

MGM Resorts International
Form 10-Q
November 05, 2010

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**UNITED STATES
SECURITIES & 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 September 30, 2010

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 Zip Code)
(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 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, or 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 (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if smaller reporting company)

Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act):

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Yes or 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 November 1, 2010
Common Stock, \$.01 par value	482,369,501 shares

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES
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	September 30, 2010	December 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 552,757	\$ 2,056,207
Accounts receivable, net	324,206	368,474
Inventories	93,479	101,809
Income tax receivable	180,181	384,555
Deferred income taxes	22,681	38,487
Prepaid expenses and other	115,497	103,969
Total current assets	1,288,801	3,053,501
Property and equipment, net	14,697,192	15,069,952
Other assets		
Investments in and advances to unconsolidated affiliates	2,115,760	3,611,799
Goodwill	86,353	86,353
Other intangible assets, net	342,995	344,253
Other long-term assets, net	605,271	352,352
Total other assets	3,150,379	4,394,757
	\$ 19,136,372	\$ 22,518,210
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable	\$ 153,049	\$ 173,719
Current portion of long-term debt		1,079,824
Accrued interest on long-term debt	223,106	206,357
Other accrued liabilities	942,802	923,701
Total current liabilities	1,318,957	2,383,601
Deferred income taxes	2,400,984	3,031,303
Long-term debt	12,623,851	12,976,037

Other long-term obligations	252,209	256,837
Commitments and contingencies (Note 4)		
Stockholders equity		
Common stock, \$.01 par value: authorized 600,000,000 shares; Issued and outstanding 441,339,770 and 441,222,251 shares	4,413	4,412
Capital in excess of par value	3,465,253	3,497,425
Retained earnings (accumulated deficit)	(927,676)	370,532
Accumulated other comprehensive loss	(1,619)	(1,937)
Total stockholders equity	2,540,371	3,870,432
	\$ 19,136,372	\$ 22,518,210

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

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CONSOLIDATED STATEMENTS OF OPERATIONS***(In thousands, except per share data)**(Unaudited)*

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
Revenues				
Casino	\$ 633,983	\$ 699,806	\$ 1,834,132	\$ 1,990,103
Rooms	331,424	340,165	990,546	1,045,504
Food and beverage	343,180	344,284	1,019,553	1,040,540
Entertainment	123,907	128,568	364,524	369,998
Retail	52,618	54,525	147,569	156,785
Other	145,375	122,549	403,214	376,768
Reimbursed costs	88,551	15,524	272,235	42,480
	1,719,038	1,705,421	5,031,773	5,022,178
Less: Promotional allowances	(161,333)	(172,198)	(478,981)	(496,005)
	1,557,705	1,533,223	4,552,792	4,526,173
Expenses				
Casino	346,806	367,720	1,039,118	1,093,068
Rooms	111,711	108,273	320,466	325,247
Food and beverage	197,836	196,778	585,123	590,137
Entertainment	91,129	91,422	272,386	267,786
Retail	32,093	33,684	90,671	99,760
Other	88,144	75,737	250,298	218,082
Reimbursed costs	88,551	15,524	272,235	42,480
General and administrative	292,456	290,766	850,914	825,623
Corporate expense	30,715	31,928	87,543	99,295
Preopening and start-up expenses	30	10,058	4,061	27,539
Property transactions, net	318,154	971,208	1,445,125	779,331
Depreciation and amortization	158,857	170,651	486,757	521,877
	1,756,482	2,363,749	5,704,697	4,890,225
Loss from unconsolidated affiliates	(7,124)	(132,893)	(114,236)	(113,169)
Operating loss	(205,901)	(963,419)	(1,266,141)	(477,221)
Non-operating income (expense)				
Interest income	1,142	857	2,784	11,535
Interest expense, net	(285,139)	(181,899)	(840,483)	(554,822)

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Non-operating items from unconsolidated affiliates	(27,185)	(14,613)	(82,109)	(38,058)
Other, net	6,156	826	154,958	(234,693)
	(305,026)	(194,829)	(764,850)	(816,038)
Loss before income taxes	(510,927)	(1,158,248)	(2,030,991)	(1,293,259)
Benefit for income taxes	192,936	407,860	732,783	435,495
Net loss	\$ (317,991)	\$ (750,388)	\$ (1,298,208)	\$ (857,764)
Loss per share of common stock				
Basic	\$ (0.72)	\$ (1.70)	\$ (2.94)	\$ (2.40)
Diluted	\$ (0.72)	\$ (1.70)	\$ (2.94)	\$ (2.40)

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

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MGM RESORTS INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended September	
	2010	30, 2009
Cash flows from operating activities		
Net loss	\$ (1,298,208)	\$ (857,764)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	486,757	521,877
Amortization of debt discounts, premiums and issuance costs	64,177	36,204
(Gain) loss on retirement of long-term debt	(140,642)	58,631
Provision for doubtful accounts	22,722	43,054
Stock-based compensation	26,156	27,076
Business interruption insurance lost profits		(15,115)
Property transactions, net	1,445,125	779,331
Convertible note investment impairment		175,690
Loss from unconsolidated affiliates	199,839	178,628
Distributions from unconsolidated affiliates	27,910	43,527
Change in deferred income taxes	(587,172)	(271,736)
Change in current assets and liabilities:		
Accounts receivable	(12,578)	(50,875)
Inventories	8,330	10,259
Income taxes receivable and payable, net	195,831	(114,659)
Prepaid expenses and other	(11,528)	(20,627)
Accounts payable and accrued liabilities	(46,654)	(22,392)
Business interruption insurance recoveries		16,391
Other	333	(19,184)
 Net cash provided by operating activities	 380,398	 518,316
 Cash flows from investing activities		
Capital expenditures, net of construction payable	(128,539)	(122,684)
Proceeds from sale of Treasure Island, net		746,266
Dispositions of property and equipment	6,674	22,067
Investments in and advances to unconsolidated affiliates	(408,000)	(922,067)
Distributions from cost method investments	110,176	
Property damage insurance recoveries		7,186
Other	(1,233)	(5,054)
 Net cash used in investing activities	 (420,922)	 (274,286)
 Cash flows from financing activities		
Net repayments under bank credit facilities maturities of 90 days or less	(2,902,807)	(2,485,000)

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Borrowings under bank credit facilities maturities longer than 90 days	8,302,606	6,661,492
Repayments under bank credit facilities maturities longer than 90 days	(7,521,601)	(5,576,340)
Issuance of senior notes, net	1,995,000	1,921,751
Retirement of senior notes	(1,154,479)	(1,119,090)
Debt issuance costs	(98,531)	(113,227)
Issuance of common stock in public offering, net		1,103,737
Capped call transactions	(81,478)	
Payment of Detroit Economic Development Corporation bonds		(49,393)
Other	(1,636)	(768)
Net cash provided by (used in) financing activities	(1,462,926)	343,162
Cash and cash equivalents		
Net increase (decrease) for the period	(1,503,450)	587,192
Change in cash related to assets held for sale		14,154
Balance, beginning of period	2,056,207	295,644
Balance, end of period	\$ 552,757	\$ 896,990
Supplemental cash flow disclosures		
Interest paid, net of amounts capitalized	\$ 759,557	\$ 500,429
Federal, state and foreign income taxes paid, net of refunds	(331,218)	(55,323)
Non-cash investing and financing activities		
Increase (decrease) in investment in CityCenter related to change in completion guarantee liability	\$ 348,317	\$ (141,000)

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

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MGM RESORTS INTERNATIONAL AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
NOTE 1 ORGANIZATION AND BASIS OF PRESENTATION

Organization. MGM Resorts International (the Company) is a Delaware corporation, formerly named MGM MIRAGE. As of September 30, 2010, approximately 37% of the outstanding shares of the Company's common stock were owned by Tracinda Corporation, a Nevada corporation wholly owned by Kirk Kerkorian. Giving effect to the October 2010 issuance of common stock by the Company and the sale of common stock owned by Tracinda in connection with that transaction (see Note 7), Tracinda Corporation's ownership percentage decreased to 28%. Tracinda Corporation has significant influence with respect to the election of directors and other matters, but it does not have the power to solely determine these matters. MGM Resorts International 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. Other Nevada operations include Circus Circus Reno, Gold Strike in Jean, and Railroad Pass in Henderson. The Company and its local partners own and operate MGM Grand Detroit in Detroit, Michigan. The Company also owns and operates two resorts in Mississippi: Beau Rivage in Biloxi and Gold Strike 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 completed the sale of Treasure Island (TI) casino resort in March 2009.

The Company owns 50% of CityCenter, located between Bellagio and Monte Carlo. The other 50% of CityCenter is owned by Infinity World Development Corp (Infinity World), a wholly-owned subsidiary of Dubai World, a Dubai, United Arab Emirates government decree entity. CityCenter consists of Aria, a 4,000-room casino resort; Mandarin Oriental Las Vegas, a 400-room non-gaming boutique hotel; Crystals, a 425,000 square foot retail district; and Vdara, a 1,495-room luxury condominium-hotel. In addition, CityCenter features residential units in the Residences at Mandarin Oriental 225 units and Veer approximately 670 units. Aria, Vdara, Mandarin Oriental and Crystals all opened in December 2009 and the residential units within CityCenter began closing in early 2010. The Company receives a management fee of 2% of gross 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.

The Company has 50% interests in MGM Macau, Grand Victoria and Silver Legacy. Pansy Ho Chiu-King owns the other 50% of MGM Macau. 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. Silver Legacy is located in Reno, adjacent to Circus Circus Reno, and the other 50% is owned by Eldorado LLC.

The Company also has a 50% economic interest in Borgata Hotel Casino Spa located on Renaissance Pointe in the Marina area of Atlantic City, New Jersey; the Company's interest is held in trust and currently offered for sale. Boyd Gaming Corporation owns the other 50% of Borgata and also operates the resort. See Note 2 for further discussion of Borgata.

The Company owns additional land adjacent to Borgata, a portion of which consists of common roads, landscaping and master plan improvements, and a portion of which was planned for a wholly-owned development, MGM Grand Atlantic City. As part of the settlement discussed in Note 2, the Company has agreed that an affiliate of the Company would withdraw its license application for this development.

MGM Hospitality seeks to leverage the Company's management expertise and well-recognized brands through strategic partnerships and international expansion opportunities, both gaming and non-gaming, while focusing on international growth. The Company has entered into management agreements for casino and non-casino resorts throughout the world including developments located in the People's Republic of China, India, Egypt, Vietnam and the United Arab Emirates.

Financial statement impact of the Monte Carlo fire. The Company maintains insurance for both property damage and business interruption relating to catastrophic events, such as the rooftop fire at Monte Carlo in January 2008. Business interruption insurance covers lost profits and other costs incurred during the closure period and up to six months following re-opening.

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Non-refundable insurance recoveries received in excess of the net book value of damaged assets, clean-up and demolition costs, and post-event costs are recognized as income in the period received or committed based on the Company's estimate of the total claim for property damage and business interruption compared to the recoveries received at that time. Gains on insurance recoveries related to business interruption are recorded within General and administrative expenses and gains related to property damage are recorded within Property transactions, net. Insurance recoveries related to business interruption are classified as operating cash flows and recoveries related to property damage are classified as investing cash flows in the statement of cash flows.

The Company settled its final claim with its insurance carriers related to the Monte Carlo fire in the first quarter of 2009 for a total of \$74 million. The pre-tax impact on the Company's statements of operations for the nine month period ending September 30, 2009 related to such insurance recoveries included a \$15 million reduction of General and administrative expense and a \$7 million offset to Property transactions, net.

Fair value measurement. Fair value measurements affect the Company's accounting and impairment assessments of its long-lived assets, investments in unconsolidated affiliates, cost method investments, goodwill, and other intangibles. 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.

In connection with its accounting for the March 2010 amended and restated credit facility as discussed in Note 3, the Company estimated fair value of its senior credit facility using Level 1 inputs. The Company also uses Level 1 inputs for its long-term debt fair value disclosures. When assessing impairment of its investments in unconsolidated affiliates, the Company estimates such fair value using a discounted cash flow analysis utilizing Level 3 inputs, including market indicators of discount rates and terminal year capitalization rates.

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

Recently issued accounting standards. Certain amendments to Accounting Standards Codification (ASC) Topic 810, Consolidation, became effective for the Company beginning January 1, 2010. Such amendments include changes to the quantitative approach to determine the primary beneficiary of a variable interest entity (VIE). An enterprise must determine if its variable interest or interests give it a controlling financial interest in a VIE by evaluating whether 1) the enterprise has the power to direct activities of the VIE that have a significant effect on economic performance, and 2) the enterprise has an obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the VIE. The amendments to ASC 810 also require ongoing reassessments of whether an enterprise is the primary beneficiary of a VIE. The adoption of these amendments did not have a material effect on the Company's consolidated financial statements.

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 generally accepted accounting principles have been condensed or omitted. These consolidated financial statements should be read in conjunction with the Company's 2009 annual consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

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 financial position as of September 30, 2010 and the results of its operations and cash flows for the three and nine month periods ended September 30, 2010 and 2009. The results of operations for such periods are not necessarily indicative of the results to be expected for the full year. Certain reclassifications, which have no effect on previously reported net income, have been made to the 2009 financial statements to conform to the 2010 presentation. The prior year reclassifications relate to the classification of reimbursed costs as separate financial statement line items, while in past periods these costs were recorded to Other revenues and expenses. The total amount reclassified to reimbursed costs revenue and expense for the three and nine months ended 2009 was \$16 million and \$42 million, respectively.

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

	September 30, 2010	December 31, 2009
	<i>(In thousands)</i>	
CityCenter Holdings, LLC CityCenter (50%)	\$ 1,471,435	\$ 2,546,099
Marina District Development Company Borgata (50%)		466,774
Elgin Riverboat Resort Riverboat Casino Grand Victoria (50%)	293,703	296,248
MGM Grand Paradise Limited Macau (50%)	310,684	258,465
Circus and Eldorado Joint Venture Silver Legacy (50%)	27,603	28,345
Other	12,335	15,868
	\$ 2,115,760	\$ 3,611,799

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,	
	2010	2009	2010	2009
	<i>(In thousands)</i>			
Loss from unconsolidated affiliates	\$ (7,124)	\$ (132,893)	\$ (114,236)	\$ (113,169)
Preopening and start-up expenses		(10,671)	(3,494)	(27,401)
Non-operating items from unconsolidated affiliates	(27,185)	(14,613)	(82,109)	(38,058)
	\$ (34,309)	\$ (158,177)	\$ (199,839)	\$ (178,628)

CityCenter. In accordance with the CityCenter joint venture agreement, as amended, and the CityCenter bank credit facility, as amended, the Company has provided an unlimited completion and cost overrun guarantee see Note 4 for further discussion. The first \$250 million of net residential sales proceeds are allowed to be used to fund project costs which would otherwise be funded under the completion guarantee. As of September 30, 2010, the Company has funded \$408 million under the completion guarantee. The Company has recorded a receivable from CityCenter of \$129 million related to these amounts, which represents amounts reimbursable to the Company from CityCenter from future residential proceeds.

The joint venture agreement provides that the first \$494 million of available distributions must be distributed on a priority basis to Infinity World, with the next \$494 million of distributions made to the Company, and distributions shared equally thereafter. In July 2010, the Company and Infinity World made capital contributions of \$32.5 million each. The Company's contribution was made through a reduction in its receivable from CityCenter. A portion of Infinity World's cash contribution was used to repay an additional portion of the amounts owed to the Company for costs paid by the Company on behalf of the joint venture.

At June 30, 2010 the Company reviewed its CityCenter investment for impairment using revised operating forecasts developed by CityCenter management late in the second quarter. Based on current and forecasted market conditions and because CityCenter's results of operations through June 30, 2010 were below previous forecasts, and the revised operating forecasts were lower than previous forecasts, management concluded it should review the carrying value of its investment. The Company determined that the carrying value of its investment exceeded its fair value determined using a discounted cash flow analysis and therefore an impairment was indicated. The Company intends to and believes it will be able to retain its investment in CityCenter; however, due to the extent of the shortfall

and the Company's assessment of the uncertainty of fully recovering its investment, the Company determined that the impairment was other-than-temporary and recorded an impairment charge of \$1.12 billion included in Property transactions, net.

At September 30, 2010, the Company recognized an increase of \$232 million in its total net obligation under its CityCenter completion guarantee, and a corresponding increase in its investment in CityCenter. The increase primarily reflects revisions to prior estimates based on the Company's assessment of the most current information derived from the CityCenter close-out and litigation processes and does not reflect certain potential recoveries that are being pursued as part of the litigation process. The Company completed an impairment review as of September 30, 2010 and as a result recorded an additional other-than-temporary impairment of \$182 million in the third quarter of 2010, included in Property transactions, net.

The Company's discounted cash flow analyses for CityCenter as of June 30, 2010 and September 30, 2010 included future cash inflows from operations, including residential sales, and estimated future cash

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outflows for capital expenditures. Both analyses used an 11% discount rate and a long term growth rate of 4% related to forecasted cash flows for CityCenter's operating assets.

Included in loss from unconsolidated affiliates for the three and nine months ended September 30, 2010 is the Company's share of impairment charges relating to completed CityCenter residential inventory. Due to the completion of construction of the Mandarin Oriental residential inventory in the first quarter and completion of the Veer residential inventory in the second quarter, CityCenter is required to carry its residential inventory at the lower of its carrying value or fair value less costs to sell. CityCenter determines fair value of its residential inventory using a discounted cash flow analysis based on management's current expectations of future cash flows. The key inputs in the discounted cash flow analysis included estimated sales prices of units currently under contract and new unit sales, the absorption rate over the sell-out period, and the discount rate. CityCenter management determined the fair value less costs to sell was below carrying value and as a result recorded impairment charges for the Mandarin Oriental residential inventory in the first quarter of \$171 million and the Veer residential inventory in the second quarter of \$57 million. In addition, CityCenter recorded residential impairment charges of \$93 million in the third quarter due to an increase in estimated final construction costs of the residential components. The Company recognized its 50% share of such impairment charges, resulting in pre-tax charges of approximately \$46 million and \$161 million in the three and nine month periods ended September 30, 2010, respectively.

Included in loss from unconsolidated affiliates for the three and nine months ended September 30, 2009 is the Company's share of an impairment charge relating to CityCenter residential real estate under development (REUD). CityCenter was required to review its REUD for impairment as of September 30, 2009, mainly due to CityCenter's September 2009 decision to discount the prices of its residential inventory by 30%. This decision and related market conditions led to CityCenter management's conclusion that the carrying value of the REUD is not recoverable based on estimates of undiscounted cash flows. As a result, CityCenter was required to compare the fair value of its REUD to its carrying value and record an impairment charge for the shortfall. Fair value of the REUD was determined using a discounted cash flow analysis based on management's current expectations of future cash flows. The key inputs in the discounted cash flow analysis included estimated sales prices of units currently under contract and new unit sales, the absorption rate over the sell-out period, and the discount rate. This analysis resulted in an impairment charge of approximately \$348 million of the REUD. The Company recognized its 50% share of such impairment charge, adjusted by certain basis differences, resulting in a pre-tax charge of \$203 million.

During the third quarter of 2010, CityCenter management determined that it is unlikely that the Harmon Hotel & Spa (Harmon) will be completed using the building as it now stands. As a result, CityCenter recorded an impairment charge of \$279 million in the third quarter of 2010 related to construction in progress assets. The impairment of Harmon did not affect the Company's loss from unconsolidated affiliates, because the Company's 50% share of the impairment charge had previously been recognized by the Company in connection with prior impairments of its investment balance.

Summary balance sheet information for CityCenter is provided below:

	September 30, 2010	December 31, 2009
	<i>(In thousands)</i>	
Current assets	\$ 197,787	\$ 234,383
Property and other assets, net	9,572,733	10,499,278
Current liabilities	589,636	983,419
Long-term debt and other liabilities	2,670,670	2,620,869
Equity	6,510,214	7,129,373

Summary results of operations for CityCenter are provided below:

Three Months Ended September 30,	Nine Months Ended September 30,
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	2010	2009	2010	2009
			<i>(In thousands)</i>	
Net revenues	\$ 412,895	\$	\$ 1,073,441	\$ 2,648
Operating expenses, except preopening expenses	(813,394)	(351,046)	(1,851,159)	(359,435)
Preopening and start-up expenses		(21,343)	(6,202)	(53,171)
Operating loss	(400,499)	(372,389)	(783,920)	(409,958)
Other non-operating expense	(65,807)	(1,516)	(179,252)	(8,668)
Net loss	\$ (466,306)	\$ (373,905)	\$ (963,172)	\$ (418,626)

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Borgata. In March 2010, the New Jersey Casino Control Commission (the CCC) approved the Company's settlement agreement with the New Jersey Division of Gaming Enforcement (the DGE) pursuant to which the Company placed its 50% ownership interest in the Borgata Hotel Casino & Spa and related leased land in Atlantic City into a divestiture trust. Following the transfer of these interests into trust, the Company ceased to be regulated by the CCC or the DGE, except as otherwise provided by the trust agreement and the settlement agreement. Boyd Gaming Corporation's (Boyd) 50% interest is not affected by the settlement.

The terms of the settlement mandate the sale of the trust property within a 30-month period. During the first 18 months, the Company has the right to direct the trustee to sell the trust property, subject to approval of the CCC. If a sale is not concluded by that time, the trustee is responsible for selling the trust property during the following 12-month period. Prior to the consummation of the sale, the divestiture trust will retain any cash flows received in respect of the trust property, but will pay property taxes and other costs attributable to the trust property to the extent that minimum trust cash balances are maintained. The Company is the sole economic beneficiary of the trust and will be permitted to reapply for a New Jersey gaming license beginning 30 months after the completion of the sale of the trust assets.

As a result of the Company's ownership interest in Borgata being placed into a trust the Company no longer has significant influence over Borgata; therefore, the Company discontinued the equity method of accounting for Borgata at the point the assets were placed in the trust, and accounts for its rights under the trust agreement under the cost method of accounting. The Company also reclassified the carrying value of its investment related to Borgata to Other long-term assets, net. Earnings and losses that relate to the investment that were previously accrued remain as a part of the carrying amount of the investment. Distributions received by the trust that do not exceed the Company's share of earnings are recognized currently in earnings. However, distributions to the trust that exceed the Company's share of earnings for such periods will be applied to reduce the carrying amount of its investment. The trust received distributions from the joint venture of \$105 million and \$120 million for the three and nine months ended September 30, 2010, respectively, of which \$10 million was paid to Boyd in accordance with the joint venture agreement, as amended. The Company recorded \$88 million and \$94 million as a reduction of the carrying value and \$7 million and \$16 million was recorded as Other, net non-operating income in the three and nine months ended September 30, 2010, respectively.

In connection with the settlement agreement discussed above, the Company entered into an amendment to its joint venture agreement with Boyd to permit the transfer of its 50% ownership interest into trust in connection with the Company's settlement agreement with the DGE. In accordance with such agreement, Boyd received a priority partnership distribution of approximately \$31 million (equal to the excess prior capital contributions by Boyd) upon successful refinancing of the Borgata credit facility in August 2010.

In July 2010, the Company entered into an agreement to sell four long-term ground leases and their respective underlying real property parcels, approximately 11.3 acres, underlying the Borgata for \$73 million. The transaction is subject to customary closing conditions contained in the purchase and sale agreement, including approval by the CCC and the DGE. The Company closed the transaction in November 2010.

In October 2010, the Company received an offer for its 50% economic interest in the Borgata based on an enterprise value of \$1.35 billion for the entire asset and on October 12, 2010, the Company's Board of Directors authorized submission of this offer to Boyd Gaming Corporation which owns the other 50% interest, in accordance with the right of first refusal provisions included in the joint venture agreement. Subsequently, Boyd announced that it does not intend to exercise its right of refusal in connection with such offer. The Company intends to pursue negotiations with the original bidder. Based on Borgata's September debt balances, the offer equates to slightly in excess of \$250 million for the Company's 50% interest. This was less than the carrying value of the Company's investment in Borgata; therefore, the Company recorded a pre-tax impairment charge of approximately \$128 million at September 30, 2010, recorded in Property transactions, net. The consummation of any transaction as a result of the offer is subject to negotiation of final documents, due diligence, and regulatory approval.

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Long-term debt consisted of the following:

	September 30, 2010	December 31, 2009
	<i>(In thousands)</i>	
Senior credit facility:		
Term loans, net	\$ 2,570,060	\$ 2,119,037
Revolving loans	660,000	3,392,806
\$297 million 9.375% senior subordinated notes, repaid in 2010		298,135
\$645.8 million 8.5% senior notes, repaid in 2010		781,689
\$325.5 million 8.375% senior subordinated notes, due 2011	325,470	400,000
\$128.7 million 6.375% senior notes, due 2011, net	128,973	129,156
\$544.7 million 6.75% senior notes, due 2012	544,650	544,650
\$484.2 million 6.75% senior notes, due 2013	484,226	484,226
\$150 million 7.625% senior subordinated debentures, due 2013, net	152,576	153,190
\$750 million 13% senior secured notes, due 2013, net	713,695	707,144
\$508.9 million 5.875% senior notes, due 2014, net	507,844	507,613
\$650 million 10.375% senior secured notes, due 2014, net	635,768	633,463
\$875 million 6.625% senior notes, due 2015, net	877,878	878,253
\$1,150 million 4.25% convertible senior notes, due 2015	1,150,000	
\$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
\$743 million 7.625% senior notes, due 2017	743,000	743,000
\$850 million 11.125% senior secured notes, due 2017, net	829,766	828,438
\$475 million 11.375% senior notes, due 2018, net	463,622	462,906
\$845 million 9% senior secured notes, due 2020	845,000	
Floating rate convertible senior debentures, due 2033	8,472	8,472
\$0.6 million 7% debentures, due 2036, net	573	573
\$4.3 million 6.7% debentures, due 2096	4,265	4,265
Other notes	2,364	3,196
	12,623,851	14,055,861
Less: Current portion		(1,079,824)
	\$ 12,623,851	\$ 12,976,037

As of September 30, 2010, long-term debt due within one year of the balance sheet date is classified as long-term because the Company has both the intent and ability to repay these amounts with available borrowings under the senior credit facility.

Interest expense, net consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	<i>(In thousands)</i>			
Total interest incurred	\$ 285,139	\$ 257,406	\$ 840,483	\$ 765,275
Interest capitalized		(75,507)		(210,453)

\$ 285,139 \$ 181,899 \$ 840,483 \$ 554,822

Senior credit facility. The Company's senior credit facility was amended and restated in March 2010, and consisted of approximately \$2.7 billion in term loans (of which approximately \$874 million was required to be repaid by October 3, 2011) and a \$2.0 billion revolving loan (of which approximately \$302 million was required to be repaid by October 3, 2011). The Company had approximately \$1.3 billion of available borrowing capacity under its senior credit facility at September 30, 2010.

The Company accounted for the modification related to the extending term loans as an extinguishment of debt because the applicable cash flows under the extended term loans are more than 10% different from the applicable cash flows under the previous loans. Therefore, the extended term loans were recorded at fair value resulting in a \$181 million gain and a discount of \$181 million to be amortized to interest expense over the

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term of the extended term loans. In the three and nine months ended September 30, 2010, the Company had \$10 million and \$21 million, respectively, of interest related to the amortization of these loans. Fair value of the estimated term loans was based on trading prices immediately after the transaction. In addition, the Company wrote off \$15 million of existing debt issuance costs related to the previous term loans and had expense of \$22 million for new debt issuance costs incurred related to amounts paid to extending term loan lenders in connection with the modification. The Company also wrote off \$2 million of existing debt issuance costs related to the reduction in capacity under the non-extending revolving portion of the senior credit facility. In total, the Company recognized a net pre-tax gain on extinguishment of debt of \$142 million in Other, net non-operating income in the first quarter of 2010.

Because net proceeds from the Company's October 2010 common stock offering discussed in Note 7 were in excess of \$500 million, the Company was required to ratably repay indebtedness under the senior credit facility of \$5.9 million, which equals 50% of such excess. The Company used the net proceeds from its October 2010 senior notes offering discussed below and a portion of the net proceeds from its October 2010 common stock offering to repay the remaining amounts owed to non-extending lenders under its senior credit facility. Loans and revolving commitments aggregating approximately \$3.6 billion (the extending loans) were extended to February 21, 2014, which consists of approximately \$1.9 billion in term loans and \$1.7 billion in revolving loans. The restated loan agreement allows the Company to refinance indebtedness maturing prior to February 21, 2014, but limits the Company's ability to prepay later maturing indebtedness until the extended facilities are paid in full. The Company may issue unsecured debt, equity-linked and equity securities to refinance its outstanding indebtedness; however, a) indebtedness issued in amounts in excess of \$250 million over amounts used to refinance indebtedness requires ratable prepayment of the credit facilities in an amount equal to 50% of the net cash proceeds of such excess, and b) equity issued in amounts in excess of \$500 million (which limit the Company reached with its October 2010 stock offering) requires ratable prepayment of the credit facilities in an amount equal to 50% of the net cash proceeds of such excess except to the extent such equity was issued in exchange for the Company's indebtedness.

Interest on the senior credit facility is based on a LIBOR margin of 5.00% (or, in the case of the non-extending loans, 4.00%), with a LIBOR floor of 2.00%, and a base rate margin of 4.00% (or, in the case of the non-extending loans, 3.00%), with a base rate floor of 4.00%. The weighted average interest rate on outstanding borrowings under the senior credit facility at September 30, 2010 and December 31, 2009 was 6.7% and 6.0%, respectively.

At September 30, 2010, the Company was required under its senior credit facility to maintain a minimum trailing annual EBITDA (as defined) of \$1.0 billion. Additionally, the Company is limited to \$400 million of annual capital expenditures (as defined) during 2010. At September 30, 2010, the Company was in compliance with the minimum EBITDA and maximum capital expenditures covenants.

Senior notes. In February 2010, the Company repaid the \$297 million of outstanding principal amount of its 9.375% senior subordinated notes due 2010 at maturity. During the second quarter of 2010 the Company repurchased \$136 million principal amount of its 8.5% senior notes due 2010 and \$75 million principal amount of its 8.375% senior notes due 2011 essentially at par. In September 2010, the Company repaid the remaining \$646 million of outstanding principal of its 8.5% senior notes due 2010 at maturity.

In March 2010, the Company issued \$845 million of 9% senior secured notes due 2020 for net proceeds to the Company of \$826 million. The notes are secured by the equity interests and substantially all of the assets of MGM Grand Las Vegas and otherwise rank equally in right of payment with the Company's existing and future senior indebtedness. Upon the issuance of such notes, the holders of the Company's 13% senior notes due 2013 obtained an equal and ratable lien in all collateral securing these notes. The Company used the net proceeds from the senior note issuance to permanently repay approximately \$820 million of loans previously outstanding under its credit facility.

In October 2010, the Company issued \$500 million of 10% senior notes due 2016, issued at a discount to yield 10.25%, for net proceeds to the Company of approximately \$486 million. The notes are unsecured and otherwise rank equally in right of payment with the Company's existing and future senior indebtedness.

Senior convertible notes. In April 2010, the Company issued \$1.15 billion of 4.25% convertible senior notes due 2015 for net proceeds to the Company of \$1.12 billion. The notes are general unsecured obligations of the Company and rank equally in right of payment with the Company's other existing senior unsecured indebtedness. The Company used the net proceeds from the senior convertible note issuance to temporarily repay amounts outstanding under its

senior credit facility.

The notes are convertible at an initial conversion rate of approximately 53.83 shares of the Company's common stock per \$1,000 principal amount of the notes, representing an initial conversion price of approximately \$18.58 per share of the Company's common stock. The initial conversion rate was determined

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based on the closing trading price of the Company's common stock on the date of the transaction, plus a 27.5% premium. The terms of the notes do not provide for any beneficial conversion features.

In connection with the offering, the Company entered into capped call transactions to reduce the potential dilution of the Company's stock upon conversion of the notes. The capped call transactions have a cap price equal to approximately \$21.86 per share. The Company paid approximately \$81 million for the capped call transactions, which is reflected as a decrease in "Capital in excess of par value" net of \$29 million of associated tax benefits.

Financial instruments that are indexed to an entity's own stock and are classified as stockholders' equity in an entity's statement of financial position are not considered within the scope of derivative instruments. The Company performed an evaluation of the embedded conversion option and capped call transactions, which included an analysis of contingent exercise provisions and settlement requirements, and determined that the embedded conversion option and capped call transactions are considered indexed to the Company's stock and should be classified as equity, and therefore are not accounted for as derivative instruments. Accordingly, the entire face amount of the notes was recorded as debt until converted or retired at maturity, and the capped call transactions were recorded within equity as described above.

Fair value of long-term debt. The estimated fair value of the Company's long-term debt at September 30, 2010 was approximately \$12.1 billion, compared to its book value of \$12.6 billion. At December 31, 2009, the estimated fair value of the Company's long-term debt was approximately \$12.9 billion, compared to its book value of \$14.1 billion. The estimated fair value of the Company's senior notes, senior subordinated notes and senior credit facility were based on quoted market prices.

NOTE 4 COMMITMENTS AND CONTINGENCIES

CityCenter completion guarantee. The Company entered into a completion guarantee requiring an unlimited completion and cost overrun guarantee from the Company, secured by its interests in the assets of Circus Circus Las Vegas and certain adjacent undeveloped land. The terms of the completion guarantee provide for the ability to utilize up to \$250 million of net residential proceeds to fund construction costs, though the timing of receipt of such proceeds is uncertain.

As of September 30, 2010 the Company has funded \$408 million under the completion guarantee. The Company has recorded a receivable from CityCenter of \$129 million related to these amounts, which represents amounts reimbursable to the Company from CityCenter from future residential proceeds. At September 30, 2010, the Company recognized an increase of \$232 million in its total net obligation under its CityCenter completion guarantee. The increase primarily reflects revision to prior estimates based on the Company's assessment of the most current information derived from the CityCenter close-out and litigation processes and does not reflect certain potential recoveries that are being pursued as part of the litigation process. Giving effect to the increase in its accrual, the Company has a remaining estimated net obligation under the completion guarantee of \$219 million which includes estimated litigation costs related to the resolution of disputes with contractors as to the final construction costs and reflects certain estimated offsets to the amounts claimed by the contractors. CityCenter has reached, or expects to reach, settlement agreements with most of the construction subcontractors. However, significant disputes remain with the general contractor and certain subcontractors. Amounts claimed by such parties exceed amounts included in the Company's completion guarantee accrual by approximately \$200 million.

CityCenter construction litigation. In March 2010, Perini Building Company, Inc. (Perini), general contractor for the CityCenter development project (the Project), filed a lawsuit in the Eighth Judicial District Court for Clark County, State of Nevada, against MGM MIRAGE Design Group (a wholly-owned subsidiary of the Company which was the original party to the Perini construction agreement) and certain direct or indirect subsidiaries of CityCenter Holdings, LLC (the CityCenter Owners). Perini asserts that the Project was substantially completed, but the defendants failed to pay Perini approximately \$490 million allegedly due and owing under the construction agreement for labor, equipment and materials expended on the Project. The complaint further charges the defendants with failure to provide timely and complete design documents, late delivery to Perini of design changes, mismanagement of the change order process, obstruction of Perini's ability to complete the Harmon Hotel & Spa component, and fraudulent inducement of Perini to compromise significantly amounts due for its general conditions. The complaint advances claims for breach of contract, breach of the implied covenant of good faith and fair dealing, tortious breach of the

implied covenant of good faith and fair dealing, unjust enrichment and promissory estoppel, and fraud and intentional misrepresentation. Perini seeks compensatory damages, punitive damages, attorneys' fees and costs.

In April 2010, Perini served an amended complaint in this case which joins as defendants many owners of CityCenter residential condominium units (the Condo Owner Defendants), adds a count for foreclosure of Perini's recorded master mechanic's lien against the CityCenter property in the amount of approximately \$491 million, and asserts the priority of this mechanic's lien over the interests of the CityCenter Owners, the Condo

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Owner Defendants and the Project lenders in the CityCenter property. In October 2010, Perini recorded an amended notice of lien reducing its lien to approximately \$418 million.

The CityCenter Owners and the other defendants dispute Perini's allegations, and contend that the defendants are entitled to substantial amounts from Perini, including offsets against amounts claimed to be owed to Perini and its subcontractors and damages based on breach of their contractual and other duties to CityCenter, duplicative payment requests, non-conforming work, lack of proof of alleged work performance, defective work related to the Harmon Hotel & Spa component, property damage and Perini's failure to perform its obligations to pay Project subcontractors and to prevent filing of liens against the Project. The CityCenter Owners and the other defendants intend to vigorously assert and protect their interests in the lawsuit. The range of loss beyond the asserted amount or any gain the joint venture may realize related to the defendants' counterclaims cannot be reasonably estimated at this time.

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 \$250 million, and the amount of available borrowings under the senior credit facility is reduced by any outstanding letters of credit. At September 30, 2010, the Company had provided \$37 million of total letters of credit. Though not subject to a letter of credit, the Company had an agreement with the Nevada Gaming Control Board to maintain \$128 million of cash at September 30, 2010 at the corporate level to support normal bankroll requirements at the Company's Nevada operations.

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 5 LOSS PER SHARE OF COMMON STOCK

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

	Three Months Ended September 30, 2010		Nine Months Ended September 30, 2010	
	2009	2009	2010	2009
	<i>(In thousands)</i>			
Weighted-average common shares outstanding (used in the calculation of basic loss per share)	441,328	441,214	441,289	357,348
Potential dilution from stock options and restricted stock				
Weighted-average common and common equivalent shares (used in the calculation of diluted loss per share)	441,328	441,214	441,289	357,348

The Company had a loss from continuing operations for the three and nine months ended September 2010 and 2009. Therefore, the approximately 26.0 million shares and 28.3 million shares at September 30, 2010 and 2009, respectively, underlying outstanding stock-based awards were excluded from the computation of diluted earnings per share for these periods because to include these awards would be anti-dilutive. In addition, the effect of an assumed conversion of the Company's convertible senior notes due 2015 would be anti-dilutive.

NOTE 6 COMPREHENSIVE LOSS

Comprehensive loss consisted of the following:

	Three Months Ended September 30, 2010		Nine Months Ended September 30, 2010	
	2009	2009	2010	2009
	<i>(In thousands)</i>			
Net loss	\$ (317,991)	\$ (750,388)	\$ (1,298,208)	\$ (857,764)

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Currency translation adjustment	1,151	45	388	867
Reclassification of comprehensive income to earnings- M Resort note				53,305
Other			(70)	1,127
	\$ (316,840)	\$ (750,343)	\$ (1,297,890)	\$ (802,465)

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Stock sale. In October 2010, the Company issued 40.9 million shares of its common stock for total net proceeds to the Company of approximately \$512 million. Concurrently with the Company's issuance, Tracinda sold approximately 27.8 million shares of the Company's common stock. The Company will not receive any proceeds from the sale of such common stock by Tracinda. The underwriter has the ability to purchase an additional 6.1 million shares from the Company and 4.2 million shares from Tracinda up to 30 days after the original offering to cover overallocments. Proceeds from the common stock offering were used to repay outstanding amounts under the Company's senior credit facility (see Note 3) and for general corporate purposes. Giving effect to the common stock offering, the Company has approximately 3.7 million authorized shares in excess of its outstanding shares, the underwriter's overallocation option, and shares underlying its outstanding convertible senior notes and share-based awards.

NOTE 8 STOCK-BASED COMPENSATION

Activity under share-based payment plans. As of September 30, 2010, the Company had an aggregate of approximately 14 million shares of common stock available for grant as share-based awards under the Company's omnibus incentive plan. Such capacity is limited as a result of the Company's October 2010 common stock offering as discussed in Note 7. If the underwriter does not exercise the overallocation, such shares will be available to be issued under the omnibus incentive plan. A summary of activity under the Company's share-based payment plans for the nine months ended September 30, 2010 is presented below:

Stock options and stock appreciation rights (SARs)

	Shares (000 s)	Weighted Average Exercise Price
Outstanding at January 1, 2010	28,211	\$ 23.17
Granted	516	12.25
Exercised	(111)	10.36
Forfeited or expired	(3,502)	22.71
Outstanding at September 30, 2010	25,114	23.13
Exercisable at September 30, 2010	17,462	26.60

As of September 30, 2010, there was a total of \$43 million of unamortized compensation related to stock options and stock appreciation rights expected to vest, which is expected to be recognized over a weighted-average period of 1.7 years.

Restricted stock units (RSUs)

	Shares (000 s)	Weighted Average Grant-Date Fair Value
Nonvested at January 1, 2010	1,080	\$ 15.85
Granted		
Vested	(143)	18.87
Forfeited	(43)	15.42
Nonvested at September 30, 2010	894	15.39

As of September 30, 2010, there was a total of \$38 million of unamortized compensation related to RSUs which is expected to be recognized over a weighted-average period of 1.5 years.

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The following table includes additional information related to stock options, SARs and RSUs:

	Nine Months Ended	
	2010	2009
	<i>(In thousands)</i>	
Intrinsic value of share-based awards exercised or RSUs vested	\$ 2,125	\$ 1,594
Income tax benefit from share-based awards exercised or RSUs vested	739	558
Proceeds from stock option exercises		637

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In 2009, the Company began to net settle stock option exercises, whereby shares of common stock are issued equivalent to the intrinsic value of the option less applicable taxes. Accordingly, the Company no longer receives proceeds from the exercise of stock options.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	<i>(In thousands)</i>			
Compensation cost Stock options and SARS	\$ 4,951	\$ 5,650	\$ 14,971	\$ 16,318
RSUs	4,870	5,070	14,996	15,394
Total compensation cost	9,821	10,720	29,967	31,712
Less: CityCenter reimbursed costs	(1,222)	(1,381)	(3,811)	(4,573)
Less: Compensation cost capitalized		(20)		(63)
Compensation cost recognized as expense	8,599	9,319	26,156	27,076
Less: Related tax benefit	(2,996)	(3,244)	(9,102)	(9,381)
Compensation expense, net of tax benefit	\$ 5,603	\$ 6,075	\$ 17,054	\$ 17,695

Compensation costs for SARs is based on the fair value of each award, measured by applying the Black-Scholes model on the date of grant, using the following weighted-average assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Expected volatility	74%	86%	74%	84%
Expected term	4.8yrs.	4.7yrs.	4.8yrs.	4.7yrs.
Expected dividend yield	0%	0%	0%	0%
Risk-free interest rate	1.2%	2.2%	1.6%	2.2%
Forfeiture rate	4.8%	3.4%	4.8%	3.4%
Weighted-average fair value of options granted	\$ 6.24	\$ 5.17	\$ 7.32	\$ 4.54

Expected volatility is based in part on historical volatility and in part on implied volatility based on traded options on the Company's stock. The expected term considers the contractual term of the option as well as historical exercise and forfeiture behavior. The risk-free interest rate is based on the rates in effect on the grant date for U.S. Treasury instruments with maturities matching the relevant expected term of the award.

NOTE 9 PROPERTY TRANSACTIONS, NET

Net property transactions consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	<i>(In thousands)</i>			
CityCenter investment impairment	\$ 182,236	\$ 955,898	\$ 1,304,692	\$ 955,898
Insurance recoveries				(7,186)
Borgata impairment	128,395		128,395	
Gain on sale of TI				(187,442)
Other property transactions, net	7,523	15,310	12,038	18,061

\$ 318,154 \$ 971,208 \$ 1,445,125 \$ 779,331

See Note 2 for discussion of the CityCenter investment and Borgata impairment charges.

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Excluding MGM Grand Detroit, LLC and certain minor subsidiaries, the Company's subsidiaries that are 100% directly or indirectly owned have fully and unconditionally guaranteed, on a joint and several basis, payment of the senior credit facility, the senior notes, senior secured notes and the senior subordinated notes. Separate condensed financial statement information for the subsidiary guarantors and non-guarantors as of September 30, 2010 and December 31, 2009 and for the three and nine month periods ended September 30, 2010 and 2009 is as follows:

CONDENSED CONSOLIDATING BALANCE SHEET INFORMATION**At September 30, 2010**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (In thousands)	Elimination	Consolidated
Current assets	\$ 389,831	\$ 787,652	\$ 111,318	\$	\$ 1,288,801
Property and equipment, net		14,060,691	648,473	(11,972)	14,697,192
Investments in subsidiaries	16,475,240	443,375		(16,918,615)	
Investments in and advances to unconsolidated affiliates		2,115,760			2,115,760
Other non-current assets	306,460	293,145	435,014		1,034,619
	\$ 17,171,531	\$ 17,700,623	\$ 1,194,805	\$ (16,930,587)	\$ 19,136,372
Current liabilities	\$ 438,286	\$ 853,087	\$ 27,584	\$	\$ 1,318,957
Intercompany accounts	(273,661)	144,281	129,380		
Deferred income taxes	2,400,984				2,400,984
Long-term debt	11,876,627	297,224	450,000		12,623,851
Other long-term obligations	188,924	62,671	614		252,209
Stockholders' equity	2,540,371	16,343,360	587,227	(16,930,587)	2,540,371
	\$ 17,171,531	\$ 17,700,623	\$ 1,194,805	\$ (16,930,587)	\$ 19,136,372

At December 31, 2009

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (In thousands)	Elimination	Consolidated
Current assets	\$ 2,143,019	\$ 810,991	\$ 99,491	\$	\$ 3,053,501
Property and equipment, net		14,391,733	690,191	(11,972)	15,069,952
Investments in subsidiaries	17,927,664	447,336		(18,375,000)	
Investments in and advances to unconsolidated affiliates		3,353,334	258,465		3,611,799
Other non-current assets	152,205	507,500	123,253		782,958
	\$ 20,222,888	\$ 19,510,894	\$ 1,171,400	\$ (18,386,972)	\$ 22,518,210
Current liabilities	\$ 344,707	\$ 926,780	\$ 32,290	\$	\$ 1,303,777
Current portion of long-term debt	1,079,824				1,079,824

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Intercompany accounts	(227,808)	120,603	107,205		
Deferred income taxes	3,031,303				3,031,303
Long-term debt	11,929,050	596,987	450,000		12,976,037
Other long-term obligations	195,380	60,867	590		256,837
Stockholders' equity	3,870,432	17,805,657	581,315	(18,386,972)	3,870,432
	\$ 20,222,888	\$ 19,510,894	\$ 1,171,400	\$ (18,386,972)	\$ 22,518,210

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	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (In thousands)	Elimination	Consolidated
Net revenues	\$	\$ 1,438,205	\$ 119,500	\$	\$ 1,557,705
Equity in subsidiaries earnings	(261,353)	36,205		225,148	
Expenses:					
Casino and hotel operations	2,822	891,289	62,159		956,270
General and administrative	2,171	266,745	23,540		292,456
Corporate expense	3,681	27,140	(106)		30,715
Preopening and start-up expenses		30			30
Property transactions, net		318,638	(484)		318,154
Depreciation and amortization		148,617	10,240		158,857
	8,674	1,652,459	95,349		1,756,482
Income (loss) from unconsolidated affiliates		(36,504)	29,380		(7,124)
Operating income (loss)	(270,027)	(214,553)	53,531	225,148	(205,901)
Interest income (expense), net	(266,643)	(9,483)	(7,871)		(283,997)
Other, net	21,133	(34,074)	(8,088)		(21,029)
Income (loss) before income taxes	(515,537)	(258,110)	37,572	225,148	(510,927)
Benefit (provision) for income taxes	197,546	(3,407)	(1,203)		192,936
Net income (loss)	\$ (317,991)	\$ (261,517)	\$ 36,369	\$ 225,148	\$ (317,991)

For the Three Months Ended September 30, 2009

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (In thousands)	Elimination	Consolidated
Net revenues	\$	\$ 1,400,768	\$ 132,455	\$	\$ 1,533,223
Equity in subsidiaries earnings	(918,785)	32,808		885,977	
Expenses:					
Casino and hotel operations	3,617	811,887	73,634		889,138
General and administrative	2,783	264,685	23,298		290,766
Corporate expense	4,702	28,143	(917)		31,928
Preopening and start-up expenses		10,058			10,058
Property transactions, net		971,208			971,208
Depreciation and amortization		161,683	8,968		170,651

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	11,102	2,247,664	104,983		2,363,749
Income (loss) from unconsolidated affiliates		(156,463)	23,570		(132,893)
Operating income (loss)	(929,887)	(970,551)	51,042	885,977	(963,419)
Interest income (expense), net	(239,732)	65,595	(6,905)		(181,042)
Other, net	3,605	(8,139)	(9,253)		(13,787)
Income (loss) before income taxes	(1,166,014)	(913,095)	34,884	885,977	(1,158,248)
Benefit (provision) for income taxes	414,722	(5,690)	(1,172)		407,860
Net income (loss)	\$ (751,292)	\$ (918,785)	\$ 33,712	\$ 885,977	\$ (750,388)

Table of Contents**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION****For the Nine Months Ended September 30, 2010**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (In thousands)	Elimination	Consolidated
Net revenues	\$	\$ 4,147,213	\$ 405,579	\$	\$ 4,552,792
Equity in subsidiaries earnings	(1,384,862)	100,859		1,284,003	
Expenses:					
Casino and hotel operations	8,542	2,606,889	214,866		2,830,297
General and administrative	6,802	769,424	74,688		850,914
Corporate expense	12,195	76,871	(1,523)		87,543
Preopening and start-up expenses		4,061			4,061
Property transactions, net		1,445,609	(484)		1,445,125
Depreciation and amortization		456,174	30,583		486,757
	27,539	5,359,028	318,130		5,704,697
Income (loss) from unconsolidated affiliates		(185,600)	71,364		(114,236)
Operating income (loss)	(1,412,401)	(1,296,556)	158,813	1,284,003	(1,266,141)
Interest income (expense), net	(800,370)	(14,753)	(22,576)		(837,699)
Other, net	168,597	(65,724)	(30,024)		72,849
Income (loss) before income taxes	(2,044,174)	(1,377,033)	106,213	1,284,003	(2,030,991)
Benefit (provision) for income taxes	745,966	(9,425)	(3,758)		732,783
Net income (loss)	\$ (1,298,208)	\$ (1,386,458)	\$ 102,455	\$ 1,284,003	\$ (1,298,208)

For the Nine Months Ended September 30, 2009

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (In thousands)	Elimination	Consolidated
Net Revenues	\$	\$ 4,114,402	\$ 411,771	\$	\$ 4,526,173
Equity in subsidiaries earnings	(373,834)	53,520		320,314	
Expenses:					
Casino and hotel operations	10,551	2,398,939	227,070		2,636,560
General and administrative	6,816	748,545	70,262		825,623
Corporate Expense	29,129	73,484	(3,318)		99,295
Preopening and start-up expenses		27,539			27,539
Property transactions, net		779,331			779,331

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Depreciation and amortization		491,483	30,394		521,877
	46,496	4,519,321	324,408		4,890,225
Income (loss) from unconsolidated affiliates		(128,062)	14,893		(113,169)
Operating income (loss)	(420,330)	(479,461)	102,256	320,314	(477,221)
Interest income (expense), net	(700,749)	173,986	(16,524)		(543,287)
Other, net	(193,196)	(54,345)	(25,210)		(272,751)
Income (loss) before income taxes	(1,314,275)	(359,820)	60,522	320,314	(1,293,259)
Benefit (provision) for income taxes	453,169	(14,014)	(3,660)		435,495
Net Income (loss)	\$ (861,106)	\$ (373,834)	\$ 56,862	\$ 320,314	\$ (857,764)

Table of Contents**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION**

For the Nine Months Ended September 30, 2010

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries (<i>In thousands</i>)	Elimination	Consolidated
Cash flows from operating activities					
Net cash provided by (used in) operating activities	\$ (315,301)	\$ 640,617	\$ 55,082	\$	\$ 380,398
Cash flows from investing activities					
Capital expenditures, net of construction payable		(125,666)	(2,873)		(128,539)
Dispositions of property and equipment		365	6,309		6,674
Investments in and advances to unconsolidated affiliates	(408,000)				(408,000)
Distributions from cost method investments, net		110,176			110,176
Other		(1,233)			(1,233)
Net cash provided by (used in) investing activities	(408,000)	(16,358)	3,436		(420,922)
Cash flows from financing activities					
Net repayments under bank credit facilities - maturities of 90 days or less	(2,732,807)		(170,000)		(2,902,807)
Borrowings under bank credit facilities - maturities longer than 90 days	6,952,606		1,350,000		8,302,606
Repayments under bank credit facilities - maturities longer than 90 days	(6,341,601)		(1,180,000)		(7,521,601)
Issuance of senior notes, net	1,995,000				1,995,000
Retirement of senior notes	(857,523)	(296,956)			(1,154,479)
Debt issuance costs	(98,531)				(98,531)
Intercompany accounts	356,238	(302,844)	(53,394)		
Capped call transactions	(81,478)				(81,478)
Other	(635)	(951)	(50)		(1,636)
Net cash used in financing activities	(808,731)	(600,751)	(53,444)		(1,462,926)

Cash and cash equivalents

Net increase (decrease) for the period	(1,532,032)	23,508	5,074	(1,503,450)
Balance, beginning of period	1,718,616	263,386	74,205	2,056,207
Balance, end of period	\$ 186,584	\$ 286,894	\$ 79,279	\$ 552,757

For the Nine Months Ended September 30, 2009

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Elimination	Consolidated
			<i>(In thousands)</i>		
Cash flows from operating activities					
Net cash provided by (used in) operating activities	\$ (446,908)	\$ 968,950	\$ (3,726)	\$	\$ 518,316
Cash flows from investing activities					
Capital expenditures, net of construction payable		(121,801)	(883)		(122,684)
Proceeds from sale of Treasure Island, net		746,266			746,266
Dispositions of property and equipment		22,067			22,067
Investments in and advances to unconsolidated affiliates		(916,144)		(5,923)	(922,067)
Property damage insurance recoveries		7,186			7,186
Other		(5,054)			(5,054)
Net cash used in investing activities		(267,480)	(883)	(5,923)	(274,286)
Cash flows from financing activities					
Net repayments under bank credit facilities maturities of 90 days or less	(2,271,400)		(213,600)		(2,485,000)
Borrowings under bank credit facilities maturities longer than 90 days	6,211,492		450,000		6,661,492
Repayments under bank credit facilities maturities longer than 90 days	(5,386,340)		(190,000)		(5,576,340)
Issuance of senior notes, net	1,921,751				1,921,751
Retirement of senior notes	(762,648)	(356,442)			(1,119,090)
Debt issuance costs	(113,227)				(113,227)
	1,103,737				1,103,737

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Issuance of common stock in public offering, net					
Intercompany accounts	1,111,254	(1,165,111)	47,934	5,923	
Payment of Detroit Economic Development Corporation bonds			(49,393)		(49,393)
Other	233	(954)	(47)		(768)
Net cash provided by (used in) financing activities	1,814,852	(1,522,507)	44,894	5,923	343,162
Cash and cash equivalents					
Net increase (decrease) for the period	1,367,944	(821,037)	40,285		587,192
Change in cash related to assets held for sale		14,154			14,154
Balance, beginning of period	(2,444)	267,602	30,486		295,644
Balance, end of period	\$ 1,365,500	\$ (539,281)	\$ 70,771	\$	\$ 896,990

Table of Contents**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 (MD&A) contains forward-looking statements that involve risks and uncertainties. Please see 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 combined financial statements and notes for the fiscal year ended December 31, 2009, which were included in our Form 10-K, filed with the SEC on February 26, 2010. 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.

Executive Overview*General*

Our primary business is the ownership and operation of casino resorts, which includes offering gaming, hotel, dining, entertainment, retail and other resort amenities. Over half of our net revenue is derived from non-gaming activities, a higher percentage than many of our competitors, as our operating philosophy is to provide a complete resort experience for our guests, including non-gaming amenities that allow us to charge premium prices based on their quality. Our significant convention and meeting facilities allow us to maximize hotel occupancy and customer volumes during off-peak times such as mid-week or during traditionally slower leisure travel periods, which also leads to better labor utilization. We believe that we own several of the premier casino resorts in the world and have continually reinvested in our resorts to maintain our competitive advantage.

As a resort-based company, our operating results are highly dependent on the volume of customers and demand for our hotel rooms and other amenities, which in turn affects the prices we can charge. We also generate a significant portion of our operating income from high-end gaming customers, which can cause variability in our results. Key performance indicators related to revenue 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 win percentage is in the range of 18% to 22% of table games drop and our normal slots win percentage is in the range of 7% to 8% of slots handle; and

Hotel revenue indicators hotel occupancy (a volume indicator); average daily rate (ADR, a price indicator); revenue per available room (REVPAR, a summary measure of hotel results, combining ADR and occupancy rate).

Most of our revenue is essentially cash-based, through customers wagering with cash or paying for non-gaming services with cash or credit cards. Our resorts, like many in the industry, generate significant operating cash flow. Our industry is capital intensive and we rely heavily on the ability of our resorts to generate operating cash flow to repay debt financing, fund maintenance capital expenditures and provide excess cash for future development.

We generate a majority of our net revenues and operating income from our resorts in Las Vegas, Nevada, which exposes us to certain risks outside of our control, such as increased competition from new or expanded Las Vegas resorts, and from the expansion of gaming in California. We are also exposed to risks related to tourism and the general economy, including national and global economic conditions and terrorist attacks or other global events.

Our results of operations do not tend to be seasonal in nature, although a variety of factors may affect the results of any interim period, including the timing of major Las Vegas conventions, the amount and timing of marketing and special events for our high-end customers, and the level of play during major holidays, including New Year's and Chinese New Year. We market to different customer segments to manage our hotel occupancy, such as targeting large conventions to ensure mid-week occupancy. Our results do not depend on key individual customers, although our success in marketing to customer groups, such as convention customers, or the financial health of customer segments, such as business travelers or high-end gaming customers from a particular country or region, can affect our results.

Effect of Economic Factors on Results of Operations

The state of the U.S. economy has negatively affected our results of operations over the past several years and we expect to continue to be affected by certain aspects of the current economic conditions, including, for example, high

unemployment and the weak housing market. The decrease in liquidity in the credit markets

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which began in late 2007 and accelerated in late 2008 also significantly affected our results of operations and financial condition.

Uncertain economic conditions continue to affect our customers' spending levels. Travel and travel-related expenditures have been affected as businesses and consumers have altered their spending patterns which led to decreases in visitor volumes and customer spending. Businesses responded to the difficult economic conditions by reducing travel budgets. This factor, along with negative perceptions surrounding certain types of business travel, adversely affected convention attendance in Las Vegas in 2009 and 2010. Convention and catering customers cancelled or postponed a significant number of events occurring during 2009 and early 2010. Other conditions currently or recently present in the economic environment which tend to negatively affect our operating results include:

Weaknesses in employment and increases in unemployment;

Weak consumer confidence;

Weak housing market and significant declines in housing prices and related home equity; and

Decreases in airline capacity to Las Vegas.

Because of these economic conditions, we have increasingly focused on managing costs and continue to review all areas of operations for efficiencies. We continually manage staffing levels across all our resorts and have reduced our salaried management positions.

In addition, we suspended company contributions to our 401(k) plan and our nonqualified deferred compensation plans in 2009; we rescinded cost of living increases for non-union employees in 2009; and we reached an agreement with our primary union to defer the 2009 contractual pay increase. We paid discretionary bonuses for 2009 in February 2010 and we have provided general salary increases to certain salaried employees in 2010. However, company matching contributions to our 401(k) plan and our nonqualified deferred compensation plans will remain frozen until such time as we believe it is prudent to reinstate these benefits.

Our results of operations are also affected by decisions we make related to our capital allocation, our access to capital, and our cost of capital—all of which are affected by the uncertain state of the global economy and the continued instability in the capital markets. For example, we will incur higher interest costs in connection with the amendments to our senior credit facility in 2009 and 2010. Also, our cost of debt has increased over the past few years. These factors may affect our ability to access future capital and cause future borrowings to carry higher interest rates.

October Equity Offering

In October 2010, we issued 40.9 million shares of our common stock for total net proceeds to us of approximately \$512 million. Concurrently with our issuance, Tracinda sold approximately 27.8 million shares of our common stock. We will not receive any proceeds from the sale of such common stock by Tracinda. The underwriter has the ability to purchase an additional 6.1 million shares from us and 4.2 million shares from Tracinda up to 30 days after the original offering to cover overallocments. Proceeds from the common stock offering were used to repay outstanding amounts under our senior credit facility and for general corporate purposes.

October Debt Issuance

In October 2010, we issued \$500 million of 10% senior notes due 2016, issued at a discount to yield 10.25%, for net proceeds to us of approximately \$486 million. The notes are unsecured and otherwise rank equally in right of payment with our existing and future senior indebtedness.

Senior Credit Facility

Our senior credit facility was amended and restated in March 2010, and consisted of approximately \$2.7 billion in term loans (of which approximately \$874 million was required to be repaid by October 3, 2011) and a \$2.0 billion revolving loan (of which approximately \$302 million was required to be repaid by October 3, 2011) as of September 30, 2010. We had approximately \$1.3 billion of available borrowing capacity under our senior credit facility at September 30, 2010.

We accounted for the modification related to the extending term loans as an extinguishment of debt because the applicable cash flows under the extended term loans are more than 10% different from the applicable cash flows under the previous loans. Therefore, the extended term loans were recorded at fair value resulting in a \$181 million gain and a discount of \$181 million to be amortized to interest expense over the term of the extended term loans. In the three and nine months ended September 30, 2010, we had \$10 million and \$21 million, respectively, of interest related to the amortization of these loans. Fair value of the estimated term loans was based on trading prices immediately after the transaction. In addition, we wrote-off \$15

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million of existing debt issuance costs related to the previous term loans and had expense of \$22 million for new debt issuance costs incurred related to amounts paid to extending term loan lenders in connection with the modification. We also wrote off \$2 million of existing debt issuance costs related to the reduction in capacity under the non-extending revolving portion of the senior credit facility. In total, we recognized a net pre-tax gain on extinguishment of debt of \$142 million in Other, net non-operating income in the first quarter of 2010.

Because net proceeds from our October 2010 common stock offering were in excess of \$500 million, we were required to ratably repay indebtedness under the senior credit facility of \$5.9 million, which equals 50% of such excess. We used the net proceeds from our October 2010 senior notes offering discussed above and a portion of the net proceeds from our October 2010 common stock offering to repay the remaining amounts owed to non-extending lenders under our senior credit facility. Loans and revolving commitments aggregating approximately \$3.6 billion (the extending loans) were extended to February 21, 2014, which consists of approximately \$1.9 billion in term loans and \$1.7 billion in revolving loans. The restated loan agreement allows us to refinance indebtedness maturing prior to February 21, 2014, but limits our ability to prepay later maturing indebtedness until the extended facilities are paid in full. We may issue unsecured debt, equity-linked and equity securities to refinance our outstanding indebtedness; however, a) indebtedness issued in amounts in excess of \$250 million over amounts used to refinance indebtedness requires ratable prepayment of the credit facilities in an amount equal to 50% of the net cash proceeds of such excess, and b) equity issued in amounts in excess of \$500 million (which limit we reached with our October 2010 stock offering) requires ratable prepayment of the credit facilities in an amount equal to 50% of the net cash proceeds of such excess except to the extent such equity was issued in exchange for our indebtedness.

Impairments

A complete discussion of our critical accounting policies related to impairments of long-lived assets and investments in unconsolidated affiliates is included in our Form 10-K for the period ending December 31, 2009. We did not review any of our wholly-owned long-lived asset groups generally our operating resorts for impairment as of September 30, 2010 as we did not identify circumstances that existed that would indicate the carrying value of our long-lived assets may not be recoverable. Historically, the undiscounted cash flows of our significant long-lived assets have exceeded their carrying values by a substantial margin such that any recent decline in operating performance would not be indicative of a potential impairment. However, we reviewed the carrying value of our investment in CityCenter and the carrying value of our Borgata asset as discussed further below.

CityCenter

At June 30, 2010 we reviewed our CityCenter investment for impairment using revised operating forecasts developed by CityCenter management late in the second quarter. Based on current and forecasted market conditions and because CityCenter's results of operations through June 30, 2010 were below previous forecasts, and the revised operating forecasts were lower than previous forecasts, we concluded that we should review the carrying value of our investment. We determined that the carrying value of our investment exceeded our fair value determined using a discounted cash flow analysis and therefore an impairment was indicated. We intend to and believe we will be able to retain our investment in CityCenter; however, due to the extent of the shortfall and our assessment of the uncertainty of fully recovering our investment, we determined that the impairment was other-than-temporary and recorded an impairment charge of \$1.12 billion included in Property transactions, net.

At September 30, 2010, we recognized an increase of \$232 million in our total net obligation under our CityCenter completion guarantee, and a corresponding increase in our investment in CityCenter. The increase primarily reflects revision to prior estimates based on our assessment of the most current information derived from our close-out and litigation processes and does not reflect certain potential recoveries that CityCenter is pursuing as part of the litigation process. We completed an impairment review as of September 30, 2010 and as a result recorded an additional other-than-temporary impairment of \$182 million in the third quarter of 2010.

Our discounted cash flow analyses for CityCenter as of June 30, 2010 and September 30, 2010 included future cash inflows from operations, including residential sales, and estimated future cash outflows for capital expenditures. Both analyses used an 11% discount rate and a long term growth rate of 4% related to forecasted cash flows for CityCenter's operating assets.

In addition, due to the completion of construction of the Mandarin Oriental residential inventory in the first quarter and completion of the Veer residential inventory in the second quarter, CityCenter is required to carry its residential inventory at the lower of its carrying value or fair value less costs to sell. CityCenter determines fair value of its residential inventory using a discounted cash flow analysis based on management's current expectations of future cash flows. The key inputs in the discounted cash flow analysis

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included estimated sales prices of units currently under contract and new unit sales, the absorption rate over the sell-out period, and the discount rate. CityCenter management determined the fair value less costs to sell was below carrying value and as a result recorded impairment charges for the Mandarin Oriental residential inventory in the first quarter of \$171 million and the Veer residential inventory in the second quarter of \$57 million. In addition, CityCenter recorded residential impairment charges of \$93 million in the third quarter due to an increase in estimated final construction costs of the residential components. We recognized our 50% share of such impairment charges, resulting in pre-tax charges of approximately \$46 million and \$161 million in the three and nine month periods ended September 30, 2010, respectively, included in Loss from unconsolidated affiliates.

Included in loss from unconsolidated affiliates for the three and nine months ended September 30, 2009 is our share of an impairment charge relating to CityCenter residential real estate under development (REUD). CityCenter was required to review its REUD for impairment as of September 30, 2009, mainly due to CityCenter's September 2009 decision to discount the prices of its residential inventory by 30%. This decision and related market conditions led to CityCenter management's conclusion that the carrying value of the REUD is not recoverable based on estimates of undiscounted cash flows. As a result, CityCenter was required to compare the fair value of its REUD to its carrying value and record an impairment charge for the shortfall. Fair value of the REUD was determined using a discounted cash flow analysis based on management's current expectations of future cash flows. The key inputs in the discounted cash flow analysis included estimated sales prices of units currently under contract and new unit sales, the absorption rate over the sell-out period, and the discount rate. This analysis resulted in an impairment charge of approximately \$348 million of the REUD. We recognized our 50% share of such impairment charge, adjusted by certain basis differences, resulting in a pre-tax charge of \$203 million.

During the third quarter of 2010, CityCenter management determined that it is unlikely that the Harmon will be completed using the building as it now stands. As a result, CityCenter recorded an impairment charge of \$279 million in the third quarter of 2010 related to construction in progress assets. The impairment of Harmon did not affect our loss from unconsolidated affiliates, because we had previously recognized our 50% share of the impairment charge in connection with prior impairments of our investment balance.

Borgata

In March 2010, the New Jersey Casino Control Commission (the CCC) approved our settlement agreement with the New Jersey Division of Gaming Enforcement (the DGE) pursuant to which we placed our 50% ownership interest in the Borgata Hotel Casino & Spa and related leased land in Atlantic City into a divestiture trust. Following the transfer of these interests into trust, we ceased to be regulated by the CCC or the DGE, except as otherwise provided by the trust agreement and the settlement agreement. Boyd Gaming Corporation's (Boyd) 50% interest is not affected by the settlement.

The terms of the settlement mandate the sale of the trust property within a 30-month period. During the first 18 months, we have the right to direct the trustee to sell the trust property, subject to approval of the CCC. If a sale is not concluded by that time, the trustee is responsible for selling the trust property during the following 12-month period. Prior to the consummation of the sale, the divestiture trust will retain any cash flows received in respect of the trust property, but will pay property taxes and other costs attributable to the trust property to the extent that minimum trust cash balances are maintained. We are the sole economic beneficiary of the trust and will be permitted to reapply for a New Jersey gaming license beginning 30 months after the completion of the sale of the trust assets.

As a result of our ownership interest in Borgata being placed into the trust, we no longer have significant influence over Borgata; therefore, we discontinued the equity method of accounting for Borgata at the point the assets were placed in the trust, and account for our rights under the trust arrangement under the cost method of accounting. We also reclassified the carrying value of our investment related to Borgata to Other long-term assets, net. Earnings and losses that relate to the investment that were previously accrued remain as a part of the carrying amount of the investment. Distributions received by the trust that do not exceed our share of earnings are recognized currently in earnings. However, distributions to the trust that exceed our share of earnings for such periods will be applied to reduce the carrying amount of our investment. The trust received distributions from the joint venture of \$105 million and \$120 million in the three and nine months ended September 30, 2010, respectively, of which \$10 million was paid to Boyd in accordance with the joint venture agreement. We recorded \$88 million and \$94 million as a reduction of

the carrying value and \$7 million and \$16 million as Other, net non-operating income in the three and nine months ended September 30, 2010, respectively.

In connection with the settlement agreement discussed above, we entered into an amendment to our joint venture agreement with Boyd to permit the transfer of our 50% ownership interest into trust in connection with our settlement agreement with the DGE. In accordance with such agreement, Boyd received a priority

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partnership distribution of approximately \$31 million (equal to the excess prior capital contributions by Boyd) upon successful refinancing of the Borgata credit facility in August 2010.

In July 2010, we entered into an agreement to sell four long-term ground leases and their respective underlying real property parcels, approximately 11.3 acres, underlying the Borgata for \$73 million. The transaction is subject to customary closing conditions contained in the purchase and sale agreement, including approval by the New Jersey Casino Control Commission and the New Jersey Division of Gaming Enforcement. We closed the transaction in November 2010.

In October 2010, we received an offer for our 50% economic interest in the Borgata based on an enterprise value of \$1.35 billion for the entire asset and on October 12, 2010, our Board of Directors authorized submission of this offer to Boyd Gaming Corporation, which owns the other 50% interest, in accordance with the right of first refusal provisions included in the joint venture agreement. Subsequently Boyd announced that it does not intend to exercise its right of refusal in connection with such offer. We intend to pursue negotiations with the original bidder. Based on Borgata's September debt balances, the offer equates to slightly in excess of \$250 million for our 50% interest. This is less than the carrying value of our investment in Borgata; therefore, we recorded a pre-tax impairment charge of approximately \$128 million in the third quarter of 2010 included in Property transactions, net. The consummation of any transaction as a result of the offer is subject to negotiation of final documents, due diligence, and regulatory approval.

Reimbursed Costs

Reimbursed costs revenue represents reimbursement of costs, primarily payroll-related, incurred by us in connection with the provision of management services. We recognize costs reimbursed pursuant to management services as revenue in the period we incur the costs. Reimbursed costs, which are related mainly to our management of CityCenter, were \$89 million and \$16 million for the third quarter of 2010 and 2009, respectively, and \$272 million and \$42 million for the nine months ended September 30, 2010 and 2009, respectively.

Results of Operations

The following discussion is based on our consolidated financial statements for the three and nine months ended September 30, 2010 and 2009. Certain results referenced in this section are on a same store basis excluding the results of Treasure Island, which we sold in March 2009.

Summary Financial Results

Our net revenue increased 2% for the third quarter of 2010 compared to the same quarter in the prior year and included \$89 million of reimbursed costs revenue in the current year compared to \$16 million in the third quarter of 2009. Excluding reimbursed costs revenue, net revenue decreased 3%. Net revenue for the nine month period of 2010 was up 2% compared to the prior year, and down 3% excluding reimbursed costs. Revenues in general continue to be negatively affected by a reduction in consumer discretionary spending. See further discussion of revenue trends below in Operating Results Detailed Revenue Information.

Operating loss for the third quarter of 2010 was \$206 million compared to an operating loss of \$963 million in the third quarter of 2009. The 2010 results were negatively affected by a \$182 million impairment charge related to our CityCenter investment, \$128 million impairment of our economic interest in Borgata, and \$46 million related to our share of the residential inventory impairment charge at CityCenter; these charges were partially offset by \$14 million of income related to our share of forfeited residential deposits at CityCenter. The 2009 results were negatively affected by a \$956 million impairment charge related to our CityCenter investment and our share of the residential inventory impairment charges at CityCenter of approximately \$203 million, partially offset by our share of insurance recoveries at Borgata of \$14 million. Excluding the impairment charges, forfeited residential deposit income, Borgata insurance recoveries, preopening expenses and other property transactions, operating income decreased 30% for the three month period and operating margin was 10% in the current year compared to 14% in the prior year.

For the nine month period, operating loss was \$1.27 billion, compared to an operating loss of \$477 million in the nine months of 2009. The 2010 operating loss was negatively affected by the items discussed above, as well as a CityCenter investment impairment and our share of residential impairment charges at CityCenter in the first half of the year, offset by our share of residential deposits at CityCenter. CityCenter investment impairment charges for the nine months totaled \$1.3 billion, our share of the residential inventory impairment charges at CityCenter totaled

\$160 million, and our share of forfeited residential deposits at CityCenter totaled \$54 million. The 2009 year to date results were affected by the items discussed above, as well as the pre-tax gain of \$187 million on Treasure Island and \$22 million of insurance recoveries related to the Monte Carlo fire. Excluding the impairment charges, forfeited residential deposit income, insurance recoveries, preopening expenses and other property transactions, operating income decreased 46% for the

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nine month period and operating margin was 7% in the current year compared to 12% in the prior year. These decreases are largely the result of our share of the operating losses at CityCenter.

Operating Results Detailed Revenue Information

The following table presents details of our net revenues:

	Three Months Ended September 30, Percentage			Nine Months Ended September 30, Percentage		
	2010	Change	2009	2010	Change	2009
	<i>(In thousands)</i>					
Casino revenue, net:						
Table games	\$ 227,322	(18%)	\$ 277,265	\$ 632,358	(14%)	\$ 736,431
Slots	388,731	(3%)	402,264	1,145,548	(4%)	1,190,666
Other	17,930	(12%)	20,277	56,226	(11%)	63,006
Casino revenue, net	633,983	(9%)	699,806	1,834,132	(8%)	1,990,103
Non-casino revenue:						
Rooms	331,424	(3%)	340,165	990,546	(5%)	1,045,504
Food and beverage	343,180		344,284	1,019,553	(2%)	1,040,540
Entertainment, retail and other	410,451	28%	321,166	1,187,542	26%	946,031
Non-casino revenue	1,085,055	8%	1,005,615	3,197,641	5%	3,032,075
	1,719,038	1%	1,705,421	5,031,773		5,022,178
Less: Promotional allowances	(161,333)	(6%)	(172,198)	(478,981)	(3%)	(496,005)
	\$ 1,557,705	2%	\$ 1,533,223	\$ 4,552,792	1%	\$ 4,526,173

Table games revenue decreased 18% for the third quarter and was negatively affected by a lower table games hold percentage approximately 210 basis points compared to the prior year quarter. Table games hold percentage was above the midpoint of our normal hold range in the current year quarter and above the high end in the prior year quarter. Total table games revenue was also affected by table games volume decreasing 7% compared to the prior year quarter. Baccarat volume decreased 6% while other table games volume decreased 7%. Slots revenue decreased 3% in the third quarter with a 9% decrease at our Las Vegas Strip resorts.

For the nine months, table games revenue decreased 13% on a same store basis, affected by a 150 basis point decrease in table games hold. Hold percentage in the 2010 and 2009 year to date periods were both within our normal hold range. Table games volume including baccarat decreased 4%, with baccarat volumes increasing 5% year to date. Slots revenue was down 3% on a same store basis with a 7% decrease at our Las Vegas Strip resorts.

Rooms revenue in the third quarter decreased 3%, with a 2% decrease in Las Vegas Strip REVPAR. On a same store basis, rooms revenue for the nine month period decreased 3% with a decrease in Las Vegas Strip REVPAR of 4%. The following table shows key hotel statistics for our Las Vegas Strip Resorts on a same store basis:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Occupancy	93%	95%	90%	92%

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Average Daily Rate (ADR)	\$ 105	\$ 105	\$ 109	\$ 111
Revenue per Available Room (REVPAR)	97	100	98	102

Food and beverage revenue was flat compared to the prior year third quarter and down 1% for the year to date period on a same store basis. Entertainment revenues decreased 4% for the third quarter due mainly to lower production show revenue and increased 1% year to date on a same store basis due to new entertainment including Disney's *The Lion King*, which opened during the second quarter of 2009.

Operating Results Details of Certain Charges

Preopening and start-up expenses largely consisted of our share of CityCenter's preopening costs in 2010 and 2009.

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Property transactions, net consisted of the following:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
	<i>(In thousands)</i>			
CityCenter investment impairment	\$ 182,236	\$ 955,898	\$ 1,304,692	\$ 955,898
Insurance recoveries				(7,186)
Borgata impairment	128,395		128,395	
Gain on sale of TI				(187,442)
Other property transactions, net	7,523	15,310	12,038	18,061
	\$ 318,154	\$ 971,208	\$ 1,445,125	\$ 779,331

Operating Results Loss from Unconsolidated Affiliates

Loss from unconsolidated affiliates was \$7 million in the current year quarter compared to \$133 million in the third quarter of 2009 and was \$114 million in 2010 compared to \$113 million in 2009 for the nine month periods. The current quarter included our share of the residential inventory impairment charge of approximately \$46 million. The prior year quarter included our share of the residential inventory impairment charge of approximately \$203 million. The current year nine month period was affected by our share of the net losses at CityCenter of \$221 million, which included \$161 million related to our share of the residential inventory impairment charges. Prior year nine month period was affected by our share of the net losses at CityCenter of \$207 million, which included \$203 million related to our share of the residential inventory impairment charges.

We ceased recording Borgata operating results as income from unconsolidated affiliates under the equity method of accounting in the first quarter of 2010. Income from unconsolidated affiliates from Borgata was \$38 million in the third quarter of 2009, and \$7 million and \$64 million for the nine month 2010 and 2009 periods, respectively.

Loss from unconsolidated affiliates benefited from our share of operating income at MGM Macau, which earned operating income of \$61 million in the third quarter of 2010, including depreciation expense of \$22 million, compared to operating income of \$50 million in the 2009 third quarter, which included depreciation expense of \$23 million. MGM Macau earned operating income of \$150 million in the nine month period of 2010, including \$65 million of depreciation expense, compared to operating income of \$38 million in the 2009 period, which included depreciation expense of \$66 million.

Non-operating Results

Net interest expense increased to \$285 million in the 2010 third quarter from \$182 million in the 2009 period and increased to \$840 million in the 2010 nine month period compared to \$555 million for the 2009 nine month period. Interest expense increased due to higher borrowing rates under our senior credit facility, higher interest rates on public debt issued in 2009 and 2010, and amortization of discount on the senior credit facility of \$10 million and \$21 million in the three and nine months ended 2010, respectively. Additionally, we ceased capitalization of interest expense related to CityCenter in December 2009 and do not have any other major construction projects ongoing; therefore, we did not have any capitalized interest in 2010.

We recorded \$7 million and \$16 million in Other, net related to income from Borgata in the three and nine month periods ended September 30, 2010, respectively. Other, net for the 2010 nine month period also included a \$141 million gain on debt redemption. The prior year nine month period included a \$176 million impairment charge related to our M Resort LLC convertible note, as well as a \$58 million loss associated with retirement of long-term debt in connection with our May 2009 senior secured note issuance.

Non-GAAP Measures

Adjusted EBITDA is earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening and start-up expenses, and property transactions, net. Adjusted Property EBITDA is Adjusted EBITDA before corporate expense and stock compensation expense. Adjusted EBITDA and Adjusted

Property EBITDA information is presented solely as a supplemental disclosure to reported GAAP measures because we believe that 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 believe that while items excluded from Adjusted EBITDA and Adjusted Property EBITDA may be recurring in nature and should not be disregarded in evaluation of our earnings performance, it is useful to

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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 dependent 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 and 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 as the primary measure of our operating resorts performance.

Adjusted EBITDA or Adjusted Property EBITDA should not be construed as an alternative to operating income or net income, as an indicator of our performance; or as an alternative to cash flows from operating activities, as a measure 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. Also, other companies in the gaming and hospitality industries that report Adjusted EBITDA information may calculate Adjusted EBITDA in a different manner.

The following table presents a reconciliation of Adjusted EBITDA to net loss:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
	<i>(In thousands)</i>			
Adjusted EBITDA	\$ 271,140	\$ 188,498	\$ 669,802	\$ 851,526
Preopening and start-up expenses	(30)	(10,058)	(4,061)	(27,539)
Property transactions, net	(318,154)	(971,208)	(1,445,125)	(779,331)
Depreciation and amortization	(158,857)	(170,651)	(486,757)	(521,877)
Operating loss	(205,901)	(963,419)	(1,266,141)	(477,221)
Non-operating income (expense)				
Interest expense, net	(285,139)	(181,899)	(840,483)	(554,822)
Other, net	(19,887)	(12,930)	75,633	(261,216)
Loss before income taxes	(510,927)	(1,158,248)	(2,030,991)	(1,293,259)
Benefit for income taxes	192,936	407,860	732,783	435,495
Net loss	\$ (317,991)	\$ (750,388)	\$ (1,298,208)	\$ (857,764)

Adjusted EBITDA increased 44% and decreased 21% for the three and nine month periods, respectively. Adjusted EBITDA for the third quarter of 2010 was affected by our share of losses at CityCenter, which includes the residential impairment charge of approximately \$46 million, offset by \$14 million of income related to forfeited residential deposits. The prior year quarter included \$203 million related to our share of the CityCenter residential impairment charge and our share of Borgata insurance recoveries of \$14 million. Excluding these items, Adjusted EBITDA decreased 19%. Adjusted EBITDA for the nine month period of 2010 includes \$161 million related to our share of the residential impairment charges at CityCenter and \$54 million of income related to forfeited residential deposits at

CityCenter. The 2009 year to date period includes \$203 million related to our share of the residential impairment charges at CityCenter, an impairment charge of \$12 million related to our North Las Vegas Strip joint venture and Monte Carlo insurance recoveries of \$15 million. Excluding these items, Adjusted EBITDA decreased 26% for the nine month period.

Adjusted Property EBITDA for our wholly-owned resorts decreased 13% and 17% for the three and nine month periods (on a same store basis). The decreases in Adjusted Property EBITDA were largely due to the factors discussed in Summary Financial Results and Affect of Economic Factors on Results of Operations.

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

	Operating Income (Loss)	Three Months Ended September 30, 2010			Adjusted EBITDA
		Preopening and Start-up Expenses	Property Transactions, Net (In thousands)	Depreciation and Amortization	
Bellagio	\$ 52,040	\$	\$ (18)	\$ 23,836	\$ 75,858
MGM Grand Las Vegas	20,855		(45)	19,201	40,011
Mandalay Bay	5,023		2,181	23,231	30,435
The Mirage	16,104		450	15,426	31,980
Luxor	3,666		11	10,437	14,114
New York-New York	14,307		763	6,873	21,943
Excalibur	10,300			5,581	15,881
Monte Carlo	(1,954)		3,765	6,119	7,930
Circus Circus Las Vegas	1,024		4	5,098	6,126
MGM Grand Detroit	30,724		(484)	10,226	40,466
Beau Rivage	4,950		348	12,339	17,637
Gold Strike Tunica	7,532		549	3,623	11,704
Management operations	(4,986)			3,432	(1,554)
Other operations	(53)	30	(1)	1,917	1,893
Wholly-owned operations	159,532	30	7,523	147,339	314,424
CityCenter (50%)	(46,420)				(46,420)
Macau (50%)	29,372				29,372
Other unconsolidated resorts	9,924				9,924
	152,408	30	7,523	147,339	307,300
Stock compensation	(8,599)				(8,599)
Corporate	(349,710)		310,631	11,518	(27,561)
	\$ (205,901)	\$ 30	\$ 318,154	\$ 158,857	\$ 271,140

	Operating Income (Loss)	Three Months Ended September 30, 2009			Adjusted EBITDA
		Preopening and Start-up Expenses	Property Transactions, Net (In thousands)	Depreciation and Amortization	
Bellagio	\$ 29,495	\$	\$ 1,206	\$ 31,175	\$ 61,876
MGM Grand Las Vegas	50,634		5	20,088	70,727
Mandalay Bay	13,822	145	(73)	22,328	36,222
The Mirage	37,368		17	17,128	54,513
Luxor	10,542	(759)	(12)	9,218	18,989

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New York-New York	6,775		1,394	9,821	17,990
Excalibur	13,413		(14)	5,777	19,176
Monte Carlo	(5,685)		2,456	7,159	3,930
Circus Circus Las Vegas	1,910		80	5,763	7,753
MGM Grand Detroit	17,889		5,906	8,934	32,729
Beau Rivage	5,819			12,227	18,046
Gold Strike Tunica	7,774			3,760	11,534
Management operations	847		2,473	1,027	4,347
Other operations	238			1,466	1,704
Wholly-owned operations	190,841	(614)	13,438	155,871	359,536
CityCenter (50%)	(215,006)	10,672			(204,334)
Macau (50%)	23,557				23,557
Other unconsolidated resorts	48,070				48,070
	47,462	10,058	13,438	155,871	226,829
Stock compensation	(9,319)				(9,319)
Corporate	(1,001,562)		957,770	14,780	(29,012)
	\$ (963,419)	\$ 10,058	\$ 971,208	\$ 170,651	\$ 188,498

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	Nine Months Ended September 30, 2010				
	Operating Income (Loss)	Preopening and Start-up Expenses	Property Transactions, Net (In thousands)	Depreciation and Amortization	Adjusted EBITDA
Bellagio	\$ 122,871	\$	\$ (125)	\$ 72,391	\$ 195,137
MGM Grand Las Vegas	72,134		(45)	58,515	130,604
Mandalay Bay	23,758		2,840	69,579	96,177
The Mirage	29,535		311	50,778	80,624
Luxor	12,237		1	32,217	44,455
New York-New York	31,737		6,858	20,966	59,561
Excalibur	31,103		784	17,271	49,158
Monte Carlo	1,928		3,765	18,345	24,038
Circus Circus Las Vegas	(2,529)		229	15,650	13,350
MGM Grand Detroit	88,391		(484)	30,529	118,436
Beau Rivage	13,768		351	36,921	51,040
Gold Strike Tunica	21,336		(551)	10,805	31,590
Management operations	(19,453)			10,333	(9,120)
Other operations	(3,546)	567	4	5,007	2,032
Wholly-owned operations	423,270	567	13,938	449,307	887,082
CityCenter (50%)	(224,087)	3,494			(220,593)
Macau (50%)	71,165				71,165
Other unconsolidated resorts	35,484				35,484
	305,832	4,061	13,938	449,307	773,138
Stock compensation	(26,156)				(26,156)
Corporate	(1,545,817)		1,431,187	37,450	(77,180)
	\$ (1,266,141)	\$ 4,061	\$ 1,445,125	\$ 486,757	\$ 669,802

	Nine Months Ended September 30, 2009				
	Operating Income (Loss)	Preopening and Start-up Expenses	Property Transactions, Net (In thousands)	Depreciation and Amortization	Adjusted EBITDA
Bellagio	\$ 115,925	\$	\$ 2,360	\$ 88,051	\$ 206,336
MGM Grand Las Vegas	99,022		81	68,937	168,040
Mandalay Bay	56,954	897	(70)	70,278	128,059
The Mirage	66,158		313	50,140	116,611
Luxor	30,300	(759)	259	29,997	59,797
Treasure Island	12,730		(1)		12,729
New York-New York	35,549		1,631	24,407	61,587

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Excalibur	39,543		(12)	17,609	57,140
Monte Carlo	18,521		(4,737)	18,388	32,172
Circus Circus Las Vegas	7,413		(35)	17,483	24,861
MGM Grand Detroit	70,658		5,906	30,334	106,898
Beau Rivage	16,139		157	36,609	52,905
Gold Strike Tunica	24,636			12,329	36,965
Management operations	4,699		2,473	6,086	13,258
Other operations	(1,131)		6	4,537	3,412
Wholly-owned operations	597,116	138	8,331	475,185	1,080,770
CityCenter (50%)	(233,790)	26,586			(207,204)
Macau (50%)	14,866				14,866
Other unconsolidated resorts	78,940	815			79,755
	457,132	27,539	8,331	475,185	968,187
Stock compensation	(27,076)				(27,076)
Corporate	(907,277)		771,000	46,692	(89,585)
	\$ (477,221)	\$ 27,539	\$ 779,331	\$ 521,877	\$ 851,526

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Cash provided by operating activities was \$380 million for the nine months ended September 30, 2010, compared to \$518 million in the prior year period primarily due to an increase in operating loss. As previously discussed, operating loss increased by approximately \$800 million, but the majority of this increase related to non-cash impairment charges. At September 30, 2010, we held cash and cash equivalents of \$553 million.

Cash Flows Investing Activities

In the nine months ended September 30, 2010, we paid \$408 million related to our completion guarantee for CityCenter, of which \$129 million is payable to us from CityCenter out of future residential proceeds. Capital expenditures of \$129 million in 2010 mainly relate to maintenance capital expenditures at various resorts and the purchase of an airplane. Our New Jersey trust account received \$110 million of net distributions from Borgata. All amounts in the trust account, including the proceeds from the sale of our Borgata interest and the underlying land parcels, will be distributed to us upon consummation of the sale of our Borgata interest.

During the nine month period ended September 30, 2009, we received \$746 million of net proceeds from the sale of TI and invested \$904 million in CityCenter, including capitalized interest of \$174 million. Capital expenditures of \$123 million in 2009 were primarily maintenance capital expenditures and our portion of the construction costs related to the people mover connecting Monte Carlo and Bellagio to CityCenter.

Cash Flows Financing Activities

In the nine months ended September 30, 2010, excluding the \$1.6 billion we repaid immediately after year end on our senior credit facility, we borrowed net debt of \$302 million. During 2010 we issued \$1.15 billion of 4.25% convertible senior notes due 2015 for net proceeds of \$1.12 billion and issued \$845 million of 9% senior secured notes due 2020 for net proceeds of \$826 million. We paid \$81 million for capped call transactions entered into in connection with the issuance of our convertible senior notes.

We repaid the following principal amounts of senior and senior subordinated notes during 2010:

\$75 million 8.375% senior subordinated notes (redeemed prior to maturity essentially at par);

\$297 million 9.375% senior notes (repaid at maturity); and

\$782 million of our 8.5% senior notes (redeemed \$136 million prior to maturity essentially at par and repaid \$646 million at maturity).

In the nine months ended September 30, 2009, we repaid net debt of \$597 million. In addition, pursuant to our development agreement, we repaid \$50 million of bonds issued by the Economic Development Corporation of the City of Detroit. In May 2009, we issued approximately 164.5 million shares of our common stock at \$7 per share, for total net proceeds to us of \$1.1 billion, and issued \$650 million of 10.375% senior secured notes due 2014 and \$850 million of 11.125% senior secured notes due 2017 for combined net proceeds of \$1.4 billion. In September 2009, we issued \$475 million of 11.375% senior unsecured notes due 2018 for net proceeds of \$451 million.

Other Factors Affecting Liquidity

Senior notes payable. We have \$454 million of senior and senior subordinated notes maturing in 2011 and \$545 million of senior notes maturing in 2012.

MGM Macau. On September 27, 2010, MGM China Holdings Limited, a Cayman Islands company formed by us and Ms. Pansy Ho, filed a proposed listing application on Form A1 with The Stock Exchange of Hong Kong Limited (Hong Kong Exchange) in connection with a possible listing of its shares on the main board of the Hong Kong Exchange. There have not been any decisions made regarding the timing or terms of any such listing, whether MGM China Holdings Limited will ultimately proceed with this transaction, or whether the application will be approved by the Hong Kong Exchange.

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We received approximately \$125 million from MGM Macau during October 2010, which represents a partial repayment of principal and accrued interest on our interest and non-interest bearing notes to that entity.

Borgata settlement. As discussed in Executive Overview Borgata, we entered into a settlement agreement with the DGE agreement under which we will sell our 50% ownership interest in Borgata and related leased land in Atlantic City. Prior to the consummation of the sale, the divestiture trust will retain any cash flows received in respect of the trust property, but will pay property taxes and other costs attributable to the trust property to the extent that minimum trust cash balances are maintained. We have received significant distributions from Borgata in the past few years, and not receiving such distributions until the ultimate sale could negatively affect our liquidity in interim periods.

CityCenter completion guarantee. In accordance with the CityCenter joint venture agreement, as amended, we entered into a completion guarantee requiring an unlimited completion and cost overrun guarantee, secured by our interests in the assets of Circus Circus Las Vegas and certain adjacent undeveloped land. The terms of the completion guarantee provide for the ability to utilize up to \$250 million of net residential proceeds to fund construction costs, though the timing of receipt of such proceeds is uncertain.

As of September 30, 2010 we had funded \$408 million under the completion guarantee. We have recorded a receivable from CityCenter of \$129 million related to these amounts, which represents amounts reimbursable to us from CityCenter from future residential proceeds. At September 30, 2010, we recognized an increase of \$232 million in our total net obligation under our CityCenter completion guarantee. The increase primarily reflects revision to prior estimates based on our assessment of the most current information derived from the CityCenter close-out and litigation processes and does not reflect certain potential recoveries that are being pursued as part of the litigation process. Giving effect to the increase in our accrual, we had a remaining estimated total net obligation under the completion guarantee of \$219 million which includes estimated litigation costs related to the resolution of disputes with contractors as to the final construction costs and reflects certain estimated offsets to the amounts claimed by the contractors. CityCenter has reached, or expects to reach, settlement agreements with most of the construction subcontractors. However, significant disputes remain with the general contractor and certain subcontractors. Amounts claimed by such parties exceed amounts included in our completion guarantee accrual by approximately \$200 million. See Legal Proceedings for the discussion of Perini litigation.

CityCenter July 2010 capital call. We and Infinity World made capital contributions to CityCenter of \$32.5 million each in July 2010. Our contribution was made through a reduction in our receivable from CityCenter. A portion of Infinity World's cash contribution was used to repay an additional portion of the amounts owed to us for costs paid by us on behalf of the joint venture. If CityCenter is unable to generate sufficient cash flows to fund its future obligations, the joint venture may request additional capital contributions from its partners.

CityCenter credit facility. In September 2010, CityCenter Holdings, LLC obtained an amendment lasting through December 31, 2010 to its credit facility that allows for mechanics liens in an aggregate amount (after elimination of duplicative subcontractor liens) that is adequate to permit existing mechanics liens. The limitation reduces on December 31, 2010, however, the credit facility also allows for mechanics liens to exist above the stated limits to the extent that bonds or other security are provided with respect to any such mechanics liens, in each case in form acceptable to the administrative agent under the credit facility. We can provide no assurance that additional mechanics liens will not be filed in the future, or that CityCenter will be able to resolve current outstanding liens prior to December 31, 2010, or that sufficient or adequate security could be provided, or that further amendments to its credit facility could be retained if required.

CityCenter's credit facility contains certain financial covenants including requiring CityCenter to maintain certain financial ratios commencing June 30, 2011. At that time, CityCenter will be required to maintain a maximum leverage ratio (debt to EBITDA, as defined) of 5.00:1, and maintain a minimum coverage ratio (EBITDA to interest charges, as defined) of 1.50:1. If CityCenter's operating results do not improve significantly or its outstanding debt is not reduced it will not meet such financial covenants. We can provide no assurance that CityCenter's operating results will improve, or that its outstanding debt will be reduced, or that amendments to its credit facility could be obtained if required.

Market Risk

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

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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.

As of September 30, 2010, long-term variable rate borrowings represented approximately 26% of our total borrowings. Assuming a 100 basis-point increase in LIBOR over the 2% floor specified in our senior credit facility, our annual interest cost would change by approximately \$34 million based on gross amounts outstanding at September 30, 2010. The following table provides additional information about our gross long-term debt subject to changes in interest rates:

	Debt maturing in,							Fair Value September 30, 2010
	2010	2011	2012	2013 (In millions)	2014	Thereafter	Total	
Fixed rate	\$	\$ 455	\$ 546	\$ 1,384	\$ 1,159	\$ 5,927	\$ 9,471	9,131
Average interest rate	N/A	7.8%	6.8%	10.2%	8.4%	7.8%	8.2%	
Variable rate	\$	\$ 973	\$	\$	\$ 2,417	\$	\$ 3,390	2,991
Average interest rate	N/A	6.0%	N/A	N/A	7.0%	N/A	6.7%	

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, and similar references to future periods. Examples of forward-looking statements include but are not limited to, statements we make regarding our ability to generate significant cash flow, amounts that we expect to receive in federal tax refunds, amounts we will invest in capital expenditures, amounts we will pay under the CityCenter completion guarantee, amounts we receive from the sale of residential units at CityCenter and statements relating to future actions, business plans and prospects. 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 not to put undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, among others, regional, national or global political, economic, business, competitive, market, and regulatory conditions and the following:

our substantial indebtedness and significant financial commitments and our ability to satisfy our obligations;

economic and credit market conditions and our ability to refinance our indebtedness and make planned capital expenditures;

restrictions in our senior credit facility and other senior indebtedness;

competition with other destination travel locations throughout the United States and the world;

the fact that several of our businesses are subject to extensive regulation;

disruption due to extreme weather conditions;

changes in energy prices;

our concentration of gaming resorts on the Las Vegas Strip;

leisure and business travel is susceptible to global geopolitical events, such as terrorism or acts of war;

investing through partnerships or joint ventures, including CityCenter and MGM Macau, decreases our ability to manage risk;

plans for future construction can be affected by a variety of factors, including timing delays and legal challenges;

the outcome of any ongoing and future litigation;

the fact that Tracinda Corporation owns a significant portion of our stock and may have interests that differ from the interests of our other shareholders; and

a significant portion of our labor force is covered by collective bargaining agreements.

Any forward-looking statement made by us in this Form 10-Q speaks only as of the date on which it is made. Other 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 or identify all such factors. Consequently, you should not consider the following to be a complete discussion of all potential risks or uncertainties. We undertake no obligation to

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publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law. You are advised, however, to consult any further disclosures we make on related subjects in our Forms 10-K, 10-Q and 8-K reports and our other filings with the Securities and Exchange Commission. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

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.

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 were effective as of September 30, 2010 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 Securities and Exchange Commission 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 Rule 13a-15(e) 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 September 30, 2010, 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**

For a complete description of the facts and circumstances surrounding material litigation we are a party to, see our Annual Report on Form 10-K for the year ended December 31, 2009. There have been no significant developments in any of the cases disclosed in our Form 10-K in the nine months ended September 30, 2010, except as follows:

CityCenter construction litigation. In March 2010, Perini Building Company, Inc., general contractor for the CityCenter development project (the **Project**), filed a lawsuit in the Eighth Judicial District Court for Clark County, State of Nevada, against MGM MIRAGE Design Group (a wholly-owned subsidiary of the Company which was the original party to the Perini construction agreement) and certain direct or indirect subsidiaries of CityCenter Holdings, LLC (the **CityCenter Owners**). Perini asserts that the Project was substantially completed, but the defendants failed to pay Perini approximately \$490 million allegedly due and owing under the construction agreement for labor, equipment and materials expended on the Project. The complaint further charges the defendants with failure to provide timely and complete design documents, late delivery to Perini of design changes, mismanagement of the change order process, obstruction of Perini's ability to complete the Harmon Hotel & Spa component, and fraudulent inducement of Perini to compromise significantly amounts due for its general conditions. The complaint advances claims for breach of contract, breach of the implied covenant of good faith and fair dealing, tortious breach of the implied covenant of good faith and fair dealing, unjust enrichment and promissory estoppel, and fraud and intentional misrepresentation. Perini seeks compensatory damages, punitive damages, attorneys' fees and costs.

In April 2010, Perini served an amended complaint in this case which joins as defendants many owners of CityCenter residential condominium units (the **Condo Owner Defendants**), adds a count for foreclosure of Perini's recorded master mechanic's lien against the CityCenter property in the amount of approximately \$491 million, and asserts the priority of this mechanic's lien over the interests of the CityCenter Owners, the Condo Owner Defendants and the Project lenders in the CityCenter property. In October 2010, Perini recorded an amended notice of lien reducing its lien to approximately \$418 million.

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The CityCenter Owners and the other defendants dispute Perini's allegations, and contend that the defendants are entitled to substantial amounts from Perini, including offsets against amounts claimed to be owed to Perini and its subcontractors and damages based on breach of their contractual and other duties to CityCenter, duplicative payment requests, non-conforming work, lack of proof of alleged work performance, defective work related to the Harmon Hotel & Spa component, property damage and Perini's failure to perform its obligations to pay Project subcontractors and to prevent filing of liens against the Project. The CityCenter Owners and the other defendants intend to vigorously assert and protect their interests in the lawsuit. The range of loss beyond the asserted amount or any gain the joint venture may realize related to the defendants' counterclaims cannot be reasonably estimated at this time.

Securities and derivative litigation. Sanjay Israni v. Robert H. Baldwin, et al. Filed September 25, 2009. Case No. CV-09-02914, Second Judicial District Court, Washoe County, Nevada. This purported shareholder derivative action against certain former and current directors and a Company officer alleges, among other things, breach of fiduciary duty by defendants' asserted insider selling and misappropriation of information; abuse of control; gross mismanagement; waste of corporate assets; unjust enrichment; and contribution and indemnification. MGM Resorts International is named as a nominal defendant. In May 2010, plaintiffs amended the complaint to, among other things, allege additional bases for their claims based upon the decision of the defendants' to approve our joint venture with Pansy Ho, MGM Macau. In May 2010 the Second Judicial District Court in Washoe County transferred this case to the Eighth Judicial District Court in Clark County, Nevada, and in September 2010 the latter court consolidated this action with the Charles Kim v. James J. Murren, et al., shareholder derivative action, Case No. A-09-599937-C, pending before that court.

Item 1A. Risk Factors

A complete 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, 2009. There have been no material changes to those factors in the nine months ended September 30, 2010. We have provided a revised risk factor related to our joint venture investments and Tracinda ownership percentage below.

Investing through partnerships or joint ventures including CityCenter and MGM Macau decreases our ability to manage risk. In addition to acquiring or developing hotels and resorts or acquiring companies that complement our business directly, we have from time to time invested, and expect to continue to invest, as a co-venturer. Joint venturers often have shared control over the operation of the joint venture assets. Therefore, the operation of a joint venture is subject to inherent risk due to the shared nature of the enterprise and the need to reach agreements on material matters. In addition, joint venture investments may involve risks such as the possibility that the co-venturer in an investment might become bankrupt or not have the financial resources to meet its obligations, or have economic or business interests or goals that are inconsistent with our business interests or goals, or be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives. Consequently, actions by a co-venturer might subject hotels and resorts owned by the joint venture to additional risk. Further, we may be unable to take action without the approval of our joint venture partners. Alternatively, our joint venture partners could take actions binding on the joint venture without our consent. Additionally, should a joint venture partner become bankrupt, we could become liable for our partner's or coventurer's share of joint venture liabilities. For instance, if CityCenter, which is 50% owned and managed by us, is unable to meet its financial commitments and we and our partners are unable to support future funding requirements, as necessary, or if CityCenter's \$1.8 billion senior secured credit facility is terminated for any reason, such event could have adverse financial consequences to us. Such credit facility contains certain financial covenants including requiring CityCenter to maintain certain financial ratios commencing June 30, 2011. At that time, CityCenter will be required to maintain a maximum leverage ratio (debt to EBITDA, as defined) of 5.00:1, and maintain a minimum coverage ratio (EBITDA to interest charges, as defined) of 1.50:1. If CityCenter's operating results do not improve significantly or its outstanding debt is not reduced it will not meet such financial covenants. We can provide no assurance that CityCenter's operating results will improve, or that its outstanding debt will be reduced, or that amendments to its credit facility could be obtained if required.

The CityCenter credit facility also contains covenants limiting the maximum aggregate amount of mechanics liens filed against CityCenter. CityCenter obtained an amendment lasting through December 31, 2010 to the credit facility

that allows for mechanics liens in an aggregate amount (after elimination of duplicative subcontractor liens) that is adequate to permit existing mechanics liens. The limitation reduces on December 31, 2010, however, the credit facility also allows for mechanics liens to exist above the stated limits to the extent that bonds or other security are provided with respect to any such mechanics liens, in each case in form acceptable to the administrative agent under the credit facility. We can provide no assurance that additional mechanics liens will not be filed in the future, or that CityCenter will be able to resolve current outstanding liens prior to December 31, 2010, or that sufficient or adequate security could be provided, or that further amendments to its credit facility could be obtained if required.

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In addition, in accordance with our joint venture agreement and the CityCenter credit facility, we provided a cost overrun guarantee which is secured by our interests in the assets of Circus Circus Las Vegas and certain adjacent undeveloped land.

Also, the operation of MGM Macau, 50% owned by us, is subject to unique risks, including risks related to:

(a) Macau's regulatory framework; (b) our ability to adapt to the different regulatory and gaming environment in Macau while remaining in compliance with the requirements of the gaming regulatory authorities in the jurisdictions in which we currently operate, as well as other applicable federal, state, or local laws in the United States and Macau; (c) potential political or economic instability; and (d) the extreme weather conditions in the region.

Furthermore, such operations in Macau or any future operations in which we may engage in any other foreign territories are subject to risk pertaining to international operations. These may include financial risks, such as foreign economy, adverse tax consequences, and inability to adequately enforce our rights. These may also include regulatory and political risks, such as foreign government regulations, general geopolitical risks such as political and economic instability, hostilities with neighboring countries, and changes in diplomatic and trade relationships.

Tracinda Corporation owns a significant amount of our common stock and may have interests that differ from the interests of other holders of our stock. As of September 30, 2010, Tracinda Corporation beneficially owned approximately 37% of our outstanding common stock, all of which shares owned by Tracinda have been pledged under its bank credit facility. Following the consummation of the equity offering on October 18, 2010, Tracinda beneficially owned approximately 28% of our outstanding common stock, without taking into account the underwriter's overallotment option. In addition, Tracinda may be required in the future, under its bank credit facility, to liquidate some or all of the shares of our common stock it owns and has pledged under its bank credit facility, if the value of the collateral falls below a specified level. A liquidation of this nature of sufficient size may trigger a change of control under certain of the instruments governing our outstanding indebtedness. Upon a change of control, the lender's obligation to make advances under our senior credit facility may be terminated at the option of the lenders. In addition, Tracinda may be able to exercise significant influence over us as a result of its significant ownership of our outstanding common stock. As a result, actions requiring stockholder approval that may be supported by other stockholders could be effectively blocked by Tracinda Corporation.

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

Our share repurchases are only conducted under repurchase programs approved by our Board of Directors and publicly announced. We did not repurchase shares of our common stock during the quarter ended September 30, 2010. The maximum number of shares available for repurchase under our May 2008 repurchase program was 20 million as of September 30, 2010.

Item 6. Exhibits

- 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 September 30, 2010 formatted in eXtensible Business Reporting Language: (i) Consolidated Balance Sheets at September 30, 2010 (unaudited) and December 31, 2009 (audited); (ii) Unaudited Statements of Operations for the three and nine months ended September 30, 2010 and 2009; (iii) Unaudited Statements of Cash Flows for the nine months ended September 30, 2010 and 2009; and (iv) Notes to the Unaudited Consolidated Financial Statements (tagged as blocks of text).

* This exhibit is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

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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: November 5, 2010

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

Date: November 5, 2010

/s/ DANIEL J. D ARRIGO
Daniel J. D Arrigo
Executive Vice President,
Chief Financial Officer and Treasurer
(Principal Financial Officer)

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