MGM Resorts International
Form 10-Q
November 06, 2015

UNITED STATES

SECURITIES & EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2015

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 incorporation or organization) | (I.R.S. Employer Identification No.) |

3600 Las Vegas Boulevard South, Las Vegas, Nevada 89109

(Address of principal executive offices)

(702) 693-7120

(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 x 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 x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act:

| | | | |
|---|---|---|---|
| Large accelerated filer | x | Accelerated filer | ¨ |
| Non-accelerated filer | ¨ | Smaller reporting company | ¨ |

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

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 November 2, 2015 |
|---|---|
| Common Stock, $.01 par value | 563,465,386 shares |

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

FORM 10-Q

I N D E X

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

(Unaudited)

| | September 30, 2015 | December 31, 2014 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | $ 1,807,795 | $ 1,713,715 |
| Cash deposits - original maturities longer than 90 days | — | 570,000 |
| Accounts receivable, net | 470,842 | 473,345 |
| Inventories | 100,533 | 104,011 |
| Income tax receivable | 16,054 | 14,675 |
| Prepaid expenses and other | 187,050 | 151,414 |
| Total current assets | 2,582,274 | 3,027,160 |
| | | |
| Property and equipment, net | 15,014,642 | 14,441,542 |
| | | |
| Other assets | | |
| Investments in and advances to unconsolidated affiliates | 1,536,531 | 1,559,034 |
| Goodwill | 2,898,996 | 2,897,110 |
| Other intangible assets, net | 4,212,660 | 4,364,856 |
| Other long-term assets, net | 435,163 | 412,809 |
| Total other assets | 9,083,350 | 9,233,809 |
| | $ 26,680,266 | $ 26,702,511 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | $ 168,651 | $ 164,252 |
| Construction payable | 188,246 | 170,439 |
| Deferred income taxes, net | 89,834 | 62,142 |
| Current portion of long-term debt | — | 1,245,320 |
| Accrued interest on long-term debt | 143,361 | 191,155 |
| Other accrued liabilities | 1,362,763 | 1,574,617 |
| Total current liabilities | 1,952,855 | 3,407,925 |

| | | |
|---|---|---|
| Deferred income taxes, net | 2,496,294 | 2,621,860 |
| Long-term debt | 12,821,037 | 12,913,882 |
| Other long-term obligations | 165,358 | 130,570 |
| Commitments and contingencies (Note 6) | | |
| Redeemable noncontrolling interest | 5,000 | — |
| Stockholders' equity | | |
| Common stock, $.01 par value: authorized 1,000,000,000 shares, issued and outstanding 563,212,549 and 491,292,117 shares | 5,632 | 4,913 |
| Capital in excess of par value | 5,655,340 | 4,180,922 |
| Retained earnings (accumulated deficit) | 225,825 | (107,909) |
| Accumulated other comprehensive income | 14,447 | 12,991 |
| Total MGM Resorts International stockholders' equity | 5,901,244 | 4,090,917 |
| Noncontrolling interests | 3,338,478 | 3,537,357 |
| Total stockholders' equity | 9,239,722 | 7,628,274 |
| | $26,680,266 | $26,702,511 |

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 September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | |
| Casino | $1,181,593 | $1,420,538 | $3,696,071 | $4,479,135 |
| Rooms | 466,032 | 433,005 | 1,415,955 | 1,348,542 |
| Food and beverage | 397,332 | 396,470 | 1,204,616 | 1,192,585 |
| Entertainment | 141,085 | 146,315 | 402,025 | 418,827 |
| Retail | 53,272 | 50,720 | 153,791 | 146,147 |
| Other | 126,585 | 132,126 | 390,954 | 391,621 |
| Reimbursed costs | 98,292 | 98,317 | 302,900 | 289,037 |
| | 2,464,191 | 2,677,491 | 7,566,312 | 8,265,894 |
| Less: Promotional allowances | (183,375 ) | (192,484 ) | (568,117 ) | (569,456 ) |
| | 2,280,816 | 2,485,007 | 6,998,195 | 7,696,438 |
| Expenses | | | | |
| Casino | 699,569 | 884,177 | 2,220,804 | 2,791,828 |
| Rooms | 140,806 | 143,993 | 424,184 | 420,644 |
| Food and beverage | 236,988 | 234,307 | 701,636 | 695,489 |
| Entertainment | 107,478 | 109,757 | 308,874 | 313,455 |
| Retail | 26,767 | 26,183 | 79,261 | 75,714 |
| Other | 88,000 | 96,324 | 268,158 | 275,978 |
| Reimbursed costs | 98,292 | 98,317 | 302,900 | 289,037 |
| General and administrative | 340,495 | 347,487 | 1,002,376 | 994,217 |
| Corporate expense | 74,019 | 61,563 | 183,977 | 169,353 |
| Preopening and start-up expenses | 16,510 | 10,233 | 50,270 | 25,628 |
| Property transactions, net | 7,123 | 6,794 | 12,665 | 40,522 |
| Depreciation and amortization | 204,742 | 202,386 | 619,719 | 613,111 |
| | 2,040,789 | 2,221,521 | 6,174,824 | 6,704,976 |
| Income from unconsolidated affiliates | 57,350 | 23,003 | 217,631 | 65,963 |
| Operating income | 297,377 | 286,489 | 1,041,002 | 1,057,425 |
| Non-operating income (expense) | | | | |
| Interest expense, net of amounts capitalized | (191,781 ) | (202,835 ) | (611,288 ) | (616,158 ) |
| Non-operating items from unconsolidated affiliates | (22,968 ) | (22,810 ) | (59,745 ) | (69,021 ) |
| Other, net | (4,386 ) | (254 ) | (12,691 ) | (1,997 ) |
| | (219,135 ) | (225,899 ) | (683,724 ) | (687,176 ) |
| Income before income taxes | 78,242 | 60,590 | 357,278 | 370,249 |
| Benefit (provision) for income taxes | 16,493 | (10,208 ) | 76,570 | 44,401 |
| Net income | 94,735 | 50,382 | 433,848 | 414,650 |
| Less: Net income attributable to noncontrolling interests | (28,310 ) | (70,652 ) | (100,114 ) | (222,260 ) |

| | | | | |
|---|---|---|---|---|
| Net income (loss) attributable to MGM Resorts International | $66,425 | $(20,270) | $333,734 | $192,390 |
| Net income (loss) per share of common stock attributable to MGM Resorts International | | | | |
| Basic | $0.12 | $(0.04) | $0.62 | $0.39 |
| Diluted | $0.12 | $(0.04) | $0.61 | $0.39 |

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 September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Net income | $94,735 | $50,382 | $433,848 | $414,650 |
| Other comprehensive income (loss), net of tax: | | | | |
| Foreign currency translation adjustment | 1,291 | (13,505) | 4,375 | (10,403) |
| Other | — | — | (672) | 1,250 |
| Other comprehensive income (loss) | 1,291 | (13,505) | 3,703 | (9,153) |
| Comprehensive income | 96,026 | 36,877 | 437,551 | 405,497 |
| Less: Comprehensive income attributable to noncontrolling interests | (29,045) | (63,994) | (102,361) | (217,222) |
| Comprehensive income (loss) attributable to MGM Resorts International | $66,981 | $(27,117) | $335,190 | $188,275 |

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)

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2015 | 2014 |
| Cash flows from operating activities | | |
| Net income | $433,848 | $414,650 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 619,719 | 613,111 |
| Amortization of debt discounts, premiums and issuance costs | 34,829 | 28,107 |
| Loss on retirement of long-term debt | 1,924 | — |
| Provision for doubtful accounts | 46,971 | 32,554 |
| Stock-based compensation | 30,624 | 26,551 |
| Property transactions, net | 12,665 | 40,522 |
| (Income) loss from unconsolidated affiliates | (155,473) | 3,195 |
| Distributions from unconsolidated affiliates | 11,200 | 11,101 |
| Deferred income taxes | (106,223) | 6,379 |
| Change in operating assets and liabilities: | | |
| Accounts receivable | (45,251) | 21,678 |
| Inventories | 1,055 | 8,508 |
| Income taxes receivable and payable, net | 1,456 | (12,419) |
| Prepaid expenses and other | (28,584) | 7,100 |
| Prepaid Cotai land concession premium | (24,167) | (24,162) |
| Accounts payable and accrued liabilities | (108,002) | (169,720) |
| Other | 11,189 | 15,659 |
| Net cash provided by operating activities | 737,780 | 1,022,814 |
| Cash flows from investing activities | | |
| Capital expenditures, net of construction payable | (1,000,578) | (617,459) |
| Dispositions of property and equipment | 343 | 537 |
| Proceeds from sale of assets held for sale | 19,797 | — |
| Investments in and advances to unconsolidated affiliates | (194,524) | (70,446) |
| Distributions from unconsolidated affiliates in excess of cumulative earnings | 202,850 | 999 |
| Investments in treasury securities - maturities longer than 90 days | — | (123,133) |
| Proceeds from treasury securities - maturities longer than 90 days | — | 210,300 |
| Investments in cash deposits - maturities longer than 90 days | (200,205) | — |
| Proceeds from cash deposits - maturities longer than 90 days | 770,205 | — |
| Other | 59 | 8,149 |
| Net cash used in investing activities | (402,053) | (591,053) |
| Cash flows from financing activities | | |
| Net repayments under bank credit facilities – maturities of 90 days or less | (717,600) | (1,740,375) |
| Borrowings under bank credit facilities – maturities longer than 90 days | 5,118,750 | 5,171,250 |

| | | |
|---|---|---|
| Repayments under bank credit facilities – maturities longer than 90 days | (3,416,875) | (3,451,875) |
| Retirement of senior notes | (875,504) | (508,900) |
| Debt issuance costs | (46,170) | — |
| Distributions to noncontrolling interest owners | (304,562) | (385,722) |
| Proceeds from issuance of redeemable noncontrolling interest | 5,000 | — |
| Other | (1,050) | (3,457) |
| Net cash used in financing activities | (238,011) | (919,079) |
| Effect of exchange rate on cash | 845 | (1,577) |
| Cash and cash equivalents | | |
| Net increase (decrease) for the period | 98,561 | (488,895) |
| Change in cash related to assets held for sale | (4,481) | (1,347) |
| Balance, beginning of period | 1,713,715 | 1,803,669 |
| Balance, end of period | $1,807,795 | $1,313,427 |
| Supplemental cash flow disclosures | | |
| Interest paid, net of amounts capitalized | $624,253 | $595,781 |
| Federal, state and foreign income taxes paid, net of refunds | 31,440 | 40,262 |
| Non-cash investing and financing activities | | |
| Conversion of convertible senior notes to equity | $1,449,499 | $— |
| Increase (decrease) in investment in and advances to CityCenter related to change in completion guarantee liability | (8,198) | 73,695 |

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 (the "Company") is a Delaware corporation that acts largely as a holding company and, through wholly owned subsidiaries, owns and/or operates casino resorts. The Company owns and operates the following casino 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. In July 2015, the Company entered into an agreement to sell Circus Circus Reno in Reno, Nevada, as discussed in Note 3. Along with local investors, the Company owns and operates MGM Grand Detroit in Detroit, Michigan. The Company owns and operates two resorts in Mississippi: Beau Rivage in Biloxi and Gold Strike in Tunica. The Company also owns 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 owns 51% and has a controlling interest in MGM China Holdings Limited ("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 concession. MGM Grand Paradise also has a land concession contract with the government of Macau to develop a second resort and casino on an approximately 18 acre site in Cotai, Macau ("MGM Cotai"). MGM Cotai will be an integrated casino, hotel and entertainment complex with capacity for up to 500 gaming tables and up to 1,500 slots, and featuring approximately 1,500 hotel rooms. The total estimated project budget is $3.0 billion, excluding development fees eliminated in consolidation, capitalized interest and land related costs.

The Company owns 50% of 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, a casino resort; Mandarin Oriental Las Vegas, a non-gaming boutique hotel; Crystals, a retail, dining and entertainment district; and Vdara, a luxury condominium-hotel. In addition, CityCenter features residential units in the Residences at Mandarin Oriental and Veer. The Company receives a management fee of 2% of revenues for the management of Aria and Vdara, and 5% of EBITDA (as defined in the agreements governing the Company's management of Aria and Vdara). In addition, the Company receives an annual fee of $3 million for the management of Crystals. See Note 4 for additional information related to CityCenter.

The Company owns 50% of the Borgata Hotel Casino & Spa ("Borgata") located on Renaissance Pointe in the Marina area of Atlantic City, New Jersey. Boyd Gaming Corporation owns the other 50% of Borgata and also operates the resort. 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. In July 2015, the Company entered an agreement to sell its 50% interest in Silver Legacy, located in Reno, Nevada. See Note 4 for additional information regarding the Company's investments in unconsolidated affiliates.

The Company has entered into management agreements for future non-gaming hotels, resorts and residential products in the Middle East, North Africa, India and the United States. In 2014, the Company and the Hakkasan Group formed MGM Hakkasan Hospitality ("MGM Hakkasan"), owned 50% by each member, to design, develop and manage luxury non-gaming hotels, resorts and residences under certain brands licensed from the Company and the Hakkasan Group. Upon formation, the Company contributed its management agreements for non-gaming hotels, resorts and residential projects (outside of the greater China region) under development to MGM Hakkasan. In May 2015, the Company and the Hakkasan Group mutually agreed to terminate MGM Hakkasan and the brand license from Hakkasan Group. The Company will continue to develop these projects under its brands through MGM Hospitality (a wholly-owned subsidiary). Additionally, the Company will continue to develop and manage properties in the greater China region with Diaoyutai State Guesthouse, including MGM Grand Sanya.

The Maryland Video Lottery Facility Location Commission has awarded the Company's subsidiary developing MGM National Harbor the license to build and operate a destination casino resort in Prince George's County at National Harbor, which is a waterfront development located on the Potomac River just outside of Washington D.C. The expected cost to develop and construct MGM National Harbor is approximately $1.3 billion, excluding capitalized interest and land related costs. The Company expects the resort to include a casino with approximately 3,600 slots and 160 table games including poker; a 300-room hotel with luxury spa and rooftop pool; 93,100 square feet of high end branded retail and fine and casual dining; a 3,000-seat theater venue; 50,000 square feet of meeting and event space; and a 4,700-space parking garage.

A subsidiary of the Company was awarded the Category One casino license in Region B, Western Massachusetts, one of three licensing regions designated by legislation, to build and operate MGM Springfield. MGM Springfield will be developed on approximately 14 acres of land in downtown Springfield, Massachusetts. The Company's plans for the resort originally included a casino with approximately 3,000 slots and 100 table games including poker; a 250-room hotel tower; 90,000 square feet of retail and restaurant space; 45,000 square feet of meeting and event space; and a 3,500-space parking garage, with an expected development and construction cost of approximately $760 million, excluding capitalized interest and land related costs. The Company has recently undertaken a design and cost review of MGM Springfield and has proposed design and scope changes for various elements of the project. The proposed changes have been submitted to Springfield's Mayor and City Council and the Massachusetts Gaming Commission for approval. The Company's review of construction costs remains underway and will be impacted by the final determination of project design and scope, but the Company currently anticipates the cost may increase from the previous estimate of approximately $760 million.

In 2013, the Company formed Las Vegas Arena Company, LLC (the "Las Vegas Arena Company") with a subsidiary of Anschutz Entertainment Group, Inc. ("AEG") – a leader in sports, entertainment, and promotions – to design, construct, and operate the Las Vegas Arena, which will be 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 Company and AEG each owns 50% of Las Vegas Arena Company. The Las Vegas Arena is anticipated to seat between 18,000 and 20,000 people. Such development is estimated to cost approximately $350 million, excluding capitalized interest and land related costs.

The Company has two reportable segments: wholly owned domestic resorts and MGM China. See Note 11 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 accounting principles generally accepted in the United States have been condensed or omitted. These consolidated financial statements should be read in conjunction with the Company's 2014 annual consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

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.

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 uses Level 1 inputs for its long-term debt fair value disclosures. See Note 5.

Property and equipment. As of September 30, 2015, the Company had accrued $11 million for property and equipment within “Accounts payable” and $38 million related to construction retention in “Other long-term obligations.” In addition, during the nine months ended September 30, 2015, the Company entered into capital leases with obligations of $12 million.

Goodwill and other intangible assets. Goodwill represents the excess of purchase price over fair market value of net assets acquired in business combinations. Goodwill and indefinite-lived intangible assets must be reviewed for impairment at least annually and between annual test dates in certain circumstances. The Company performs its annual impairment tests in the fourth quarter of each fiscal year. Due to a significant decrease in MGM China’s cash flows as well as a decline in the market capitalization of MGM China relative to its net book value, the Company performed an interim impairment test of goodwill related to the MGM China reporting unit in the second quarter of 2015.

Goodwill for relevant reporting units is tested for impairment using a discounted cash flow analysis based on the estimated future results of the Company’s reporting units discounted using market discount rates and market indicators of terminal year capitalization rates, and a market approach that utilizes business enterprise value multiples based on a range of multiples from the reporting unit’s peer group. If the carrying value of the reporting unit exceeds its fair value, an indication of impairment exists and the Company must proceed to measure an impairment loss, if any. In measuring an impairment loss, the implied fair value of a reporting unit’s goodwill is compared to the carrying value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit to its assets and liabilities and the amount remaining, if any, is the implied fair value of goodwill. If the implied fair value of goodwill is less than its carrying value then it must be written down to its implied fair value.

The results of the Company’s interim impairment test indicated the fair value of the MGM China reporting unit exceeded its carrying value by 9%. Therefore, the Company concluded that the carrying value of goodwill of $2.8 billion related to MGM China was not impaired based on the interim test. The Company has continued monitoring the results of this reporting unit and determined that circumstances did not exist that would require the Company to perform an interim impairment test in the third quarter of 2015.

Redeemable noncontrolling interest. In April 2015, MGM National Harbor issued non-voting membership interests in MGM National Harbor (“Membership Interests”) to Radio One, Inc. (“Radio One”), a noncontrolling interest party, for a purchase price of $5 million. In addition, Radio One was given the right to make one additional capital contribution of up to $35 million prior to July 1, 2016 for the purchase of additional Membership Interests.

The Membership Interests provide for annual preferred distributions by MGM National Harbor to Radio One based on a percentage of its annual net gaming revenue (as defined in the MGM National Harbor operating agreement). Such distributions will begin within ninety days after the end of the fiscal year in which the opening date of MGM National Harbor occurs, and after the end of each subsequent fiscal year. Also, beginning on the third anniversary of the last day of the calendar quarter in which the opening date of MGM National Harbor occurs (and on each subsequent anniversary thereof) Radio One will have the ability to require MGM National Harbor to purchase all or a portion of its Membership Interests for a purchase price that is based on a contractually agreed upon formula. Radio One also has the right to sell back all or a portion of its Membership Interest prior to such date if MGM National Harbor were to guarantee or grant liens to secure any indebtedness of the Company other than the indebtedness of MGM National Harbor.

The Company has recorded the Membership Interests as “Redeemable noncontrolling interest” in the mezzanine section of the accompanying consolidated balance sheets and not stockholders’ equity because their redemption is not exclusively in the Company’s control. Membership Interests are initially accounted for at fair value. Subsequently, the Company will recognize changes in the redemption value as they occur and adjust the carrying amount of the redeemable noncontrolling interests to equal the maximum redemption value, provided such amount does not fall below the initial carrying value, at the end of each reporting period. The Company will reflect any changes caused by such an adjustment in retained earnings.

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 (21.1)% and (21.4)% for the three and nine months ended September 30, 2015, 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. As of December 31, 2014, the scheduled future reversal of existing U.S. federal taxable temporary differences exceeded the scheduled future reversal of existing U.S. federal deductible temporary differences. Consequently, the Company no longer applies a valuation allowance against its domestic deferred tax assets other than its foreign tax credit deferred tax asset.

The Company generates significant excess foreign tax credits each year that are attributable to the Macau Special Gaming Tax which is 35% of gross gaming revenue in Macau. Because MGM China 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 on an annual basis and that none of the excess foreign credits will be utilized until the exemption expires. Although the Company's current five-year exemption from the Macau 12% complementary tax on gaming profits ends on December 31, 2016, the Company believes it will be entitled to receive a third five-year exemption from Macau based upon exemptions granted to the Company's competitors in order to ensure non-discriminatory treatment among gaming concessionaires and subconcessionaires. For all periods beyond December 31, 2021, the Company has assumed that it will be paying the Macau 12% complementary tax on gaming profits and 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. Furthermore, the Company does not rely on future U.S. source operating income in assessing future foreign tax credit realization due to its history of recent losses in the U.S. and therefore only relies on U.S. federal taxable temporary differences that it expects will reverse during the 10-year foreign tax credit carryover period.

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 five-year exemption from Macau's 12% complementary tax on gaming profits. As a result, significant judgment is required in assessing the possible need for a 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.

The Company projects that it will be able to realize a benefit and, hence, projects that it will record a deferred tax asset for foreign tax credits, net of valuation allowance, of approximately $182 million as of December 31, 2015 and has reflected this assumption in its annual effective tax rate for 2015. During the first and second quarters of 2015, the Company reassessed the foreign tax credit valuation allowance as a result of the continued decline in market conditions in Macau. The valuation allowance was increased by $81 million, of which $40 million was recorded as a direct reduction in income tax benefit during the nine months ended September 30, 2015, with the remainder impacting the effective tax rate for 2015. No material change was made to the foreign tax credit valuation allowance in the three months ended September 30, 2015.

Recently issued accounting standards. In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers," ("ASU 2014-09"), which is effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2017. 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. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. 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. The Company is currently assessing the impact that adoption of ASU 2014-09 will have on its consolidated financial statements and footnote disclosures.

In February 2015, the FASB issued Accounting Standards Update No. 2015-02, "Amendments to the Consolidation Analysis," ("ASU 2015-02"), which is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. ASU 2015-02 amends: the assessment of whether a limited partnership is a variable interest entity; the effect that fees paid to a decisionmaker have on the consolidation analysis; how variable interests held by a reporting entity's related parties or de facto agents affect its consolidation conclusion; and for entities other than limited partnerships, clarifies how to determine whether the equity holders as a group have power over an entity. The Company is currently assessing the impact that adoption of ASU 2015-02 will have on its consolidated financial statements and footnote disclosures.

In April 2015, the FASB issued Accounting Standards Update No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs," ("ASU 2015-03"), which is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. ASU 2015-03 requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. The amortization of such costs will continue to be reported as interest expense. The Company does not believe the adoption of ASU 2015-03 will have a material effect on its financial statements or footnote disclosures.

In August 2015, the FASB issued Accounting Standards Update No. 2015-15, "Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements," ("ASU 2015-15"), which should be adopted concurrent with ASU 2015-03. ASU 2015-15 allows for debt issuance costs related to line-of-credit agreements to be presented in the balance sheet as an asset, and for such costs to be amortized ratably over the term of the contract regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The amortization of such costs will continue to be reported as interest expense. The Company does not believe the adoption of ASU 2015-15 will have a material effect on its financial statements or footnote disclosures.

NOTE 3 — ASSETS HELD FOR SALE

On April 1, 2015, the Company closed the sale of Railroad Pass. At closing, the Company received $8 million in cash proceeds. The assets and liabilities of Railroad Pass were classified as held for sale as of December 31, 2014. At December 31, 2014, assets held for sale of $9 million, comprised predominantly of property and equipment, were classified within "Prepaid expenses and other" and liabilities related to assets held for sale of $2 million, comprised of accounts payable and other accrued liabilities, were classified within "Other accrued liabilities."

On April 30, 2015, the Company closed the sale of Gold Strike and related assets in Jean, Nevada. At closing, the Company received $12 million in cash proceeds. The assets and liabilities of Gold Strike were classified as held for sale as of December 31,

2014. At December 31, 2014, assets held for sale of $14 million, comprised predominantly of property and equipment, were classified within “Prepaid expenses and other” and liabilities related to assets held for sale of $2 million, comprised of accounts payable and other accrued liabilities, were classified within “Other accrued liabilities.”

Railroad Pass and Gold Strike were not classified as discontinued operations because the Company concluded that the sales did not have a major effect on the Company’s operations or its financial results and they do not represent a disposal of a major geographic segment or product line.

On July 7, 2015, the Company entered into an agreement with Eldorado Resorts, Inc. to sell Circus Circus Reno, as well as the Company’s 50% interest in Silver Legacy and associated real property, for total consideration of $73 million plus Circus Circus Reno’s working capital. The Company allocated $20 million of the $73 million to Circus Circus Reno in accordance with the purchase and sale agreement. The sale is contingent upon regulatory approvals and other customary closing conditions. Circus Circus Reno assets held for sale of $30 million and comprised predominantly of cash and property and equipment, were classified within “Prepaid expenses and other” and Circus Circus Reno liabilities related to assets held for sale of $9 million, comprised of accounts payable and other accrued liabilities, were classified within “Other accrued liabilities.” Circus Circus Reno was not classified as discontinued operations because the Company has concluded that the sale will not have a major effect on the Company’s operations or its financial results and it does not represent a disposal of a major geographic segment or product line. See Note 4 for further discussion of the sale of the Company’s 50% investment in Silver Legacy.

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

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

| | September 30, 2015 | December 31, 2014 |
|---|---|---|
| | (In thousands) | |
| CityCenter Holdings, LLC – CityCenter (50%) | $1,126,129 | $ 1,221,306 |
| Elgin Riverboat Resort–Riverboat Casino – Grand Victoria (50%) | 138,313 | 141,162 |
| Marina District Development Company – Borgata (50%) | 139,444 | 109,252 |
| Other | 132,645 | 87,314 |
| | $1,536,531 | $ 1,559,034 |

The Company recorded its share of the results of operations of unconsolidated affiliates as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | (In thousands) | | | |
| Income from unconsolidated affiliates | $57,350 | $23,003 | $217,631 | $65,963 |
| Preopening and start-up expenses | (970) | (17) | (2,413) | (137) |
| Non-operating items from unconsolidated affiliates | (22,968) | (22,810) | (59,745) | (69,021) |
| | $33,412 | $176 | $155,473 | $(3,195) |

CityCenter

Summarized balance sheet information for CityCenter is as follows:

| | September 30, 2015 | December 31, 2014 |
|---|---|---|
| | (In thousands) | |
| Current assets | $395,493 | $ 561,904 |
| Property and other assets, net | 7,715,174 | 7,883,709 |
| Current liabilities | 269,266 | 508,168 |
| Long-term debt and other long-term obligations | 1,553,642 | 1,552,913 |
| Equity | 6,287,759 | 6,384,532 |

Summarized income statement information for CityCenter is as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | (In thousands) | | | |
| Net revenues | $294,267 | $297,402 | $934,488 | $953,694 |
| Operating expenses | (281,823) | (333,594) | (718,225) | (1,009,758) |
| Operating income (loss) | 12,444 | (36,192) | 216,263 | (56,064) |
| Non-operating expenses | (18,362) | (22,909) | (54,426) | (75,027) |
| Net income (loss) | $(5,918) | $(59,101) | $161,837 | $(131,091) |

CityCenter litigation settlement. In December 2014, the Company and CityCenter entered into a settlement agreement with Perini Building Company, Inc. ("Perini"), general contractor for CityCenter, the remaining Perini subcontractors and relevant insurers to resolve all outstanding project lien claims and CityCenter's counterclaims relating to the Harmon Hotel and Spa. The settlement was subject to execution of a global settlement agreement among the parties described above, which was subsequently executed, and CityCenter's procurement of replacement general liability insurance covering construction of the CityCenter development, which was obtained in January 2015. The proceeds pursuant to such global settlement agreement, combined with certain prior Harmon-related insurance settlement proceeds, resulted in a gain of $160 million recorded by CityCenter during the first quarter of 2015, of which the Company recorded its 50% share of $80 million.

CityCenter distribution. In April 2015, CityCenter adopted an annual distribution policy and declared a special distribution of $400 million, of which the Company received its 50% share of $200 million. Under the annual distribution policy, CityCenter will distribute up to 35% of excess cash flow, subject to the approval of the CityCenter board of directors.

Grand Victoria

At June 30, 2014, the Company recorded an impairment charge of $29 million on its investment in Grand Victoria based on the then estimated fair value of $140 million for its 50% interest.

Silver Legacy

As discussed in Note 3, the Company entered into an agreement to sell its 50% interest in Silver Legacy and associated real property for approximately $53 million. The carrying value of the Company's 50% interest in Silver

Legacy and the associated real property was $37 million as of September 30, 2015. The Company's investment in Silver Legacy has not been classified as discontinued operations because the Company has concluded that the sale will not have a major effect on the Company's operations or its financial results and it does not represent a disposal of a major geographic segment or product line.

Las Vegas Arena

See Note 6 for discussion of the Company's joint and several completion and repayment guarantees and equity contribution commitments related to the Las Vegas Arena.

NOTE 5 — LONG-TERM DEBT

Long-term debt consisted of the following:

| | September 30, 2015 | December 31, 2014 |
|---|---|---|
| | (In thousands) | |
| Senior credit facility: | | |
| $2,723 million ($2,744 million at December 31, 2014) term loans, net | $2,717,947 | $2,738,118 |
| MGM Grand Paradise credit facility | 1,559,994 | 553,177 |
| $1,450 million 4.25% convertible senior notes, due 2015, net | — | 1,451,405 |
| $875 million 6.625% senior notes, due 2015, net | — | 875,370 |
| $242.9 million 6.875% senior notes, due 2016 | 242,900 | 242,900 |
| $732.7 million 7.5% senior notes, due 2016 | 732,749 | 732,749 |
| $500 million 10% senior notes, due 2016, net | 498,747 | 497,955 |
| $743 million 7.625% senior notes, due 2017 | 743,000 | 743,000 |
| $475 million 11.375% senior notes, due 2018, net | 470,188 | 468,949 |
| $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, net | 1,250,675 | 1,250,742 |
| $0.6 million 7% debentures, due 2036, net | 572 | 572 |
| $4.3 million 6.7% debentures, due 2096 | 4,265 | 4,265 |
| | 12,821,037 | 14,159,202 |
| Less: Current portion | — | (1,245,320) |
| | $12,821,037 | $12,913,882 |

Debt due within one year of the September 30, 2015 balance sheet was classified as long-term as the Company has both the intent and ability to refinance current maturities on a long-term basis under its revolving senior credit facility. At December 31, 2014, the amount available under the Company's revolving senior credit facility was less than current maturities related to the Company's term loan credit facilities, convertible senior notes and senior notes. The Company excluded from the December 31, 2014 current portion of long-term debt the amount available for refinancing under its revolving credit facility.

Senior credit facility. At September 30, 2015, the Company's senior credit facility consisted of a $1.2 billion revolving credit facility, a $1.02 billion term loan A facility and a $1.70 billion term loan B facility. The revolving and term loan A facilities bear interest at LIBOR plus an applicable rate determined by the Company's credit rating (2.75% as of September 30, 2015). The term loan B facility bears interest at LIBOR plus 2.50%, with a LIBOR floor of 1.00%. The revolving and term loan A facilities mature in December 2017 and the term loan B facility matures in December 2019. The term loan A and term loan B facilities are subject to scheduled amortization payments on the last day of each calendar quarter in an amount equal to 0.25% of the original principal balance. The Company permanently repaid $7 million and $21 million in the three and nine months ended September 30, 2015, respectively, in accordance with the scheduled amortization. The Company had $1.2 billion of available borrowing capacity under its senior credit facility at September 30, 2015. At September 30, 2015, the interest rate on the term loan A was 2.9% and the interest rate on the term loan B was 3.5%.

The land and substantially all of the assets of MGM Grand Las Vegas, Bellagio and The Mirage secure up to $3.35 billion of obligations outstanding under the senior credit facility. In addition, the land and substantially all of the assets of New York-New York and Gold Strike Tunica secure the entire amount of the senior credit facility, and the land and substantially all of the assets of MGM Grand Detroit secure its $450 million of obligations as a co-borrower under the senior credit facility. In addition, the senior credit facility is secured by a pledge of the equity or limited liability company interests of the subsidiaries that own the pledged properties.

The senior credit facility contains customary representations and warranties and customary affirmative and negative covenants. In addition, the senior credit facility requires the Company and its restricted subsidiaries (the "Restricted Group") to maintain a minimum trailing four-quarter EBITDA (as defined in the senior credit facility) and limits the ability of the Restricted Group to make capital expenditures and investments. As of September 30, 2015 and through December 31, 2015, the Restricted Group is required to maintain a minimum EBITDA of $1.30 billion. The minimum EBITDA requirement increases to $1.35 billion for March 31, 2016 through December 31, 2016 and to $1.40 billion for March 31, 2017 and thereafter. EBITDA for the trailing four quarters ended

September 30, 2015, calculated in accordance with the terms of the senior credit facility (which includes cash distributions from unconsolidated affiliates, such as the CityCenter distribution), was $1.65 billion. The senior credit facility limits the Restricted Group to capital expenditures of $500 million per fiscal year, with unused amounts in any fiscal year rolling over to the next fiscal year, but not any fiscal year thereafter. The Restricted Group's total capital expenditures allowable under the senior credit facility for fiscal year 2015, after giving effect to unused amounts from 2014, was $794 million. In addition, the senior credit facility limits the Restricted Group's ability to make investments subject to certain thresholds and other important exceptions. As of September 30, 2015, the Restricted Group was within the limit of capital expenditures and other investments for the 2015 calendar year.

The senior credit facility provides for customary events of default, including, without limitation, (i) payment defaults, (ii) covenant defaults, (iii) cross-defaults to certain other indebtedness in excess of specified amounts, (iv) certain events of bankruptcy and insolvency, (v) judgment defaults in excess of specified amounts, (vi) the failure of any loan document by a significant party to be in full force and effect and such circumstance, in the reasonable judgment of the required lenders, is materially adverse to the lenders, or (vii) the security documents cease to create a valid and perfected first priority lien on any material portion of the collateral. In addition, the senior credit facility provides that a cessation of business due to revocation, suspension or loss of any gaming license affecting a specified amount of its revenues or assets, will constitute an event of default.

MGM Grand Paradise credit facility. In June 2015, MGM China and MGM Grand Paradise, as co-borrowers, entered into a second amended and restated credit facility which consists of $1.55 billion of term loans and a $1.45 billion revolving credit facility. The term was extended for an eighteen month period to April 2019, with scheduled amortization payments of the term loans beginning in October 2017. The MGM Grand Paradise credit facility bears interest at a fluctuating rate per annum based on HIBOR plus a margin, initially set for a six month period at 1.75% per annum, but thereafter will range between 1.375% and 2.50% based on MGM China's leverage ratio. The MGM Grand Paradise 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 September 30, 2015 was comprised solely of term loans. At September 30, 2015, the weighted average interest rate on the term loans was 1.99%.

The MGM Grand Paradise credit facility contains customary representations and warranties, events of default, affirmative covenants and negative covenants, which impose restrictions on, among other things, the ability of MGM China and its subsidiaries to make investments, pay dividends and sell assets, and to incur additional liens. MGM China is also required to maintain compliance with a maximum consolidated total leverage ratio of 4.50 to 1.00 prior to the first anniversary of the MGM Cotai opening date and 4.00 to 1.00 thereafter, in addition to a minimum interest coverage ratio of 2.50 to 1.00. MGM China was in compliance with its credit facility covenants at September 30, 2015.

Senior notes. The Company repaid its $875 million 6.625% senior notes in July 2015 at maturity.

Convertible senior notes. In April 2015, holders of substantially all of the $1.45 billion in aggregate principle amount of 4.25% convertible senior notes elected to convert the notes into approximately 78 million shares of the Company's common stock. The notes were converted at 53.83 shares of common stock per $1,000 principle amount, which is equivalent to a conversion price of approximately $18.58 per share. In addition, the Company settled the capped call transactions entered into in connection with the initial issuance of $1.15 billion aggregate principle amount of notes and received approximately 6 million shares from such financial institutions. Such shares received in connection with the capped call transactions were subsequently retired.

Fair value of long-term debt. The estimated fair value of the Company's long-term debt at September 30, 2015 was $13.1 billion. At December 31, 2014, the estimated fair value of the Company's long-term debt was $15.1 billion. Fair value was estimated using quoted market prices for the Company's senior notes and senior credit facility. Carrying value of the MGM Grand Paradise credit facility approximates fair value.

NOTE 6 — COMMITMENTS AND CONTINGENCIES

CityCenter completion guarantee. In October 2013, the Company entered into a third amended and restated completion and cost overrun guarantee, which was collateralized by substantially all of the assets of Circus Circus Las Vegas, as well as certain land adjacent to that property. During the first quarter of 2015, the Company fulfilled its remaining significant obligations under the completion guarantee in conjunction with the resolution of the Perini litigation and related settlement agreements. In total, the Company funded $888 million under the completion guarantee. In June 2015, the completion guarantee was terminated and the collateral assets securing such completion guarantee were released.

Cotai land concession contract. MGM Grand Paradise's land concession contract for an approximate 18 acre site on the Cotai Strip in Macau became effective on January 9, 2013 and has an initial term of 25 years. The total land premium payable to the Macau government for the land concession contract is $161 million and is composed of a down payment and eight additional semi-annual installments. As of September 30, 2015, MGM China had paid $130 million of the contract premium, including interest due on the semi-annual installments, and the amount paid is recorded within “Other long-term assets, net.” Including interest on the three remaining semi-annual installments, MGM China has approximately $44 million remaining payable for the land concession contract. Under the terms of the land concession contract, MGM Grand Paradise is required to complete the development of the land by January 2018.

Las Vegas Arena. In conjunction with Las Vegas Arena Company entering a senior secured credit facility in 2014, the Company and AEG each entered joint and several completion guarantees for the project, as well as a payment guarantee for the $75 million term loan B (subject to increases and decreases in the event of a rebalancing of the principal amount of indebtedness between the term loan A and term loan B facilities). Additionally, in conjunction with the Las Vegas Arena Company’s senior secured credit facility, the Company and AEG contributed equal amounts totaling $175 million for construction as of September 30, 2015.

Other guarantees. The Company is party to various guarantee contracts in the normal course of business, which are generally supported by letters of credit issued by financial institutions. The Company’s senior credit facility limits the amount of letters of credit that can be issued to $500 million, and the amount of available borrowings under the senior credit facility is reduced by any outstanding letters of credit. At September 30, 2015, the Company had $10 million in letters of credit outstanding. MGM Grand Paradise’s senior credit facility limits the amount of letters of credit that can be issued to $100 million, and the amount of available borrowings under the senior credit facility is reduced by any outstanding letters of credit. At September 30, 2015, MGM China had provided approximately $39 million of guarantees outstanding under its credit facility.

In connection with the development of MGM Springfield as discussed in Note 1, the Company obtained a surety bond of $52 million naming the Commonwealth of Massachusetts as beneficiary, and payable thereto, in the event that the Company’s subsidiary is unable to complete the gaming establishment.

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 7 — INCOME PER SHARE OF COMMON STOCK

The weighted-average number of common and common equivalent shares used in the calculation of basic and diluted income per share consisted of the following:

| | Three Months Ended | Nine Months Ended |
|---|---|---|

| | September 30, 2015 | 2014 | September 30, 2015 | 2014 |
|---|---|---|---|---|
| | (In thousands) | | | |
| Numerator: | | | | |
| Net income (loss) attributable to MGM Resorts International - basic | $66,425 | $(20,270 ) | $333,734 | $192,390 |
| Interest on convertible debt, net of tax | — | — | 2,208 | — |
| Potentially dilutive effect due to MGM China Share Option Plan | — | (86 ) | (7 ) | (299 ) |
| Net income (loss) attributable to MGM Resorts International - diluted | $66,425 | $(20,356 ) | $335,935 | $192,091 |
| Denominator: | | | | |
| Weighted-average common shares outstanding - basic | 563,287 | 490,914 | 535,619 | 490,746 |
| Potential dilution from share-based awards | 6,033 | — | 5,920 | 6,482 |
| Potential dilution from assumed conversion of convertible debt | — | — | 6,211 | — |
| Weighted-average common and common equivalent shares - diluted | 569,320 | 490,914 | 547,750 | 497,228 |
| Antidilutive share-based awards excluded from the calculation of diluted earnings per share | 4,237 | 16,506 | 4,438 | 2,551 |

Potential dilution from the assumed conversion of convertible debt for the nine months ended September 30, 2015 included the weighted average impact of the $300 million 4.25% convertible senior notes issued in June 2011 for the period from January 1, 2015 to the date of conversion on April 15, 2015. The weighted average impact of the $1.15 billion 4.25% convertible senior notes issued in April 2010 were excluded from the nine months ended September 30, 2015 calculation of diluted earnings per share as their effect would be antidilutive. The $300 million 4.25% convertible senior notes and the $1.15 billion 4.25% convertible senior notes were excluded from the three and nine months ended September 30, 2014 calculation of diluted earnings per share as their effect was antidilutive.

NOTE 8 — STOCKHOLDERS' EQUITY

MGM China dividends. MGM China paid a $400 million special dividend in March 2015, of which $204 million remained within the consolidated entity and $196 million was distributed to noncontrolling interests, a $120 million final dividend in June 2015, of which $61 million remained within the consolidated entity and $59 million was distributed to noncontrolling interests, and a $76 million interim dividend in August 2015, of which $39 million remained within the consolidated entity and $37 million was distributed to noncontrolling interests.

MGM China paid a $499 million special dividend in March 2014, of which $254 million remained within the consolidated entity and $245 million was distributed to noncontrolling interests, a $127 million final dividend in June 2014, of which $65 million remained within the consolidated entity and $62 million was distributed to noncontrolling interests, and a $137 million interim dividend in September 2014, of which $70 million remained within the consolidated entity and $67 million was distributed to noncontrolling interests.

Supplemental equity information. The following table presents the Company's changes in stockholders' equity for the nine months ended September 30, 2015:

| | MGM Resorts International Stockholders' Equity | Noncontrolling Interests | Total Stockholders' Equity |
|---|---|---|---|
| | (In thousands) | | |
| Balances, January 1, 2015 | $4,090,917 | $ 3,537,357 | $ 7,628,274 |
| Net income | 333,734 | 100,114 | 433,848 |
| Currency translation adjustment | 2,128 | 2,247 | 4,375 |
| Other comprehensive loss from unconsolidated affiliate, net | (672) | — | (672) |
| Stock-based compensation | 27,131 | 3,584 | 30,715 |
| Tax effect of stock-based compensation | (4,795) | — | (4,795) |
| Issuance of common stock pursuant to stock-based compensation awards | (1,572) | — | (1,572) |
| Issuance of common stock pursuant to conversion of notes | 1,449,496 | — | 1,449,496 |
| Cash distributions to noncontrolling interest owners | — | (304,828) | (304,828) |
| Issuance of performance share units | 4,872 | — | 4,872 |
| Other | 5 | 4 | 9 |
| Balances, September 30, 2015 | $5,901,244 | $ 3,338,478 | $ 9,239,722 |

Accumulated other comprehensive income (loss). Changes in accumulated other comprehensive income (loss) attributable to MGM Resorts International by component are as follows:

| | Currency Translation Adjustment | Other Adjustments | Total |
|---|---|---|---|
| | (In thousands) | | |
| Balances, January 1, 2015 | $12,319 | $ 672 | $12,991 |
| Current period other comprehensive income (loss) | 2,128 | (672 ) | 1,456 |
| Balances, September 30, 2015 | $14,447 | $ — | $14,447 |

NOTE 9 — STOCK-BASED COMPENSATION

2005 Omnibus Incentive Plan. As of September 30, 2015, the Company had an aggregate of 24 million shares of common stock available for grant as share-based awards under the Company's omnibus incentive plan ("Omnibus Plan"). A summary of activity under the Company's share-based payment plans for the nine months ended September 30, 2015 is presented below:

Stock options and stock appreciation rights ("SARs")

| | Units (000's) | Weighted Average Exercise Price |
|---|---|---|
| Outstanding at January 1, 2015 | 16,176 | $ 15.27 |
| Granted | 100 | 19.37 |
| Exercised | (1,013 ) | 16.10 |
| Forfeited or expired | (1,596 ) | 33.50 |
| Outstanding at September 30, 2015 | 13,667 | 13.15 |
| Exercisable at September 30, 2015 | 8,739 | 10.51 |

Restricted stock units ("RSUs") and performance share units ("PSUs")

| | RSUs | | PSUs | | |
|---|---|---|---|---|---|
| | Units (000's) | Weighted Average Grant-Date Fair Value | Units (000's) | Weighted Average Grant-Date Fair Value | Weighted Average Target Price |
| Nonvested at January 1, 2015 | 1,358 | $ 18.27 | 1,455 | $ 15.14 | $ 20.48 |
| Granted | 60 | 20.05 | — | — | — |
| Vested | (57 ) | 12.71 | — | — | — |
| Forfeited | (65 ) | 17.92 | — | — | — |
| Nonvested at September 30, 2015 | 1,296 | 18.61 | 1,455 | 15.14 | 20.48 |

Bonus PSUs

| | Units (000's) | Weighted Average Target Price |
|---|---|---|
| Outstanding at January 1, 2015 | 265 | $ 31.72 |
| Granted | 229 | 25.91 |
| Outstanding at September 30, 2015 | 494 | 29.03 |

The Company grants PSUs for the portion of any calculated bonus for a Section 16 officer of the Company that is in excess of such officer's base salary (the "Bonus PSU Policy"). Awards granted under the Bonus PSU Policy have the same terms as PSUs granted under the Omnibus Plan with the exception that as of the grant date the awards will not be subject to forfeiture in the event of the officer's termination.

MGM China Share Option Plan. As of September 30, 2015, MGM China had an aggregate of 328 million shares of common stock available for grant as share-based awards under the MGM China share option plan ("MGM China Plan"). A summary of activity under the MGM China Plan for the nine months ended September 30, 2015 is presented below:

Stock options

| | Units (000's) | Weighted Average Exercise Price |
|---|---|---|
| Outstanding at January 1, 2015 | 35,058 | $ 2.85 |
| Granted | 15,296 | 1.87 |
| Exercised | (20 ) | 2.01 |
| Forfeited or expired | (2,187 ) | 2.23 |
| Outstanding at September 30, 2015 | 48,147 | 2.57 |
| Exercisable at September 30, 2015 | 17,530 | 2.40 |

Recognition of compensation cost. Compensation cost for both the Omnibus Plan and MGM China Plan was recognized as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | (In thousands) | | | |
| Compensation cost: | | | | |
| Omnibus Plan | $7,732 | $7,588 | $23,401 | $21,285 |
| MGM China Plan | 1,989 | 2,638 | 7,314 | 6,075 |
| Total compensation cost | 9,721 | 10,226 | 30,715 | 27,360 |
| Less: Reimbursed costs and capitalized cost | (232) | (275) | (823) | (809) |
| Compensation cost after reimbursed costs and capitalized cost | 9,489 | 9,951 | 29,892 | 26,551 |
| Less: Related tax benefit | (2,591) | (2,517) | (7,779) | (7,043) |
| Compensation cost, net of tax benefit | $6,898 | $7,434 | $22,113 | $19,508 |

NOTE 10 — PROPERTY TRANSACTIONS, NET

Property transactions, net includes:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | (In thousands) | | | |
| Grand Victoria investment impairment charge | $— | $— | $— | $28,789 |
| Other property transactions, net | 7,123 | 6,794 | 12,665 | 11,733 |
| | $7,123 | $6,794 | $12,665 | $40,522 |

See Note 4 for discussion of the Grand Victoria investment impairment charge in 2014. Other property transactions, net for the three and nine months ended September 30, 2015 and 2014 includes miscellaneous asset disposals and demolition costs.

NOTE 11 — 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 within the regions in which they operate: wholly owned 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, net" in the following segment disclosures to reconcile to consolidated results.

The Company's management utilizes Adjusted Property EBITDA as the primary profit measure for its reportable segments. Adjusted Property EBITDA is a measure defined as Adjusted EBITDA before corporate expense and stock compensation expense related to the Omnibus Plan, 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, preopening and start-up expenses and property transactions, net.

The following tables present the Company's segment information:

| | Three Months Ended September 30, 2015 | Three Months Ended September 30, 2014 | Nine Months Ended September 30, 2015 | Nine Months Ended September 30, 2014 |
|---|---|---|---|---|
| | (In thousands) | | | |
| Net Revenues | | | | |
| Wholly owned domestic resorts | $1,636,188 | $1,578,136 | $4,919,563 | $4,787,640 |
| MGM China | 529,037 | 794,265 | 1,715,983 | 2,563,641 |
| Reportable segment net revenues | 2,165,225 | 2,372,401 | 6,635,546 | 7,351,281 |
| Corporate and other | 115,591 | 112,606 | 362,649 | 345,157 |
| | $2,280,816 | $2,485,007 | $6,998,195 | $7,696,438 |
| Adjusted Property EBITDA | | | | |
| Wholly owned domestic resorts | $411,289 | $327,978 | $1,259,231 | $1,145,222 |
| MGM China | 128,225 | 213,796 | 408,898 | 665,009 |
| Reportable segment Adjusted Property EBITDA | 539,514 | 541,774 | 1,668,129 | 1,810,231 |
| | | | | |
| Other operating income (expense) | | | | |
| Corporate, unconsolidated affiliates and other, net | (13,762) | (35,872) | 55,527 | (73,545) |
| Preopening and start-up expenses | (16,510) | (10,233) | (50,270) | (25,628) |
| Property transactions, net | (7,123) | (6,794) | (12,665) | (40,522) |
| Depreciation and amortization | (204,742) | (202,386) | (619,719) | (613,111) |
| Operating income | 297,377 | 286,489 | 1,041,002 | 1,057,425 |
| Non-operating income (expense) | | | | |
| Interest expense, net of amounts capitalized | (191,781) | (202,835) | (611,288) | (616,158) |
| Non-operating items from unconsolidated affiliates | (22,968) | (22,810) | (59,745) | (69,021) |
| Other, net | (4,386) | (254) | (12,691) | (1,997) |
| | (219,135) | (225,899) | (683,724) | (687,176) |
| Income before income taxes | 78,242 | 60,590 | 357,278 | 370,249 |
| Benefit (provision) for income taxes | 16,493 | (10,208) | 76,570 | 44,401 |
| Net income | 94,735 | 50,382 | 433,848 | 414,650 |
| Less: Net income attributable to noncontrolling interests | (28,310) | (70,652) | (100,114) | (222,260) |
| Net income (loss) attributable to MGM Resorts International | $66,425 | $(20,270) | $333,734 | $192,390 |

## NOTE 12 — 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 in which Ms. Ho, Pansy Catilina Chiu King indirectly holds a noncontrolling interest, entered into a brand license agreement with MGM China. MGM China pays a license fee to MGM Branding and Development equal to 1.75% of MGM China's consolidated net revenue, subject to an annual cap of $52 million in 2015 with a 20% increase per annum during the agreement term. During the three and nine months ended September 30, 2015, MGM China incurred total license fees of $9 million and $30 million, respectively. During the three and nine months ended

September 30, 2014, MGM China incurred total license fees of $12 million and $43 million, respectively. Such amounts have been eliminated in consolidation.

MGM China entered into a development services agreement with MGM Branding and Development to 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 costs of construction, 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 and gaming concessions and financing costs. The development fee for MGM Cotai is subject to a cap of $27 million in 2015, which will increase by 10% per annum for each year during the term of the agreement. During the nine months ended September 30, 2015, MGM China paid $10 million of fees to MGM Branding and Development related to development services. Such amounts have been eliminated in consolidation. No fee was paid during the nine months ended September 30, 2014.

NOTE 13 — CONDENSED CONSOLIDATING FINANCIAL INFORMATION

The Company’s domestic subsidiaries, excluding certain minor subsidiaries, its domestic insurance subsidiary, MGM Grand Detroit, LLC, MGM National Harbor, LLC and Blue Tarp reDevelopment, LLC (the company that will own and operate the Company’s casino resort in Springfield, Massachusetts), and each of their respective subsidiaries, have fully and unconditionally guaranteed, on a joint and several basis, payment of the outstanding debt securities. The Company’s international subsidiaries, including MGM China, are not guarantors of such indebtedness. Separate condensed financial statement information for the subsidiary guarantors and non-guarantors as of September 30, 2015 and December 31, 2014, and for the three and nine months ended September 30, 2015 and 2014, are presented below.

CONDENSED CONSOLIDATING BALANCE SHEET INFORMATION

| | At September 30, 2015 | | | | |
|---|---|---|---|---|---|
| | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Elimination | Consolidated |
| | (In thousands) | | | | |
| Current assets | $641,615 | $879,316 | $ 1,061,991 | $(648 ) | $2,582,274 |
| Property and equipment, net | — | 12,362,060 | 2,664,554 | (11,972 ) | 15,014,642 |
| Investments in subsidiaries | 20,794,181 | 3,715,686 | — | (24,509,867) | — |
| Investments in and advances to unconsolidated affiliates | — | 1,503,891 | 7,640 | 25,000 | 1,536,531 |
| Intercompany accounts | — | 3,058,530 | — | (3,058,530 ) | — |
| Other non-current assets | 121,610 | 412,103 | 7,013,106 | — | 7,546,819 |
| | $21,557,406 | $21,931,586 | $ 10,747,291 | $(27,556,017) | $26,680,266 |
| Current liabilities | $268,473 | $983,025 | $ 702,005 | $(648 ) | $1,952,855 |
| Intercompany accounts | 2,356,921 | — | 701,609 | (3,058,530 ) | — |
| Deferred income taxes, net | 2,187,057 | — | 309,237 | — | 2,496,294 |
| Long-term debt | 10,807,643 | 4,837 | 2,008,557 | — | 12,821,037 |
| Other long-term obligations | 36,068 | 67,305 | 61,985 | — | 165,358 |
| Total liabilities | 15,656,162 | 1,055,167 | 3,783,393 | (3,059,178 ) | 17,435,544 |
| Redeemable noncontrolling interest | — | — | 5,000 | — | 5,000 |
| MGM Resorts stockholders' equity | 5,901,244 | 20,876,419 | 3,620,420 | (24,496,839) | 5,901,244 |
| Noncontrolling interests | — | — | 3,338,478 | — | 3,338,478 |
| Total stockholders' equity | 5,901,244 | 20,876,419 | 6,958,898 | (24,496,839) | 9,239,722 |
| | $21,557,406 | $21,931,586 | $ 10,747,291 | $(27,556,017) | $26,680,266 |

| | At December 31, 2014 | | | | |
|---|---|---|---|---|---|
| | | Guarantor | Non-Guarantor | | |
| | Parent | Subsidiaries | Subsidiaries | Elimination | Consolidated |
| | (In thousands) | | | | |
| Current assets | $1,390,806 | $868,688 | $ 768,335 | $(669 ) | $3,027,160 |
| Property and equipment, net | — | 12,445,086 | 2,008,428 | (11,972 ) | 14,441,542 |
| Investments in subsidiaries | 20,430,160 | 3,896,365 | — | (24,326,525) | — |
| Investments in and advances to unconsolidated affiliates | — | 1,526,446 | 7,588 | 25,000 | 1,559,034 |
| Intercompany accounts | — | 2,175,091 | — | (2,175,091 ) | — |
| Other non-current assets | 141,035 | 414,801 | 7,118,939 | — | 7,674,775 |
| | $21,962,001 | $21,326,477 | $ 9,903,290 | $(26,489,257) | $26,702,511 |
| Current liabilities | $1,680,319 | $953,179 | $ 775,097 | $(670 ) | $3,407,925 |
| Intercompany accounts | 1,932,780 | — | 242,311 | (2,175,091 ) | — |
| Deferred income taxes, net | 2,312,828 | — | 309,032 | — | 2,621,860 |
| Long-term debt | 11,907,534 | 4,837 | 1,001,511 | — | 12,913,882 |
| Other long-term obligations | 37,623 | 58,016 | 34,931 | — | 130,570 |
| Total liabilities | 17,871,084 | 1,016,032 | 2,362,882 | (2,175,761 ) | 19,074,237 |
| MGM Resorts stockholders' equity | 4,090,917 | 20,310,445 | 4,003,051 | (24,313,496) | 4,090,917 |
| Noncontrolling interests | — | — | 3,537,357 | — | 3,537,357 |
| Total stockholders' equity | 4,090,917 | 20,310,445 | 7,540,408 | (24,313,496) | 7,628,274 |
| | $21,962,001 | $21,326,477 | $ 9,903,290 | $(26,489,257) | $26,702,511 |

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME INFORMATION

| | Three Months Ended September 30, 2015 | | | | |
|---|---|---|---|---|---|
| | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Elimination | Consolidated |
| | (In thousands) | | | | |
| Net revenues | $— | $1,622,593 | $ 658,889 | $(666 ) | $2,280,816 |
| Equity in subsidiaries' earnings | 247,524 | 40,742 | — | (288,266 ) | — |
| Expenses | | | | | |
| Casino and hotel operations | 1,552 | 962,392 | 434,622 | (666 ) | 1,397,900 |
| General and administrative | 1,132 | 284,328 | 55,035 | — | 340,495 |
| Corporate expense | 36,186 | 37,873 | (40 ) | — | 74,019 |
| Preopening and start-up expenses | — | 1,268 | 15,242 | — | 16,510 |
| Property transactions, net | — | 6,984 | 139 | — | 7,123 |
| Depreciation and amortization | — | 136,795 | 67,947 | — | 204,742 |
| | 38,870 | 1,429,640 | 572,945 | (666 ) | 2,040,789 |
| Income from unconsolidated affiliates | — | 56,829 | 521 | — | 57,350 |
| Operating income (loss) | 208,654 | 290,524 | 86,465 | (288,266 ) | 297,377 |
| Interest expense, net of amounts capitalized | (179,636) | (232 ) | (11,913 ) | — | (191,781 ) |
| Other, net | 12,882 | (25,748 ) | (14,488 ) | — | (27,354 ) |
| Income (loss) before income taxes | 41,900 | 264,544 | 60,064 | (288,266 ) | 78,242 |
| Benefit (provision) for income taxes | 24,525 | (7,078 ) | (954 ) | — | 16,493 |
| Net income (loss) | 66,425 | 257,466 | 59,110 | (288,266 ) | 94,735 |
| Less: Net income attributable to noncontrolling interests | — | — | (28,310 ) | — | (28,310 ) |
| Net income (loss) attributable to MGM Resorts International | $66,425 | $257,466 | $ 30,800 | $(288,266 ) | $66,425 |
| Net income (loss) | $66,425 | $257,466 | $ 59,110 | $(288,266 ) | $94,735 |
| Other comprehensive income (loss), net of tax: | | | | | |
| Foreign currency translation adjustment | 556 | 556 | 1,291 | (1,112 ) | 1,291 |
| Other comprehensive income (loss) | 556 | 556 | 1,291 | (1,112 ) | 1,291 |
| Comprehensive income (loss) | 66,981 | 258,022 | 60,401 | (289,378 ) | 96,026 |
| Less: Comprehensive income attributable to noncontrolling interests | — | — | (29,045 ) | — | (29,045 ) |
| Comprehensive income (loss) attributable to MGM Resorts International | $66,981 | $258,022 | $ 31,356 | $(289,378 ) | $66,981 |

| | Nine Months Ended September 30, 2015 | | | | |
|---|---|---|---|---|---|
| | | Guarantor | Non-Guarantor | | |
| | Parent | Subsidiaries | Subsidiaries | Elimination | Consolidated |
| | (In thousands) | | | | |
| Net revenues | $— | $4,879,596 | $ 2,120,699 | $(2,100 ) | $6,998,195 |
| Equity in subsidiaries' earnings | 875,725 | 133,367 | — | (1,009,092) | — |
| Expenses | | | | | |
| Casino and hotel operations | 4,558 | 2,893,832 | 1,409,527 | (2,100 ) | 4,305,817 |
| General and administrative | 3,372 | 830,777 | 168,227 | — | 1,002,376 |
| Corporate expense | 72,279 | 112,143 | (445 ) | — | 183,977 |
| Preopening and start-up expenses | — | 3,511 | 46,759 | — | 50,270 |
| Property transactions, net | — | 11,697 | 968 | — | 12,665 |
| Depreciation and amortization | — | 396,852 | 222,867 | — | 619,719 |
| | 80,209 | 4,248,812 | 1,847,903 | (2,100 ) | 6,174,824 |
| Income from unconsolidated affiliates | — | 217,575 | 56 | — | 217,631 |
| Operating income (loss) | 795,516 | 981,726 | 272,852 | (1,009,092) | 1,041,002 |
| Interest expense, net of amounts capitalized | (587,286) | (783 ) | (23,219 ) | — | (611,288 ) |
| Other, net | 35,306 | (64,900 ) | (42,842 ) | — | (72,436 ) |
| Income (loss) before income taxes | 243,536 | 916,043 | 206,791 | (1,009,092) | 357,278 |
| Benefit (provision) for income taxes | 90,198 | (11,575 ) | (2,053 ) | — | 76,570 |
| Net income (loss) | 333,734 | 904,468 | 204,738 | (1,009,092) | 433,848 |
| Less: Net income attributable to noncontrolling interests | — | — | (100,114 ) | — | (100,114 ) |
| Net income (loss) attributable to MGM Resorts International | $333,734 | $904,468 | $ 104,624 | $(1,009,092) | $333,734 |
| Net income (loss) | $333,734 | $904,468 | $ 204,738 | $(1,009,092) | $433,848 |
| Other comprehensive income (loss), net of tax: | | | | | |
| Foreign currency translation adjustment | 2,128 | 2,128 | 4,375 | (4,256 ) | 4,375 |
| Other | (672 ) | (672 ) | — | 672 | (672 ) |
| Other comprehensive income (loss) | 1,456 | 1,456 | 4,375 | (3,584 ) | 3,703 |
| Comprehensive income (loss) | 335,190 | 905,924 | 209,113 | (1,012,676) | 437,551 |
| Less: Comprehensive income attributable to noncontrolling interests | — | — | (102,361 ) | — | (102,361 ) |
| Comprehensive income (loss) attributable to MGM Resorts International | $335,190 | $905,924 | $ 106,752 | $(1,012,676) | $335,190 |

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION

| | Nine Months Ended September 30, 2015 | | | | |
|---|---|---|---|---|---|
| | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Elimination | Consolidated |
| | (In thousands) | | | | |
| Cash flows from operating activities | | | | | |
| Net cash provided by (used in) operating activities | $(620,381) | $996,466 | $ 361,695 | $— | $737,780 |
| Cash flows from investing activities | | | | | |
| Capital expenditures, net of construction payable | — | (312,877) | (687,701) | — | (1,000,578) |
| Dispositions of property and equipment | — | 266 | 77 | — | 343 |
| Proceeds from sale of assets held for sale | — | 19,797 | — | — | 19,797 |
| Investments in and advances to unconsolidated affiliates | (141,390) | (53,134) | — | — | (194,524) |
| Distributions from unconsolidated affiliates in excess of cumulative earnings | — | 202,850 | — | — | 202,850 |
| Investments in cash deposits - maturities longer than 90 days | (200,205) | — | — | — | (200,205) |
| Proceeds from cash deposits - maturities longer than 90 days | 770,205 | — | — | — | 770,205 |
| Intercompany accounts | — | (883,440) | — | 883,440 | — |
| Other | — | (5,483) | 5,542 | — | 59 |
| Net cash provided by (used in) investing activities | 428,610 | (1,032,021) | (682,082) | 883,440 | (402,053) |
| Cash flows from financing activities | | | | | |
| Net borrowings (repayments) under bank credit facilities - maturities of 90 days or less | (1,272,875) | — | 555,275 | — | (717,600) |
| Borrowings under bank credit facilities - maturities longer than 90 days | 3,768,750 | — | 1,350,000 | — | 5,118,750 |
| Repayments under bank credit facilities - maturities longer than 90 days | (2,516,875) | — | (900,000) | — | (3,416,875) |
| Retirement of senior notes | (875,504) | — | — | — | (875,504) |
| Debt issuance costs | — | — | (46,170) | — | (46,170) |
| Intercompany accounts | 911,212 | 12,218 | (39,990) | (883,440) | — |
| Distributions to noncontrolling interest owners | — | — | (304,562) | — | (304,562) |
| Proceeds from issuance of redeemable noncontrolling interest | — | — | 5,000 | — | 5,000 |
| Other | (1,059) | — | 9 | — | (1,050) |
| Net cash provided by (used in) financing activities | 13,649 | 12,218 | 619,562 | (883,440) | (238,011) |
| Effect of exchange rate on cash | — | — | 845 | — | 845 |
| Cash and cash equivalents | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Net increase (decrease) for the period | (178,122) | (23,337) | 300,020 | — | 98,561 |
| Change in cash related to assets held for sale | — | (4,481) | — | — | (4,481) |
| Balance, beginning of period | 799,508 | 255,655 | 658,552 | — | 1,713,715 |
| Balance, end of period | $621,386 | $227,837 | $ 958,572 | $— | $1,807,795 |

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME INFORMATION

| | Three Months Ended September 30, 2014 | | | | |
|---|---|---|---|---|---|
| | | Guarantor | Non-Guarantor | | |
| | Parent | Subsidiaries | Subsidiaries | Elimination | Consolidated |
| | (In thousands) | | | | |
| Net revenues | $— | $ 1,563,598 | $ 922,000 | $ (591 ) | $ 2,485,007 |
| Equity in subsidiaries' earnings | 188,090 | 82,071 | — | (270,161 ) | — |
| Expenses | | | | | |
| Casino and hotel operations | 1,311 | 985,981 | 606,357 | (591 ) | 1,593,058 |
| General and administrative | 1,183 | 289,167 | 57,137 | — | 347,487 |
| Corporate expense | 17,984 | 39,086 | 4,493 | — | 61,563 |
| Preopening and start-up expenses | — | 614 | 9,619 | — | 10,233 |
| Property transactions, net | — | 4,332 | 2,462 | — | 6,794 |
| Depreciation and amortization | — | 124,323 | 78,063 | — | 202,386 |
| | 20,478 | 1,443,503 | 758,131 | (591 ) | 2,221,521 |
| Income from unconsolidated affiliates | — | 22,950 | 53 | — | 23,003 |
| Operating income (loss) | 167,612 | 225,116 | 163,922 | (270,161 ) | 286,489 |
| Interest expense, net of amounts capitalized | (195,659 ) | (136 ) | (7,040 ) | — | (202,835 ) |
| Other, net | 13,843 | (22,253 ) | (14,654 ) | — | (23,064 ) |
| Income (loss) before income taxes | (14,204 ) | 202,727 | 142,228 | (270,161 ) | 60,590 |
| Benefit (provision) for income taxes | (6,066 ) | (4,694 ) | 552 | — | (10,208 ) |
| Net income (loss) | (20,270 ) | 198,033 | 142,780 | (270,161 ) | 50,382 |
| Less: Net income attributable to noncontrolling interests | — | — | (70,652 ) | — | (70,652 ) |
| Net income (loss) attributable to MGM Resorts International | $ (20,270 ) | $ 198,033 | $ 72,128 | $ (270,161 ) | $ (20,270 ) |
| Net income (loss) | $ (20,270 ) | $ 198,033 | $ 142,780 | $ (270,161 ) | $ 50,382 |
| Other comprehensive income (loss), net of tax: | | | | | |
| Foreign currency translation adjustment | (6,847 ) | (6,847 ) | (13,505 ) | 13,694 | (13,505 ) |
| Other comprehensive income (loss) | (6,847 ) | (6,847 ) | (13,505 ) | 13,694 | (13,505 ) |
| Comprehensive income (loss) | (27,117 ) | 191,186 | 129,275 | (256,467 ) | 36,877 |
| Less: Comprehensive income attributable to noncontrolling interests | — | — | (63,994 ) | — | (63,994 ) |
| Comprehensive income (loss) attributable to MGM Resorts International | $ (27,117 ) | $ 191,186 | $ 65,281 | $ (256,467 ) | $ (27,117 ) |

| | Nine Months Ended September 30, 2014 | | | | |
|---|---|---|---|---|---|
| | | Guarantor | Non-Guarantor | | |
| | Parent | Subsidiaries | Subsidiaries | Elimination | Consolidated |
| | (In thousands) | | | | |
| Net revenues | $— | $4,737,229 | $ 2,961,014 | $(1,805) | $7,696,438 |
| Equity in subsidiaries' earnings | 744,544 | 260,886 | — | (1,005,430) | — |
| Expenses | | | | | |
| Casino and hotel operations | 3,864 | 2,879,883 | 1,980,203 | (1,805) | 4,862,145 |
| General and administrative | 3,429 | 822,147 | 168,641 | — | 994,217 |
| Corporate expense | 51,447 | 108,870 | 9,036 | — | 169,353 |
| Preopening and start-up expenses | — | 3,620 | 22,008 | — | 25,628 |
| Property transactions, net | — | 37,870 | 2,652 | — | 40,522 |
| Depreciation and amortization | — | 376,251 | 236,860 | — | 613,111 |
| | 58,740 | 4,228,641 | 2,419,400 | (1,805) | 6,704,976 |
| Income from unconsolidated affiliates | — | 65,719 | 244 | — | 65,963 |
| Operating income (loss) | 685,804 | 835,193 | 541,858 | (1,005,430) | 1,057,425 |
| Interest expense, net of amounts capitalized | (592,771) | (360 | | | |