1, 2015	\$	6,384,532
Cash contributions from Members		141,390
Dividends paid		(400,000)
Income from discontinued operations		22,681
Net income from continuing operations		<u>139,152</u>
Balance as of December 31, 2015		6,287,755
Cash distributions to Members		(2,098)
Dividends and distributions paid		(1,080,000)
Income from discontinued operations		407,187
Net loss from continuing operations		<u>(58,814)</u>
Balance as of December 31, 2016		5,554,030
Dividends and distributions paid		(600,000)
Net income		<u>131,216</u>
Balance as of December 31, 2017	\$	<u>5,085,246</u>

The accompanying notes are an integral part of these consolidated financial statements.

CITYCENTER HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — ORGANIZATION AND NATURE OF BUSINESS

Organization. CityCenter Holdings, LLC (the “Company”) is a Delaware limited liability company formed on November 2, 2007. The Company was formed to acquire, own, develop and operate the CityCenter development (“CityCenter”) in Las Vegas, Nevada. The Company is a joint venture which is 50%-owned by a wholly owned subsidiary of MGM Resorts International (together with its subsidiaries, “MGM Resorts”), a Delaware corporation, and 50%-owned by Infinity World Development Corp (“Infinity World”), which is wholly owned by Dubai World, a Dubai United Arab Emirates government decree entity (each, a “Member”). The governing document for the Company is the Third Amended and Restated Limited Liability Company Agreement dated December 22, 2015 (the “LLC Agreement”).

Under the LLC Agreement, the Board of Directors of the Company is composed of six representatives (subject to intermittent vacancies) – three selected by each Member – and has exclusive power and authority for the overall management of the Company. Compensation for Board of Directors’ duties is borne by the Members. The Company has no employees and has entered into several agreements with MGM Resorts to provide day-to-day management of CityCenter and the Company. See Note 14 for further discussion of such agreements.

Nature of Business. CityCenter is a mixed-use development on the Las Vegas Strip located between the Bellagio and Monte Carlo resorts, both owned by MGM Resorts. CityCenter consists of the following components:

- Aria Resort & Casino, a 4,004-room casino resort featuring an approximately 140,000 square-foot casino, approximately 300,000 square feet of conference and convention space, and numerous world-class restaurants, nightclub and bars, and pool and spa amenities;
- The Vdara Hotel and Spa, a luxury condominium-style hotel with 1,495 units;
- Mandarin Oriental, Las Vegas, a 392-room non-gaming boutique hotel managed by luxury hotelier Mandarin Oriental Hotel Group, as well as 225 luxury residential units (all 225 units were sold and closed as of December 31, 2015); and
- The Veer Towers, 669 units in two towers consisting entirely of luxury residential condominium units (all 669 units were sold and closed as of December 31, 2016).

In April 2016, the Company closed the sale of The Shops at Crystals (“Crystals”). See Note 3 for additional information related to the sale.

Substantially all of the operations of CityCenter commenced in December 2009. See Note 11 for discussion of the demolition of the Harmon Hotel & Spa (“Harmon”).

NOTE 2 — BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation. The consolidated financial statements include the accounts of the Company and its subsidiaries. The Company does not have a variable interest in any variable interest entities. All intercompany balances and transactions have been eliminated in consolidation. The results of operations are not necessarily indicative of the results to be expected in the future.

Management’s use of estimates. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. Those principles require the Company’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value measurements. Fair value measurements affect the Company’s accounting for and impairment assessments of its long-lived assets and intangible assets. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is measured according to a hierarchy consisting of: Level 1 inputs, such as quoted prices in an active market; Level 2 inputs, which are observable inputs for similar assets; or Level 3 inputs, which are unobservable inputs.

Cash and cash equivalents. Cash and cash equivalents include investments and interest bearing instruments with maturities of ninety days or less at the date of acquisition. Such investments are carried at cost, which approximates fair value.

Accounts receivable and credit risk. The Company issues markers to approved casino customers following investigations of creditworthiness. As of December 31, 2017, approximately 65% of the Company's casino receivables were due from customers from foreign countries. Enforceability issues, business or economic conditions or other significant events in these countries could affect the collectability of such receivables.

Trade receivables, including casino and hotel receivables, are typically non-interest bearing and are initially recorded at cost. Accounts are written off when management deems the account to be uncollectible. Recoveries of accounts previously written off are recorded when received. An allowance for doubtful accounts is maintained to reduce the Company's receivables to their estimated realizable amount, which approximates fair value. The allowance is estimated based on a specific review of customer accounts as well as historical collection experience and current economic and business conditions. Management believes that as of December 31, 2017, no significant concentrations of credit risk existed.

Inventories. Inventories consist primarily of food and beverage, retail merchandise and operating supplies, and are stated at the lower of cost or market. Cost is determined primarily by the average cost method for food and beverage and operating supplies. Cost for retail merchandise is determined using the cost method.

Residential real estate. As of December 31, 2017, all residential units were sold. In prior periods, residential real estate represented capitalized costs of residential inventory, which consisted of completed condominium units available for sale less impairments previously recognized. Costs included land, direct and indirect construction and development costs, and capitalized property taxes and interest.

Property and equipment. Property and equipment are stated at cost including capitalized interest. Gains or losses on dispositions of property and equipment are included in the determination of income or loss. Maintenance and repairs that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Property and equipment are depreciated over the following estimated useful lives on a straight-line basis:

Buildings and improvements	20 to 40 years
Land improvements	10 to 20 years
Furniture and fixtures	3 to 20 years
Equipment	3 to 15 years

Project costs are stated at cost and recorded as property and equipment (which includes adjustments made upon the initial contribution by MGM Resorts to the extent such property or equipment is contributed by MGM Resorts) unless determined to be impaired, in which case the carrying value is reduced to estimated fair value.

In December 2015, the Company decided to close the Zarkana show at the Aria Resort & Casino as part of a plan to expand its conference and convention space. As a result, the Company shortened the useful lives of the assets related to the Zarkana theatre and recognized accelerated depreciation expense of \$82 million and \$20 million during the years ended December 31, 2016 and 2015, respectively. The fully depreciated assets related to the Zarkana theatre were disposed in April 2016 and construction of the conference and expansion space began in May 2016, which opened during the first quarter of 2018.

Capitalized interest. The interest costs associated with development and construction projects are capitalized and included in the cost of the project. Capitalization of interest ceases when the project is substantially complete or development activity is suspended for more than a brief period.

Impairment of long-lived assets. The Company evaluates its property and equipment for impairment as held and used. The Company reviews assets to be held and used for impairment whenever indicators of impairment exist. It then compares the estimated future cash flows of the asset, on an undiscounted basis, to the carrying amount of the asset. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying amount, then impairment is recorded based on the fair value of the asset, typically measured using a discounted cash flow model. Any recognized impairment losses would be recorded as operating expense.

Intangible assets. Indefinite-lived intangible assets are reviewed for impairment at least annually and between annual test dates in certain circumstances. The Company performs its annual impairment test for indefinite-lived intangible assets in the fourth quarter of each fiscal year. See Note 6 for further discussion. No impairments were indicated or recorded as a result of the annual impairment review.

Debt issuance costs . The Company capitalizes debt issuance costs, which include legal and other direct costs related to the issuance of debt. The capitalized costs are amortized straight-line to interest expense over the contractual term of the debt.

Revenue recognition and promotional allowances. Casino revenue is the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs (“casino front money”) and for chips in the customers’ possession (“casino outstanding chip liability”). Hotel, food and beverage, entertainment, retail and other operating revenues are recognized as services are performed and goods are provided. Advance deposits on rooms and advance ticket sales are recorded as accrued liabilities until services are provided to the customer.

Gaming revenues are recognized net of certain sales incentives, including discounts and points earned in point-loyalty programs. The retail value of accommodations, food and beverage, and other services furnished to guests without charge is included in gross revenue and then deducted as promotional allowances. The estimated cost of providing such promotional allowances is primarily included in casino expenses as follows:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Rooms	\$ 21,873	\$ 21,711	\$ 22,513
Food and beverage	48,146	45,182	43,446
All other	4,219	5,180	8,153
	<u>\$ 74,238</u>	<u>\$ 72,073</u>	<u>\$ 74,112</u>

Real estate sales. Revenue for residential sales is deferred until closing occurs, which is when title, possession and other attributes of ownership have been transferred to the buyer and the Company is not obligated to perform activities after the sale. Additionally, the buyer’s initial and continuing investment must be adequate to demonstrate a commitment to pay and the buyer’s receivable cannot be subject to future subordination.

Residential operating expenses include cost of real estate sold, holding costs, selling costs, indirect selling costs and valuation allowances for residential mortgage notes receivable. Costs associated with residential sales were deferred during construction, except for indirect selling costs and general and administrative expense, which were expensed as incurred.

Loyalty programs. Aria participates in the MGM Resorts’ “M life Rewards” loyalty program. Customers may earn points and/or Express Comps for their gaming play which can be redeemed at restaurants, box offices or the M life Rewards front desk at participating properties. Points may also be redeemed for free slot play on participating machines. The Company records a liability based on the points earned multiplied by the redemption value, less an estimate for points not expected to be redeemed, and records a corresponding reduction in casino revenue. Customers also earn Express Comps based on their gaming play which can be redeemed for complimentary goods and services, including hotel rooms, food and beverage, and entertainment. The Company records a liability for the estimated costs of providing goods and services for Express Comps based on the Express Comps earned multiplied by a cost margin, less an estimate for Express Comps not expected to be redeemed and records a corresponding expense in the casino department.

Advertising. The Company expenses advertising costs the first time the advertising takes place. Advertising expense is included in preopening and start-up expenses when related to the preopening and start-up period and in general and administrative expense when related to ongoing operations. Advertising expense was \$14 million, \$15 million and \$20 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Property transactions, net. The Company classifies transactions related to long-lived assets – such as write-downs and impairments, demolition costs, and gains and losses on the sale of fixed assets – within “Property transactions, net” in the accompanying consolidated statements of operations. See Note 9 for details.

Income taxes. The Company is treated as a partnership for federal income tax purposes. Therefore, federal income taxes are the responsibility of the Members. As a result, no provision for income taxes is reflected in the accompanying consolidated financial statements.

Comprehensive income. Net income equals comprehensive income for all periods presented.

Recently issued accounting standards. In May 2014, Financial Accounting Standards Board (“FASB”) issued Accounting Standard Codification (“ASC”) 606, “Revenue from Contracts with Customers (Topic 606)” which outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods and services.

The Company adopted ASC 606 on a full retrospective basis effective January 1, 2018, which will be reflected in future financial statements. The most significant impacts of the adoption of the new accounting pronouncement are as follows:

- **Promotional Allowances.** The Company is no longer permitted to recognize revenues for goods and services provided to customers for free as an inducement to gamble as gross revenue with a corresponding offset to promotional allowances to arrive at net revenues, and accordingly the promotional allowances line item will be removed in future filings. The majority of such amounts previously included in promotional allowances will now offset casino revenues. This change will primarily result in a reclassification of revenue between revenue line items;
- **Loyalty Accounting.** Accounting for Express Comps granted under the M life Rewards program will be identified as separate performance obligations and recorded as a reduction in gaming revenues when earned at the retail value of such benefits owed to the customer (less estimated breakage) and an increase to the loyalty program liability representing outstanding performance obligations. Such amounts will be recognized as revenue in the line item of the corresponding good or service provided when the performance obligation is fulfilled. This change will result in an adjustment to beginning retained earnings of approximately \$4 million as a result of the initial application of the standard and will not have a significant impact to earnings;
- **Gross versus Net Presentation.** Mandatory service charges on food and beverage and hotel offerings and wide area progressive operator fees will be recorded gross, that is, the amount received from the customer will be recorded as revenue with the corresponding amount paid as an expense. These changes will primarily result in an increase in revenue with a corresponding increase in expense; and
- **Estimated Cost of Promotional Allowances.** The Company will no longer reclassify the estimated cost of complimentary provided to the gaming patron from other expense line items to the casino expense line item. This change will result in a reclassification of expense between expense line items which will reduce casino expense by \$74 million, \$72 million, and \$74 million for the years ended December 31, 2017, 2016, and 2015, respectively, and increase Rooms, Food and beverage, Retail, Entertainment and Other expenses. Refer to the “Revenue recognition and promotional allowances” section within this footnote for the historical amounts that will be materially reclassified back to each expense line item when the retrospective adoption to prior years is reflected in future financial statements.

These changes, and other less significant adjustments that were required upon adoption, will not have an aggregate material impact on operating income, net income, the statements of cash flows, or the statements of members’ equity.

In February 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-02, “Leases (Topic 842),” (“ASU 2016-02”), which replaces the existing guidance in ASC 840, “Leases.” ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. ASU 2016-02 requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use (“ROU”) asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the ROU asset and for operating leases the lessee would recognize a straight-line total lease expense. The Company is currently assessing the impact the adoption of ASU 2016-02 will have on its consolidated financial statements and footnote disclosures.

In August 2016, the FASB issued ASU No. 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force),” (“ASU 2016-15”), effective for fiscal years beginning after December 15, 2017. ASU 2016-15 amends the guidance of ASC 230 on the classification of certain cash receipts and payments in the statement of cash flows. The primary purpose of ASU 2016-15 is to reduce the diversity in practice that has resulted from the lack of consistent principles, specifically clarifying the guidance on eight cash flow issues. The adoption of ASU 2016-15 did not have a material effect on the Company’s consolidated financial statements.

Subsequent events. Management has evaluated subsequent events through February 19, 2018, the date these consolidated financial statements were issued.

NOTE 3 — DISCONTINUED OPERATIONS

In April 2016, the Company closed the sale of Crystals, a retail, dining and entertainment district, to a venture led by Invesco Real Estate and Simon Property Group for approximately \$1.1 billion. The Company recognized a gain of \$400 million on the sale of Crystals, which is included within “Income from discontinued operations,” for the year ended December 31, 2016. The results of Crystals are classified as discontinued operations in the accompanying consolidated statements of operations for the years ended December 31, 2016 and 2015 as the sale of Crystals was a strategic shift in business. The cash flows of discontinued operations are included with the cash flows of continuing operations in the accompanying consolidated statements of cash flows. The 2015 consolidated statements of cash flows have not been adjusted to reflect discontinued operations.

The following table summarizes the net revenues, depreciation, amortization and capital expenditures of Crystals.

	Year Ended December 31,	
	2016	2015
	<i>(In thousands)</i>	
Net revenues	\$ 18,586	\$ 64,079
Depreciation & amortization	4,335	20,483
Capital expenditures	11	1,399

NOTE 4 — ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following:

	December 31,	
	2017	2016
	<i>(In thousands)</i>	
Casino	\$ 97,356	\$ 94,885
Hotel	40,168	33,880
Other	7,529	13,962
	145,053	142,727
Less: Allowance for doubtful accounts	(26,789)	(36,698)
	\$ 118,264	\$ 106,029

	Balance at Beginning of Period	Provision for Doubtful Accounts	Write-offs, Net of Recoveries	Balance at End of Period
	<i>(In thousands)</i>			
Allowance for doubtful accounts:				
Year Ended December 31, 2017	\$ 36,698	\$ (2,407)	\$ (7,502)	\$ 26,789
Year Ended December 31, 2016	45,078	12,551	(20,931)	36,698
Year Ended December 31, 2015	49,903	22,420	(27,245)	45,078

NOTE 5 — PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	December 31,	
	2017	2016
	<i>(In thousands)</i>	
Land	\$ 1,599,234	\$ 1,599,234
Buildings, building improvements and land improvements	5,613,514	5,610,600
Furniture, fixtures and equipment	1,390,896	1,381,557
Construction in progress	135,082	32,850
	8,738,726	8,624,241
Less: Accumulated depreciation and amortization	(2,164,023)	(1,966,581)
	\$ 6,574,703	\$ 6,657,660

NOTE 6— INTANGIBLE ASSETS, NET

Intangible assets, net consisted of the following:

	December 31,	
	2017	2016
	(In thousands)	
Indefinite-lived:		
Intellectual property	\$ 4,329	\$ 4,329
Finite-lived:		
Aircraft time sharing agreement	24,000	24,000
Other intangible assets	578	578
	24,578	24,578
Less: Accumulated amortization	(10,226)	(9,026)
	<u>\$ 18,681</u>	<u>\$ 19,881</u>

The majority of the Company's intangible assets are assets that were contributed by MGM Resorts upon formation of the Company. Intellectual property represents trademarks, domain names, and other intellectual property including the *CityCenter*, *Aria* and *Vdara* tradenames and *Aria.com* domain. There is no contractual or market-based limit to the use of these intangible assets and therefore they have been classified as indefinite-lived.

The Company performs an annual review of its indefinite-lived intangible assets for impairment in the fourth quarter each year. The asset's fair value is compared to its carrying value, and an impairment charge is recorded for any short-fall. Fair value is estimated using the relief-from-royalty method which discounts cash flows that would be required to obtain the use of the related intangible asset. Key inputs in the relief-from-royalty analysis include forecasted revenues related to the intangible asset, market royalty rates, discount rates and terminal year growth rates.

The aircraft time sharing agreement intangible asset relates to an agreement between MGM Resorts and the Company whereby MGM Resorts provides the Company the use of MGM Resorts' aircraft in its operations. The Company is charged a rate that is based on Federal Aviation Administration regulations, which provides for reimbursement for specific costs incurred by MGM Resorts without any profit or mark-up. Accordingly, the fair value of this agreement was recognized as an intangible asset, and is being amortized on a straight-line basis over 20 years, and will be fully amortized in 2029.

NOTE 7— OTHER ACCRUED LIABILITIES

Other accrued liabilities consisted of the following:

	December 31,	
	2017	2016
	(In thousands)	
Advance deposits and ticket sales	\$ 37,298	\$ 31,254
Casino outstanding chip liability	53,051	57,438
Casino front money deposits	46,063	45,465
Other gaming related accruals	7,555	9,916
Taxes, other than income taxes	15,351	13,352
Harmon demolition accrual	13,246	13,246
Payroll and related	8,536	8,582
Other	11,804	8,252
	<u>\$ 192,904</u>	<u>\$ 187,505</u>

See Note 11 for discussion of the Harmon demolition accrual.

NOTE 8 – LONG-TERM DEBT, NET

Long-term debt, net consisted of the following:

	December 31,	
	2017	2016
	<i>(In thousands)</i>	
Senior credit facility	\$ 1,592,000	\$ 1,241,750
Less discounts and unamortized debt issuance cost	(30,203)	(14,241)
	1,561,797	1,227,509
Less current portion of long-term debt	(16,000)	–
	<u>\$ 1,545,797</u>	<u>\$ 1,227,509</u>

Interest expense, net consisted of the following:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Senior credit facility including discount amortization	\$ 58,380	\$ 59,254	\$ 70,309
Amortization of debt issuance costs and other	3,383	2,199	2,482
Capitalized interest	(1,669)	(421)	–
	<u>\$ 60,094</u>	<u>\$ 61,032</u>	<u>\$ 72,791</u>

Senior credit facility. In April 2017, the Company completed a refinancing of its previous senior credit facility and entered into a \$1.725 billion senior credit facility. The new senior credit facility consists of a \$125 million revolving credit facility maturing in April 2022, and a \$1.6 billion term loan B facility maturing in April 2024. The term loan B facility requires the Company to make amortization payments of 0.25% of the original principal balance at each quarter end. The term loan B facility was issued at 99.5%, and bears interest at LIBOR plus 2.50% with a LIBOR floor of 0.75%, and in the case of base rate loans, at the base rate plus 1.50%. As of December 31, 2017, the interest rate on the term loan B was 4.07%. Loans under the revolving facility bear interest at LIBOR plus 2.00%, and in the case of base rate loans, the base rate plus 1.00%. As of December 31, 2017 the Company had not drawn on the revolving facility. The Company pays an applicable fee of 0.375%, for the unused portion of the revolving facility. The Company had \$116 million of available borrowing capacity under its senior credit facility at December 31, 2017. In connection with the closing of the new senior credit facility, the Company refinanced the outstanding amount under its existing term loan. As a result of the transaction, the Company recorded a loss on retirement of long-term debt of \$4.6 million, primarily consisting of the write-off of a portion of previously unamortized debt issuance costs.

The senior credit facility is a general senior obligation of the Company and ranks equally with the Company's other existing and future senior obligations, is fully and unconditionally guaranteed on a senior secured basis by the restricted subsidiaries of the Company, and is secured by a first-priority perfected lien on substantially all of the Company's assets and the assets of its subsidiaries.

The senior credit facility contains customary positive, negative and financial covenants, including a requirement that the Company maintains a quarterly minimum interest coverage ratio of 2.5:1.0 and a maximum quarterly leverage ratio for the trailing four quarters of: 5.50:1.00 for September 30, 2017 through September 30, 2018; and 5.00:1.00 for December 31, 2018 and thereafter. The Company was in compliance with all applicable covenants as of December 31, 2017.

Pursuant to the senior credit facility, the Company is required to make permanent repayments of principal based on an annual calculation of excess cash flow, as defined in the agreements. The percentage of excess cash flow required to be repaid is based on the Company's leverage ratio as of the end of the fiscal year, with 50% required to be repaid if the leverage ratio is greater than 5.0:1.0 as of the measurement date, 25% if the leverage ratio is less than or equal to 5.0:1.0 and greater than 4.0:1.0, and no payment of excess cash flow is required if the leverage ratio is less than or equal to 4.0:1.0. During 2017 and as of December 31, 2017, the Company did not have excess cash flow required to be paid in accordance with the senior credit agreement for 2017. During 2016 and as of December 31, 2016, the Company did not have excess cash flow required to be paid in accordance with the senior credit agreement for 2016.

Fair value of long-term debt. The estimated fair value of the Company's long-term debt as of December 31, 2017 and 2016 was approximately \$1.58 billion and \$1.26 billion, respectively, and was determined using estimates based on trading prices of similar liabilities, a Level 2 input.

Maturities of long-term debt. As of December 31, 2017, maturities of the Company's long-term debt were as follows:

For the year ending December 31,	<i>(In thousands)</i>
2018	\$ 16,000
2019	16,000
2020	16,000
2021	16,000
2022	16,000
Thereafter	1,512,000
	<u>\$ 1,592,000</u>

NOTE 9 — PROPERTY TRANSACTIONS, NET

Property transactions, net consisted of the following:

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
	<i>(In thousands)</i>		
Construction litigation and Harmon related settlements	\$ 107	\$ (1,211)	\$ (159,980)
Other, net	9,434	5,740	5,192
	<u>\$ 9,541</u>	<u>\$ 4,529</u>	<u>\$ (154,788)</u>

In 2015, the Company recorded a \$160 million gain associated with the settlement of the Perini litigation. See Note 11 for details.

Other property transactions, net for the years ended December 31, 2017, 2016 and 2015 also includes normal recurring disposals, gains and losses on sales of assets, which may not be comparable period over period.

NOTE 10 — SEGMENT INFORMATION

The Company determines its segments based on the nature of the products and services provided. As of December 31, 2017, the Company has the following reportable segments: Aria, Vdara and Mandarin Oriental. In prior periods, the Company has aggregated residential operations from Mandarin Oriental and Veer into one reportable segment "Residential" given the similar economic characteristics and business of selling and leasing high-rise condominiums. All other operating segments are reported separately. The Company's operating segments do not include certain corporate administrative costs. During 2016 the Company sold Crystals which was previously a reportable segment.

The Company analyzes the results of its operating segments' operations based on Adjusted EBITDA, which it defines as earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening and start-up expenses, NV Energy exit expense, and property transactions, net. The Company believes Adjusted EBITDA is 1) a widely used measure of operating performance in the gaming industry, and 2) a principal basis for valuation of gaming companies.

While items excluded from Adjusted EBITDA may be recurring in nature and should not be disregarded in evaluating the Company's or its segments' earnings performance, it is useful to exclude such items when analyzing current results and trends compared to other periods because these items can vary significantly depending on specific underlying transactions or events that may not be comparable between the periods being presented. Also, the Company believes excluded items may not relate specifically to current operating trends or be indicative of future results. For example, write-downs and impairments includes normal recurring disposals and gains and losses on sales of assets related to specific assets within CityCenter, but also includes impairment charges which may not be comparable period over period.

The following tables present the Company's segment information:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Net revenues			
Aria	\$ 1,076,102	\$ 1,012,259	\$ 990,475
Vdara	123,907	119,367	111,006
Mandarin Oriental	67,544	65,763	61,541
Residential	–	2,676	33,358
Net revenues	<u>\$ 1,267,553</u>	<u>\$ 1,200,065</u>	<u>\$ 1,196,380</u>
	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Net income	\$ 131,216	\$ 348,373	\$ 161,833
Less: Income from discontinued operations	–	(407,187)	(22,681)
Income (loss) from continuing operations	<u>131,216</u>	<u>(58,814)</u>	<u>139,152</u>
Non-operating (income) expense			
Interest income	(1,357)	(885)	(471)
Interest expense, net	60,094	61,032	72,791
Loss on retirement of debt	4,554	4,102	–
Other, net	(408)	106	191
	<u>62,883</u>	<u>64,355</u>	<u>72,511</u>
Operating income	194,099	5,541	211,663
NV Energy exit expense	(8,250)	26,089	–
Property transactions, net	9,541	4,529	(154,788)
Depreciation and amortization	224,358	313,787	251,847
Adjusted EBITDA	<u>\$ 419,748</u>	<u>\$ 349,946</u>	<u>\$ 308,722</u>
	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Adjusted EBITDA			
Aria	\$ 377,252	\$ 310,698	\$ 269,454
Vdara	39,701	35,956	29,666
Mandarin Oriental	6,918	6,460	5,685
Other	(4,123)	(3,168)	3,917
Adjusted EBITDA	<u>\$ 419,748</u>	<u>\$ 349,946</u>	<u>\$ 308,722</u>
	December 31,		
	2017	2016	
	<i>(In thousands)</i>		
Total assets			
Aria	\$ 5,917,619	\$ 5,996,160	
Vdara	666,390	689,830	
Mandarin Oriental	354,552	359,583	
Other	50,822	53,195	
	<u>\$ 6,989,383</u>	<u>\$ 7,098,768</u>	

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Capital expenditures			
Aria	\$ 104,180	\$ 67,262	\$ 47,807
Vdara	2,078	2,116	1,121
Mandarin Oriental	908	1,559	1,050
Resort operations capital expenditures	107,166	70,937	49,978
Development and corporate administration, net of change in construction payable and due to MGM Resorts International, and other operations	—	(483)	83,988
Capital expenditures, net of change in construction payable	<u>\$ 107,166</u>	<u>\$ 70,454</u>	<u>\$ 133,966</u>

Capital expenditures related to the original construction costs are included in “development and corporate administration, net of change in construction payable and due to MGM Resorts International.” See Note 2 for discussion of project costs and allocation methodologies. Ongoing capital expenditures not related to the project budget are included within the relevant segments.

NOTE 11 — COMMITMENTS AND CONTINGENCIES

NV Energy. In July 2016, MGM Resorts, including the Company filed its notice to exit the fully bundled sales system of NV Energy and will purchase energy, capacity, and/or ancillary services from a provider other than NV Energy. In September 2016, the Company paid an upfront impact payment of \$14 million, of which \$2 million was billed to third party entities and represented a reduction in the overall impact fee expense. Of this \$2 million receivable for amounts billed to third party entities, \$1 million is included in Accounts receivable, net as of both December 31, 2017 and December 31, 2016. Additionally, the Company is required to make ongoing payments to NV Energy for non-bypassable rate charges which primarily relate to its share of NV Energy’s portfolio of renewable energy contracts which extend through 2040 and each entity’s share of the costs of decommissioning and remediation of coal-fired power plants in Nevada. During 2017, the terms of the ongoing impact fee obligations were modified. Such modifications included a credit to be applied against future non-bypassable rate charges and substantially shortened the period over which MGM Resorts, including the Company, is responsible for such charges, with an end date in 2022. As such, the Company recognized a reduction in its liability for future charges of \$8 million with a corresponding credit to “NV Energy exit expense.” As of December 31, 2017, and 2016, the Company recorded an estimate of such liability on a discounted basis of \$2 million and \$2 million, respectively, in “Due to MGM Resorts International” and \$4 million and \$13 million, respectively, in “Other long-term obligations.”

Construction litigation. In March 2010, Perini, general contractor for CityCenter, filed a lawsuit in the Eighth Judicial District Court for Clark County, State of Nevada, against MGM MIRAGE Design Group (a wholly owned subsidiary of MGM Resorts which was the original party to the Perini construction agreement) and certain direct or indirect subsidiaries of the Company. Perini asserted, among other things, that CityCenter was substantially completed, but the defendants failed to pay Perini approximately \$490 million allegedly due and owing under the construction agreement for labor, equipment and materials expended on CityCenter.

In April 2010, Perini served an amended complaint in this case which joined as defendants many owners of CityCenter residential condominium units (the “Condo Owner Defendants”), added a count for foreclosure of Perini’s recorded master mechanic’s lien against the CityCenter property in the amount of approximately \$491 million, and asserted the priority of this mechanic’s lien over the interests of the Company, the Condo Owner Defendants and the Company’s lenders in the CityCenter property. In November 2012, Perini filed a second amended complaint which, among other things, added claims against the CityCenter defendants of breach of contract (alleging that CityCenter’s Owner Controlled Insurance Program (“OCIP”) failed to provide adequate project insurance for Perini with broad coverages and high limits), and tortious breach of the implied covenant of good faith and fair dealing (alleging improper administration by the Company of the OCIP and Builders Risk insurance programs). Prior to the Final Settlement, as defined below, the Company settled the claims of 219 first-tier Perini subcontractors (including the claims of any lower-tier subcontractors that might have claims through those first-tier subcontractors). As a result of these settlement agreements and the prior settlement agreements between Perini and the Company, most but not all of the components of Perini’s non-Harmon-related lien claim against the Company were resolved. On February 24, 2014, Perini filed a revised lien for \$174 million as the amount claimed by Perini and the remaining Harmon-related subcontractors.

In December 2014, the Perini matter was concluded through a global settlement among the Company, MGM Resorts, Perini, the remaining subcontractors, including those implicated in the Harmon work (and their affiliates), and relevant insurers, which followed the previously disclosed settlement agreements and an extra-judicial program for settlement of certain project subcontractor claims. This global settlement concluded all outstanding claims in the case (the “Final Settlement”). The effectiveness of the global settlement was made contingent upon the Company’s execution of certain indemnity and release agreements (which were executed in

January 2015) and the Company's procurement of replacement general liability insurance covering construction of the CityCenter development (which was obtained in January 2015).

The Final Settlement, together with previous settlement agreements relating to the non-Harmon related lien claims, resolved all of Perini's and the remaining subcontractors' lien claims against the Company and MGM Resorts, certain direct and indirect subsidiaries, MGM Resorts International Design (formerly known as MGM MIRAGE Design Group), and the Condo Owner Defendants. However, the Company expressly reserved any claims for latent or hidden defects as to any portion of CityCenter's original construction (other than the Harmon) not known to the Company at the time of the agreement. The Company and MGM Resorts entered into the Final Settlement solely as a compromise and settlement and not in any way as an admission of liability or fault.

The key terms of the Final Settlement included:

With respect to its non-Harmon lien claims, Perini waived a specific portion of its lien claim against the Company, which combined with the prior non-Harmon agreement and accrued interest resulted in a total payment to Perini of \$153 million. The total payment to Perini was funded by MGM Resorts under their completion guarantee and included the application of approximately \$58 million of condominium proceeds that were previously held in escrow by the Company to fund construction lien claims upon final resolution of the Perini litigation.

The Company's recovery for its Harmon construction defect claims, when added to the Harmon-related proceeds from prior insurance settlements of \$85 million, resulted in gross cash settlement proceeds to the Company of approximately \$191 million (of which approximately \$18 million was paid by MGM Resorts to CityCenter under the completion guarantee in February 2015).

In conjunction with the Final Settlement, MGM Resorts and an insurer participating in the OCIP resolved their arbitration dispute concerning such insurers claim for payments it made under the OCIP general liability coverage for contractor costs incurred in the Harmon litigation, premium adjustments and certain other costs and expenses. MGM Resorts settled this dispute for \$38 million, and funded the majority of such amounts under the completion guarantee in January 2015.

Harmon. As discussed above, a global settlement was reached in the Perini litigation in December 2014, which finally resolved all outstanding liens, claims and counterclaims between the Company and MGM Resorts on one hand, and Perini, the remaining subcontractors and remaining insurers on the other hand. Among the matters resolved were the Company's claims against Perini and other contractors and subcontractors with respect to construction at the Harmon. Pursuant to leave of court in 2014, the Company commenced demolition of the building. The Company has completed a partial demolition of the building and is currently evaluating options for further demolition and plans for the future use of the remaining structure.

Other litigation. The Company is a party to various legal proceedings that relate to construction and operational matters incidental to its business. Management does not believe that the outcome of such proceedings will have a material adverse effect on the Company's consolidated financial statements. The Company maintained an OCIP during the construction and development process. Under the OCIP, certain insurance coverages may cover a portion of the Company's general liability, workers compensation, and other potential liabilities.

Other guarantees. The Company is party to various guarantee contracts in the normal course of business, which are generally supported by letters of credit issued by financial institutions. The Company's available borrowing capacity under the senior credit facility is reduced by any outstanding letters of credit. At December 31, 2017, the Company had \$9 million in a letter of credit outstanding.

Leases where the Company is a lessee. The Company is party to various leases for real estate and equipment under operating lease arrangements. The Company's future minimum obligations under non-cancelable leases are immaterial in each of the next five years, and in total.

Leases where the Company is a lessor. The Company enters into operating leases related to retail, dining and entertainment venues. As of December 31, 2017, the Company has 19 such leases in place. Tenants are primarily responsible for tenant improvements, though the Company provides construction allowances to certain lessees. Leases include base rent, common area maintenance charges and, in some cases, percentage rent based on the sales of the lessee. The Company's expected fixed future minimum lease payments are immaterial in each of the next five years, and in total.

Several leases contain terms that are based on meeting certain operational criteria. Contingent rentals included in income were \$2 million, \$5 million and \$14 million for the years ended December 31, 2017, 2016 and 2015, respectively.

NOTE 12 — SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information consisted of the following:

	Year Ended December 31,		
	2017	2016	2015
	<i>(In thousands)</i>		
Supplemental cash flow disclosures:			
Interest paid	\$ 68,585	\$ 43,410	\$ 68,306
Increase in due to MGM Resorts International payable related to capital expenditures	11,777	1,533	4,994
Non-cash investing and financing activities:			
Reclassification of property and equipment, net to residential real estate	\$ —	\$ —	\$ 7,293

NOTE 13 — MEMBER CONTRIBUTIONS, DIVIDENDS AND DISTRIBUTIONS TO MEMBERS

In April 2017, the Company paid a \$600 million dividend, consisting of a \$350 million dividend using proceeds from the new senior credit facilities and a \$250 million dividend from cash on hand, of which \$78 million was declared in accordance with the Company's annual distribution policy. Of these dividends, \$300 million was paid to MGM Resorts and \$300 million was paid to Infinity World in April 2017. In March 2016, a \$90 million dividend was declared in accordance with the Company's annual distribution policy, and in April 2016, the Company declared \$990 million special distribution in connection with the Crystals sale. Of these dividends and distributions totaling \$1.1 billion, \$540 million was paid to MGM Resorts in May 2016 and \$540 million was paid to Infinity World in July 2016. In April 2015, the Company declared and paid a special dividend of \$400 million. Under the annual distribution policy, the Company intends to distribute up to 35% of excess cash flow, subject to the approval of the Company's board of directors.

MGM Resorts entered into a restated completion guarantee (as restated, the "completion guarantee") that supported the remaining construction payables from the construction of CityCenter. See Note 11 for further discussion of the Perini lawsuit. The completion guarantee was terminated in June 2015 and as of December 31, 2015, MGM Resorts had funded \$888 million under the completion guarantee which the Company recorded as equity contributions.

NOTE 14 — MANAGEMENT AGREEMENTS AND RELATED PARTY TRANSACTIONS

The Company and MGM Resorts have entered into agreements whereby MGM Resorts is responsible for the ongoing management of CityCenter and the Company. The LLC Agreement provides for Infinity World's right to terminate the Operations Management Agreements if MGM Resorts' ability to perform under those agreements is impacted by its financial condition. The Company is paying MGM Resorts management fees as stipulated in each of the agreements referenced below.

Operations management agreements. The Company and MGM Resorts entered into the following agreements to provide for the ongoing operations of CityCenter:

- *Hotel and Casino Operations and Hotel Assets Management Agreement* – Pursuant to this agreement, MGM Resorts manages the operations of Aria and oversees the Mandarin Oriental component of CityCenter, which is managed by a third party. The Company pays MGM Resorts a fee equal to 2% of Aria's revenue plus 5% of Aria's EBITDA (as defined in the agreement) for services under this agreement.
- *Vdara Condo-Hotel Operations Management Agreement* – Pursuant to this agreement, MGM Resorts manages the ongoing operations of Vdara Condo-Hotel. The Company pays MGM Resorts a fee equal to 2% of Vdara's revenue and 5% of Vdara's EBITDA (as defined in the agreement) for services under this agreement.
- *Retail Management Agreement* – Pursuant to this agreement, the Company pays MGM Resorts an annual fee of \$3 million related to Crystals.

During the years ended December 31, 2017, 2016 and 2015, the Company incurred \$49 million, \$43 million and \$41 million, respectively, related to the management fees discussed above. In addition, the Company reimburses MGM Resorts for costs, primarily employee compensation, associated with its management activities. During the years ended December 31, 2017, 2016 and 2015, the Company incurred \$390 million, \$387 million and \$393 million, respectively, for reimbursed costs of management services provided by MGM Resorts. As of December 31, 2017 and 2016, the Company owed MGM Resorts \$79 million and \$77 million, respectively, for management services and reimbursable costs, and such amounts included \$18 million and \$7 million, respectively, related to capitalized construction costs, as well as \$4 million and \$13 million, respectively, related to NV energy expense, included in “Other long-term obligations.”

Aircraft agreement. The Company has an agreement with MGM Resorts whereby MGM Resorts provides the Company the use of its aircraft on a time sharing basis. The Company is charged a rate that is based on Federal Aviation Administration regulations, which provides for reimbursement for specific costs incurred by MGM Resorts without any profit or mark-up. The Company reimbursed MGM Resorts \$2 million for aircraft related expenses for each of the years ended December 31, 2017, 2016 and 2015.