

MGM Resorts International  
Form 10-Q  
August 08, 2017

UNITED STATES

SECURITIES &amp; EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 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 88-0215232  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)  
3600 Las Vegas Boulevard South, Las Vegas, Nevada 89109

(Address of principal executive offices)

(702) 693-7120

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(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 Web site, 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 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:

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: Yes No

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

| Class                         | Outstanding at August 3, 2017 |
|-------------------------------|-------------------------------|
| Common Stock, \$.01 par value | 575,192,163 shares            |



MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

FORM 10-Q

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## Part I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

(Unaudited)

|                                                          | June 30,<br>2017 | December 31,<br>2016 |
|----------------------------------------------------------|------------------|----------------------|
| <b>ASSETS</b>                                            |                  |                      |
| Current assets                                           |                  |                      |
| Cash and cash equivalents                                | \$ 1,757,062     | \$ 1,446,581         |
| Accounts receivable, net                                 | 469,126          | 542,924              |
| Inventories                                              | 103,119          | 97,733               |
| Income tax receivable                                    | 7,362            | —                    |
| Prepaid expenses and other                               | 148,462          | 142,349              |
| Total current assets                                     | 2,485,131        | 2,229,587            |
| Property and equipment, net                              | 18,896,912       | 18,425,023           |
| Other assets                                             |                  |                      |
| Investments in and advances to unconsolidated affiliates | 980,885          | 1,220,443            |
| Goodwill                                                 | 1,807,772        | 1,817,119            |
| Other intangible assets, net                             | 3,972,046        | 4,087,706            |
| Other long-term assets, net                              | 400,185          | 393,423              |
| Total other assets                                       | 7,160,888        | 7,518,691            |
|                                                          | \$ 28,542,931    | \$ 28,173,301        |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>              |                  |                      |
| Current liabilities                                      |                  |                      |
| Accounts payable                                         | \$ 206,144       | \$ 250,477           |
| Construction payable                                     | 254,324          | 270,361              |
| Income tax payable                                       | —                | 10,654               |
| Current portion of long-term debt, net                   | 472,590          | 8,375                |
| Accrued interest on long-term debt                       | 147,438          | 159,028              |
| Other accrued liabilities                                | 1,599,072        | 1,594,526            |
| Total current liabilities                                | 2,679,568        | 2,293,421            |
| Deferred income taxes, net                               | 2,560,127        | 2,551,228            |
| Long-term debt, net                                      | 12,725,268       | 12,979,220           |
| Other long-term obligations                              | 289,630          | 325,981              |

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Commitments and contingencies (Note 7)

|                                                                                                                           |              |               |
|---------------------------------------------------------------------------------------------------------------------------|--------------|---------------|
| Redeemable noncontrolling interest                                                                                        | 57,341       | 54,139        |
| Stockholders' equity                                                                                                      |              |               |
| Common stock, \$.01 par value: authorized 1,000,000,000 shares, issued and outstanding 575,008,760 and 574,123,706 shares | 5,750        | 5,741         |
| Capital in excess of par value                                                                                            | 5,677,966    | 5,653,575     |
| Retained earnings                                                                                                         | 836,840      | 545,811       |
| Accumulated other comprehensive income (loss)                                                                             | (9,148 )     | 15,053        |
| Total MGM Resorts International stockholders' equity                                                                      | 6,511,408    | 6,220,180     |
| Noncontrolling interests                                                                                                  | 3,719,589    | 3,749,132     |
| Total stockholders' equity                                                                                                | 10,230,997   | 9,969,312     |
|                                                                                                                           | \$28,542,931 | \$ 28,173,301 |

The accompanying condensed 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)

(Unaudited)

|                                                    | Three Months Ended<br>June 30, |             | Six Months Ended<br>June 30, |             |
|----------------------------------------------------|--------------------------------|-------------|------------------------------|-------------|
|                                                    | 2017                           | 2016        | 2017                         | 2016        |
| <b>Revenues</b>                                    |                                |             |                              |             |
| Casino                                             | \$1,405,063                    | \$1,127,404 | \$2,910,452                  | \$2,261,760 |
| Rooms                                              | 542,470                        | 498,904     | 1,104,737                    | 988,390     |
| Food and beverage                                  | 466,546                        | 412,766     | 911,015                      | 789,871     |
| Entertainment                                      | 138,361                        | 121,853     | 268,708                      | 240,179     |
| Retail                                             | 56,830                         | 52,432      | 104,806                      | 97,905      |
| Other                                              | 161,367                        | 134,120     | 301,942                      | 251,645     |
| Reimbursed costs                                   | 99,293                         | 100,795     | 199,508                      | 201,844     |
|                                                    | 2,869,930                      | 2,448,274   | 5,801,168                    | 4,831,594   |
| Less: Promotional allowances                       | (228,193 )                     | (178,772 )  | (451,252 )                   | (352,406 )  |
|                                                    | 2,641,737                      | 2,269,502   | 5,349,916                    | 4,479,188   |
| <b>Expenses</b>                                    |                                |             |                              |             |
| Casino                                             | 763,259                        | 620,305     | 1,567,854                    | 1,260,874   |
| Rooms                                              | 152,735                        | 142,252     | 307,571                      | 286,994     |
| Food and beverage                                  | 261,495                        | 239,452     | 511,340                      | 460,748     |
| Entertainment                                      | 108,618                        | 98,827      | 208,557                      | 191,115     |
| Retail                                             | 27,278                         | 24,085      | 50,386                       | 46,086      |
| Other                                              | 96,264                         | 87,253      | 185,888                      | 167,021     |
| Reimbursed costs                                   | 99,293                         | 100,795     | 199,508                      | 201,844     |
| General and administrative                         | 354,463                        | 321,407     | 743,298                      | 629,950     |
| Corporate expense                                  | 79,408                         | 81,803      | 152,581                      | 153,051     |
| NV Energy exit expense                             | (40,629 )                      | —           | (40,629 )                    | —           |
| Preopening and start-up expenses                   | 21,093                         | 24,824      | 36,159                       | 46,784      |
| Property transactions, net                         | 13,243                         | 854         | 14,939                       | 5,985       |
| Depreciation and amortization                      | 244,754                        | 206,899     | 494,523                      | 406,738     |
|                                                    | 2,181,274                      | 1,948,756   | 4,431,975                    | 3,857,190   |
| Income from unconsolidated affiliates              | 40,583                         | 448,309     | 80,286                       | 463,011     |
| Operating income                                   | 501,046                        | 769,055     | 998,227                      | 1,085,009   |
| <b>Non-operating income (expense)</b>              |                                |             |                              |             |
| Interest expense, net of amounts capitalized       | (174,058 )                     | (180,352 )  | (348,117 )                   | (365,021 )  |
| Non-operating items from unconsolidated affiliates | (10,556 )                      | (15,885 )   | (17,477 )                    | (34,097 )   |
| Other, net                                         | (751 )                         | (49,840 )   | (1,568 )                     | (50,405 )   |
|                                                    | (185,365 )                     | (246,077 )  | (367,162 )                   | (449,523 )  |
| Income before income taxes                         | 315,681                        | 522,978     | 631,065                      | 635,486     |
| Provision for income taxes                         | (74,061 )                      | (8,480 )    | (136,436 )                   | (29,790 )   |
| Net income                                         | 241,620                        | 514,498     | 494,629                      | 605,696     |



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|                                                                                |           |           |           |           |
|--------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|
| Less: Net income attributable to noncontrolling interests                      | (31,009 ) | (40,145 ) | (77,171 ) | (64,544 ) |
| Net income attributable to MGM Resorts International                           | \$210,611 | \$474,353 | \$417,458 | \$541,152 |
| Net income per share of common stock attributable to MGM Resorts International |           |           |           |           |
| Basic                                                                          | \$0.37    | \$0.84    | \$0.73    | \$0.96    |
| Diluted                                                                        | \$0.36    | \$0.83    | \$0.72    | \$0.95    |
| Weighted average common shares outstanding                                     |           |           |           |           |
| Basic                                                                          | 574,931   | 565,459   | 574,668   | 565,257   |
| Diluted                                                                        | 582,056   | 570,762   | 581,112   | 570,108   |
| Dividends declared per common share                                            | \$0.11    | \$—       | \$0.22    | \$—       |

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

## MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

|                                                                     | Three Months Ended<br>June 30, |           | Six Months Ended<br>June 30, |           |
|---------------------------------------------------------------------|--------------------------------|-----------|------------------------------|-----------|
|                                                                     | 2017                           | 2016      | 2017                         | 2016      |
| Net income                                                          | \$241,620                      | \$514,498 | \$494,629                    | \$605,696 |
| Other comprehensive loss, net of tax:                               |                                |           |                              |           |
| Foreign currency translation adjustment                             | (25,376 )                      | (1,370 )  | (38,309 )                    | (6,135 )  |
| Unrealized loss on cash flow hedges                                 | (3,323 )                       | —         | (3,957 )                     | —         |
| Other comprehensive loss                                            | (28,699 )                      | (1,370 )  | (42,266 )                    | (6,135 )  |
| Comprehensive income                                                | 212,921                        | 513,128   | 452,363                      | 599,561   |
| Less: Comprehensive income attributable to noncontrolling interests | (18,675 )                      | (39,588 ) | (59,106 )                    | (61,622 ) |
| Comprehensive income attributable to MGM Resorts International      | \$194,246                      | \$473,540 | \$393,257                    | \$537,939 |

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

## MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

|                                                                                          | Six Months Ended<br>June 30, |             |
|------------------------------------------------------------------------------------------|------------------------------|-------------|
|                                                                                          | 2017                         | 2016        |
| Cash flows from operating activities                                                     |                              |             |
| Net income                                                                               | \$494,629                    | \$605,696   |
| Adjustments to reconcile net income to net cash provided by operating activities:        |                              |             |
| Depreciation and amortization                                                            | 494,523                      | 406,738     |
| Amortization of debt discounts, premiums and issuance costs                              | 17,717                       | 22,386      |
| Loss on retirement of long-term debt                                                     | 798                          | 50,121      |
| Provision for doubtful accounts                                                          | 10,361                       | (802 )      |
| Stock-based compensation                                                                 | 30,965                       | 24,923      |
| Property transactions, net                                                               | 14,939                       | 5,985       |
| Income from unconsolidated affiliates                                                    | (62,809 )                    | (425,826 )  |
| Distributions from unconsolidated affiliates                                             | 7,100                        | 10,713      |
| Deferred income taxes                                                                    | 13,102                       | (37,544 )   |
| Change in operating assets and liabilities:                                              |                              |             |
| Accounts receivable                                                                      | 63,231                       | 37,387      |
| Inventories                                                                              | (5,469 )                     | 6,384       |
| Income taxes receivable and payable, net                                                 | (18,014 )                    | 4,595       |
| Prepaid expenses and other                                                               | (6,516 )                     | (1,605 )    |
| Prepaid Cotai land concession premium                                                    | (11,216 )                    | (11,167 )   |
| Accounts payable and accrued liabilities                                                 | (102,346 )                   | (72,289 )   |
| Other                                                                                    | (1,869 )                     | (12,049 )   |
| Net cash provided by operating activities                                                | 939,126                      | 613,646     |
| Cash flows from investing activities                                                     |                              |             |
| Capital expenditures, net of construction payable                                        | (872,610 )                   | (970,571 )  |
| Dispositions of property and equipment                                                   | 293                          | 1,659       |
| Investments in unconsolidated affiliates                                                 | (4,773 )                     | (1,555 )    |
| Distributions from unconsolidated affiliates in excess of cumulative earnings            | 300,000                      | 543,437     |
| Other                                                                                    | (15,688 )                    | (5,196 )    |
| Net cash used in investing activities                                                    | (592,778 )                   | (432,226 )  |
| Cash flows from financing activities                                                     |                              |             |
| Net borrowings (repayments) under bank credit facilities – maturities of 90 days or less | 204,852                      | (1,716,686) |
| Borrowings under bank credit facilities – maturities longer than 90 days                 | —                            | 1,845,375   |
| Issuance of long term debt                                                               | —                            | 1,050,000   |
| Retirement of senior debentures                                                          | —                            | (1,498,848) |
| Debt issuance costs                                                                      | (5,403 )                     | (123,261 )  |
| Issuance of MGM Growth Properties common shares in public offering                       | —                            | 1,207,500   |
| MGM Growth Properties common share issuance costs                                        | —                            | (75,032 )   |

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|                                                              |              |              |
|--------------------------------------------------------------|--------------|--------------|
| Dividends paid to common shareholders                        | (126,429 )   | —            |
| Distributions to noncontrolling interest owners              | (89,872 )    | (32,798 )    |
| Other                                                        | (16,093 )    | (3,606 )     |
| Net cash provided by (used in) financing activities          | (32,945 )    | 652,644      |
| Effect of exchange rate on cash                              | (2,922 )     | (1,121 )     |
| Cash and cash equivalents                                    |              |              |
| Net increase for the period                                  | 310,481      | 832,943      |
| Balance, beginning of period                                 | 1,446,581    | 1,670,312    |
| Balance, end of period                                       | \$ 1,757,062 | \$ 2,503,255 |
| Supplemental cash flow disclosures                           |              |              |
| Interest paid, net of amounts capitalized                    | \$ 341,990   | \$ 348,104   |
| Federal, state and foreign income taxes paid, net of refunds | 140,605      | 55,408       |

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

## MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

### CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

#### 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 the Borgata Hotel Casino & Spa (“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.

The Company indirectly owns 76.3% of the partnership units in the Operating Partnership, a subsidiary of MGM Growth Properties LLC (“MGP”). MGP owns the remaining 23.7% ownership interest in the Operating Partnership units and also owns 100% of the general partner. 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. 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 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. Pursuant to a master lease agreement between a subsidiary of the Company (the “Tenant”) and a subsidiary of the Operating Partnership (the “Landlord”), the Company leases the real estate assets of The Mirage, Mandalay Bay, Luxor, New York-New York, Monte Carlo, Excalibur, The Park, Borgata, Gold Strike Tunica, MGM Grand Detroit and Beau Rivage from subsidiaries of the

Operating Partnership. See Note 11 for additional information related to MGP and certain of the Company's related intercompany agreements with MGP or the Operating Partnership.

The Company has an approximately 56% controlling interest in MGM China, which owns MGM Grand Paradise, S.A. ("MGM Grand Paradise"), the Macau company that owns and operates the MGM Macau resort and casino and the related gaming subconcession and land concessions, and is in the process of developing an 18 acre site on the Cotai Strip in Macau ("MGM Cotai"). MGM Cotai will be an integrated casino, hotel and entertainment resort with capacity for up to 500 gaming tables and up to 1,500 slots, and featuring approximately 1,400 hotel rooms. The actual number of gaming tables allocated to MGM Cotai will be determined by the Macau government prior to opening, and such allocation is expected to be less than MGM Cotai's 500 gaming table capacity. The total estimated project budget is \$3.3 billion excluding development fees eliminated in consolidation, capitalized interest and land related costs.

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 4 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. Beginning with the 2017 – 2018 season, the T-Mobile Arena will be 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 4 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 4 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 will be 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.

The Company has two reportable segments: domestic resorts and MGM China. See Note 10 for additional information about the Company's segments.

## NOTE 2 — BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation. As permitted by the rules and regulations of the Securities and Exchange Commission, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") have been condensed or omitted. These consolidated financial statements should be read in conjunction with the Company's 2016 annual consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's interim financial statements. The results for such periods are not necessarily indicative of the results to be expected for the full year.

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 23.7% ownership interest in the Operating Partnership as noncontrolling interest in the Company's consolidated financial statements. As of June 30, 2017 and December 31, 2016, on a consolidated basis, MGP had total assets of \$9.4 billion and \$9.5 billion, respectively, primarily related to its real estate investments, and total liabilities of \$3.9 billion, as of both June 30, 2017 and December 31, 2016, primarily related to its indebtedness.

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 5); and
- Level 2 inputs when measuring the fair value of its interest rate swaps (see Note 6).

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 and losses on dispositions of property and equipment are included in the determination of income or loss. Maintenance costs are expensed as incurred. As of June 30, 2017 and December 31, 2016, the Company had accrued \$47 million and \$36 million, respectively, for property and equipment within accounts payable and \$33 million and \$32 million, respectively, related to construction retention in other long-term liabilities.

Income tax provision. For interim income tax reporting the Company estimates its annual effective tax rate and applies it to its year-to-date ordinary income. The tax effects of unusual or infrequently occurring items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, are reported in the interim period in which they occur. The Company's effective income tax rate was 23.5% and 21.6% for the three and six months ended June 30, 2017, respectively.

The Company recognizes deferred tax assets, net of applicable reserves, related to tax loss and credit carryforwards and other 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.

The Company has generated significant excess foreign tax credits that 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. As long as the exemption from Macau's 12% complementary tax on gaming profits continues and the Company continues to receive distributions from MGM China, the Company expects that it will generate excess foreign tax credits in most years and that most of the excess foreign credits will not be utilized before the exemption expires. 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 it will thus not be able to credit the Macau Special Gaming Tax in such years, and has factored that assumption into its assessment of the realization of the foreign tax credit deferred tax asset and the measurement of Macau deferred tax liabilities.

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. Annual payments of \$2 million were required under the annual fee arrangement. MGM Grand Paradise has requested an extension of this agreement to cover distributions of profits earned through December 31, 2021. However, no assurance can be given that an extension will be granted or that the terms, if granted, will not be less favorable than the prior agreement. Since 2017 earnings are not currently covered by an annual fee arrangement, the Company is providing deferred taxes on such earnings in estimating its annual effective tax rate for 2017. If an extension is granted in 2017, the Company will adjust its annual effective tax rate accordingly.

The Company's assessment of realization of its foreign tax credit deferred tax asset is based on available evidence, including assumptions about future profitability of and distributions from MGM China, as well as its assumption concerning renewals of the exemption from Macau's 12% complementary tax on gaming profits and future profitability of its U.S. operations. As a result, significant judgment is required in assessing the possible need for and amount of valuation allowance and changes to such assumptions may have a material impact on the amount of the valuation allowance. For example, should the Company in a future period actually receive or be able to assume an additional five-year exemption, an additional valuation allowance would likely need to be provided on some portion or all of the foreign tax credit deferred tax asset, resulting in an increase in the provision for income taxes

in such period, and such increase may be material. In addition, a change to forecasts of future profitability of, and distributions from, MGM China could also result in a material change in the valuation allowance with a corresponding impact on the provision for income taxes in such period.

Recently issued accounting standards. In 2015 and 2016, the FASB issued the following ASUs related to revenue recognition, effective for fiscal years beginning after December 15, 2017, pursuant to ASU 2015-14, “Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date”:

•ASU 2014-09, “Revenue from Contracts with Customers (Topic 606),” (“ASU 2014-09”) 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. ASU 2014-09 provides for a new revenue recognition model which includes a five-step analysis in determining when and how revenue is recognized, including identification of separate performance obligations for each contract with a customer. Additionally, the new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services;

•ASU 2016-08, “Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net),” (“ASU 2016-08”) clarifies the implementation guidance on principal versus agent considerations as it relates to ASU 2014-09. ASU 2016-08 provides guidance related to the assessment an entity is required to perform to determine whether the nature of its promise is to provide the specified good or service itself (that is, the entity is a principal) or to arrange for that good or service to be provided by the other party (that is, the entity is an agent) when another party is involved in providing goods or services to a customer;

•ASU 2016-10, “Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing,” (“ASU 2016-10”) clarifies guidance related to identifying performance obligations and licensing implementation guidance as it relates to ASU 2014-09. ASU 2016-10 includes targeted improvements based on input the FASB received from the Transition Resource Group for Revenue Recognition and other stakeholders. It seeks to proactively address areas in which diversity in practice potentially could arise, as well as to reduce the cost and complexity of applying certain aspects of the guidance both at implementation and on an ongoing basis; and

•ASU 2016-12, “Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients,” (“ASU 2016-12”) addresses narrow-scope improvements to the guidance on collectability, noncash consideration and completed contracts at transition as it relates to ASU 2014-09. ASU 2016-12 provides for a practical expedient for contract modifications at transition and an accounting policy election related to the presentation of sales taxes and other similar taxes collected from customers.

The Company is currently assessing the impact that the adoption of the above ASUs related to revenue recognition will have on its consolidated financial statements and footnote disclosures. However, the Company has identified a few significant impacts. Under the new guidance, the Company expects it will no longer be 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. The Company expects the majority of such amounts will offset casino revenues. In addition, accounting for Express Comps granted under the Company’s M life Rewards program will also change. Under the new guidance, Express Comps earned by customers through past revenue transactions 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). When customers redeem such benefits and the performance obligation is fulfilled by the Company, revenue will be recognized in the department that provides the goods or services (i.e., hotel, food and beverage, or entertainment). In addition, given that M life Rewards is an aspirational loyalty program with multiple customer tiers, which provide

certain benefits to tier members, the Company is assessing if such benefits are deemed to be separate performance obligations under the new guidance.

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 Company does not expect the adoption of ASU 2016-15 to have a material effect on its consolidated financial statements.

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 — BORGATA ACQUISITION

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 to acquire Borgata, 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. Pursuant to tax court judgments, The City of Atlantic City, New Jersey (“Atlantic City”) owed Borgata property tax refunds of approximately \$106 million, plus interest, related to the over-assessment of

property values for the 2009-2012 tax years. As a result of funding shortfalls, the City of Atlantic City did not pay the refunds due to Borgata. See Note 7 for information regarding the property tax reimbursement agreement Borgata entered into in February 2017 with the Department of Community Affairs of the State of New Jersey and Atlantic City, and the subsequent receipt of the settlement amount in June 2017.

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.

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 had occurred as of January 1, 2015. 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.

|                                                      | Six Months<br>Ended<br>June 30,<br>2016<br>(In<br>thousands,<br>except<br><br>per share<br>data)<br>(unaudited) |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Net revenues                                         | \$4,872,064                                                                                                     |
| Net income attributable to MGM Resorts International | 575,171                                                                                                         |
| Basic net income per share                           | \$1.02                                                                                                          |
| Diluted net income per share                         | \$1.01                                                                                                          |

#### NOTE 4 — INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES

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

|                                                                | June 30,<br>2017 | December 31,<br>2016 |
|----------------------------------------------------------------|------------------|----------------------|
|                                                                | (In thousands)   |                      |
| CityCenter Holdings, LLC – CityCenter (50%)                    | \$766,558        | \$1,007,358          |
| Elgin Riverboat Resort–Riverboat Casino – Grand Victoria (50%) | 123,784          | 123,585              |
| Las Vegas Arena Company, LLC (42.5%)                           | 76,503           | 80,339               |
| Other                                                          | 14,040           | 9,161                |
|                                                                | \$980,885        | \$1,220,443          |

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

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|                                                    | Three Months Ended<br>June 30,<br>2017 |           | Six Months Ended<br>June 30,<br>2017 |           |
|----------------------------------------------------|----------------------------------------|-----------|--------------------------------------|-----------|
|                                                    | 2016                                   |           | 2016                                 |           |
|                                                    | (In thousands)                         |           |                                      |           |
| Income from unconsolidated affiliates              | \$40,583                               | \$448,309 | \$80,286                             | \$463,011 |
| Preopening and start-up expenses                   | —                                      | (806 )    | —                                    | (3,088 )  |
| Non-operating items from unconsolidated affiliates | (10,556)                               | (15,885 ) | (17,477)                             | (34,097 ) |
|                                                    | \$30,027                               | \$431,618 | \$62,809                             | \$425,826 |

CityCenter

Summarized balance sheet information for CityCenter is as follows:

|                                                     | June 30,<br>2017 | December 31,<br>2016 |
|-----------------------------------------------------|------------------|----------------------|
|                                                     | (In thousands)   |                      |
| Current assets                                      | \$255,925        | \$ 394,283           |
| Property and other long-term assets, net            | 6,634,500        | 6,704,485            |
| Current liabilities                                 | 284,875          | 295,822              |
| Long-term debt, net and other long-term obligations | 1,569,238        | 1,248,916            |
| Equity                                              | 5,036,312        | 5,554,030            |



Summarized income statement information for CityCenter is as follows:

|                                              | Three Months Ended<br>June 30, |           | Six Months Ended<br>June 30, |           |
|----------------------------------------------|--------------------------------|-----------|------------------------------|-----------|
|                                              | 2017                           | 2016      | 2017                         | 2016      |
| (In thousands)                               |                                |           |                              |           |
| Net revenues                                 | \$314,164                      | \$288,986 | \$639,756                    | \$590,527 |
| Operating expenses                           | (256,930)                      | (289,405) | (525,943)                    | (618,089) |
| Operating income (loss)                      | 57,234                         | (419 )    | 113,813                      | (27,562 ) |
| Non-operating expenses                       | (19,389 )                      | (14,131 ) | (31,531 )                    | (35,157 ) |
| Net income (loss) from continuing operations | 37,845                         | (14,550 ) | 82,282                       | (62,719 ) |
| Discontinued operations                      | —                              | 411,592   | —                            | 400,035   |
| Net income                                   | \$37,845                       | \$397,042 | \$82,282                     | \$337,316 |

Crystals sale. In April 2016, CityCenter closed the sale of Crystals for approximately \$1.1 billion. During the three months ended June 30, 2016, CityCenter recognized a gain on the sale of Crystals of \$411 million and the Company recognized a \$406 million gain, which included \$205 million representing its 50% share of the gain recorded by CityCenter and \$201 million representing the reversal of certain basis differences. During the six months ended June 30, 2016, CityCenter recognized a gain on the sale of Crystals of \$392 million and the Company recognized a \$397 million gain, which included \$196 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. The results of Crystals are classified as discontinued operations in the summarized income statement information.

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%.

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.

Borgata

Borgata transaction. As discussed in Note 3, 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.

## NOTE 5 — LONG-TERM DEBT

Long-term debt consisted of the following:

|                                                                     | June 30,<br>2017 | December 31,<br>2016 |
|---------------------------------------------------------------------|------------------|----------------------|
|                                                                     | (In thousands)   |                      |
| Senior credit facility                                              | \$243,750        | \$250,000            |
| MGM Growth Properties senior credit facility                        | 2,108,125        | 2,133,250            |
| MGM China credit facility                                           | 2,150,573        | 1,933,313            |
| MGM National Harbor credit facility                                 | 455,000          | 450,000              |
| \$475 million 11.375% senior notes, due 2018                        | 475,000          | 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% MGM Growth Properties senior notes, due 2024 | 1,050,000        | 1,050,000            |
| \$500 million 4.5% MGM Growth Properties senior notes, due 2026     | 500,000          | 500,000              |
| \$500 million 4.625% senior notes, due 2026                         | 500,000          | 500,000              |
| \$0.6 million 7% debentures, due 2036                               | 552              | 552                  |
| \$2.3 million 6.7% debentures, due 2096                             | 2,265            | 2,265                |
|                                                                     | 13,335,265       | 13,144,380           |
| Less: Premiums, discounts, and unamortized debt issuance costs, net | (137,407 )       | (156,785 )           |
|                                                                     | 13,197,858       | 12,987,595           |
| Less: Current portion, net                                          | (472,590 )       | (8,375 )             |
|                                                                     | \$12,725,268     | \$12,979,220         |

Debt due within one year of the June 30, 2017 and December 31, 2016 balance sheets 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 \$475 million of 11.375% senior notes due 2018 was classified as current at June 30, 2017 because the outstanding amount was redeemed for cash on July 24, 2017 and \$8 million of MGP's quarterly amortization payments under its senior credit facility were classified as current at December 31, 2016 because MGP used cash to make such amortization payments in January 2017.

Senior credit facility. At June 30, 2017, the Company's senior credit facility consisted of a \$244 million term loan A facility and a \$1.25 billion revolving facility. The revolving facility and the 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 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 \$3 million and \$6 million of the term loan A facility in the three and six months ended June 30, 2017, respectively, in accordance with the scheduled amortization. At June 30, 2017, the interest rate on the term loan A facility was 3.48%. No amounts were drawn on the revolving credit facility at June 30, 2017.

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 June 30, 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.

MGM Growth Properties senior credit facility. At June 30, 2017, the Operating Partnership's senior credit facility consisted of a \$281 million senior secured term loan A facility, a \$1.83 billion senior secured term loan B facility, and a \$600 million senior secured 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 2021 and the term loan B facility will mature in 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 \$4 million and \$11 million of the term loan A facility in the three and six months ended June 30, 2017, respectively, in accordance with the scheduled amortization. The Company permanently repaid \$5 million and \$14 million of the term loan B facility in the three and six months ended June 30, 2017, respectively, in accordance with the scheduled amortization. At June 30, 2017, the interest rate on the term loan A facility was 3.98% and the interest rate on the term loan B facility was 3.48%. 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 June 30, 2017.

MGM China credit facility. At June 30, 2017, the MGM China credit facility consisted of \$1.55 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 matures in April 2019, with scheduled amortization payments of the term loans beginning in October 2017. 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. The outstanding balance at June 30, 2017 was comprised of \$1.55 billion of term loans and \$602 million drawn on the revolving credit facility. At June 30, 2017, the weighted average interest rate on the term loans was 2.72% and the interest rate on the revolving credit facility was 2.62%.

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 and 4.50 to 1.00 at September 30, 2018 and thereafter. MGM China was in compliance with its credit facility covenants at June 30, 2017.

MGM National Harbor credit facility. At June 30, 2017, the MGM National Harbor, LLC credit facility consisted of a \$425 million term loan facility and a \$100 million revolving credit facility. The term loan and revolving facilities bear interest at LIBOR plus an applicable rate determined by MGM National Harbor, LLC's total leverage ratio (2.25% as of June 30, 2017). The term loan and revolving facilities are scheduled to mature in January 2021 and the term loan facilities are subject to scheduled amortization payments on the last day of each calendar quarter beginning December 31, 2017, initially in an amount equal to 1.25% of the aggregate principal balance and increasing to 1.875% and 2.50% of the aggregate principal balance on December 31, 2019 and December 31, 2020, respectively. The outstanding balance at June 30, 2017 consisted of \$425 million of term loans and \$30 million drawn on the revolving credit facility. At June 30, 2017, the interest rate on the term loan A was 3.48% and the interest rate on the revolving credit facility was 3.44%.

The credit agreement is secured by a leasehold mortgage on MGM National Harbor and substantially all of the existing and future property of MGM National Harbor. Mandatory prepayments 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. In addition, to the extent MGM National Harbor generates excess cash flow (as defined in the credit agreement), a percentage of such excess cash flow (ranging from 0% to 50% based on a total leverage ratio) will be required to be used to prepay the term loan facilities commencing with the fiscal year ending 2017.

The credit agreement contains customary representations and warranties, events of default, and positive, negative and financial covenants, including that MGM National Harbor, LLC and its restricted subsidiaries maintain compliance with a maximum total leverage ratio and a minimum interest coverage ratio. MGM National Harbor, LLC was in compliance with its credit agreement covenants at June 30, 2017.

Senior notes. On July 24, 2017, the Company redeemed for cash all \$475 million principal amount of its outstanding 11.375% senior notes due 2018. The Company will incur a loss on early retirement of such notes of approximately \$30 million.

Fair value of long-term debt. The estimated fair value of the Company's long-term debt was \$14.1 billion and \$13.9 billion at June 30, 2017 and December 31, 2016, respectively. Fair value was estimated using quoted market prices for the Company's senior notes and senior credit facilities.

## NOTE 6 — DERIVATIVES AND HEDGING ACTIVITIES

The Operating Partnership uses derivative instruments to mitigate the effects of interest rate volatility inherent in its variable rate debt, which could unfavorably impact its future earnings and forecasted cash flows. The Operating Partnership does not use derivative instruments for speculative or trading purposes.

The Operating Partnership is party to interest rate swaps that are designated as cash flow hedges to mitigate the interest rate risk inherent in its senior secured term loan B facility. In May 2017, the Operating Partnership amended its outstanding interest rate swap agreements. Under the new agreements the Operating Partnership now pays a weighted average fixed rate of 1.844% on total notional amount of \$1.2 billion and the variable rate received will reset monthly to the one-month LIBOR, with no minimum floor. The principal terms at June 30, 2017 are as follows:

| Effective Date | Maturity Date     | Notional Amount | Weighted Average Fixed Rate | Fair Value Asset (Liability) |
|----------------|-------------------|-----------------|-----------------------------|------------------------------|
| (In thousands) |                   |                 |                             |                              |
| May 3, 2017    | November 30, 2021 | \$500,000       | 1.764                       | % \$ 442                     |
| May 3, 2017    | November 30, 2021 | 700,000         | 1.901                       | % (3,396 )                   |
|                |                   | \$1,200,000     |                             | \$ (2,954 )                  |

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.

Interest rate swaps valued in net unrealized gain positions are recognized as asset balances within "Other long-term assets, net." Interest rate swaps valued in net unrealized loss positions are recognized as liability balances within "Other

long-term obligations.” For the three and six months ended June 30, 2017, the amount recorded in other comprehensive income related to the derivative instruments was a net loss of \$3 million and \$4 million, respectively. There was no material ineffective portion of the change in fair value of the derivatives. During the three and six months ended June 30, 2017, the Operating Partnership recorded interest expense of \$3 million and \$5 million, respectively, related to the swap agreements.

#### NOTE 7 — COMMITMENTS AND CONTINGENCIES

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. As of December 31, 2016, the Company recorded an estimate of such liability on a discounted basis of \$8 million in “Other accrued liabilities” and \$63 million in “Other long-term obligations.” The expense recognized related to the upfront payment and the initial accrual for the liability associated with the non-bypassable charges was recognized within “NV Energy exit expense” in the Company’s consolidated statements of operations. 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 June 30, 2017, the Company has recorded an estimate of its liability on a discounted basis of \$9 million in “Other accrued liabilities” and \$27 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 June 30, 2017, the term loan B was \$50 million.

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, MGM China’s credit facility limits the amount to \$100 million, and MGM National Harbor’s credit facility limits the amount to \$30 million. At June 30, 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 and the MGM National Harbor credit facility at June 30, 2017. The amounts of available borrowings under each of the credit facilities are reduced by any outstanding letters of credit.

Other litigation. The Company is a party to various legal proceedings, most of which relate to routine 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 financial position, results of operations or cash flows.

#### NOTE 8 — INCOME PER SHARE OF COMMON STOCK

The table below reconciles basic and diluted income per share of common stock. Diluted net income 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.

| Three Months Ended |      | Six Months Ended |      |
|--------------------|------|------------------|------|
| June 30,           |      | June 30,         |      |
| 2017               | 2016 | 2017             | 2016 |

(In thousands)

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|                                                                          |           |           |           |           |
|--------------------------------------------------------------------------|-----------|-----------|-----------|-----------|
| Numerator:                                                               |           |           |           |           |
| Net income attributable to MGM Resorts International                     | \$210,611 | \$474,353 | \$417,458 | \$541,152 |
| Adjustment related to redeemable noncontrolling interests                | (28 )     | —         | (55 )     | —         |
| Net income available to common stockholders - basic                      | 210,583   | 474,353   | 417,403   | 541,152   |
| Potentially dilutive effect due to MGP Omnibus Plan                      | (22 )     | (6 )      | (59 )     | (6 )      |
| Potentially dilutive effect due to MGM China Share Option Plan           | (40 )     | —         | (70 )     | —         |
| Net income attributable to common stockholders - diluted                 | \$210,521 | \$474,347 | \$417,274 | \$541,146 |
| Denominator:                                                             |           |           |           |           |
| Weighted-average common shares outstanding - basic                       | 574,931   | 565,459   | 574,668   | 565,257   |
| Potential dilution from share-based awards                               | 7,125     | 5,303     | 6,444     | 4,851     |
| Weighted-average common and common equivalent shares - diluted           | 582,056   | 570,762   | 581,112   | 570,108   |
| Antidilutive share-based awards excluded from the calculation of diluted |           |           |           |           |
| earnings per share                                                       | 2,078     | 3,124     | 2,641     | 4,790     |

NOTE 9 — STOCKHOLDERS' EQUITY

MGM Resorts International dividends. On July 26, 2017, the Company's Board of Directors approved a quarterly dividend of \$0.11 per share, totaling \$63 million, which is expected to be paid on September 15, 2017 to holders of record on September 11, 2017. In June and March 2017, the Company paid quarterly dividends of \$0.11 per share, each totaling \$63 million.

MGM China dividends. MGM China paid a final dividend for 2016 of \$78 million in June 2017. The Company received its 56% share of the dividend, or \$44 million, of which \$4 million was paid to Grand Paradise Macau under the deferred cash payment arrangement.

MGM China paid a \$46 million dividend in May 2016, of which \$23 million remained within the consolidated entity and \$23 million was distributed to noncontrolling interests.

On August 3, 2017, MGM China's Board of Directors announced an interim dividend of \$56 million, which will be paid to shareholders of record as of August 22, 2017 and distributed on or about September 8, 2017. The Company will receive \$32 million representing its 56% share of the dividend, of which \$3 million will be paid to Grand Paradise Macau under the deferred cash payment arrangement.

MGP dividends. On June 15, 2017, MGP's Board of Directors approved a quarterly dividend of \$0.3950 per Class A share totaling \$23 million, which was paid on July 14, 2017 to holders of record on June 30, 2017. The Company concurrently received a \$73 million distribution attributable to its ownership of Operating Partnership units. In April 2017 and January 2017, MGP paid quarterly dividends of \$0.3875 per Class A share, each totaling \$22 million, and the Company concurrently received distributions attributable to its ownership of Operating Partnership units each totaling \$72 million.

Supplemental equity information. The following table presents the Company's changes in stockholders' equity for the six months ended June 30, 2017:

|                                                                      | MGM Resorts<br>International<br>Stockholders'<br>Equity | Noncontrolling<br>Interests | Total<br>Stockholders'<br>Equity |
|----------------------------------------------------------------------|---------------------------------------------------------|-----------------------------|----------------------------------|
| (In thousands)                                                       |                                                         |                             |                                  |
| Balances, January 1, 2017                                            | \$ 6,220,180                                            | \$ 3,749,132                | \$ 9,969,312                     |
| Net income                                                           | 417,458                                                 | 73,488                      | 490,946                          |
| Currency translation adjustment                                      | (21,370 )                                               | (16,939 )                   | (38,309 )                        |
| Other comprehensive loss - cash flow hedges                          | (2,831 )                                                | (1,126 )                    | (3,957 )                         |
| Stock-based compensation                                             | 28,733                                                  | 2,246                       | 30,979                           |
| Issuance of common stock pursuant to stock-based compensation awards | (11,699 )                                               | —                           | (11,699 )                        |
|                                                                      | 9,648                                                   | 95                          | 9,743                            |

|                                                    |              |              |               |
|----------------------------------------------------|--------------|--------------|---------------|
| Issuance of performance share units                |              |              |               |
| Distributions to noncontrolling interest owners    | —            | (67,147 )    | (67,147 )     |
| Dividend paid to common shareholders               | (126,429 )   | —            | (126,429 )    |
| Dividend payable to noncontrolling interest owners | —            | (22,777 )    | (22,777 )     |
| Other                                              | (2,282 )     | 2,617        | 335           |
| Balances, June 30, 2017                            | \$ 6,511,408 | \$ 3,719,589 | \$ 10,230,997 |

Net income attributable to noncontrolling interests in the above table excludes \$4 million related to redeemable noncontrolling interests in the six months ended June 30, 2017.

Accumulated other comprehensive income. Changes in accumulated other comprehensive income attributable to MGM Resorts International are as follows:

|                                                                    | Currency<br>Translation<br>Adjustments | Cash<br>Flow<br>Hedges | Other    | Total      |
|--------------------------------------------------------------------|----------------------------------------|------------------------|----------|------------|
| (In thousands)                                                     |                                        |                        |          |            |
| Balance, January 1, 2017                                           | \$ 12,545                              | \$ 1,434               | \$ 1,074 | \$ 15,053  |
| Other comprehensive loss before reclassifications                  | (38,309)                               | (9,230)                | —        | (47,539)   |
| Amounts reclassified from accumulated other comprehensive income   | —                                      | 5,273                  | —        | 5,273      |
| Other comprehensive loss, net of tax                               | (38,309)                               | (3,957)                | —        | (42,266)   |
| Other comprehensive income attributable to noncontrolling interest | 16,939                                 | 1,126                  | —        | 18,065     |
| Balance, June 30, 2017                                             | \$(8,825 )                             | \$(1,397)              | \$ 1,074 | \$(9,148 ) |

#### NOTE 10 — 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 Company's omnibus incentive plan and MGP's 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 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, NV Energy exit expense, preopening and start-up expenses, goodwill impairment charges and property transactions, net.

The following tables present the Company's segment information:

|                                              | Three Months Ended<br>June 30, |             | Six Months Ended<br>June 30, |             |
|----------------------------------------------|--------------------------------|-------------|------------------------------|-------------|
|                                              | 2017                           | 2016        | 2017                         | 2016        |
| (In thousands)                               |                                |             |                              |             |
| Net revenue                                  |                                |             |                              |             |
| Domestic resorts                             | \$2,070,913                    | \$1,694,491 | \$4,157,328                  | \$3,313,714 |
| MGM China                                    | 448,743                        | 451,951     | 951,117                      | 920,980     |
| Reportable segment net revenues              | 2,519,656                      | 2,146,442   | 5,108,445                    | 4,234,694   |
| Corporate and other                          | 122,081                        | 123,060     | 241,471                      | 244,494     |
|                                              | \$2,641,737                    | \$2,269,502 | \$5,349,916                  | \$4,479,188 |
| Adjusted Property EBITDA                     |                                |             |                              |             |
| Domestic resorts                             | \$657,662                      | \$515,083   | \$1,305,437                  | \$1,000,014 |
| MGM China                                    | 116,320                        | 119,196     | 259,302                      | 233,319     |
| Reportable segment Adjusted Property EBITDA  | 773,982                        | 634,279     | 1,564,739                    | 1,233,333   |
| Other operating income (expense)             |                                |             |                              |             |
| Corporate and other                          | (34,475 )                      | 367,353     | (61,520 )                    | 311,183     |
| NV Energy exit expense                       | 40,629                         | —           | 40,629                       | —           |
| Preopening and start-up expenses             | (21,093 )                      | (24,824 )   | (36,159 )                    | (46,784 )   |
| Property transactions, net                   | (13,243 )                      | (854 )      | (14,939 )                    | (5,985 )    |
| Depreciation and amortization                | (244,754 )                     | (206,899 )  | (494,523 )                   | (406,738 )  |
| Operating income                             | 501,046                        | 769,055     | 998,227                      | 1,085,009   |
| Non-operating income (expense)               |                                |             |                              |             |
| Interest expense, net of amounts capitalized | (174,058 )                     | (180,352 )  | (348,117 )                   | (365,021 )  |

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|                                                           |            |            |            |            |
|-----------------------------------------------------------|------------|------------|------------|------------|
| Non-operating items from unconsolidated affiliates        | (10,556 )  | (15,885 )  | (17,477 )  | (34,097 )  |
| Other, net                                                | (751 )     | (49,840 )  | (1,568 )   | (50,405 )  |
|                                                           | (185,365 ) | (246,077 ) | (367,162 ) | (449,523 ) |
| Income before income taxes                                | 315,681    | 522,978    | 631,065    | 635,486    |
| Provision for income taxes                                | (74,061 )  | (8,480 )   | (136,436 ) | (29,790 )  |
| Net income                                                | 241,620    | 514,498    | 494,629    | 605,696    |
| Less: Net income attributable to noncontrolling interests | (31,009 )  | (40,145 )  | (77,171 )  | (64,544 )  |
| Net income attributable to MGM Resorts International      | \$210,611  | \$474,353  | \$417,458  | \$541,152  |

NOTE 11 — RELATED PARTY TRANSACTIONS

MGM China. 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, is party to a brand license agreement with MGM China. MGM China pays a license fee to MGM Branding and Development equal to 1.75% of MGM Macau’s consolidated net revenue, subject to an annual cap of \$75 million in 2017 with a 20% increase per annum during the term of the agreement. During the three and six months ended June 30, 2017, MGM China incurred total license fees of \$8 million and \$17

million, respectively. During the three and six months ended June 30, 2016, MGM China incurred total license fees of \$8 million and \$16 million, respectively. Such amounts have been eliminated in consolidation.

MGM China is party to a development services agreement with MGM Branding and Development where by the latter will provide certain development services to MGM China in connection with future expansion of existing projects and development of future resort gaming projects. Such services are subject to a development fee which is calculated separately for each casino resort property upon commencement of development. For each such property, the fee is 2.625% of project costs, to be paid in installments as certain benchmarks are achieved. Project costs are the total costs incurred for the design, development and construction of the casino, casino hotel, integrated resort and other related sites associated with each project, including all construction costs, fixtures and fittings, signage, gaming and other supplies and equipment and all costs associated with the opening of the business to be conducted at each project but excluding the cost of land, gaming concessions, financing charges and license fees. The development fee for each project is subject to an annual cap of \$32 million for each of the years 2017, 2018, and 2019, and the aggregate total development fee cap over the duration of the MGM Cotai project is \$70 million. Cumulative payments for the MGM Cotai project have totaled \$56 million. During the three and six months ended June 30, 2017, MGM China paid \$13 million of fees to MGM Branding and Development related to development services for MGM Cotai. During the three and six months ended June 30, 2016, MGM China paid \$12 million of fees to MGM Branding and Development related to development services for MGM Cotai. Such amounts have been eliminated in consolidation.

MGP. Pursuant to a master lease agreement by and between the Tenant, which is a subsidiary of the Company and the Landlord, which is a subsidiary of the Operating Partnership, the Tenant has leased MGP's real estate assets from the Landlord. The master lease has an initial lease term of ten years 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 MGM National Harbor and the Company's development property located in Springfield, Massachusetts, which the Landlord may exercise should the Company elect to sell these properties in the future.

The annual rent payments due under the master lease for the first lease year ending March 31, 2017 were \$550 million prior to MGP's acquisition of Borgata's real property on August 1, 2016. Subsequent to the acquisition, annual rent payments under the master lease increased to \$650 million, prorated for the remainder of the first lease year after the Borgata transaction. Rent under the master lease consists of a "base rent" component and a "percentage rent" component. For the second lease year commencing April 1, 2017, annual rent payments due under the master lease are \$662 million, which includes base rent of approximately \$597 million and percentage rent of approximately \$65 million. The base rent includes a fixed annual rent escalator of 2.0% for the second through the sixth lease years (as defined in the master lease). Thereafter, the annual escalator of 2.0% will be subject to the Tenant and, without duplication, the operating subsidiary sublessees of the Tenant, collectively meeting an adjusted net revenue to rent ratio of 6.25:1.00 based on their net revenue from the leased properties subject to the master lease (as determined in accordance with U.S. GAAP, adjusted to exclude net revenue attributable to certain scheduled subleases and, at the Company's option, reimbursed cost revenue). The percentage rent will initially be a fixed amount for approximately the first six years and will then be adjusted every five years based on the average actual annual net revenues of the Tenant and, without

duplication, the operating subsidiary sublessees of the Tenant, from the leased properties subject to the master lease at such time for the trailing five calendar-year period (calculated by multiplying the average annual net revenues, excluding net revenue attributable to certain scheduled subleases and, at the Landlord's option, reimbursed cost revenue, for the trailing five calendar-year period by 1.4%). During the three and six months ended June 30, 2017, the Company made rent payments to MGP in the amount of \$165 million and \$328 million, respectively.

Pursuant to the master lease, upon an event of default the Landlord may, at its option (i) terminate the master lease, repossess any leased property, relet any leased property to a third party and require that the Tenant pay damages; (ii) require that the Tenant pay to the Landlord rent and other sums payable with interest calculated at the overdue rate provided for in the master lease or terminate the Tenant's right to possession of the leased property and seek damages; and/or (iii) seek any and all other rights and remedies available under law or in equity. An event of default will be deemed to occur upon certain events, including: (1) the failure by the Tenant to pay rent or other additional charges when due; (2) failure by the Tenant to comply with the covenants set forth in the master lease; (3) certain events of bankruptcy or insolvency with respect to a Tenant or the guarantor; (4) the occurrence of a default under the guaranty of the master lease; (5) the loss or suspension of a material license that causes cessation of gaming activity that would reasonably be expected to have a material adverse effect on the Tenant, the facilities or the leased properties taken as a whole; and (6) the failure of the Company, on a consolidated basis with Tenant, to maintain an EBITDAR to rent ratio (as described in the master lease) of at least 1.10:1.00 for two consecutive test periods. The Company was in compliance with all applicable covenants as of June 30, 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 12 — CONDENSED CONSOLIDATING FINANCIAL INFORMATION

As of June 30, 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, Blue Tarp reDevelopment, LLC (the company that will own and operate the Company's proposed 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 consolidating financial information for the subsidiary guarantors and non-guarantors as of June 30, 2017 and December 31, 2016, and for the three and six months ended June 30, 2017 and 2016 are presented below. Within the Condensed Consolidating Statements of Cash Flows for the six months ended June 30, 2017 and 2016, 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 76.3% of the Operating Partnership units as of June 30, 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, 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.

## CONDENSED CONSOLIDATING BALANCE SHEET INFORMATION

|                             | At June 30, 2017 |                           |                                      |           |             | Elimination | Consolidated |
|-----------------------------|------------------|---------------------------|--------------------------------------|-----------|-------------|-------------|--------------|
|                             | Parent           | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries<br>MGP | Other     |             |             |              |
|                             | (In thousands)   |                           |                                      |           |             |             |              |
| Current assets              | \$507,444        | \$898,642                 | \$381,556                            | \$701,990 | \$(4,501)   | )           | \$2,485,131  |
| Property and equipment, net | —                | 13,454,612                | 8,957,622                            | 5,451,359 | (8,966,681) | )           | 18,896,912   |

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|                                                          |              |              |             |              |                |              |
|----------------------------------------------------------|--------------|--------------|-------------|--------------|----------------|--------------|
| Investments in subsidiaries                              | 20,434,429   | 3,311,187    | —           | —            | (23,745,616)   | —            |
| Investments in MGP Operating Partnership                 | —            | 3,494,306    | —           | 625,876      | (4,120,182 )   | —            |
| Investments in and advances to unconsolidated affiliates | —            | 949,906      | —           | 5,979        | 25,000         | 980,885      |
| Intercompany accounts                                    | —            | 5,681,914    | —           | —            | (5,681,914 )   | —            |
| Other non-current assets                                 | 50,184       | 919,706      | 53,645      | 5,202,011    | (45,543 )      | 6,180,003    |
|                                                          | \$20,992,057 | \$28,710,273 | \$9,392,823 | \$11,987,215 | \$(42,539,437) | \$28,542,931 |
| Current liabilities                                      | \$627,916    | \$1,189,813  | \$119,008   | \$915,913    | \$(173,082 )   | \$2,679,568  |
| Intercompany accounts                                    | 5,063,987    | —            | 233         | 617,694      | (5,681,914 )   | —            |
| Deferred income taxes, net                               | 2,208,622    | —            | 25,368      | 351,505      | (25,368 )      | 2,560,127    |
| Long-term debt, net                                      | 6,548,236    | 2,835        | 3,601,214   | 2,572,983    | —              | 12,725,268   |
| Other long-term obligations                              | 31,888       | 7,299,191    | 139,656     | 1,048,723    | (8,229,828 )   | 289,630      |
| Total liabilities                                        | 14,480,649   | 8,491,839    | 3,885,479   | 5,506,818    | (14,110,192)   | 18,254,593   |
| Redeemable noncontrolling interest                       | —            | —            | —           | 57,341       | —              | 57,341       |
| MGM Resorts International stockholders' equity           | 6,511,408    | 20,218,434   | 4,194,568   | 4,016,243    | (28,429,245)   | 6,511,408    |
| Noncontrolling interests                                 | —            | —            | 1,312,776   | 2,406,813    | —              | 3,719,589    |
| Total stockholders' equity                               | 6,511,408    | 20,218,434   | 5,507,344   | 6,423,056    | (28,429,245)   | 10,230,997   |
|                                                          | \$20,992,057 | \$28,710,273 | \$9,392,823 | \$11,987,215 | \$(42,539,437) | \$28,542,931 |

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At December 31, 2016

|                                                             | Parent        | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries<br>MGP | Other         | Elimination     | Consolidated  |
|-------------------------------------------------------------|---------------|---------------------------|--------------------------------------|---------------|-----------------|---------------|
| (In thousands)                                              |               |                           |                                      |               |                 |               |
| 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<br>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     |
|                                                             | \$ 19,062,663 | \$ 28,394,563             | \$ 9,506,740                         | \$ 11,566,041 | \$ (40,356,706) | \$ 28,173,301 |
| 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<br>interest                       | —             | —                         | —                                    | 54,139        | —               | 54,139        |
| MGM Resorts International<br>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     |
|                                                             | \$ 19,062,663 | \$ 28,394,563             | \$ 9,506,740                         | \$ 11,566,041 | \$ (40,356,706) | \$ 28,173,301 |

## CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) INFORMATION

|                                                                       | Three Months Ended June 30, 2017 |                           |                                      |            |               | Consolidated |
|-----------------------------------------------------------------------|----------------------------------|---------------------------|--------------------------------------|------------|---------------|--------------|
|                                                                       | Parent<br>(In thousands)         | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries<br>MGP | Other      | Elimination   |              |
| Net revenues                                                          | \$—                              | \$ 1,873,063              | \$ 184,456                           | \$ 769,609 | \$ (185,391 ) | \$ 2,641,737 |
| Equity in subsidiaries' earnings                                      | 426,128                          | 36,490                    | —                                    | —          | (462,618 )    | —            |
| Expenses                                                              |                                  |                           |                                      |            |               |              |
| Casino and hotel operations                                           | 2,616                            | 1,027,426                 | —                                    | 479,835    | (935 )        | 1,508,942    |
| General and administrative                                            | 2,131                            | 265,892                   | 20,642                               | 86,440     | (20,642 )     | 354,463      |
| Corporate expense                                                     | 31,488                           | 45,307                    | 2,833                                | (48 )      | (172 )        | 79,408       |
| NV Energy exit expense                                                | —                                | (40,629 )                 | —                                    | —          | —             | (40,629 )    |
| Preopening and start-up expenses                                      | —                                | 2,131                     | —                                    | 18,962     | —             | 21,093       |
| Property transactions, net                                            | —                                | 13,060                    | 10,587                               | 3,097      | (13,501 )     | 13,243       |
| Depreciation and amortization                                         | —                                | 160,402                   | 60,227                               | 84,352     | (60,227 )     | 244,754      |
|                                                                       | 36,235                           | 1,473,589                 | 94,289                               | 672,638    | (95,477 )     | 2,181,274    |
| Income (loss) from unconsolidated affiliates                          | —                                | 40,596                    | —                                    | (13 )      | —             | 40,583       |
| Operating income (loss)                                               | 389,893                          | 476,560                   | 90,167                               | 96,958     | (552,532 )    | 501,046      |
| Interest expense, net of amounts capitalized                          | (122,942 )                       | (176 )                    | (44,818 )                            | (6,122 )   | —             | (174,058 )   |
| Other, net                                                            | 13,390                           | (119,693 )                | (297 )                               | (27,858 )  | 123,151       | (11,307 )    |
| Income (loss) before income taxes                                     | 280,341                          | 356,691                   | 45,052                               | 62,978     | (429,381 )    | 315,681      |
| Provision for income taxes                                            | (69,730 )                        | —                         | (1,177 )                             | (3,154 )   | —             | (74,061 )    |
| Net income (loss)                                                     | 210,611                          | 356,691                   | 43,875                               | 59,824     | (429,381 )    | 241,620      |
| Less: Net income attributable to noncontrolling interests             | —                                | —                         | (10,680 )                            | (20,329 )  | —             | (31,009 )    |
| Net income (loss) attributable to MGM Resorts International           | \$ 210,611                       | \$ 356,691                | \$ 33,195                            | \$ 39,495  | \$ (429,381 ) | \$ 210,611   |
| Net income (loss)                                                     | \$ 210,611                       | \$ 356,691                | \$ 43,875                            | \$ 59,824  | \$ (429,381 ) | \$ 241,620   |
| Other comprehensive income (loss), net of tax:                        |                                  |                           |                                      |            |               |              |
| Foreign currency translation adjustment                               | (14,018 )                        | (14,018 )                 | —                                    | (25,376 )  | 28,036        | (25,376 )    |
| Unrealized gain (loss) on cash flow hedges                            | (2,347 )                         | —                         | (4,112 )                             | —          | 3,136         | (3,323 )     |
| Other comprehensive income (loss)                                     | (16,365 )                        | (14,018 )                 | (4,112 )                             | (25,376 )  | 31,172        | (28,699 )    |
| Comprehensive income (loss)                                           | 194,246                          | 342,673                   | 39,763                               | 34,448     | (398,209 )    | 212,921      |
| Less: Comprehensive income attributable to noncontrolling interests   | —                                | —                         | (9,705 )                             | (8,970 )   | —             | (18,675 )    |
| Comprehensive income (loss) attributable to MGM Resorts International | \$ 194,246                       | \$ 342,673                | \$ 30,058                            | \$ 25,478  | \$ (398,209 ) | \$ 194,246   |



## Six Months Ended June 30, 2017

|                                                                       | Parent         | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries<br>MGP | Other       | Elimination  | Consolidated |
|-----------------------------------------------------------------------|----------------|---------------------------|--------------------------------------|-------------|--------------|--------------|
|                                                                       | (In thousands) |                           |                                      |             |              |              |
| Net revenues                                                          | \$—            | \$3,762,342               | \$368,355                            | \$1,589,424 | \$(370,205 ) | \$5,349,916  |
| Equity in subsidiaries' earnings                                      | 828,868        | 89,432                    | —                                    | —           | (918,300 )   | —            |
| Expenses                                                              |                |                           |                                      |             |              |              |
| Casino and hotel operations                                           | 5,125          | 2,042,945                 | —                                    | 984,883     | (1,849 )     | 3,031,104    |
| General and administrative                                            | 4,113          | 564,140                   | 41,129                               | 175,045     | (41,129 )    | 743,298      |
| Corporate expense                                                     | 54,881         | 92,599                    | 5,684                                | (240 )      | (343 )       | 152,581      |
| NV Energy exit expense                                                | —              | (40,629 )                 | —                                    | —           | —            | (40,629 )    |
| Preopening and start-up expenses                                      | —              | 2,775                     | —                                    | 33,384      | —            | 36,159       |
| Property transactions, net                                            | —              | 14,607                    | 17,442                               | 3,246       | (20,356 )    | 14,939       |
| Depreciation and amortization                                         | —              | 323,101                   | 121,911                              | 171,422     | (121,911 )   | 494,523      |
|                                                                       | 64,119         | 2,999,538                 | 186,166                              | 1,367,740   | (185,588 )   | 4,431,975    |
| Income (loss) from unconsolidated affiliates                          | —              | 80,380                    | —                                    | (94 )       | —            | 80,286       |
| Operating income (loss)                                               | 764,749        | 932,616                   | 182,189                              | 221,590     | (1,102,917 ) | 998,227      |
| Interest expense, net of amounts capitalized                          | (246,298 )     | (634 )                    | (89,454 )                            | (11,731 )   | —            | (348,117 )   |
| Other, net                                                            | 27,476         | (228,187 )                | 247                                  | (57,455 )   | 238,874      | (19,045 )    |
| Income (loss) before income taxes                                     | 545,927        | 703,795                   | 92,982                               | 152,404     | (864,043 )   | 631,065      |
| Provision for income taxes                                            | (128,469 )     | —                         | (2,415 )                             | (5,552 )    | —            | (136,436 )   |
| Net income (loss)                                                     | 417,458        | 703,795                   | 90,567                               | 146,852     | (864,043 )   | 494,629      |
| Less: Net income attributable to noncontrolling interests             | —              | —                         | (22,028 )                            | (55,143 )   | —            | (77,171 )    |
| Net income (loss) attributable to MGM Resorts International           | \$417,458      | \$703,795                 | \$68,539                             | \$91,709    | \$(864,043 ) | \$417,458    |
| Net income (loss)                                                     | \$417,458      | \$703,795                 | \$90,567                             | \$146,852   | \$(864,043 ) | \$494,629    |
| Other comprehensive income (loss), net of tax:                        |                |                           |                                      |             |              |              |
| Foreign currency translation adjustment                               | (21,370 )      | (21,370 )                 | —                                    | (38,309 )   | 42,740       | (38,309 )    |
| Unrealized gain (loss) on cash flow hedges                            | (2,831 )       | —                         | (4,746 )                             | —           | 3,620        | (3,957 )     |
| Other comprehensive income (loss)                                     | (24,201 )      | (21,370 )                 | (4,746 )                             | (38,309 )   | 46,360       | (42,266 )    |
| Comprehensive income (loss)                                           | 393,257        | 682,425                   | 85,821                               | 108,543     | (817,683 )   | 452,363      |
| Less: Comprehensive income attributable to noncontrolling interests   | —              | —                         | (20,903 )                            | (38,203 )   | —            | (59,106 )    |
| Comprehensive income (loss) attributable to MGM Resorts International | \$393,257      | \$682,425                 | \$64,918                             | \$70,340    | \$(817,683 ) | \$393,257    |

## CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION

|                                                                                          | Six Months Ended June 30, 2017 |                           |                                      |            |             | Consolidated |
|------------------------------------------------------------------------------------------|--------------------------------|---------------------------|--------------------------------------|------------|-------------|--------------|
|                                                                                          | Parent                         | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries<br>MGP | Other      | Elimination |              |
|                                                                                          | (In thousands)                 |                           |                                      |            |             |              |
| <b>Cash flows from operating activities</b>                                              |                                |                           |                                      |            |             |              |
| Net cash provided by (used in) operating activities                                      | \$(384,587)                    | \$ 655,617                | \$ 230,718                           | \$ 437,378 | \$—         | \$ 939,126   |
| <b>Cash flows from investing activities</b>                                              |                                |                           |                                      |            |             |              |
| Capital expenditures, net of construction payable                                        | —                              | (144,433 )                | —                                    | (728,177)  | —           | (872,610 )   |
| Dispositions of property and equipment                                                   | —                              | 174                       | —                                    | 119        | —           | 293          |
| Investments in and advances to unconsolidated affiliates                                 | —                              | (4,773 )                  | —                                    | —          | —           | (4,773 )     |
| Intercompany accounts                                                                    | —                              | (885,200 )                | —                                    | —          | 885,200     | —            |
| Distributions from unconsolidated affiliates in excess of cumulative earnings            | —                              | 300,000                   | —                                    | —          | —           | 300,000      |
| Other                                                                                    | —                              | (6,560 )                  | —                                    | (9,128 )   | —           | (15,688 )    |
| Net cash provided by (used in) investing activities                                      | —                              | (740,792 )                | —                                    | (737,186)  | 885,200     | (592,778 )   |
| <b>Cash flows from financing activities</b>                                              |                                |                           |                                      |            |             |              |
| Net borrowings (repayments) under bank credit facilities - maturities of 90 days or less | (6,250 )                       | —                         | (25,125 )                            | 236,227    | —           | 204,852      |
| Dividends paid                                                                           | (126,429)                      | —                         | —                                    | —          | —           | (126,429 )   |
| Debt issuance costs                                                                      | —                              | —                         | (1,024 )                             | (4,379 )   | —           | (5,403 )     |
| MGP Operating Partnership distributions paid to consolidated subsidiaries                | —                              | —                         | (143,655)                            | —          | 143,655     | —            |
| Distributions to noncontrolling interest owners                                          | —                              | —                         | (44,564 )                            | (45,308 )  | —           | (89,872 )    |
| Intercompany accounts                                                                    | 924,157                        | 58,588                    | —                                    | 46,110     | (1,028,855) | —            |
| Other                                                                                    | (11,702 )                      | —                         | —                                    | (4,391 )   | —           | (16,093 )    |
| Net cash provided by (used in) financing activities                                      | 779,776                        | 58,588                    | (214,368)                            | 228,259    | (885,200 )  | (32,945 )    |
| Effect of exchange rate on cash                                                          | —                              | —                         | —                                    | (2,922 )   | —           | (2,922 )     |
| <b>Cash and cash equivalents</b>                                                         |                                |                           |                                      |            |             |              |
| Net increase (decrease) for the period                                                   | 395,189                        | (26,587 )                 | 16,350                               | (74,471 )  | —           | 310,481      |
| Balance, beginning of period                                                             | 99,995                         | 307,713                   | 360,492                              | 678,381    | —           | 1,446,581    |
| Balance, end of period                                                                   | \$495,184                      | \$ 281,126                | \$376,842                            | \$603,910  | \$—         | \$ 1,757,062 |





## CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) INFORMATION

|                                                                       | Three Months Ended June 30, 2016 |                           |                               |            |               |              |
|-----------------------------------------------------------------------|----------------------------------|---------------------------|-------------------------------|------------|---------------|--------------|
|                                                                       | Parent                           | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries |            |               |              |
|                                                                       | (In thousands)                   |                           | MGP                           | Other      | Elimination   | Consolidated |
| Net revenues                                                          | \$—                              | \$ 1,676,913              | \$ 110,903                    | \$ 593,454 | \$ (111,768 ) | \$ 2,269,502 |
| Equity in subsidiaries' earnings                                      | 693,687                          | 35,663                    | —                             | —          | (729,350 )    | —            |
| Expenses                                                              |                                  |                           |                               |            |               |              |
| Casino and hotel operations                                           | 1,941                            | 940,373                   | —                             | 371,520    | (865 )        | 1,312,969    |
| General and administrative                                            | 1,588                            | 258,392                   | 13,864                        | 47,563     | —             | 321,407      |
| Corporate expense                                                     | 41,424                           | 45,947                    | 4,388                         | (306 )     | (9,650 )      | 81,803       |
| Preopening and start-up expenses                                      | —                                | 2,781                     | —                             | 22,043     | —             | 24,824       |
| Property transactions, net                                            | —                                | (427 )                    | 335                           | 1,281      | (335 )        | 854          |
| Depreciation and amortization                                         | —                                | 132,627                   | 53,123                        | 62,075     | (40,926 )     | 206,899      |
|                                                                       | 44,953                           | 1,379,693                 | 71,710                        | 504,176    | (51,776 )     | 1,948,756    |
| Income (loss) from unconsolidated affiliates                          | —                                | 448,399                   | —                             | (90 )      | —             | 448,309      |
| Operating income (loss)                                               | 648,734                          | 781,282                   | 39,193                        | 89,188     | (789,342 )    | 769,055      |
| Interest expense, net of amounts capitalized                          | (147,728 )                       | (163 )                    | (29,475 )                     | (2,986 )   | —             | (180,352 )   |
| Other, net                                                            | (34,592 )                        | (88,932 )                 | (72 )                         | (24,668 )  | 82,539        | (65,725 )    |
| Income (loss) before income taxes                                     | 466,414                          | 692,187                   | 9,646                         | 61,534     | (706,803 )    | 522,978      |
| Benefit (provision) for income taxes                                  | 7,939                            | (17,196 )                 | —                             | 777        | —             | (8,480 )     |
| Net income (loss)                                                     | 474,353                          | 674,991                   | 9,646                         | 62,311     | (706,803 )    | 514,498      |
| Less: Net income attributable to noncontrolling interests             | —                                | —                         | (6,953 )                      | (33,192 )  | —             | (40,145 )    |
| Net income (loss) attributable to MGM Resorts International           | \$474,353                        | \$674,991                 | \$2,693                       | \$29,119   | \$ (706,803 ) | \$474,353    |
| Net income (loss)                                                     | \$474,353                        | \$674,991                 | \$9,646                       | \$62,311   | \$ (706,803 ) | \$514,498    |
| Other comprehensive income (loss), net of tax:                        |                                  |                           |                               |            |               |              |
| Foreign currency translation adjustment                               | (813 )                           | (813 )                    | —                             | (1,370 )   | 1,626         | (1,370 )     |
| Other comprehensive income (loss)                                     | (813 )                           | (813 )                    | —                             | (1,370 )   | 1,626         | (1,370 )     |
| Comprehensive income (loss)                                           | 473,540                          | 674,178                   | 9,646                         | 60,941     | (705,177 )    | 513,128      |
| Less: Comprehensive income attributable to noncontrolling interests   | —                                | —                         | (6,953 )                      | (32,635 )  | —             | (39,588 )    |
| Comprehensive income (loss) attributable to MGM Resorts International | \$473,540                        | \$674,178                 | \$2,693                       | \$28,306   | \$ (705,177 ) | \$473,540    |

| Six Months Ended June 30, 2016                                        |                |                           |                                      |             |               |              |
|-----------------------------------------------------------------------|----------------|---------------------------|--------------------------------------|-------------|---------------|--------------|
|                                                                       | Parent         | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries<br>MGP | Other       | Elimination   | Consolidated |
|                                                                       | (In thousands) |                           |                                      |             |               |              |
| Net revenues                                                          | \$—            | \$3,277,438               | \$110,903                            | \$1,203,463 | \$(112,616 )  | \$4,479,188  |
| Equity in subsidiaries' earnings                                      | 979,880        | 76,974                    | —                                    | —           | (1,056,854)   | —            |
| Expenses                                                              |                |                           |                                      |             |               |              |
| Casino and hotel operations                                           | 4,063          | 1,844,433                 | —                                    | 767,899     | (1,713 )      | 2,614,682    |
| General and administrative                                            | 3,201          | 496,536                   | 29,484                               | 100,729     | —             | 629,950      |
| Corporate expense                                                     | 75,980         | 82,490                    | 4,388                                | (157 )      | (9,650 )      | 153,051      |
| Preopening and start-up expenses                                      | —              | 6,227                     | —                                    | 40,557      | —             | 46,784       |
| Property transactions, net                                            | —              | 3,840                     | 1,209                                | 1,271       | (335 )        | 5,985        |
| Depreciation and amortization                                         | —              | 215,216                   | 104,600                              | 127,848     | (40,926 )     | 406,738      |
|                                                                       | 83,244         | 2,648,742                 | 139,681                              | 1,038,147   | (52,624 )     | 3,857,190    |
| Income (loss) from unconsolidated affiliates                          | —              | 463,189                   | —                                    | (178 )      | —             | 463,011      |
| Operating income (loss)                                               | 896,636        | 1,168,859                 | (28,778 )                            | 165,138     | (1,116,846)   | 1,085,009    |
| Interest expense, net of amounts capitalized                          | (323,422)      | (358 )                    | (29,475 )                            | (11,766 )   | —             | (365,021 )   |
| Other, net                                                            | (20,718 )      | (108,468 )                | (72 )                                | (37,783 )   | 82,539        | (84,502 )    |
| Income (loss) before income taxes                                     | 552,496        | 1,060,033                 | (58,325 )                            | 115,589     | (1,034,307)   | 635,486      |
| Benefit (provision) for income taxes                                  | (11,344 )      | (20,915 )                 | —                                    | 2,469       | —             | (29,790 )    |
| Net income (loss)                                                     | 541,152        | 1,039,118                 | (58,325 )                            | 118,058     | (1,034,307)   | 605,696      |
| Less: Net income attributable to noncontrolling interests             | —              | —                         | (6,953 )                             | (57,591 )   | —             | (64,544 )    |
| Net income (loss) attributable to MGM Resorts International           | \$541,152      | \$1,039,118               | \$(65,278 )                          | \$60,467    | \$(1,034,307) | \$541,152    |
| Net income (loss)                                                     | \$541,152      | \$1,039,118               | \$(58,325 )                          | \$118,058   | \$(1,034,307) | \$605,696    |
| Other comprehensive income (loss), net of tax:                        |                |                           |                                      |             |               |              |
| Foreign currency translation adjustment                               | (3,213 )       | (3,213 )                  | —                                    | (6,135 )    | 6,426         | (6,135 )     |
| Other comprehensive income (loss)                                     | (3,213 )       | (3,213 )                  | —                                    | (6,135 )    | 6,426         | (6,135 )     |
| Comprehensive income (loss)                                           | 537,939        | 1,035,905                 | (58,325 )                            | 111,923     | (1,027,881)   | 599,561      |
| Less: Comprehensive income attributable to noncontrolling interests   | —              | —                         | (6,953 )                             | (54,669 )   | —             | (61,622 )    |
| Comprehensive income (loss) attributable to MGM Resorts International | \$537,939      | \$1,035,905               | \$(65,278 )                          | \$57,254    | \$(1,027,881) | \$537,939    |

## CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION

|                                                                                          | Six Months Ended June 30, 2016 |              |               |           |             |              |
|------------------------------------------------------------------------------------------|--------------------------------|--------------|---------------|-----------|-------------|--------------|
|                                                                                          | Parent                         | Guarantor    | Non-Guarantor |           |             |              |
|                                                                                          | (In thousands)                 | Subsidiaries | Subsidiaries  | Other     | Elimination | Consolidated |
|                                                                                          |                                |              | MGP           |           |             |              |
| Cash flows from operating activities                                                     |                                |              |               |           |             |              |
| Net cash provided by (used in) operating activities                                      | \$(390,377 )                   | \$738,453    | \$62,313      | \$203,257 | \$—         | \$613,646    |
| Cash flows from investing activities                                                     |                                |              |               |           |             |              |
| Capital expenditures, net of construction payable                                        | —                              | (23,912 )    | (138,987 )    | (807,672) | —           | (970,571 )   |
| Dispositions of property and equipment                                                   | —                              | 1,295        | —             | 364       | —           | 1,659        |
| Investments in and advances to unconsolidated affiliates                                 | —                              | (1,555 )     | —             | —         | —           | (1,555 )     |
| Distributions from unconsolidated affiliates in excess of cumulative earnings            | —                              | 543,437      | —             | —         | —           | 543,437      |
| Intercompany accounts                                                                    | —                              | (1,026,829)  | —             | —         | 1,026,829   | —            |
| Other                                                                                    | —                              | (3,986 )     | —             | (1,210 )  | —           | (5,196 )     |
| Net cash provided by (used in) investing activities                                      | —                              | (511,550 )   | (138,987 )    | (808,518) | 1,026,829   | (432,226 )   |
| Cash flows from financing activities                                                     |                                |              |               |           |             |              |
| Net borrowings (repayments) under bank credit facilities - maturities of 90 days or less | (3,861,375)                    | 3,550,000    | (1,858,375)   | 453,064   | —           | (1,716,686 ) |
| Borrowings under bank credit facilities - maturities longer than 90 days                 | 1,845,375                      | —            | —             | —         | —           | 1,845,375    |
| Issuance of long-term debt                                                               | —                              | —            | 1,050,000     | —         | —           | 1,050,000    |
| Retirement of senior notes                                                               | (1,496,187)                    | (2,661 )     | —             | —         | —           | (1,498,848 ) |
| Debt issuance costs                                                                      | (20,974 )                      | (1,530 )     | (68,207 )     | (32,550 ) | —           | (123,261 )   |
| Issuance of MGM Growth Properties common stock in public offering                        | —                              | —            | 1,207,500     | —         | —           | 1,207,500    |
| MGM Growth Properties common stock issuance costs                                        | —                              | —            | (75,032 )     | —         | —           | (75,032 )    |
| Intercompany accounts                                                                    | 4,514,805                      | (3,819,728)  | 158,822       | 172,930   | (1,026,829) | —            |
| Distributions to noncontrolling interest owners                                          | —                              | —            | —             | (32,798 ) | —           | (32,798 )    |
| Other                                                                                    | (3,603 )                       | (3 )         | —             | —         | —           | (3,606 )     |
|                                                                                          | 978,041                        | (273,922 )   | 414,708       | 560,646   | (1,026,829) | 652,644      |

Net cash provided by (used in)  
financing activities

|                                        |             |           |           |           |     |             |
|----------------------------------------|-------------|-----------|-----------|-----------|-----|-------------|
| Effect of exchange rate on cash        | —           | —         | —         | (1,121 )  | —   | (1,121 )    |
| Cash and cash equivalents              |             |           |           |           |     |             |
| Net increase (decrease) for the period | 587,664     | (47,019 ) | 338,034   | (45,736 ) | —   | 832,943     |
| Balance, beginning of period           | 538,856     | 304,168   | —         | 827,288   | —   | 1,670,312   |
| Balance, end of period                 | \$1,126,520 | \$257,149 | \$338,034 | \$781,552 | \$— | \$2,503,255 |

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This management's discussion and analysis of financial condition and results of operations contains forward-looking statements that involve risks and uncertainties. Please see "Cautionary Statement Concerning Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions that may cause our actual results to differ materially from those discussed in the forward-looking statements. This discussion should be read in conjunction with our historical financial statements and related notes thereto and the other disclosures contained elsewhere in this Quarterly Report on Form 10-Q, and the audited consolidated financial statements and notes for the fiscal year ended December 31, 2016, which were included in our Form 10-K, filed with the Securities and Exchange Commission ("SEC") on March 1, 2017. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods. MGM Resorts International together with its subsidiaries may be referred to as "we," "us" or "our." MGM China Holdings Limited together with its subsidiaries is referred to as "MGM China." MGM Growth Properties LLC together with its subsidiaries is referred to as "MGP."

### 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.

According to the Las Vegas Convention and Visitors Authority, Las Vegas visitor volume decreased 1%, Las Vegas Strip REVPAR increased 5% and Las Vegas Strip gaming revenue increased 3% in the six months ended June 30, 2017 compared to the prior year period. Results of operations for our domestic resorts in the six months ended June 30, 2017 benefited from an increase in operating margins. 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.

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 by 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 restrictions on 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 June 2017. In the six months ended June 30, 2017, gross gaming revenue increased 17% compared to the same period

in the prior year. Additionally, according to statistics published by the Statistics and Census Service of the Macau Government, visitor arrivals increased 5% and overnight visitors increased 13% in the six months ended June 30, 2017 compared to the same period in the prior year.

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, we are also dedicated to capitalizing on development opportunities. In Macau, we plan to spend approximately \$3.3 billion, excluding development fees eliminated in consolidation, capitalized interest and land-related costs, to develop MGM Cotai, a casino resort with capacity for up to 500 gaming tables and up to 1,500 slots, and featuring approximately 1,400 hotel rooms, built on an approximately 18 acre site on the Cotai Strip in Macau. The actual number of gaming tables allocated to MGM Cotai will be determined by the Macau government prior to opening, and such allocation is expected to be less than our 500 gaming table capacity. MGM Cotai is expected to open in the fourth quarter of 2017.

We were awarded a casino license to build and operate MGM Springfield in Springfield, Massachusetts. MGM Springfield will be 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 late 2018.

See Note 1 and Note 11 in the accompanying consolidated financial statements for information regarding MGM Growth Properties LLC 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. See Note 10 in the accompanying consolidated financial statements for additional information regarding 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 customer groups and utilize our extensive convention and meeting facilities to maximize hotel occupancy and customer volumes which 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 affect the price we can charge for our hotel rooms and other amenities. In addition, our results of operations compared to prior periods can be impacted by holiday calendar shifts, significant one-time events and the strength of our convention calendar. 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 19% 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 the related gaming subconcession and land concessions, and is in the process of developing MGM Cotai. 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 either a percentage of actual win plus a monthly complimentary allowance based on a percentage of the rolling chip turnover their customers generate, or a percentage of the rolling chip turnover plus discounted offerings



on nongaming amenities. 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. Normal main floor table games hold percentage at MGM Macau is in the range of 16% to 22% of table games drop.

## Corporate and Other

Corporate and other includes our investments in unconsolidated affiliates and certain management and other operations.

## Results of Operations

## Summary Financial Results

The following table summarizes our consolidated financial results for the three and six months ended June 30, 2017 and 2016:

|                                                      | Three Months Ended<br>June 30, |             | Six Months Ended<br>June 30, |             |
|------------------------------------------------------|--------------------------------|-------------|------------------------------|-------------|
|                                                      | 2017                           | 2016        | 2017                         | 2016        |
|                                                      | (In thousands)                 |             |                              |             |
| Net revenues                                         | \$2,641,737                    | \$2,269,502 | \$5,349,916                  | \$4,479,188 |
| Operating income                                     | 501,046                        | 769,055     | 998,227                      | 1,085,009   |
| Net income                                           | 241,620                        | 514,498     | 494,629                      | 605,696     |
| Net income attributable to MGM Resorts International | 210,611                        | 474,353     | 417,458                      | 541,152     |

## Summary Operating Results

Consolidated net revenue increased 16% for the three months ended June 30, 2017 compared to the prior year period, due primarily to the Borgata acquisition in August 2016 and the opening of MGM National Harbor in December 2016. For the six months ended June 30, 2017, consolidated net revenue increased 19%, compared to the prior year period due primarily to the Borgata acquisition, the opening of MGM National Harbor, an increase in non-casino revenue at our domestic resorts and an increase in casino revenue at MGM China. See “Operating Results – Detailed Segment Information” below for additional information related to segment revenues.

Consolidated operating income was \$501 million for the three months ended June 30, 2017 compared to \$769 million for the same period in the prior year. For the three months ended June 30, 2017, operating income at our domestic resorts increased 33%, or \$130 million, compared to the prior year period and benefited from \$80 million of operating income from Borgata, which included a benefit of \$36 million related to Borgata’s share of a property tax settlement from Atlantic City, \$18 million of operating income from MGM National Harbor, and a benefit of \$41 million related to a modification of the NV Energy exit fee associated with the Company’s strategic decision to exit the fully bundled sales system of NV Energy. Operating income at MGM China was \$43 million, compared to \$51 million in the prior year period, primarily due to increased preopening expense. Income from unconsolidated affiliates was \$41 million for the three months ended June 30, 2017 compared to \$448 million in the prior year period. The prior year quarter benefited from a \$406 million gain related to the sale of Crystals at CityCenter, partially offset by a charge for accelerated depreciation associated with the April 2016 closure of the Zarkana theatre. See “Operating Results – Income from Unconsolidated Affiliates” for additional detail.

Preopening expense decreased 15%, or \$4 million, compared to the prior year quarter as a result of the opening of MGM National Harbor in December 2016 and the opening of the T-Mobile Arena in April 2016. Preopening expense in the three months ended June 30, 2017 primarily related to our MGM Cotai and MGM Springfield projects. Property transactions, net increased \$12 million compared to the prior year quarter and primarily related to cost associated with the rebranding of the Monte Carlo Resort and Casino to Park MGM and NoMad Hotel.

Consolidated operating income was \$998 million for the six months ended June 30, 2017 compared to \$1.1 billion for the same period in the prior year. Operating income at our domestic resorts increased 32%, or \$242 million, in the six months ended June 30,

2017 compared to the prior year period and included \$119 million of operating income from Borgata, which included the property tax settlement of \$36 million, \$29 million of operating income from MGM National Harbor, and the \$41 million benefit related to the modification of the NV Energy exit fee. Operating income at MGM China increased 18% or \$17 million, compared to the prior year period. Income from unconsolidated affiliates was \$80 million for the six months ended June 30, 2017 compared to \$463 million in the prior year period. The prior year period benefited from a \$397 million gain related to the sale of Crystals, partially offset by a charge for accelerated depreciation associated with the Zarkana theatre closure. See “Operating Results – Income from Unconsolidated Affiliates” for additional detail.

Preopening expense decreased 23%, or \$11 million, compared to the prior year quarter as a result of the opening of MGM National Harbor in December 2016 and the opening of the T-Mobile Arena in April 2016. Preopening expense in the six months ended June 30, 2017 primarily related to our MGM Cotai and MGM Springfield projects. Property transactions, net increased \$9 million, compared to the prior year quarter and primarily related to cost associated with the rebranding of the Monte Carlo Resort and Casino to Park MGM and NoMad Hotel.

## Operating Results – Segment Information

The following table presents 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:

|                                             | Three Months Ended<br>June 30, |             | Six Months Ended<br>June 30, |             |
|---------------------------------------------|--------------------------------|-------------|------------------------------|-------------|
|                                             | 2017                           | 2016        | 2017                         | 2016        |
| (In thousands)                              |                                |             |                              |             |
| Net revenues                                |                                |             |                              |             |
| Domestic resorts                            | \$2,070,913                    | \$1,694,491 | \$4,157,328                  | \$3,313,714 |
| MGM China                                   | 448,743                        | 451,951     | 951,117                      | 920,980     |
| Reportable segment net revenues             | 2,519,656                      | 2,146,442   | 5,108,445                    | 4,234,694   |
| Corporate and other                         | 122,081                        | 123,060     | 241,471                      | 244,494     |
|                                             | \$2,641,737                    | \$2,269,502 | \$5,349,916                  | \$4,479,188 |
| Adjusted EBITDA                             |                                |             |                              |             |
| Domestic resorts                            | \$657,662                      | \$515,083   | \$1,305,437                  | \$1,000,014 |
| MGM China                                   | 116,320                        | 119,196     | 259,302                      | 233,319     |
| Reportable segment Adjusted Property EBITDA | 773,982                        | 634,279     | 1,564,739                    | 1,233,333   |
| Corporate and other                         | (34,475 )                      | 367,353     | (61,520 )                    | 311,183     |
|                                             | \$739,507                      | \$1,001,632 | \$1,503,219                  | \$1,544,516 |

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

|                                          | Three Months Ended<br>June 30, |             | Six Months Ended<br>June 30, |             |
|------------------------------------------|--------------------------------|-------------|------------------------------|-------------|
|                                          | 2017                           | 2016        | 2017                         | 2016        |
|                                          | (In thousands)                 |             |                              |             |
| Domestic resorts net revenues            | \$2,070,913                    | \$1,694,491 | \$4,157,328                  | \$3,313,714 |
| Net revenues related to Borgata          | (209,427 )                     | —           | (410,508 )                   | —           |
| Net revenues related to National Harbor  | (177,788 )                     | —           | (350,947 )                   | —           |
| Domestic resorts same-store net revenues | \$1,683,698                    | \$1,694,491 | \$3,395,873                  | \$3,313,714 |

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

|                                 | Three Months Ended<br>June 30, |             | Six Months Ended<br>June 30, |             |
|---------------------------------|--------------------------------|-------------|------------------------------|-------------|
|                                 | 2017                           | 2016        | 2017                         | 2016        |
| (In thousands)                  |                                |             |                              |             |
| Casino revenue, net             |                                |             |                              |             |
| Table games                     | \$317,908                      | \$249,193   | \$688,735                    | \$486,804   |
| Slots                           | 613,992                        | 421,566     | 1,213,874                    | 840,241     |
| Other                           | 32,072                         | 13,031      | 72,191                       | 32,050      |
| Casino revenue, net             | 963,972                        | 683,790     | 1,974,800                    | 1,359,095   |
| Non-casino revenue              |                                |             |                              |             |
| Rooms                           | 528,915                        | 484,241     | 1,077,744                    | 959,718     |
| Food and beverage               | 454,659                        | 397,626     | 887,298                      | 758,171     |
| Entertainment, retail and other | 331,579                        | 285,644     | 629,356                      | 546,489     |
| Non-casino revenue              | 1,315,153                      | 1,167,511   | 2,594,398                    | 2,264,378   |
|                                 | 2,279,125                      | 1,851,301   | 4,569,198                    | 3,623,473   |
| Less: Promotional allowances    | (208,212 )                     | (156,810 )  | (411,870 )                   | (309,759 )  |
|                                 | \$2,070,913                    | \$1,694,491 | \$4,157,328                  | \$3,313,714 |

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

|                                 | Three Months Ended<br>June 30, |             | Six Months Ended<br>June 30, |             |
|---------------------------------|--------------------------------|-------------|------------------------------|-------------|
|                                 | 2017                           | 2016        | 2017                         | 2016        |
| (In thousands)                  |                                |             |                              |             |
| Casino revenue, net             |                                |             |                              |             |
| Table games                     | \$199,576                      | \$249,193   | \$454,835                    | \$486,804   |
| Slots                           | 434,769                        | 421,566     | 862,165                      | 840,241     |
| Other                           | 15,102                         | 13,031      | 37,004                       | 32,050      |
| Casino revenue, net             | 649,447                        | 683,790     | 1,354,004                    | 1,359,095   |
| Non-casino revenue              |                                |             |                              |             |
| Rooms                           | 488,661                        | 484,241     | 1,000,961                    | 959,718     |
| Food and beverage               | 395,844                        | 397,626     | 773,623                      | 758,171     |
| Entertainment, retail and other | 312,738                        | 285,644     | 592,355                      | 546,489     |
| Non-casino revenue              | 1,197,243                      | 1,167,511   | 2,366,939                    | 2,264,378   |
|                                 | 1,846,690                      | 1,851,301   | 3,720,943                    | 3,623,473   |
| Less: Promotional allowances    | (162,992 )                     | (156,810 )  | (325,070 )                   | (309,759 )  |
|                                 | \$1,683,698                    | \$1,694,491 | \$3,395,873                  | \$3,313,714 |

Casino revenue for the three months ended June 30, 2017 increased 41% compared to the same period in the prior year. Same-store casino revenue decreased 5% compared to the prior year quarter due primarily to a 20% decrease in same-store table games revenue. Same-store table games hold percentage decreased to 20.3% from 24.2% in the prior year quarter and same-store table games volume decreased 3% compared to the prior year quarter. On a same-store basis, slots revenue increased 3% compared to the prior year quarter.

Casino revenue for the six months ended June 30, 2017 increased 45% compared to the same period in the prior year. Same-store casino revenue was \$1.4 billion in both the current and prior year periods. Same-store table games revenue decreased 7% compared to the prior year period due to a decrease in same-store table games hold percentage to 22.1% in the current year period from 23.3% in the prior year period and a 1% decrease in same-store table games volume. On a same-store basis, slots revenue increased 3% compared to the same period in the prior year.

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

|                   | Three Months<br>Ended<br>June 30,<br>2017 |   |         |   | Six Months<br>Ended<br>June 30,<br>2016 |   |         |   |
|-------------------|-------------------------------------------|---|---------|---|-----------------------------------------|---|---------|---|
|                   | 2017                                      |   | 2016    |   | 2017                                    |   | 2016    |   |
|                   | (Dollars in millions)                     |   |         |   |                                         |   |         |   |
| Table Games Drop  | \$872                                     |   | \$905   |   | \$1,865                                 |   | \$1,877 |   |
| Table Games Win % | 20.9                                      | % | 25.6    | % | 23.2                                    | % | 24.6    | % |
| Slot Handle       | \$3,053                                   |   | \$2,953 |   | \$6,056                                 |   | \$5,953 |   |
| Slot Hold %       | 8.7                                       | % | 8.8     | % | 8.7                                     | % | 8.6     | % |

Domestic resorts rooms revenue increased 9% for the three months ended June 30, 2017 compared to the prior year quarter. On a same-store basis, rooms revenue increased 1% for the three months ended June 30, 2017 as a result of a 1% increase in REVPAR at our Las Vegas Strip resorts when compared to the same period in the prior year.

Domestic resorts rooms revenue increased 12% for the six months ended June 30, 2017 compared to the same period in the prior year. On a same-store basis, rooms revenue increased 4% for the six months ended June 30, 2017 as a result of a 5% increase in REVPAR at our Las Vegas Strip resorts when compared to the same period in the prior year.

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

|                                     | Three<br>Months<br>Ended<br>June 30,<br>2017 |  | 2016  |  | Six Months<br>Ended<br>June 30,<br>2017 |  | 2016  |  |
|-------------------------------------|----------------------------------------------|--|-------|--|-----------------------------------------|--|-------|--|
| Occupancy                           | 94 %                                         |  | 95 %  |  | 93 %                                    |  | 93 %  |  |
| Average Daily Rate (ADR)            | \$161                                        |  | \$157 |  | \$168                                   |  | \$160 |  |
| Revenue per Available Room (REVPAR) | \$151                                        |  | \$149 |  | \$156                                   |  | \$148 |  |

Entertainment revenue for the three and six months ended June 30, 2017 increased 15% and 13%, respectively, compared to the same periods in the prior year. Same-store entertainment revenue for the three and six months ended June 30, 2017 increased 9% and 8%, respectively, compared to the same periods in the prior year due to the opening of the Park Theater in December 2016, and an increase in Cirque du Soleil revenue.

The following table is a reconciliation of domestic resorts Adjusted Property EBITDA to domestic resorts Same-store Adjusted Property EBITDA:

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|                                                      | Three Months Ended<br>June 30, |           | Six Months Ended<br>June 30, |             |
|------------------------------------------------------|--------------------------------|-----------|------------------------------|-------------|
|                                                      | 2017                           | 2016      | 2017                         | 2016        |
|                                                      | (In thousands)                 |           |                              |             |
| Domestic resorts Adjusted Property EBITDA            | \$657,662                      | \$515,083 | \$1,305,437                  | \$1,000,014 |
| Adjusted Property EBITDA related to Borgata          | (101,419)                      | —         | (160,342 )                   | —           |
| Adjusted Property EBITDA related to National Harbor  | (36,980 )                      | —         | (69,120 )                    | —           |
| Domestic resorts Same-store Adjusted Property EBITDA | \$519,263                      | \$515,083 | \$1,075,975                  | \$1,000,014 |

Adjusted Property EBITDA at our domestic resorts increased 28% during the three months ended June 30, 2017 compared to the prior year quarter, and was positively impacted by \$101 million of Adjusted Property EBITDA from Borgata, which included a benefit of \$36 million related to a property tax settlement, and \$37 million of Adjusted Property EBITDA from MGM National Harbor. Same-store Adjusted Property EBITDA increased 1% during the three months ended June 30, 2017 compared to the prior year quarter and Same-store Adjusted Property EBITDA margin for the three months ended June 30, 2017, increased by 44 basis points compared to the prior year period to 30.8%.

Adjusted Property EBITDA at our domestic resorts increased 31% during the six months ended June 30, 2017 compared to the prior year quarter, and was positively impacted by \$160 million of Adjusted Property EBITDA from Borgata, which included a benefit of \$36 million related to a property tax settlement, \$69 million of Adjusted Property EBITDA from MGM National Harbor, and increased rooms and entertainment revenue discussed above. Same-store Adjusted Property EBITDA increased 8% during the six months ended June 30, 2017 compared to the prior year period and Same-store Adjusted Property EBITDA margin for the six months ended June 30, 2017, increased by 151 basis points compared to the same prior year period to 31.7%.



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

|                              | Three Months Ended<br>June 30, |           | Six Months Ended<br>June 30, |           |
|------------------------------|--------------------------------|-----------|------------------------------|-----------|
|                              | 2017                           | 2016      | 2017                         | 2016      |
| (In thousands)               |                                |           |                              |           |
| Casino revenue, net          |                                |           |                              |           |
| VIP table games              | \$164,054                      | \$162,734 | \$334,061                    | \$340,921 |
| Main floor table games       | 235,640                        | 241,570   | 515,551                      | 481,311   |
| Slots                        | 40,551                         | 39,309    | 84,333                       | 80,433    |
| Casino revenue, net          | 440,245                        | 443,613   | 933,945                      | 902,665   |
| Non-casino revenue           | 27,311                         | 29,055    | 54,391                       | 58,618    |
|                              | 467,556                        | 472,668   | 988,336                      | 961,283   |
| Less: Promotional allowances | (18,813 )                      | (20,717 ) | (37,219 )                    | (40,303 ) |
|                              | \$448,743                      | \$451,951 | \$951,117                    | \$920,980 |

For the three months ended June 30, 2017, net revenue for MGM China decreased 1% compared to the same period in the prior year, as a result of a 2% decrease in main floor table games revenue. Main floor table games volume decreased 8%, partially offset by an increase in hold percentage to 19.3% in the current year quarter from 18.2% in the prior year quarter. VIP table games revenue increased 1% due to a 3% increase in turnover, partially offset by a decrease in hold percentage to 2.9% in the current year quarter from 3.1% in the prior year quarter.

MGM China's Adjusted EBITDA for the three months ended June 30, 2017 and 2016 was \$116 million and \$119 million, respectively. Adjusted EBITDA margin was 25.9% in the current year quarter compared to 26.4% in the prior year quarter. Excluding license fees of \$8 million in both the current and prior year quarters, Adjusted EBITDA decreased 2%.

For the six months ended June 30, 2017, net revenue for MGM China increased 3% compared to the same period in the prior year, primarily as a result of a 7% increase in main floor table games revenue. Main floor table games volume decreased 6% and hold percentage increased to 20.8% in the current year period from 18.1% in the prior year. VIP table games revenue decreased 2% due to a 7% decrease in turnover, partially offset by an increase in hold percentage to 3.2% in the current year period from 3.1% in the prior year.

MGM China's Adjusted EBITDA for the six months ended June 30, 2017 and 2016 was \$259 million and \$233 million, respectively. Adjusted EBITDA margin increased 193 basis points to 27.3% in the current year period from 25.3% in the prior year. Excluding license fees of \$17 million in the current year quarter and \$16 million in the prior year quarter, Adjusted EBITDA increased 11%.

Corporate and other. Corporate and other revenue includes revenue from corporate operations, management services and reimbursed costs revenue primarily related to our CityCenter management agreement. Corporate and other Adjusted EBITDA for the three and six months ended June 30, 2017 decreased compared to the same period in the prior year due to our gain from the sale of Crystals at CityCenter recognized in the prior year. See below for additional discussion of our share of operating results from unconsolidated affiliates.

#### Operating Results – Income (Loss) from Unconsolidated Affiliates

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

|                | Three Months<br>Ended<br>June 30,<br>2017 |           | Six Months Ended<br>June 30,<br>2016 |           |
|----------------|-------------------------------------------|-----------|--------------------------------------|-----------|
|                | 2017                                      | 2016      | 2017                                 | 2016      |
| (In thousands) |                                           |           |                                      |           |
| CityCenter     | \$37,646                                  | \$416,144 | \$74,965                             | \$406,995 |
| Borgata        | —                                         | 27,376    | —                                    | 46,926    |
| Other          | 2,937                                     | 4,789     | 5,321                                | 9,090     |
|                | \$40,583                                  | \$448,309 | \$80,286                             | \$463,011 |

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.

Our share of CityCenter's operating income, including certain basis difference adjustments, for the three months ended June 30, 2017 was \$38 million, compared to \$416 million in the prior year period. Our share of CityCenter's operating results in the prior year quarter included a \$406 million gain related to the sale of Crystals, of which \$205 million related to our 50% share of the gain recorded by CityCenter and \$201 million related to the reversal of certain basis differences, partially offset by a \$10 million charge related to our share of accelerated depreciation associated with the April 2016 closure of the Zarkana theatre. At Aria, casino revenues increased 25% for the three months ended June 30, 2017 compared to the prior year period, due to a 14% increase in table games volume and an increase in hold percentage to 26.8% in the current year quarter compared to 19.5% in the prior year quarter. Slots revenue decreased 4% compared to the same period in the prior year as a result of a decrease in slot hold percentage to 7.5% in the current year quarter compared to 8.0% in the prior year quarter. REVPAR increased by 3% at Aria, which led to a 2% increase in CityCenter's rooms revenue in the current year quarter compared to the prior year quarter. CityCenter's operating income in the prior year quarter was negatively affected by \$20 million of accelerated depreciation associated with the April 2016 closure of the Zarkana theatre.

Our share of CityCenter's operating income, including certain basis difference adjustments, for the six months ended June 30, 2017 was \$75 million, compared to \$407 million in the prior year period. Our share of CityCenter's operating results in the prior year quarter included a \$397 million gain related to the sale of Crystals, of which \$196 million related to our 50% share of the gain recorded by CityCenter and \$201 million related to the reversal of certain basis differences, partially offset by a \$41 million charge related to our share of accelerated depreciation associated with the April 2016 closure of the Zarkana theatre. At Aria, casino revenues increased 17% for the six months ended June 30, 2017 compared to the prior year period, due to a 4% increase in table games volumes and an increase in hold percentage to 26.2% in the six months ended June 30, 2017 compared to 21.8% for the same period in 2016. Slots revenue increased 2% compared to the same period in the prior year due to a 2% increase in slot volume. REVPAR increased by 6% and 4% at Aria and Vdara, respectively, which led to a 4% increase in CityCenter's rooms revenue in the six months ended June 30, 2017 compared to the same period in 2016. CityCenter's operating results for the six months ended June 30, 2016 were negatively affected by \$82 million of accelerated depreciation associated with the April 2016 closure of the Zarkana theatre.

## Non-operating Results

### Interest Expense

Gross interest expense for the three and six months ended June 30, 2017 decreased \$9 million and \$23 million, respectively, compared to the prior year period due to 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 senior credit facilities. Capitalized interest was \$25 million and \$50 million during the three and six months ended June 30, 2017, compared to \$28 million and \$55 million during the three and six months ended June 30, 2016, respectively. The decrease in capitalized interest in both the three and six month periods was due primarily to the substantial completion of MGM National Harbor in December 2016, partially offset by an increase related to the MGM Cotai and MGM Springfield projects during the first six months of 2017.

## Non-operating Items from Unconsolidated Affiliates

Non-operating expense from unconsolidated affiliates decreased in the three and six months ended June 30, 2017 compared to the same period in the prior year 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 expenses decreased in the three and six months ended June 30, 2017 compared to the same period in the prior year due primarily to a \$49 million loss incurred on the early retirement of debt related to the \$1.23 billion aggregate principal amount of 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.

## Income Taxes

Our effective tax rate for the three months ended June 30, 2017 was 23.5% compared to 1.6% in the prior year quarter, resulting in income tax provision of \$74 million compared to \$8 million in the prior year quarter. Our effective tax rate for the six months ended June 30, 2017 was 21.6% compared to 4.7% in the prior year period, resulting in income tax provision of \$136 million compared to income tax provision of \$30 million in the prior year period. The effective tax rate for the three and six months ended June 30, 2016 was favorably impacted by a reduction in the valuation allowance against the foreign tax credit deferred tax asset and a corresponding reduction in the provision for income taxes of approximately \$85 million as a result of our ability to rely on future U.S.

source operating income in assessing future foreign tax credit realization during the ten year foreign tax credit carryover period. The annual effective tax rate calculation for all periods is impacted by assumptions made regarding projected foreign tax credit usage and valuation allowance. See Note 2 in the accompanying consolidated financial statements for further discussion of these assumptions.

#### 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, 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 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 operating resorts which were consolidated by the Company for both the entire current and prior year periods presented. 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 and Same-store Adjusted Property EBITDA 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 and Same-store Adjusted Property EBITDA 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 or Same-store Adjusted Property EBITDA. Also, other companies in the gaming and hospitality industries that report Adjusted EBITDA, Adjusted Property EBITDA or Same-store Adjusted Property EBITDA information may calculate Adjusted EBITDA, Adjusted Property EBITDA or Same-store Adjusted Property EBITDA in a different manner.

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

|                                                           | Three Months Ended<br>June 30, |             | Six Months Ended<br>June 30, |             |
|-----------------------------------------------------------|--------------------------------|-------------|------------------------------|-------------|
|                                                           | 2017                           | 2016        | 2017                         | 2016        |
| (In thousands)                                            |                                |             |                              |             |
| Net income attributable to MGM Resorts International      | \$210,611                      | \$474,353   | \$417,458                    | \$541,152   |
| Plus: Net income attributable to noncontrolling interests | 31,009                         | 40,145      | 77,171                       | 64,544      |
| Net income                                                | 241,620                        | 514,498     | 494,629                      | 605,696     |
| Provision for income taxes                                | 74,061                         | 8,480       | 136,436                      | 29,790      |
| Income before income taxes                                | 315,681                        | 522,978     | 631,065                      | 635,486     |
| Non-operating income (expense)                            |                                |             |                              |             |
| Interest expense, net of amounts capitalized              | 174,058                        | 180,352     | 348,117                      | 365,021     |
| Non-operating items from unconsolidated affiliates        | 10,556                         | 15,885      | 17,477                       | 34,097      |
| Other, net                                                | 751                            | 49,840      | 1,568                        | 50,405      |
|                                                           | 185,365                        | 246,077     | 367,162                      | 449,523     |
| Operating income                                          | 501,046                        | 769,055     | 998,227                      | 1,085,009   |
| NV Energy exit expense                                    | (40,629 )                      | —           | (40,629 )                    | —           |
| Preopening and start-up expenses                          | 21,093                         | 24,824      | 36,159                       | 46,784      |
| Property transactions, net                                | 13,243                         | 854         | 14,939                       | 5,985       |
| Depreciation and amortization                             | 244,754                        | 206,899     | 494,523                      | 406,738     |
| Adjusted EBITDA                                           | \$739,507                      | \$1,001,632 | \$1,503,219                  | \$1,544,516 |

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

| Three Months Ended June 30, 2017 |                            |                                 |                                        |                                  |                                     |                    |
|----------------------------------|----------------------------|---------------------------------|----------------------------------------|----------------------------------|-------------------------------------|--------------------|
|                                  | Operating<br>Income (Loss) | NV<br>Energy<br>Exit<br>Expense | Preopening<br>and Start-up<br>Expenses | Property<br>Transactions,<br>Net | Depreciation<br>and<br>Amortization | Adjusted<br>EBITDA |
| (In thousands)                   |                            |                                 |                                        |                                  |                                     |                    |
| Bellagio                         | \$95,886                   | \$(6,970 )                      | \$ —                                   | \$ 38                            | \$ 21,999                           | \$110,953          |
| MGM Grand Las Vegas              | 82,456                     | (7,424 )                        | —                                      | 611                              | 18,431                              | 94,074             |
| Mandalay Bay                     | 52,255                     | (8,524 )                        | —                                      | (10 )                            | 24,551                              | 68,272             |
| The Mirage                       | 32,495                     | (4,043 )                        | —                                      | 117                              | 9,805                               | 38,374             |
| Luxor                            | 25,819                     | (3,394 )                        | —                                      | 1,165                            | 9,321                               | 32,911             |
| New York-New York                | 28,845                     | (2,025 )                        | —                                      | 54                               | 6,350                               | 33,224             |
| Excalibur                        | 26,521                     | (2,658 )                        | —                                      | 203                              | 4,587                               | 28,653             |
| Monte Carlo                      | (2,082 )                   | (2,461 )                        | 439                                    | 9,959                            | 10,929                              | 16,784             |
| Circus Circus Las Vegas          | 14,264                     | (3,130 )                        | 450                                    | 496                              | 4,159                               | 16,239             |

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|                                 |            |             |           |           |            |            |
|---------------------------------|------------|-------------|-----------|-----------|------------|------------|
| MGM Grand Detroit               | 39,719     | —           | —         | —         | 5,694      | 45,413     |
| Beau Rivage                     | 15,148     | —           | —         | 5         | 5,952      | 21,105     |
| Gold Strike Tunica              | 10,983     | —           | —         | 6         | 2,272      | 13,261     |
| Borgata                         | 80,093     | —           | 1,242     | 416       | 19,668     | 101,419    |
| National Harbor                 | 17,991     | —           | 153       | —         | 18,836     | 36,980     |
| Domestic resorts                | 520,393    | (40,629)    | 2,284     | 13,060    | 162,554    | 657,662    |
| MGM China                       | 43,039     | —           | 13,334    | 183       | 59,764     | 116,320    |
| Unconsolidated resorts          | 40,583     | —           | —         | —         | —          | 40,583     |
| Management and other operations | 7,307      | —           | —         | —         | 1,790      | 9,097      |
|                                 | 611,322    | (40,629)    | 15,618    | 13,243    | 224,108    | 823,662    |
| Stock compensation              | (12,046 )  | —           | —         | —         | —          | (12,046 )  |
| Corporate                       | (98,230 )  | —           | 5,475     | —         | 20,646     | (72,109 )  |
|                                 | \$ 501,046 | \$ (40,629) | \$ 21,093 | \$ 13,243 | \$ 244,754 | \$ 739,507 |



## Three Months Ended June 30, 2016

|                                 | Operating     | NV<br>Energy<br>Exit<br>Expense | Preopening<br>and Start-up<br>Expenses | Property<br>Transactions,<br>Net | Depreciation<br>and<br>Amortization | Adjusted<br>EBITDA |
|---------------------------------|---------------|---------------------------------|----------------------------------------|----------------------------------|-------------------------------------|--------------------|
|                                 | Income (Loss) |                                 |                                        |                                  |                                     |                    |
| (In thousands)                  |               |                                 |                                        |                                  |                                     |                    |
| Bellagio                        | \$95,085      | \$ —                            | \$ —                                   | \$ 60                            | \$ 22,393                           | \$ 117,538         |
| MGM Grand Las Vegas             | 79,293        | —                               | —                                      | (263 )                           | 18,459                              | 97,489             |
| Mandalay Bay                    | 40,629        | —                               | 15                                     | 284                              | 22,275                              | 63,203             |
| The Mirage                      | 26,132        | —                               | —                                      | (413 )                           | 10,129                              | 35,848             |
| Luxor                           | 15,161        | —                               | 1,444                                  | 86                               | 9,363                               | 26,054             |
| New York-New York               | 25,006        | —                               | 372                                    | 97                               | 5,003                               | 30,478             |
| Excalibur                       | 20,741        | —                               | —                                      | 203                              | 4,010                               | 24,954             |
| Monte Carlo                     | 9,494         | —                               | 145                                    | 61                               | 12,120                              | 21,820             |
| Circus Circus Las Vegas         | 9,199         | —                               | —                                      | (4 )                             | 3,977                               | 13,172             |
| MGM Grand Detroit               | 37,815        | —                               | —                                      | —                                | 5,975                               | 43,790             |
| Beau Rivage                     | 21,460        | —                               | —                                      | (72 )                            | 6,648                               | 28,036             |
| Gold Strike Tunica              | 10,273        | —                               | —                                      | (4 )                             | 2,432                               | 12,701             |
| Domestic resorts                | 390,288       | —                               | 1,976                                  | 35                               | 122,784                             | 515,083            |
| MGM China                       | 51,453        | —                               | 6,540                                  | 1,281                            | 59,922                              | 119,196            |
| Unconsolidated resorts          | 447,504       | —                               | 805                                    | —                                | —                                   | 448,309            |
| Management and other operations | 2,521         | —                               | —                                      | —                                | 1,851                               | 4,372              |
|                                 | 891,766       | —                               | 9,321                                  | 1,316                            | 184,557                             | 1,086,960          |
| Stock compensation              | (10,440 )     | —                               | —                                      | —                                | —                                   | (10,440 )          |
| Corporate                       | (112,271 )    | —                               | 15,503                                 | (462 )                           | 22,342                              | (74,888 )          |
|                                 | \$769,055     | \$ —                            | \$ 24,824                              | \$ 854                           | \$ 206,899                          | \$ 1,001,632       |

## Six Months Ended June 30, 2017

|                         | Operating     | NV<br>Energy<br>Exit<br>Expense | Preopening<br>and Start-up<br>Expenses | Property<br>Transactions,<br>Net | Depreciation<br>and<br>Amortization | Adjusted<br>EBITDA |
|-------------------------|---------------|---------------------------------|----------------------------------------|----------------------------------|-------------------------------------|--------------------|
|                         | Income (Loss) |                                 |                                        |                                  |                                     |                    |
| (In thousands)          |               |                                 |                                        |                                  |                                     |                    |
| Bellagio                | \$202,762     | \$(6,970 )                      | \$ —                                   | \$ 123                           | \$ 44,145                           | \$240,060          |
| MGM Grand Las Vegas     | 138,278       | (7,424 )                        | 7                                      | 844                              | 36,019                              | 167,724            |
| Mandalay Bay            | 105,745       | (8,524 )                        | —                                      | (10 )                            | 49,178                              | 146,389            |
| The Mirage              | 85,255        | (4,043 )                        | —                                      | 117                              | 19,140                              | 100,469            |
| Luxor                   | 48,902        | (3,394 )                        | —                                      | 1,164                            | 19,043                              | 65,715             |
| New York-New York       | 53,445        | (2,025 )                        | (8 )                                   | 183                              | 15,541                              | 67,136             |
| Excalibur               | 51,062        | (2,658 )                        | —                                      | 258                              | 8,789                               | 57,451             |
| Monte Carlo             | 6,735         | (2,461 )                        | 1,049                                  | 9,990                            | 23,925                              | 39,238             |
| Circus Circus Las Vegas | 25,982        | (3,130 )                        | 450                                    | 735                              | 8,160                               | 32,197             |
| MGM Grand Detroit       | 78,544        | —                               | —                                      | —                                | 11,473                              | 90,017             |
| Beau Rivage             | 29,598        | —                               | —                                      | 5                                | 11,989                              | 41,592             |
| Gold Strike Tunica      | 23,396        | —                               | —                                      | (22 )                            | 4,613                               | 27,987             |
| Borgata                 | 118,977       | —                               | 1,277                                  | 1,220                            | 38,868                              | 160,342            |

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|                                 |            |            |           |           |            |             |
|---------------------------------|------------|------------|-----------|-----------|------------|-------------|
| National Harbor                 | 28,599     | —          | 227       | —         | 40,294     | 69,120      |
| Domestic resorts                | 997,280    | (40,629)   | 3,002     | 14,607    | 331,177    | 1,305,437   |
| MGM China                       | 116,229    | —          | 23,158    | 332       | 119,583    | 259,302     |
| Unconsolidated resorts          | 80,286     | —          | —         | —         | —          | 80,286      |
| Management and other operations | 16,421     | —          | —         | —         | 3,592      | 20,013      |
|                                 | 1,210,216  | (40,629)   | 26,160    | 14,939    | 454,352    | 1,665,038   |
| Stock compensation              | (25,409 )  | —          | —         | —         | —          | (25,409 )   |
| Corporate                       | (186,580 ) | —          | 9,999     | —         | 40,171     | (136,410 )  |
|                                 | \$998,227  | \$(40,629) | \$ 36,159 | \$ 14,939 | \$ 494,523 | \$1,503,219 |

## Six Months Ended June 30, 2016

|                                 | Operating     | NV<br>Energy<br>Exit<br>Expense | Preopening<br>and Start-up<br>Expenses | Property<br>Transactions,<br>Net | Depreciation<br>and<br>Amortization | Adjusted<br>EBITDA |
|---------------------------------|---------------|---------------------------------|----------------------------------------|----------------------------------|-------------------------------------|--------------------|
|                                 | Income (Loss) |                                 |                                        |                                  |                                     |                    |
| (In thousands)                  |               |                                 |                                        |                                  |                                     |                    |
| Bellagio                        | \$ 189,253    | \$ —                            | \$ —                                   | \$ 61                            | \$ 44,875                           | \$ 234,189         |
| MGM Grand Las Vegas             | 141,555       | —                               | —                                      | 500                              | 36,328                              | 178,383            |
| Mandalay Bay                    | 75,484        | —                               | 29                                     | 1,158                            | 44,654                              | 121,325            |
| The Mirage                      | 54,126        | —                               | —                                      | (413 )                           | 20,465                              | 74,178             |
| Luxor                           | 31,046        | —                               | 1,444                                  | 373                              | 18,582                              | 51,445             |
| New York-New York               | 50,493        | —                               | 372                                    | 100                              | 10,416                              | 61,381             |
| Excalibur                       | 37,710        | —                               | —                                      | 2,969                            | 8,152                               | 48,831             |
| Monte Carlo                     | 26,271        | —                               | 145                                    | 152                              | 16,552                              | 43,120             |
| Circus Circus Las Vegas         | 18,288        | —                               | —                                      | 130                              | 8,047                               | 26,465             |
| MGM Grand Detroit               | 71,846        | —                               | —                                      | —                                | 11,986                              | 83,832             |
| Beau Rivage                     | 37,650        | —                               | —                                      | (62 )                            | 13,247                              | 50,835             |
| Gold Strike Tunica              | 21,104        | —                               | —                                      | 93                               | 4,833                               | 26,030             |
| Domestic resorts                | 754,826       | —                               | 1,990                                  | 5,061                            | 238,137                             | 1,000,014          |
| MGM China                       | 98,905        | —                               | 12,448                                 | 1,271                            | 120,695                             | 233,319            |
| Unconsolidated resorts          | 459,924       | —                               | 3,087                                  | —                                | —                                   | 463,011            |
| Management and other operations | 3,585         | —                               | 1,150                                  | —                                | 3,752                               | 8,487              |
|                                 | 1,317,240     | —                               | 18,675                                 | 6,332                            | 362,584                             | 1,704,831          |
| Stock compensation              | (20,309 )     | —                               | —                                      | —                                | —                                   | (20,309 )          |
| Corporate                       | (211,922 )    | —                               | 28,109                                 | (347 )                           | 44,154                              | (140,006 )         |
|                                 | \$ 1,085,009  | \$ —                            | \$ 46,784                              | \$ 5,985                         | \$ 406,738                          | \$ 1,544,516       |

## Liquidity and Capital Resources

## Cash Flows

Our cash and cash equivalents at June 30, 2017 were \$1.8 billion, which included \$403 million at MGM China and \$377 million at MGP.

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, the timing of significant tax payments or refunds, and by distributions from unconsolidated affiliates. Cash provided by operating activities was \$939 million for the six months ended June 30, 2017 compared to cash provided by operating activities of \$614 million in the prior year period.

Operating cash flows increased in the current year period due to an increase in operating income at our domestic resorts and MGM China and a decrease in cash paid for interest, partially offset by an increase in taxes paid. In the six months ended June 30, 2017, cash provided by operating activities was negatively affected by changes in working

capital related to payroll liabilities, deposits, income taxes receivable and income taxes payable. In the six months ended June 30, 2016, cash provided by operating activities was negatively affected by changes in working capital related to changes in short-term gaming liabilities.

Investing activities. We made capital expenditures of \$873 million for the six months ended June 30, 2017, of which \$505 million related to MGM China, excluding development fees and capitalized interest on development fees eliminated in consolidation. Capital expenditures at MGM China included \$486 million related to the construction of MGM Cotai and \$19 million related to projects at MGM Macau. Capital expenditures at our domestic resorts and corporate entities of \$367 million included \$126 million related to MGM National Harbor, \$91 million related to the construction of MGM Springfield, and \$50 million related to the Monte Carlo rebranding as well as various room remodels, construction of the parking garage at Excalibur, a waterpark at Circus Circus, and restaurant and entertainment venue remodels. Most of the costs capitalized at our domestic resorts during the six months ended June 30, 2017 related to construction materials, furniture and fixtures, and external labor costs.

We made capital expenditures of \$971 million for the six months ended June 30, 2016, of which \$445 million related to MGM China, excluding development fees and capitalized interest on development fees eliminated in consolidation. Capital expenditures at MGM China included \$430 million related to the construction of MGM Cotai and \$15 million related to projects at MGM Macau. Capital expenditures at our domestic resorts and corporate entities of \$526 million included \$330 million related to the construction of MGM National Harbor, \$25 million related to the construction of The Park, and \$34 million related to the construction of MGM Springfield, as well as various room remodels including the tower rooms at Mandalay Bay, construction of additional exhibit space at

the Mandalay Bay Convention Center, and restaurant and entertainment venue remodels. Most of the costs capitalized at our domestic resorts during the six months ended June 30, 2016 related to construction materials, furniture and fixtures, and external labor costs.

Distributions from unconsolidated affiliates for the six months ended June 30, 2017 consisted of our \$300 million share of a \$600 million dividend paid by CityCenter in April 2017. Distributions from unconsolidated affiliates for the six months ended June 30, 2016 primarily related to a \$540 million distribution paid by CityCenter in May 2016.

Financing activities. In the six months ended June 30, 2017, we borrowed net debt of \$205 million which primarily consisted of draws on MGM China's credit facility and amortization payments on our term loan facilities, and we paid \$5 million of debt issuance costs related to the amendments to the MGM China and MGP credit facilities.

During the six months ended June 30, 2016, we repaid net debt of \$320 million. In April 2016, in connection with the MGP IPO and related financing transactions we permanently repaid \$2.7 billion under our prior senior credit facility and entered into an amended and restated senior credit facility under which we borrowed \$250 million, MGP borrowed \$2.2 billion under its senior credit facility and issued \$1.05 billion of 5.625% senior notes, and on May 25, 2016 we redeemed our \$732.7 million 7.5% senior notes and \$500 million 10% senior notes at a premium. In addition to the MGP related financing transactions, during 2016 MGM National Harbor borrowed \$350 million under its credit facility, MGM China borrowed \$103 million under its revolving credit facility and we repaid our \$242.9 million 6.875% senior notes in April 2016 at maturity. Additionally, we paid \$123 million of debt issuance costs related to the MGP financing transactions, the MGM National Harbor credit facility and the February 2016 amendment to the MGM China credit facility.

During the six months ended June 30, 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.

In addition, we paid \$126 million in dividends to our common shareholders in the six months ended June 30, 2017. In the six months ended June 30, 2017, MGP distributed \$45 million to noncontrolling interests. In June 2017, MGM China paid a final dividend of \$78 million of which \$34 million was distributed to noncontrolling interests and in June 2016, MGM China paid a final dividend of \$46 million of which \$23 million was distributed to noncontrolling interests.

#### Other Factors Affecting Liquidity

Anticipated uses of cash. We have significant outstanding debt and contractual obligations in addition to planned capital expenditures. At June 30, 2017, we had \$13.3 billion in principal amount of indebtedness, including \$244 million of borrowings outstanding under our \$1.5 billion senior credit facility, \$2.1 billion outstanding under the \$2.7 billion Operating Partnership senior credit facility, \$2.2 billion outstanding under the \$3.0 billion MGM China credit facility and \$455 million outstanding under the \$525 million MGM National Harbor credit facility. We have an estimated \$717 million of cash interest payments based on current outstanding debt and applicable interest rates within the next twelve months. We expect to meet our debt maturities and planned capital expenditure requirements with future anticipated operating cash flows, cash and cash equivalents, and available borrowings under our credit facilities.

In addition, we have made significant investments through June 30, 2017 and we expect to make capital investments as described below during the remainder of 2017. See “Executive Overview” for further information regarding the scope and timing of our significant development projects.

- Approximately \$390 million in capital expenditures at our domestic resorts and corporate entities, excluding MGM National Harbor and MGM Springfield;

- Approximately \$40 million in capital expenditures related to the MGM National Harbor resort; and

- Approximately \$215 million in capital expenditures related to the MGM Springfield project.

During the remainder of 2017, MGM China expects to spend approximately \$37 million in capital improvements at MGM Macau and \$575 million on the MGM Cotai project, excluding capitalized interest and land-related costs.

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 dividend. On July 26, 2017, our Board of Directors approved a quarterly dividend to holders of record on September 11, 2017 of \$0.11 per share, which will be paid on September 15, 2017.

MGP distributions. On June 15, 2017, MGP's Board of Directors declared a quarterly dividend of \$0.3950 per Class A share totaling \$23 million, which was paid on July 14, 2017 to holders of record on June 30, 2017. We concurrently received a \$73 million distribution attributable to our ownership of Operating Partnership units, which remained within the consolidated entity.

MGM China dividend. On August 3, 2017, MGM China's Board of Directors announced an interim dividend of \$56 million which will be paid to shareholders of record as of August 22, 2017 and distributed on or about September 8, 2017. We will receive our 56% share of the dividend, or \$32 million, of which \$3 million will be paid to Grand Paradise Macau under the deferred cash payment arrangement.

#### Critical Accounting Policies and Estimates

A complete discussion of our critical accounting policies and estimates is included in our Form 10-K for the fiscal year ended December 31, 2016. There have been no significant changes in our critical accounting policies and estimates since year end, except as follows:

On January 1, 2017, we early adopted ASU 2017-04 "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"). In accordance with ASU 2017-04, we perform our annual goodwill impairment tests (and interim tests if any are determined to be necessary) by comparing the fair value of our 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.

#### 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. 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.

The Operating Partnership has entered into interest rate swap agreements to mitigate the interest rate risk inherent in its senior secured term loan B facility. These interest rate swaps are designated as cash flow hedges and had the

following terms as of June 30, 2017:

\$500 million notional value, weighted average pay fixed rate of 1.76%, receive variable rate resetting monthly to one-month LIBOR, maturing November 30, 2021; and

\$700 million notional value, weighted average pay fixed rate of 1.90%, receive variable rate resetting monthly to one-month LIBOR, maturing November 30, 2021.

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As of June 30, 2017, variable rate borrowings represented 28% of our total borrowings after giving effect to the \$1.2 billion notional amount of Operating Partnership interest rate swaps discussed above. Assuming a 100 basis-point increase in LIBOR (after giving effect to the \$1.2 billion notional amount of Operating Partnership interest rate swaps discussed above), our annual interest cost would increase by \$16 million based on gross amounts outstanding at June 30, 2017. Assuming a 100 basis-point increase in HIBOR for the MGM China credit facility, our annual interest cost would increase by \$22 million based on amounts outstanding at June 30, 2017. 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    |
|-----------------------|------------------|-------|---------|---------|---------|------------|---------|---------------|
|                       | 2017             | 2018  | 2019    | 2020    | 2021    | Thereafter | Total   | June 30, 2017 |
|                       | (In millions)    |       |         |         |         |            |         |               |
| Fixed-rate            | \$—              | \$475 | \$850   | \$1,500 | \$1,250 | \$4,303    | \$8,378 | \$9,178       |
| Average interest rate | N/A              | 11.4% | 8.6 %   | 6.3 %   | 6.6 %   | 6.0 %      | 6.7 %   |               |
| Variable rate         | \$106            | \$842 | \$1,368 | \$80    | \$817   | \$1,744    | \$4,957 | \$4,949       |
| Average interest rate | 3.0 %            | 2.8 % | 2.7 %   | 3.6 %   | 3.6 %   | 3.5 %      | 3.2 %   |               |

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 June 30, 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 \$4 million and a 1% decrease in the exchange rate would impact the carrying value of our debt balance by \$22 million.

#### Cautionary Statement Concerning Forward-Looking Statements

This Form 10-Q contains “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 expected 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 and 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 and investments as well as pursue strategic initiatives;
- 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;

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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 business, may adversely impair our 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;

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 by a conflict committee comprised of independent directors of MGP;

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 markets in which we operate and in the locations in which our customers reside;

our ability to pay ongoing regular dividends is subject to the discretion of our board of directors and certain other limitations;

our ability to sustain continuous improvements achieved through our Profit Growth Plan and identify new opportunities for improvement in the future;

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 gaming subconcession under certain circumstances without compensating MGM Grand Paradise, or refuse to grant MGM Grand Paradise an extension of the subconcession, which is scheduled to expire on March 31, 2020;

our ability to build and open our development in Cotai by January 2018;

the dependence of MGM Macau upon gaming promoters for a significant portion of gaming revenues in Macau;

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;

changes to fiscal and tax policies;

extreme weather conditions or climate change which 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 all 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 or acts of war or hostility, and to disease epidemics;

the fact that co-investing in properties, including our investment in CityCenter, decreases our ability to manage risk;

the fact that current and future construction or development projects will be susceptible to substantial development and construction risks;

- 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;
- 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 now a publicly traded company listed on the Hong Kong Stock Exchange.

Any forward-looking statement made by us in this Form 10-Q 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.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

We incorporate by reference the information appearing under “Market Risk” in Part I, Item 2 of this Form 10-Q.

### Item 4. 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 such term is defined in Rules 13(a)-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (“the Exchange Act”)) were effective as of June 30, 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.

During the quarter ended June 30, 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.

## Part II. OTHER INFORMATION

### Item 1. Legal Proceedings

Securities and derivative litigation. In 2009 various shareholders filed six lawsuits in Nevada federal and state court against the Company and various of its former and current directors and officers alleging federal securities laws violations and/or related breaches of fiduciary duties in connection with statements allegedly made by the defendants during the period August 2007 through the date of such lawsuit filings in 2009 (the “class period”). In general, the lawsuits asserted the same or similar allegations, including that during the relevant period defendants artificially inflated the Company’s common stock price by knowingly making materially false and misleading statements and omissions to the investing public about the Company’s financial statements and condition, operations, CityCenter, and the intrinsic value of the Company’s common stock; that these alleged misstatements and omissions thereby enabled certain Company insiders to derive personal profit from the sale of Company common stock to the public; that defendants caused plaintiffs and other shareholders to purchase Company common stock at artificially inflated prices; and that defendants imprudently implemented a share repurchase program to the detriment of the Company. The lawsuits sought unspecified compensatory damages, restitution and disgorgement of alleged profits and/or attorneys’ fees and costs in amounts to be proven at trial, as well as injunctive relief related to corporate governance.

The state and federal court derivative actions were dismissed pursuant to defendants’ motions. In November 2009, the U.S. District Court for Nevada consolidated the remaining cases Robert Lowinger v. MGM MIRAGE, et al. (Case No. 2:09-cv-01558-RCL-LRL, filed August 19, 2009) and Khachatur Hovhannisyan v. MGM MIRAGE, et al. (Case No. 2:09-cv-02011-LRH-RJJ, filed October 19, 2009) putative class actions under the caption In re MGM MIRAGE Securities Litigation, Case No. 2:09-cv-01558-GMN-LRL. The consolidated case names the Company and certain former and current directors and officers as defendants and alleges violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. In January 2011, lead plaintiffs filed a consolidated amended complaint, alleging that between August 2, 2007 and March 5, 2009, the Company, its directors and certain of its officers violated Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 thereunder.

In July 2015, the lead plaintiffs and defendants agreed in principle to settle the securities class actions. In August 2015, the lead plaintiffs and defendants entered into a Stipulation and Agreement of Settlement (the “Settlement Agreement”). Under the terms of the Settlement Agreement, the claims against the Company and the named former and current directors and officers will be dismissed with prejudice and released in exchange for a \$75 million cash payment by the Company’s directors and officers liability insurers.

On March 1, 2016, the court entered a Final Judgment and Order of Dismissal with Prejudice (the “Final Judgment”) of the two cases consolidated under In re MGM MIRAGE Securities Litigation. Of the thousands of putative class members, only one objected to the adequacy of the settlement. The court entered the Final Judgment over his objection, finding that the settlement was fair, reasonable and adequate to the settlement class in all respects, and dismissed the actions and all released claims with prejudice as to all defendants, and expressly provided that neither the settlement nor associated negotiations and proceedings constitute an admission or evidence of liability, fault or

omission by the defendants.

On March 25, 2016, the sole objector to the adequacy of the settlement filed a Notice of Appeal as to the Final Judgment and related orders entered by the court concerning the plan of settlement distribution and award of attorneys' fees and expenses to the lead plaintiffs' counsel. The case is scheduled for oral argument on September 13, 2017.

If the Final Judgment is reversed on appeal, the case would be remanded and the Company and all other defendants plan to continue to vigorously defend against the claims asserted in these securities cases.

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 1A. Risk Factors

A description of certain factors that may affect our future results and risk factors is set forth in our Annual Report on Form 10-K for the year ended December 31, 2016. There have been no material changes to those factors for the six months ended June 30, 2017, except as discussed below.

#### Risks Related to Our Business

Our business may be materially affected by changes to fiscal and tax policies. The new U.S. presidential administration has called for substantial change to fiscal tax policies, which may include comprehensive tax reform. We cannot predict the impact, if any, of these changes to our business. For example, a change from a worldwide to a territorial tax system, could eliminate our ability to

utilize some portion or all of our foreign tax credits in future periods and such change could result in a material change in the valuation allowance, or elimination of the foreign tax credit deferred tax asset in its entirety, with a corresponding impact on the provision for income taxes in the period of such change. Although we cannot predict what changes will actually occur with respect to any of the tax reform proposals, any such changes could have a material effect on our business, financial condition, results of operations and cash flows.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 6. Exhibits

- 10.1 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).
- 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.
- 101 The following information from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 formatted in eXtensible Business Reporting Language: (i) Consolidated Balance Sheets at June 30, 2017 (unaudited) and December 31, 2016 (audited); (ii) Unaudited Consolidated Statements of Operations for the six months ended June 30, 2017 and 2016; (iii) Unaudited Consolidated Statements of Comprehensive Income for the six months ended June 30, 2017 and 2016; (iv) Unaudited Consolidated Statements of Cash Flows for the six months ended June 30, 2017 and 2016; and (v) Condensed Notes to the Unaudited Consolidated Financial Statements.



SIGNATURES

Pursuant to the requirements 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

Date: August 8, 2017 By: /s/ JAMES J. MURREN  
James J. Murren  
Chairman of the Board and Chief Executive Officer (Principal Executive Officer)

Date: August 8, 2017 /s/ DANIEL J. D'ARRIGO  
Daniel J. D'Arrigo  
Executive Vice President and Chief Financial Officer (Principal Financial Officer)