# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-K

(Mark One)

**[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2016**

**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 Number) |

**3600 Las Vegas Boulevard South - Las Vegas, Nevada 89109**
**(Address of principal executive office) (Zip Code)**

**(702) 693-7120**
**(Registrant's telephone number, including area code)**

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

| Title of each class | Name of each exchange on which registered |
|---|---|
| Common Stock, $0.01 Par Value | New York Stock Exchange |

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

**None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes X No ____

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ____ No X

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes X No ____

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K: X

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

Large accelerated filer X Accelerated filer ___ Non-accelerated filer ___ Smaller reporting company ___

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

The aggregate market value of the Registrant's Common Stock held by non-affiliates of the Registrant as of June 30, 2016 (based on the closing price on the New York Stock Exchange Composite Tape on June 30, 2016) was $8.9 billion. As of February 24, 2017, 574,198,332 shares of Registrant's Common Stock, $0.01 par value, were outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's definitive Proxy Statement for its 2017 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

## PART I

### ITEM 1. BUSINESS

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

**Overview**

*Vision, Mission and Strategies*

Our vision is to be the recognized global leader in entertainment and hospitality. We embrace innovation, diversity and inclusion to inspire excellence. We reward our employees, invest in our communities and enrich our stakeholders. We strive to Engage, Entertain and Exceed the expectations of our guests worldwide.

Our mission is to create a diverse collection of extraordinary people, distinctive brands and best-in-class destinations. Working together we create partnerships and experiences that Engage, Entertain, and Inspire our customers, our communities and our stakeholders.

The following are our strategic objectives:

- Drive operational and balance sheet improvements to enhance shareholder value;
- Enhance our culture and approach to operations to better leverage investments in critical foundational competencies that support a high performance organization;
- Identify and execute on growth and development opportunities in key domestic and international markets to grow global presence; and
- Continue to solidify the Company's reputation as a global leader in the principles of Corporate Social Responsibility.

*Reportable Segments*

We have two reportable segments based on the similar characteristics of the operating segments: domestic resorts and MGM China. We currently own and operate 14 resorts in the United States. MGM China's operations consist of the MGM Macau resort and casino ("MGM Macau") and the development of an integrated casino, hotel, and entertainment resort on the Cotai Strip in Macau ("MGM Cotai"). We have additional business activities including our investments in unconsolidated affiliates, and certain other corporate and management operations. CityCenter Holdings, LLC ("CityCenter") is our most significant unconsolidated affiliate, which we also manage for a fee. See "Resort Operations" below, as well as "Executive Overview" in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 18 in the accompanying notes to the consolidated financial statements, for additional information related to our segments.

*Formation and Initial Public Offering of MGP*

On April 25, 2016, MGM Growth Properties LLC ("MGP"), a consolidated subsidiary of the Company, completed its initial public offering ("IPO") of 57,500,000 of its Class A shares representing limited liability company interests (inclusive of the full exercise by the underwriters of their option to purchase 7,500,000 Class A shares) at an initial offering price of $21 per share. MGP used the proceeds from the IPO to purchase operating partnership units in MGM Growth Properties Operating Partnership LP (the "Operating Partnership"), to which we contributed the real estate assets associated with The Mirage, Mandalay Bay, Luxor, New York-New York, Monte Carlo, Excalibur, The Park, Gold Strike Tunica, MGM Grand Detroit and Beau Rivage in exchange for Operating Partnership units in the Operating Partnership in connection with the IPO. A wholly owned subsidiary of the Operating Partnership (the "landlord") subsequently leased the properties to a subsidiary of ours (the "tenant") pursuant to a long-term triple-net master lease agreement (the "master lease").

MGP is organized as an umbrella partnership REIT (commonly referred to as an "UPREIT") structure in which substantially all of its assets are owned by, and substantially all of its businesses are conducted through the Operating Partnership. MGP contributed the proceeds from the IPO to the Operating Partnership in exchange for 26.7% of the units in the Operating Partnership. The sole general partner of the Operating Partnership is also a subsidiary of MGP. MGP has two classes of authorized and outstanding voting common shares (collectively, the "shares"): Class A shares and a single Class B share. We own MGP's Class B share, which does not provide its holder any rights to profits or losses or any rights to receive distributions from operations of MGP or upon liquidation or

winding up of MGP. MGP's Class A shareholders are entitled to one vote per share, while we, as the owner of the Class B share, are entitled to an amount of votes representing a majority of the total voting power of MGP's shares so long as our and our controlled affiliates' (excluding MGP's) aggregate beneficial ownership of the combined economic interests in MGP and the Operating Partnership does not fall below 30%. Subsequent to our acquisition of Borgata Hotel Casino and Spa ("Bor gata") on August 1, 2016 and subsequent contribution of Borgata's real estate assets to MGP, as discussed below, our ownership in the Operating Partnership, which is controlled and consolidated by MGP, increased from 73.3% to 76.3%. As a result of the Borg ata transaction, MGP's ownership in the Operating Partnership was correspondingly reduced from 26.7% to 23.7%. The operating partnership units held by us are exchangeable into Class A shares of MGP on a one-to-one basis, or cash at the fair value of a Clas s A share. The determination of settlement method is at the option of MGP's independent conflicts committee.

In connection with the formation of MGP, we borrowed $4.0 billion under certain bridge facilities, the proceeds of which were used to repay outstanding obligations under our prior senior credit facility and to redeem our 7.5% senior notes due 2016 and our 10% senior notes due 2016. The bridge facilities were subsequently assumed by the Operating Partnership pursuant to a master contribution agreement by and between MGM, MGP and the Operating Partnership (the "master contribution agreement"). The Operating Partnership repaid the bridge facilities with a combination of proceeds from certain financing transactions and the proceeds from the IPO.

*Acquisition of Borgata Hotel Casino & Spa*

On August 1, 2016, we completed the acquisition of Boyd Gaming Corporation's ("Boyd Gaming") ownership interest in Borgata, at which time Borgata became a consolidated subsidiary of ours. Accordingly, we recorded a gain of approximately $430 million as a result of the acquisition of Borgata and resulting consolidation of Borgata, which we previously accounted for under the equity method. See Note 4 in the accompanying consolidated financial statements for additional information. Following completion of the acquisition, MGP subsequently acquired Borgata's real property from a subsidiary of ours in exchange for the assumption by the landlord, a subsidiary of MGP, of $545 million of indebtedness from our subsidiary and the issuance of 27.4 million Operating Partnership units to our subsidiary. In connection with the Borgata transaction, we borrowed $545 million under certain bridge facilities, which were subsequently contributed to the Operating Partnership. The Operating Partnership repaid the bridge facilities with a combination of cash on hand and a draw down on its revolving credit facility, which it subsequently refinanced with proceeds from the offering of its 4.5% senior notes due 2026. Pursuant to an amendment to the master lease, MGP, through the landlord, leased back the real property of Borgata to the tenant and as a result, initial rent payments to MGP increased by $100 million, prorated for the remainder of the first lease year after the Borgata transaction. Consistent with the master lease terms, 90% of this rent is fixed and will contractually grow at 2% per year until 2022.

**Resort Operations**

*General*

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

We believe we operate the highest quality resorts in each of the markets in which we operate. Ensuring our resorts are the premier resorts in their respective markets requires capital investments to maintain the best possible experiences for our guests. The quality of our resorts and amenities can be measured by our success in winning numerous awards, both domestic and globally, including several Four and Five Diamond designations from the American Automobile Association as well as multiple Four and Five Star designations from Forbes Travel Guide.

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

Al l of our casino resorts operate 24 hours a day, every day of the year, with the exception of Grand Victoria which operates 22 hours a day, every day of the year. At our domestic resorts, our primary casino and hotel operations are owned and managed by us. Other resort amenities may be owned and operated by us, owned by us but managed by third parties for a fee, or leased to third parties. We utilize third-party management for specific expertise in operations of restaurants and nightclubs. We lease space to retail and food and beverage operators, particularly for branding opportunities and when capital investment by us is not desirable or feasible.

*Our Operating Resorts*

We have provided certain information below about our resorts as of December 31, 2016. On August 1, 2016, we completed the acquisition of Boyd Gaming's ownership interest in Borgata, at which time Borgata became a consolidated subsidiary of ours. On December 8, 2016, we opened MGM National Harbor, an integrated casino, hotel and entertainment resort. Except as otherwise indicated, we own and operate the resorts shown below.

| Name and Location | Number of Guestrooms and Suites | Approximate Casino Square Footage (1) | Slots (2) | Gaming Tables (3) |
|---|---|---|---|---|
| **Domestic Resorts:** | | | | |
| *Las Vegas* | | | | |
| Bellagio | 3,933 | 155,000 | 1,839 | 151 |
| MGM Grand Las Vegas (4) | 6,133 | 160,000 | 1,662 | 130 |
| Mandalay Bay (5) | 4,752 | 155,000 | 1,239 | 77 |
| The Mirage | 3,044 | 93,000 | 1,284 | 81 |
| Luxor | 4,400 | 100,000 | 1,043 | 58 |
| Excalibur | 3,981 | 93,000 | 1,161 | 52 |
| New York-New York | 2,024 | 81,000 | 1,220 | 72 |
| Monte Carlo | 2,992 | 90,000 | 899 | 64 |
| Circus Circus Las Vegas | 3,764 | 95,000 | 1,251 | 43 |
| *Other* | | | | |
| MGM Grand Detroit (Detroit, Michigan) (6) | 400 | 127,000 | 3,581 | 114 |
| Beau Rivage (Biloxi, Mississippi) | 1,740 | 81,000 | 1,810 | 80 |
| Gold Strike (Tunica, Mississippi) | 1,133 | 48,000 | 1,194 | 58 |
| Borgata (Atlantic City, New Jersey) | 2,767 | 160,000 | 3,026 | 186 |
| MGM National Harbor (Prince George's County, Maryland) | 308 | 125,000 | 3,241 | 126 |
| Subtotal | 41,371 | 1,563,000 | 24,450 | 1,292 |
| **MGM China:** | | | | |
| MGM Macau – 55.95% owned (Macau S.A.R.) | 582 | 324,000 | 1,060 | 416 |
| **Other Operations:** | | | | |
| CityCenter – 50% owned (Las Vegas, Nevada) (7) | 5,891 | 139,000 | 1,581 | 125 |
| Grand Victoria – 50% owned (Elgin, Illinois) (8) | — | 30,000 | 1,088 | 42 |
| Subtotal | 5,891 | 169,000 | 2,669 | 167 |
| Grand total | 47,844 | 2,056,000 | 28,179 | 1,875 |

(1) Casino square footage is approximate and includes the gaming floor, race and sports, high limit areas and casino specific walkways, and excludes casino cage and other non-gaming space within the casino area.
(2) Includes slot machines, video poker machines and other electronic gaming devices.
(3) Includes blackjack ("21"), baccarat, craps, roulette and other table games; does not include poker.
(4) Includes 1,171 rooms at The Signature at MGM Grand Las Vegas.
(5) Includes 1,117 rooms at the Delano and 424 rooms at the Four Seasons Hotel.
(6) Our local investors have an ownership interest of approximately 3% of MGM Grand Detroit.
(7) Includes Aria with 4,004 rooms and Mandarin Oriental Las Vegas with 392 rooms. Vdara includes 1,495 condo-hotel units. As of December 31, 2016, 147 units have been sold and closed, of which 65 units were contracted to participate in a hotel rental program managed by CityCenter. The remaining 1,348 unsold units are being utilized as company-owned hotel rooms. The other 50% of CityCenter is owned by Infinity World Development Corp.
(8) The other 50% of Grand Victoria is owned by an affiliate of Hyatt Gaming, which also operates the resort.

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

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

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

**MGM China.** We acquired an additional 4.95% interest in MGM China Holdings Limited ("MGM China") on September 1, 2016, which increased our ownership to approximately 56%. We have a controlling interest in MGM China, which owns MGM Grand Paradise, S.A. ("MGM Grand Paradise"), the Macau company that owns and operates the MGM Macau resort and casino and the related gaming subconcession and land concession. We believe our ownership interest in MGM China plays an important role in extending our reach internationally and will foster future growth and profitability. Macau is the world's largest gaming destination in terms of revenue and we expect future growth in the Asian gaming market to drive additional visitation at MGM Macau and our future property on the Cotai Strip.

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

In October 2012, MGM Grand Paradise formally accepted the terms and conditions of a land concession contract from the government of Macau to develop MGM Cotai on an approximately 18 acre site on the Cotai Strip. The land concession contract became effective when the Macau government published the agreement in the Official Gazette of Macau on January 9, 2013 and has an initial term of 25 years. Under the terms of the land concession contract, MGM Grand Paradise is required to build and open MGM Cotai by January 2018.

Construction of MGM Cotai commenced in 2013 and it is expected to open in the second half of 2017. China State Construction Engineering Corporation serves as the sole general contractor for the project. MGM Cotai will be an integrated casino, hotel and entertainment resort with capacity for up to 500 gaming tables and up to 1,500 slots, and featuring approximately 1,500 hotel rooms. The actual number of gaming tables allocated to MGM Cotai will be determined by the Macau government prior to opening, and such allocation is expected to be less than our 500 gaming table capacity. The total estimated project budget is $3.3 billion, excluding development fees eliminated in consolidation, capitalized interest and land related costs.

*Customers and Competition*

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

Our primary methods of successful competition include:

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

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

Our Las Vegas casino resorts compete for customers with a large number of other hotel casinos in the Las Vegas area, including major hotel casinos on or near the Las Vegas Strip, major hotel casinos in the downtown area, which is about five miles from the center of the Las Vegas Strip, and several major hotel casinos elsewhere in the Las Vegas area. Our Las Vegas Strip resorts also compete, in part, with each other. According to the Las Vegas Convention and Visitors Authority, there were approximately 149,300 and 149,200 guestrooms in Las Vegas at December 31, 2016 and 2015, respectively. At December 31, 2016, we operated approximately 27% of the guestrooms in Las Vegas. Las Vegas visitor volume was 42.9 million in 2016, a 1.5% increase from the 42.3 million reported for 2015. Major competitors, including new entrants, have either recently expanded their hotel room capacity or have plans to expand their capacity or construct new resorts in Las Vegas. Also, the growth of gaming in areas outside Las Vegas has increased the competition faced by our operations in Las Vegas.

Outside Nevada, our resorts primarily compete with other hotel casinos in their markets and for customers in surrounding regional gaming markets, where location is a critical factor to success. In addition, we compete with gaming operations in surrounding jurisdictions and other leisure destinations in each region. For example, in Detroit, Michigan we compete with a casino in nearby Windsor, Canada and with Native American casinos in Michigan. In Atlantic City, New Jersey we compete with other Atlantic City casinos as well as casinos in Pennsylvania and Maryland. In Washington, D.C. we compete with other Maryland casinos as well as casinos in Pennsylvania and New Jersey. In Biloxi and Tunica, Mississippi we compete with regional riverboat and land-based casinos in Louisiana, Native American casinos in central Mississippi and with casinos in Florida and the Bahamas.

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

Our key competitors in Macau include five other gaming concessionaires and subconcessionaires. If the Macau government were to grant additional concessions or subconcessions, we would face additional competition which could have a material adverse effect on our financial condition, results of operations or cash flows. Additionally, we face competition at our Macau and Cotai properties from concessionaires who have expanded their operations, primarily on the Cotai Strip, with several openings having occurred during 2016 and additional openings expected during 2017.

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

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

*Marketing*

Our marketing efforts are conducted through various means, including our loyalty programs as discussed further below. We advertise on radio, television, internet and billboards and in newspapers and magazines in selected cities throughout the United States and overseas, as well as by direct mail, email and through the use of social media. We also advertise through our regional marketing offices located in major U.S. and foreign cities. A key element of marketing to premium gaming customers is personal contact by our marketing personnel. Direct marketing is also important in the convention segment. We maintain websites to inform customers about our resorts and allow our customers to reserve hotel rooms, make restaurant reservations and purchase show tickets. We actively utilize several social media sites to promote our brands, unique events, and special deals.

**Domestic resorts.** M life Rewards, our customer l oyalty program, is a broad-based program recognizing and rewarding customer spending across many channels focusing on wallet share capture and increased loyalty through unique benefits and rewards. M life Rewards provides access to members-only events and exclusive experiences. M life Rewards is a tiered program and allows customers to qualify for benefits across our participating resorts and in both gaming and non-gaming areas, encouraging customers to keep their total spend within our casino resorts. Memb ers may earn points and/or Express Comps for their gaming play which can be redeemed at restaurants, box offices or the front desk at participating properties. Points may also be redeemed for free slot play on participating machines. Members can utilize th e M life Rewards website, www.mlife.com, to see offers, tier levels and point and Express Comps balances. In addition, we offer a complimentary magazine — M life Magazine — to highlight customers' experiences and showcase "Moments" that members can redeem through the accumulation of Express Comps.

Our direct marketing efforts utilize advanced analytic techniques that identify customer preferences and help predict future customer behavior, allowing us to make more relevant offers to customers, influence incremental visits, and help build lasting customer relationships.

We also utilize our world-class golf courses in marketing programs at our Las Vegas Strip resorts. Our major Las Vegas resorts offer luxury suite packages that include golf privileges at Shadow Creek in North Las Vegas. In connection with our marketing activities, we also invite our premium gaming customers to play Shadow Creek on a complimentary basis. Marketing efforts at Beau Rivage in Biloxi, Mississippi benefit from the Fallen Oak golf course located 20 minutes north of Beau Rivage. Additionally, we use entertainment as a marketing tool. We often provide to our customers free or discounted tickets or presale opportunities as well as occasionally offering packages that include entertainment tickets with rooms and other amenities.

**MGM China.** In January 2017, MGM Macau launched M life Rewards with a focus on non-gaming rewards to cater to an increasing number of resort and leisure customers expected with the opening of the MGM Cotai property. For customers who are primarily focused on gaming, the Golden Lion Club will continue to provide benefits to a range of members from lower spending through the highest level VIP cash players. The structured rewards systems based on member value and tier level ensures that customers can progressively access the full range of services that the resort provides. Both programs, M life Rewards and Golden Lion Club, which was used prior to the launch of M life Rewards, are aspirational by design and uniquely focus on building a rewarding relationship with our customers, encouraging members to increase both visitation and spend. Information from the Golden Lion Club is used to analyze customer usage by segment and individual player profile. MGM Macau has invested in the leading mobile, customer relationship management and call center technologies to ensure that all customers get great experiences and rewards.

In addition to the M life program, MGM Macau has also created and continues to expand several luxurious private gaming salons that provide distinctive, high-end environments for the VIP players brought to the resort through gaming promoters and the in-house VIP marketing team. MGM Macau has created a variety of incentive programs to reward gaming promoters for increased business and efficiency.

*Technology*

We utilize various types of technology to maximize revenue, drive efficiency in our operations, and serve our customers more effectively. We continue to automate our IT operations to shift costs related to operation to spend on innovation. We also are implementing leading technology solutions for all MGM major lines of businesses. We utilize data and analytics to help us make timely and accurate business decisions. We have adopted cloud first strategy to use the cloud when possible to increase our agility and speed to market.

We continue to enhance our eCommerce platform, which is critical to the digital platforms that support our domestic portfolio of casino resorts. Our eCommerce platform provides our guests and business partners a premier digital experience where they have the ability to create an all-inclusive experience, from accommodations to dining to shows with real time recommendations provided based on the guests' shopping experience. Available through our domestic resorts' individual websites and our loyalty program website ( www.mlife.com ), the eCommerce platform gives guests the power to customize a complete itinerary from our full portfolio of experiences, all in one place. In addition, this platform also provides our contact center agents in Las Vegas a unified and integrated customer service application, allowing our agents to provide fast, efficient, and pertinent service to our guests.

*Employees and Man agement*

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

*Corporate Social Responsibility*

We seek to conduct our business in an effective, socially responsible way which we regard as essential to maximizing shareholder value. Our corporate social responsibility efforts are overseen by the Corporate Social Responsibility Committee of our Board of Directors.

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

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

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

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

At MGM China, we incorporate the same commitment to environmental preservation. Our efforts to improve energy efficiency, indoor air quality, and environmental stewardship have resulted in MGM China being included in the Hang Seng Sustainability Index on the Hong Kong Stock Exchange, and MGM Cotai, our new integrated resort scheduled to open in the second half of 2017 achieving the China Green Building (Macau) Design label from the China Green Building and Energy Saving (Macau) Association.

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

**Development and Leveraging Our Brand and Management Assets**

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

We regularly evaluate possible expansion and acquisition opportunities in domestic and international markets. Opportunities we evaluate may include the ownership, management and operation of gaming and other entertainment facilities in Nevada, or in states other than Nevada, or outside of the United States. We leverage our management expertise and well-recognized brands through

strategic partnerships and international expansion opportunities. We feel that several of our brands are well-suited to new projects in both gaming and non-gaming developments. We may undertake these opportunities either alone o r in cooperation with one or more third parties.

*MGM Springfield*

A subsidiary of ours was awarded a casino license to build and operate MGM Springfield in Springfield, Massachusetts. MGM Springfield will be developed on approximately 14 acres of land in downtown Springfield. Plans for the resort currently include a casino with approximately 3,000 slots and 100 table games including poker; a 250-room hotel; 100,000 square feet of retail and restaurant space; 44,000 square feet of meeting and event space; and a 3,375-space parking garage, with an expected development and construction cost of approximately $865 million, excluding capitalized interest and land related costs. Construction of MGM Springfield is expected to be completed in late 2018.

**Intellectual Property**

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

**Employees and Labor Relations**

As of December 31, 2016, we had approximately 52,000 full-time and 17,000 part-time employees domestically, of which 6,000 and 2,000, respectively, support the Company's management agreements with CityCenter. In addition, we had approximately 6,000 employees at MGM Macau. We had collective bargaining agreements with unions covering approximately 34,000 of our employees as of December 31, 2016. No collective bargaining agreements covering sizable numbers of our employees are scheduled to expire in 2017. In 2016 and early 2017, we entered into initial collective bargaining agreements for certain employee groups at The Mirage, Bellagio, Aria, Vdara, Monte Carlo and Gold Strike Tunica. Beau Rivage is currently engaged in negotiations for an initial collective bargaining agreement with a council of unions representing various hotel and food and beverage constituencies. Mandalay Bay is currently engaged in negotiations for an initial collective bargaining agreement for two employee groups. MGM National Harbor will begin negotiating in 2017 for initial bargaining agreements with several employee groups. As of December 31, 2016, none of the employees of MGM Macau are part of a labor union and the resort is not party to any collective bargaining agreements. We consider our employee relations to be good.

**Regulation and Licensing**

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

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

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

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

**Cautionary Statement Concerning Forward-Looking Statements**

This Form 10-K and our 2016 Annual Report to Stockholders contain "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects," "will," "may" and similar references to future periods. Examples of forward-looking statements include, but are not limited to, statements we make regarding expected market growth in Macau, our ability to generate significant cash flow and execute on ongoing and future projects, amounts we will spend in capital expenditures and investments, the opening of strategic resort developments, the estimated costs and components associated with those developments, our expectations with respect to future cash dividends on our common stock, dividends and distributions we will receive from MGM China, the Operating Partnership or CityCenter and amounts projected to be realized as deferred tax assets. The foregoing is not a complete list of all forward-looking statements we make.

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

- our substantial indebtedness and significant financial commitments, including the fixed component of our rent payments to MGP, could adversely affect our development options and financial results and impact our ability to satisfy our obligations;
- current and future economic, capital and credit market conditions could adversely affect our ability to service or refinance our indebtedness and to make planned expenditures and investments as well as pursue strategic initiatives ;
- restrictions and limitations in the agreements governing our senior credit facility and other senior indebtedness could significantly affect our ability to operate our business, as well as significantly affect our liquidity;
- the fact that we are required to pay a significant portion of our cash flows as fixed and percentage rent under the master lease, which could adversely affect our ability to fund our operations and growth, service our indebtedness and limit our ability to react to competitive and economic changes;
- a significant number of our domestic gaming facilities are leased and could experience risks associated with leased property, including risks relating to lease termination, lease extensions, charges and our relationship with the lessor, which could have a material adverse effect on our business, financial position or results of operations;
- financial, operational, regulatory or other potential challenges that may arise with respect to MGP, as our sole lessor for a significant portion of our business, may adversely impair our operations;
- James J. Murren, our Chairman, Daniel J. Taylor, one of our directors, and William J. Hornbuckle, Elisa C. Gois, and John M. McManus, members of our senior management, may have actual or potential conflicts of interest because of their positions at MGP;
- the fact that MGP has adopted a policy under which certain transactions with us, including transactions involving consideration in excess of $25 million, must be approved by a conflict committee comprised of independent directors of MGP;
- significant competition we face with respect to destination travel locations generally and with respect to our peers in the industries in which we compete;
- the fact that our businesses are subject to extensive regulation and the cost of compliance or failure to comply with such regulations could adversely affect our business;
- the impact on our business of economic and market conditions in the markets in which we operate and in the locations in which our customers reside;
- our ability to pay ongoing regular dividends is subject to the discretion of our board of directors and certain other limitations;
- our ability to sustain continued improvements as a result of our Profit Growth Plan;

- restrictions on our ability to have any interest or involvement in gaming businesses in China, Macau, Hong Kong and Taiwan, other than through MGM China;
- the ability of the Macau government to terminate MGM Grand Paradise's gaming subconcession under certain circumstances without compensating MGM Grand Paradise, or refuse to grant MGM Grand Paradise an extension of the subconcession, which is scheduled to expire on March 31, 2020;
- our ability to build and open our development in Cotai by January 2018;
- the dependence of MGM Macau upon gaming promoters for a significant portion of gaming revenues in Macau;
- our ability to recognize our foreign tax credit deferred tax asset and the variability of the valuation allowance we may apply against such deferred tax asset;
- extreme weather conditions or climate change may cause property damage or interrupt business;
- the concentration of a majority of our major gaming resorts on the Las Vegas Strip;
- the fact that we extend credit to a large portion of our customers and we may not be able to collect all such gaming receivables;
- the potential occurrence of impairments to goodwill, indefinite-lived intangible assets or long-lived assets which could negatively affect future profits;
- the susceptibility of leisure and business travel, especially travel by air, to global geopolitical events, such as terrorist attacks or acts of war or hostility, and to disease epidemics;
- the fact that co-investing in properties, including our investment in CityCenter, decreases our ability to manage risk;
- the fact that current and future construction or development projects will be susceptible to substantial development and construction risks;
- the fact that our insurance coverage may not be adequate to cover all possible losses that our properties could suffer, our insurance costs may increase and we may not be able to obtain similar insurance coverage in the future;
- the fact that a failure to protect our trademarks could have a negative impact on the value of our brand names and adversely affect our business;
- the risks associated with doing business outside of the United States and the impact of any potential violations of the Foreign Corrupt Practices Act or other similar anti-corruption laws;
- risks related to pending claims that have been, or future claims that may be brought against us;
- the fact that a significant portion of our labor force is covered by collective bargaining agreements;
- the sensitivity of our business to energy prices and a rise in energy prices could harm our operating results;
- the potential that failure to maintain the integrity of our computer systems and internal customer information could result in damage to our reputation and/or subject us to fines, payment of damages, lawsuits or other restrictions on our use or transfer of data;
- increases in gaming taxes and fees in the jurisdictions in which we operate; and
- the potential for conflicts of interest to arise because certain of our directors and officers are also directors of MGM China, which is now a publicly traded company listed on the Hong Kong Stock Exchange.

Any forward-looking statement made by us in this Form 10-K or our 2016 Annual Report to Stockholders speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law. If we update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

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

**Executive Officers of the Registrant**

The following table sets forth, as of March 1, 2017, the name, age and position of each of our executive officers. Executive officers are elected by and serve at the pleasure of the Board of Directors.

| Name | Age | Position |
|---|---|---|
| James J. Murren | 55 | Chairman and Chief Executive Officer |
| Robert H. Baldwin | 66 | Chief Customer Development Officer |
| William J. Hornbuckle | 59 | President |
| Corey I. Sanders | 53 | Chief Operating Officer |
| Daniel J. D'Arrigo | 48 | Executive Vice President and Chief Financial Officer |
| Phyllis A. James | 64 | Executive Vice President, Chief Diversity and Corporate Responsibility Officer |
| John M. McManus | 49 | Executive Vice President, General Counsel and Secretary |
| Robert C. Selwood | 61 | Executive Vice President and Chief Accounting Officer |

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

Mr. Baldwin has served as Chief Customer Development Officer since August 2015. He served as Chief Design and Construction Officer from August 2007 to August 2015, Chief Executive Officer of Mirage Resorts from June 2000 to August 2007 and President and Chief Executive Officer of Bellagio, LLC from June 1996 to March 2005.

Mr. Hornbuckle has served as President since December 2012. He served as Chief Marketing Officer from August 2009 to August 2014 and President and Chief Operating Officer of Mandalay Bay Resort & Casino from April 2005 to August 2009.

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

Mr. D'Arrigo has served as Executive Vice President and Chief Financial Officer since August 2007 and as Treasurer from September 2009 to June 2016. He served as Senior Vice President—Finance of the Company from February 2005 to August 2007 and as Vice President—Finance of the Company from December 2000 to February 2005.

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

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

Mr. Selwood has served as Executive Vice President and Chief Accounting Officer since August 2007. He served as Senior Vice President—Accounting of the Company from February 2005 to August 2007 and as Vice President—Accounting of the Company from December 2000 to February 2005.

**Available Information**

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

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

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

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

## ITEM 1A. RISK FACTORS

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

**Risks Relating to Our Substantial Indebtedness**

- *Our substantial indebtedness and significant financial commitments, including the fixed component of our rent payments to MGP, could adversely affect our operations and financial results and impact our ability to satisfy our obligations* . Our substantial indebtedness and significant financial commitments, including the fixed component of our rent payments to MGP, could adversely affect our operations and financial results and impact our ability to satisfy our obligations. As of December 31, 2016, we had approximately $13.1 billion principal amount of indebtedness outstanding, including $250 million of borrowings outstanding and $1.2 billion of available borrowing capacity under our senior secured credit facility, and $1.9 billion, $2.1 billion and $450 million of debt outstanding under the MGM China, Operating Partnership, and MGM National Harbor credit facilities, respectively. In addition, the Operating Partnership has $1.55 billion of senior notes outstanding. Any increase in the interest rates applicable to our existing or future borrowings would increase the cost of our indebtedness and reduce the cash flow available to fund our other liquidity needs. We do not guarantee MGM China's, MGM National Harbor's or the Operating Partnership's obligations under their respective debt agreements and, to the extent MGM Macau, MGM National Harbor or the Operating Partnership were to cease to produce cash flow sufficient to service their indebtedness, our ability to make additional investments into such entities is limited by the covenants in our existing senior secured credit facility.

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

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

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

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

  We have a significant amount of indebtedness maturing in 2018, and thereafter. Our ability to timely refinance and replace our indebtedness in the future will depend upon the economic and credit market conditions discussed above. If we are unable to refinance our indebtedness on a timely basis, we might be forced to seek alternate forms of financing, dispose of certain assets or minimize capital expenditures and other investments. There is no assurance that any of these alternatives

would be available to us, if at all, on satisfactory terms, on terms that would not be disadvantageous to us, or on terms that would not require us to breach the terms and conditions of our existing or future debt agreements.

- *The agreements governing our senior secured credit facility and other senior indebtedness contain restrictions and limitations that could significantly affect our ability to operate our business, as well as significantly affect our liquidity, and therefore could adversely affect our results of operations* . Covenants governing our senior secured credit facility and certain of our debt securities restrict, among other things, our ability to:

    - pay dividends or distributions, repurchase or issue equity, prepay certain debt or make certain investments;
    - incur additional debt;
    - incur liens on assets;
    - sell assets or consolidate with another company or sell all or substantially all of our assets;
    - enter into transactions with affiliates;
    - allow certain subsidiaries to transfer assets; and
    - enter into sale and lease-back transactions.

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

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

- *We are required to pay a significant portion of our cash flows as fixed and percentage rent under the master lease, which could adversely affect our ability to fund our operations and growth, service our indebtedness and limit our ability to react to competitive and economic changes* . We are required to pay annual rent of $650 million, which increased from $550 million as a result of the Borgata transaction on August 1, 2016 (with annual escalators of 2% in the second through sixth years of the master lease and the possibility for additional 2% increases thereafter, as well as potential increases in percentage rent every five years), to MGP pursuant to and subject to the terms and conditions of the master lease. As a result, our ability to fund our own operations, raise capital, make acquisitions, make investments, service our debt and otherwise respond to competitive and economic changes may be adversely affected. For example, our obligations under the master lease may:

    - make it more difficult for us to satisfy our obligations with respect to our indebtedness and to obtain additional indebtedness;
    - increase our vulnerability to general adverse economic and industry conditions or a downturn in our business;
    - require us to dedicate a substantial portion of our cash flow from operations to making rent payments, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, development projects and other general corporate purposes;
    - limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
    - restrict our ability to make acquisitions, divestitures and engage in other significant transactions; and
    - cause us to lose our rights with respect to all of the properties leased under the master lease if we fail to pay rent or other amounts or otherwise default on the master lease, given that all of the properties we lease from MGP under the master lease are effectively cross-collateralized as a result of the master lease being a single unitary lease.

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

**Risks Related to our Business**

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

  In addition, competition could increase if changes in gaming restrictions in the United States and elsewhere result in the addition of new gaming establishments located closer to our customers than our casinos, such as has happened in California. For example, while our Macau operations compete to some extent with casinos located elsewhere in or near Asia (including Singapore, Korea, Australia, New Zealand, Malaysia, Vietnam, Cambodia, the Philippines, Russia, cruise ships in Asia that offer gaming, and unlicensed gaming operations), certain countries in the region have legalized casino gaming (including Japan) and others (such as Taiwan and Thailand) may legalize casino gaming (or online gaming) in the future. Furthermore, currently MGM Grand Paradise holds one of only six gaming concessions authorized by the Macau government to operate casinos in Macau. If the Macau government were to allow additional competitors to operate in Macau through the grant of additional concessions or if current concessionaires and subconcessionaires open additional facilities (for example, the facilities currently being developed in Cotai, Macau are expected to increase total hotel room inventory by 10% through 2018 and significantly increase other gaming and non-gaming offerings in Macau), we would face increased competition.

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

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

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

  Further, our directors, officers, key employees and investors in our properties must meet approval standards of certain state and foreign regulatory authorities. If state regulatory authorities were to find such a person or investor unsuitable, we would be required to sever our relationship with that person or the investor may be required to dispose of his, her or its interest in

the property. State regulatory a gencies may conduct investigations into the conduct or associations of our directors, officers, key employees or investors to ensure compliance with applicable standards. Certain public and private issuances of securities and other transactions also requir e the approval of certain regulatory authorities.

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

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

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

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

w hich would adversely affect our operating results. For example, the prior recession and downturn in consumer and corporate spending had a negative impact on our results of operations.

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

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

- *We may not be able to sustain continued improvements as a result of our Profit Growth Plan.* In 2015, we commenced an initiative for sustained growth and margin enhancement, focused on improving our business processes to optimize scale for greater efficiency and lower costs throughout our business. While we believe these initiatives will continue to result in Adjusted EBITDA benefit, our optimization efforts may fail to achieve expected results or we may not be able to sustain our historic efforts to produce continuous improvements. In addition, while we expect to continue to explore additional opportunities to drive further improvement to our business processes, we may not be able to achieve the historic Adjusted EBITDA benefits at the same rate (or at all) and we may not be able to institutionalize the continuous improvement business practices that developed in connection with implementing the Profit Growth Plan.

- *Our ability to pay ongoing regular dividends to our stockholders is subject to the discretion of our board of directors and may be limited by our holding company structure, existing and future debt agreements entered into by us or our subsidiaries and state law requirements* . We intend to pay ongoing regular quarterly cash dividends on our common stock. However, our board of directors may, in its sole discretion, change the amount or frequency of dividends or discontinue the payment of dividends entirely. In addition, our ability to pay dividends is restricted by certain covenants in our credit agreement, and because we are a holding company with no material direct operations, we are dependent on receiving cash from our operating subsidiaries to generate the funds from operations necessary to pay dividends on our common stock. We expect our subsidiaries will continue to generate significant cash flow necessary to maintain quarterly dividend payments on our common stock, however, their ability to generate funds will be subject to their operating results, cash requirements and financial condition, any applicable provisions of state law that may limit the amount of funds available to us, and compliance with covenants and financial ratios related to existing or future agreements governing any indebtedness at such subsidiaries and any limitations in other agreements such subsidiaries may have with third parties. In addition, each of the companies in our corporate chain must manage its assets, liabilities and working capital in order to meet all of their respective cash obligations. As a consequence of these various limitations and restrictions, future dividend payments may be reduced or eliminated. Any change in the level of our dividends or the suspension of the payment thereof could adversely affect the market price of our common stock.

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

- *Any financial, operational, regulatory or other potential challenges that may arise with respect to MGP, as our sole lessor for a significant portion of our business, may adversely impair our operations* . We lease a substantial number of the properties that we operate and manage, which represent a significant portion of our operations, from MGP under the master lease. If MGP has financial, operational, regulatory or other challenges, there can be no assurance that MGP will be able to comply with its obligations under the master lease or its other agreements with us. Failure on the part of MGP to fulfill its commitments could have a material adverse effect on our business, financial condition and results of operations.

- *James J. Murren, our Chairman, Daniel J. Taylor, one of our directors, and William J. Hornbuckle, Elisa C. Gois, and John M. McManus, members of our senior management, may have actual or potential conflicts of interest because of their positions at MGP* . James J. Murren serves as our Chairman and as the Chairman of MGP. In addition, Daniel J. Taylor, one of our directors, is also a director of MGP and William J. Hornbuckle, Elisa C. Gois, and John M. McManus, members of our senior management, are also directors of MGP. While we have procedures in place to address such situations and the organizational documents with respect to MGP contain provisions that reduce or eliminate duties (including fiduciary duties) to any MGP shareholder to the fullest extent permitted by law, these overlapping positions could nonetheless create, or appear to create, potential conflicts of interest when our or MGP's management and directors pursue the same corporate opportunities, such as potential acquisition targets, or face decisions that could have different implications for us and MGP. Further, potential conflicts of interest could arise in connection with the resolution of any dispute between us and MGP (or its subsidiaries) regarding the terms of the agreements governing the separation and the relationship, between us and MGP, such as under the master lease. Potential conflicts of interest could also arise if we and MGP enter into any commercial or other adverse arrangements with each other in the future.

- *Despite our ability to exercise control over the affairs of MGP as a result of our ownership of the single outstanding Class B share of MGP, MGP has adopted a policy under which certain transactions with us, including transactions involving consideration in excess of $25 million, must be approved by a conflicts committee comprised of independent directors of MGP, which could affect our ability to execute our operational and strategic objectives.* We own the single outstanding Class B share of MGP. The Class B Share is a non-economic interest in MGP which does not provide its holder any rights to profits or losses or any rights to receive distributions from operations of MGP or upon liquidation or winding up of MGP and which represents a majority of the voting power of MGP’s shares so long as the holder of the Class B share and its controlled affiliates’ (excluding MGP) aggregate beneficial ownership of the combined economic interests in MGP and the Operating Partnership does not fall below 30%. We, therefore, have the ability to exercise significant control over MGP’s affairs, including control over the outcome of all matters submitted to MGP’s shareholders for approval.

MGP's operating agreement, however, provides that whenever a potential conflict of interest exists or arises between us or any of our affiliates (other than MGP and its subsidiaries ), on the one hand, and MGP or any of its subsidiaries, on the other hand, any resolution or course of action by MGP's board of directors in respect of such conflict of interest shall be conclusively deemed to be fair and reasonable to MGP if it is (i) app roved by a majority of a conflicts committee which consists solely of "independent" directors (which MGP refers to as "Special Approval") (such independence determined in accordance with the NYSE's listing standards, the standards established by the Exchan ge Act to serve on an audit committee of a board of directors and certain additional independence requirements in our operating agreement), (ii) determined by MGP's board of directors to be fair and reasonable to MGP or (iii) approved by the affirmative vo te of the holders of at least a majority of the voting power of MGP's outstanding voting shares (excluding voting shares owned by us and our affiliates). Furthermore, that MGP's operating agreement provides that any transaction with a value, individually o r in the aggregate, over $25 million between us or any of our affiliates (other than MGP and its subsidiaries), on the one hand, and MGP or any of its subsidiaries, on the other hand (any such transaction (other than the exercise of rights by us or any of our affiliates (other than MGP and its subsidiaries) under any of the material agreements entered into on the closing day of MGP's formation transactions), a "Threshold Transaction"), shall be permitted only if (i) Special Approval is obtained or (ii) such transaction is approved by the affirmative vote of the holders of at least a majority of the voting power of MGP's outstanding voting shares (excluding voting shares owned by us and our affiliates).

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

- *We have agreed not to have any interest or involvement in gaming businesses in China, Macau, Hong Kong and Taiwan, other than through MGM China* . In connection with the initial public offering of MGM China, the holding company that indirectly owns and operates MGM Macau, we entered into a Deed of Non-Compete Undertakings with MGM China and Ms. Ho, Pansy Catilina Chiu King ("Ms. Ho") pursuant to which we are restricted from having any interest or involvement in gaming businesses in the People's Republic of China, Macau, Hong Kong and Taiwan, other than through MGM China. While gaming is currently prohibited in China, Hong Kong and Taiwan, if it is legalized in the future our ability to compete in these locations could be limited until the earliest of (i) March 31, 2020, (ii) the date MGM China's ordinary shares cease to be listed on The Stock Exchange of Hong Kong Limited or (iii) the date when our ownership of MGM China shares is less than 20% of the then-issued share capital of MGM China.

- *The Macau government can terminate MGM Grand Paradise's subconcession under certain circumstances without compensating MGM Grand Paradise* , *exercise its redemption right with respect to the subconcession in 2017 or refuse to grant MGM Grand Paradise an extension of the subconcession in 2020* , *any of which would have a material adverse effect on our business* , *financial condition* , *results of operations and cash flows* . The Macau government has the right to unilaterally terminate the subconcession in the event of fundamental non-compliance by MGM Grand Paradise with applicable Macau laws or MGM Grand Paradise's basic obligations under the subconcession contract. MGM Grand Paradise has the opportunity to remedy any such non-compliance with its fundamental obligations under the subconcession contract within a period to be stipulated by the Macau government. Upon such termination, all of MGM Grand Paradise's casino area premises and gaming-related equipment would be transferred automatically to the Macau government without compensation to MGM Grand Paradise, and we would cease to generate any revenues from these operations. We cannot assure you that MGM Grand Paradise will perform all of its obligations under the subconcession contract in a way that satisfies the requirements of the Macau government.

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

In addition, the subconcession contract expires on March 31, 2020. Unless the subconcession is extended, or legislation with regard to reversion of casino premises is amended, all of MGM Grand Paradise's casino premises and gaming-related equipment will automatically be transferred to the Macau government on that date without compensation to us, and we will cease to generate any revenues from such gaming operations. Beginning on April 20, 2017, the Macau g overnment may redeem the subconcession contract by providing us at least one year's prior notice. In the event the Macau government exercises this redemption right, MGM Grand Paradise is entitled to fair compensation or indemnity. The amount of such compen sation or indemnity will be determined based on the amount of gaming and non-gaming revenue generated by MGM Grand Paradise, excluding the convention and exhibition facilities, during the taxable year prior to the redemption, before deducting interest, dep reciation and amortization, multiplied by the number of remaining years before expiration of the subconcession. We cannot assure you that MGM Grand Paradise will be able to renew or extend the subconcession contract on terms favorable to MGM Grand Paradise or at all. We also cannot assure you that if the subconcession is redeemed, the compensation paid to MGM Grand Paradise will be adequate to compensate for the loss of future revenues.

- *We are required to build and open our development in Cotai, Macau by January 2018. If we are unable to meet this deadline, and the deadline for the development is not extended, we may lose the land concession, which would prohibit us from operating any facilities developed under such land concession* . The land concession for the approximately 18 acre site on Cotai, Macau was officially gazetted on January 9, 2013. If we are unable to build and open our proposed resort and casino by January 2018, and the deadline is not extended, the Macau government has the right to unilaterally terminate the land concession contract. Although MGM Cotai is expected to open in the second half of 2017, there can be no assurances that the opening will occur within the anticipated timeframe. A loss of the land concession could have a material adverse effect on our business, financial condition, results of operations and cash flows.

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

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

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

- *The future recognition of our foreign tax credit deferred tax asset is uncertain, and the amount of valuation allowance we may apply against such deferred tax asset may change materially in future periods.* We currently have significant foreign tax credit deferred tax assets resulting from tax credit carryforwards that are available to reduce potential taxable foreign-sourced income in future periods. We evaluate our foreign tax credit deferred tax asset for recoverability and record a valuation allowance to the extent that we determine it is not more likely than not such asset will be recovered. This evaluation is based on all available evidence, including assumptions about operating profits in the U.S. and abroad. As a result, significant judgment is required in assessing the possible need for a deferred tax asset valuation allowance and changes to our assumptions may have a material impact on the amount of the valuation allowance. For example, a change to our forecasts of future profitability of and distributions from MGM China or a change in our assumptions concerning future U.S. operating profits could result in a material change in the valuation allowance with a corresponding impact on the provision for income taxes in such period. In addition, a renewal in a future period of the exemption from Macau's 12% complementary tax on gaming profits could have a material impact on the provision for income taxes in such period.

Finally, changes in U.S. tax law under consideration as part of broader corporate tax reform, namely a change from a worldwide to a territo rial tax system, could eliminate our ability to utilize some portion or all of our foreign tax credits in future periods and such change could result in a material change in the valuation allowance, or elimination of the foreign tax credit deferred tax ass et in its entirety, with a corresponding impact on the provision for income taxes in the period of such change.

- *Extreme weather conditions or climate change may cause property damage or interrupt business, which could harm our business and results of operations* . Certain of our casino properties are located in areas that may be subject to extreme weather conditions, including, but not limited to, hurricanes in the United States and severe typhoons in Macau. Such extreme weather conditions may interrupt our operations, damage our properties, and reduce the number of customers who visit our facilities in such areas. In addition, our operations could be adversely impacted by a drought or other cause of water shortage. A severe drought of extensive duration experienced in Las Vegas or in the other regions in which we operate could adversely affect our business and results of operations. Although we maintain both property and business interruption insurance coverage for certain extreme weather conditions, such coverage is subject to deductibles and limits on maximum benefits, including limitation on the coverage period for business interruption, and we cannot assure you that we will be able to fully insure such losses or fully collect, if at all, on claims resulting from such extreme weather conditions. Furthermore, such extreme weather conditions may interrupt or impede access to our affected properties and may cause visits to our affected properties to decrease for an indefinite period, which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

- *Because a majority of our major gaming resorts are concentrated on the Las Vegas Strip, we are subject to greater risks than a gaming company that is more geographically diversified* . Given that a majority of our major resorts are concentrated on the Las Vegas Strip, our business may be significantly affected by risks common to the Las Vegas tourism industry. For example, the cost and availability of air services and the impact of any events that disrupt air travel to and from Las Vegas can adversely affect our business. We cannot control the number or frequency of flights to or from Las Vegas, but we rely on air traffic for a significant portion of our visitors. Reductions in flights by major airlines as a result of higher fuel prices or lower demand can impact the number of visitors to our resorts. Additionally, there is one principal interstate highway between Las Vegas and Southern California, where a large number of our customers reside. Capacity constraints of that highway or any other traffic disruptions may also affect the number of customers who visit our facilities.

- *We extend credit to a large portion of our customers and we may not be able to collect gaming receivables* . We conduct a portion of our gaming activities on a credit basis through the issuance of markers which are unsecured instruments. Table games players typically are issued more markers than slot players, and high-end players typically are issued more markers than patrons who tend to wager lower amounts. High-end gaming is more volatile than other forms of gaming, and variances in win-loss results attributable to high-end gaming may have a significant positive or negative impact on cash flow and earnings in a particular quarter. Furthermore, the loss or a reduction in the play of the most significant of these high-end customers could have an adverse effect on our business, financial condition, results of operations and cash flows. We issue markers to those customers whose level of play and financial resources warrant, in the opinion of management, an extension of credit. In addition, MGM Grand Paradise extends credit to certain gaming promoters and those promoters can extend credit to their customers. Uncollectible receivables from high-end customers and gaming promoters could have a significant impact on our results of operations.

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

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

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

- *We may incur impairments to goodwill, indefinite-lived intangible assets, or long-lived assets which could negatively affect our future profits* . We review our goodwill, intangible assets and long-lived assets on an annual basis and during interim r eporting periods in accordance with the authoritative guidance. Significant negative trends, reduced estimates of future cash flows, disruptions to our business, slower growth rates or lack of growth have resulted in write-downs and impairment charges in t he past and, if one or more of such events occurs in the future, additional impairment charges or write-downs may be required in future periods. For instance, in 2015, we recorded a non-cash impairment charge of $1.5 billion to reduce the historical carryi ng value of goodwill related to the MGM China reporting unit. If we are required to record additional impairment charges or write-downs, this could have a material adverse impact on our consolidated results of operations.

- *Leisure and business travel , especially travel by air , are particularly susceptible to global geopolitical events , such as terrorist attacks or acts of war or hostility* . We are dependent on the willingness of our customers to travel by air. Since most of our customers travel by air to our Las Vegas and Macau properties, any terrorist act, outbreak of hostilities, escalation of war, or any actual or perceived threat to the security of travel by air could adversely affect our financial condition, results of operations and cash flows. Furthermore, although we have been able to purchase some insurance coverage for certain types of terrorist acts, insurance coverage against loss or business interruption resulting from war and some forms of terrorism continues to be unavailable.

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

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

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

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

  - lack of sufficient, or delays in the availability of, financing;
  - changes to plans and specifications;
  - engineering problems, including defective plans and specifications;
  - shortages of, and price increases in, energy, materials and skilled and unskilled labor, and inflation in key supply markets;
  - delays in obtaining or inability to obtain necessary permits, licenses and approvals;
  - changes in laws and regulations, or in the interpretation and enforcement of laws and regulations, applicable to gaming, leisure, residential, real estate development or construction projects;
  - labor disputes or work stoppages;
  - availability of qualified contractors and subcontractors;

- disputes with and defaults by contractors and subcontractors;
- personal injuries to workers and other persons;
- environmental, health and safety issues, including site accidents and the spread of viruses;
- weather interferences or delays;
- fires, typhoons and other natural disasters;
- geological, construction, excavation, regulatory and equipment problems; and
- other unanticipated circumstances or cost increases.

The occurrence of any of these development and construction risks could increase the total costs, delay or prevent the construction, development, expansion or opening or otherwise affect the design and features of any future projects which we might undertake. For instance, we currently expect the total development costs of our Cotai project to be approximately $3.3 billion, excluding development fees eliminated in consolidation, capitalized interest and land-related costs, and we currently expect total development costs of our Massachusetts project to be approximately $865 million, excluding capitalized interest and land-related costs. While we believe that the overall budgets for these developments are reasonable, these development costs are estimates and the actual development costs may be higher than expected. We cannot guarantee that our construction costs or total project costs for future projects, including our developments in Cotai and Massachusetts, will not increase beyond amounts initially budgeted or that the expected design and features of current or future projects will not change. In addition, the regulatory approvals associated with our development projects may require us to open future casino resorts by a certain specified time and to the extent we are unable to meet those deadlines, and any such deadlines are not extended, we may lose our regulatory approval to open a casino resort in a proposed jurisdiction or incur payment penalties in connection with any delays which could have an adverse effect on our results of operations and financial condition.

- *Our insurance coverage may not be adequate to cover all possible losses that our properties could suffer. In addition, our insurance costs may increase and we may not be able to obtain similar insurance coverage in the future* . Although we have "all risk" property insurance coverage for our operating properties, which covers damage caused by a casualty loss (such as fire, natural disasters, acts of war, or terrorism), each policy has certain exclusions. In addition, our property insurance coverage is in an amount that may be significantly less than the expected replacement cost of rebuilding the facilities if there was a total loss. Our level of insurance coverage also may not be adequate to cover all losses in the event of a major casualty. In addition, certain casualty events, such as labor strikes; nuclear events; acts of war; loss of income due to cancellation of room reservations or conventions due to fear of terrorism; loss of electrical power due to catastrophic events, rolling blackouts or otherwise; deterioration or corrosion; insect or animal damage; and pollution, may not be covered at all under our policies. Therefore, certain acts could expose us to substantial uninsured losses.

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

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

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

- *Tracinda owns a significant amount of our common stock and may be able to exert significant influence over matters requiring stockholder approval* . As of February 21, 2017, Tracinda Corporation beneficially owned approximately 12% of

our outstanding common stock and as a result, Tracinda may be able to exercise significant influence over any matter requiring stockholder approval, including the approval of significant c orporate transactions. Upon Mr. Kirk Kerkorian's passing, Tracinda's position in our common stock became subject to the terms of Mr. Kerkorian's last will and testament, which provides for an orderly disposition of Tracinda's position in our common stock. As a result, while we expect that Tracinda's ownership of our common stock will decline in the future, Tracinda has not indicated when, if or how it intends to sell its position in our common stock.

- *We are subject to risks associated with doing business outside of the United States* . Our operations outside of the United States are subject to risks that are inherent in conducting business under non-United States laws, regulations and customs. In particular, the risks associated with the operation of MGM Macau or any future operations in which we may engage in any other foreign territories, include:

    - changes in laws and policies that govern operations of companies in Macau or other foreign jurisdictions;
    - changes in non-United States government programs;
    - possible failure by our employees or agents to comply with anti-bribery laws such as the United States Foreign Corrupt Practices Act and similar anti-bribery laws in other jurisdictions;
    - general economic conditions and policies in China, including restrictions on travel and currency movements;
    - difficulty in establishing, staffing and managing non-United States operations;
    - different labor regulations;
    - changes in environmental, health and safety laws;
    - outbreaks of diseases or epidemics;
    - potentially negative consequences from changes in or interpretations of tax laws;
    - political instability and actual or anticipated military and political conflicts;
    - economic instability and inflation, recession or interest rate fluctuations; and
    - uncertainties regarding judicial systems and procedures.

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

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

- *Any violation of the Foreign Corrupt Practices Act or any other similar anti-corruption laws could have a negative impact on us* . A significant portion of our revenue is derived from operations outside the United States, which exposes us to complex foreign and U.S. regulations inherent in doing cross-border business and in each of the countries in which we transact business. We are subject to compliance with the United States Foreign Corrupt Practices Act ("FCPA") and other similar anti-corruption laws, which generally prohibit companies and their intermediaries from making improper payments to foreign government officials for the purpose of obtaining or retaining business. While our employees and agents are required to comply with these laws, we cannot be sure that our internal policies and procedures will always protect us from violations of these laws, despite our commitment to legal compliance and corporate ethics. Violations of these laws by us or our non-controlled ventures may result in severe criminal and civil sanctions as well as other penalties against us, and the SEC and U.S. Department of Justice continue to vigorously pursue enforcement of the FCPA. The occurrence or allegation of these types of risks may adversely affect our business, performance, prospects, value, financial condition, and results of operations.

- *We face risks related to pending claims that have been , or future claims that may be , brought against us* . Claims have been brought against us and our subsidiaries in various legal proceedings, and additional legal and tax claims arise from time to time. We may not be successful in the defense or prosecution of our current or future legal proceedings, which could result in settlements or damages that could significantly impact our business, financial condition and results of operations. Please see the further discussion in "Legal Proceedings" and Note 13 in the accompanying consolidated financial statements.

- *A significant portion of our labor force is covered by collective bargaining agreements* . Work stoppages and other labor problems could negatively affect our business and results of operations. As of December 31, 2016, approximately 34,000 of our employees are covered by collective bargaining agreements. A prolonged dispute with the covered employees or any labor unrest, strikes or other business interruptions in connection with labor negotiations or others could have an adverse impact on our operations. Further, adverse publicity in the marketplace related to union messaging could further harm our reputation and reduce customer demand for our services. Also, wage and/or benefit increases resulting from new labor agreements may be significant and could also have an adverse impact on our results of operations. In addition, to the extent that our non-union employees join unions, we would have greater exposure to risks associated with labor problems.

Furthermore, we may have, or acquire in the future, multi-employer plans that are classified as "endangered," "seriously endangered," or "critical" status. For instance, Borgata's most significant plan is the Legacy Plan of the National Retirement Fund, Former HEREIU and Local 54, which has been listed in "critical status" and is subject to a rehabilitation plan. Plans in these classifications must a dopt measures to improve their funded status through a funding improvement or rehabilitation plan, which may require additional contributions from employers (which may take the form of a surcharge on benefit contributions) and/or modifications to retiree b enefits. In addition, while Borgata has no current intention to withdraw from these plans, a withdrawal in the future could result in the incurrence of a contingent liability that would be payable in an amount and at such time (or over a period of time) th at would vary based on a number of factors at the time of (and after) withdrawal. Any such additional costs may be significant.

- *Our business is particularly sensitive to energy prices and a rise in energy prices could harm our operating results* . We are a large consumer of electricity and other energy and, therefore, higher energy prices may have an adverse effect on our results of operations. Accordingly, increases in energy costs may have a negative impact on our operating results. Additionally, higher electricity and gasoline prices that affect our customers may result in reduced visitation to our resorts and a reduction in our revenues.

- *The failure to maintain the integrity of our computer systems and internal customer information could result in damage of reputation and/or subject us to fines* , *payment of damages* , *lawsuits or restrictions on our use or transfer of data* . We collect and store information relating to our employees and guests for various business purposes, including marketing and promotional purposes. The collection and use of personal data are governed by privacy laws and regulations enacted in the United States and other jurisdictions around the world. Privacy regulations continue to evolve and on occasion may be inconsistent from one jurisdiction to another.

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

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

- *We may seek to expand through investments in other businesses and properties or through alliances or acquisitions, and we may also seek to divest some of our properties and other assets, any of which may be unsuccessful* . We intend to consider strategic and complementary acquisitions and investments in other businesses, properties or other assets. Furthermore, we may pursue any of these opportunities in alliance with third parties, including MGP. Acquisitions and investments in businesses, properties or assets, as well as these alliances, are subject to risks that could affect our business, including risks related to:

  - spending cash and incurring debt;
  - assuming contingent liabilities;
  - unanticipated issues in integrating information, communications and other systems;
  - unanticipated incompatibility of purchasing, logistics, marketing and administration methods;
  - retaining key employees; and

- consolidating corporate and administrative infras tructures.

We cannot assure you that we will be able to identify opportunities or complete transactions on commercially reasonable terms or at all, or that we will actually realize any anticipated benefits from such acquisitions, investments or alliances.

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

- *If the jurisdictions in which we operate increase gaming taxes and fees , our results could be adversely affected* . State and local authorities raise a significant amount of revenue through taxes and fees on gaming activities. From time to time, legislators and government officials have proposed changes in tax laws, or in the administration of such laws, affecting the gaming industry. Periods of economic downturn or uncertainty and budget deficits may intensify such efforts to raise revenues through increases in gaming taxes. If the jurisdictions in which we operate were to increase gaming taxes or fees, depending on the magnitude of the increase and any offsetting factors, our financial condition and results of operations could be materially adversely affected. For instance, income generated from gaming operations of MGM Grand Paradise currently has the benefit of a corporate tax exemption in Macau, which exempts us from paying the 12% complementary tax on profits generated by the operation of casino games. This exemption is effective through March 31, 2020, which also runs concurrent with the end of the term of the current gaming subconcession. Due to the uncertainty concerning taxation after the subconcession renewal process, we cannot assure you that any extensions of the tax exemption will be granted beyond March 31, 2020.

- *Conflicts of interest may arise because certain of our directors and officers are also directors of MGM China , the holding company for MGM Grand Paradise which owns and operates MGM Macau* . As a result of the initial public offering of shares of MGM China common stock, MGM China now has stockholders who are not affiliated with us, and we and certain of our officers and directors who also serve as officers and/or directors of MGM China may have conflicting fiduciary obligations to our stockholders and to the minority stockholders of MGM China. Decisions that could have different implications for us and MGM China, including contractual arrangements that we have entered into or may in the future enter into with MGM China, may give rise to the appearance of a potential conflict of interest or an actual conflict of interest.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

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

*Domestic resorts and other land*

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

| Name and Location | Approximate Acres | Notes |
|---|---|---|
| **Las Vegas, Nevada operations** | | |
| Bellagio | 77 | Two acres of the site are subject to two ground leases that expire (after giving effect to our renewal options) in 2019 and 2073. |
| MGM Grand Las Vegas | 102 | |
| Mandalay Bay | 124 | |
| The Mirage | 77 | |
| Luxor | 73 | Includes 15 acres of land located across the Las Vegas Strip from Luxor. |
| Excalibur | 51 | |
| New York-New York | 23 | Includes three acres of land related to The Park entertainment district development located between Monte Carlo and New York-New York. |
| Monte Carlo | 21 | |
| Circus Circus Las Vegas | 102 | Includes 34 acres of land located north of Circus Circus Las Vegas. |
| **Other domestic operations** | | |
| MGM Grand Detroit (Detroit, Michigan) | 27 | |
| Beau Rivage (Biloxi, Mississippi) | 42 | Includes 10 acres of tidelands leased from the State of Mississippi under a lease that expires (after giving effect to our renewal options) in 2066. |
| Gold Strike (Tunica, Mississippi) | 24 | |
| MGM National Harbor (Prince George's County, Maryland) | 23 | All 23 acres are subject to a ground lease that expires (after giving effect to our renewal options) in 2118. |
| Borgata (Atlantic City, New Jersey) | 46 | 11 acres of this site are subject to four ground leases that expire in 2070. |
| **Other** | | |
| T-Mobile Arena (Las Vegas, Nevada) | 17 | Located adjacent to New York-New York and leased under a 50 year ground lease to Las Vegas Arena Company. |
| MGM Springfield (Springfield, Massachusetts) | 15 | |
| Tunica, Mississippi | 388 | We own an undivided 50% interest in this land with another, unaffiliated, gaming company. |
| Atlantic City, New Jersey | 134 | Approximately 74 acres are suitable for development. |
| Shadow Creek Golf Course (North Las Vegas, Nevada) | 310 | Includes 66 acres of land adjacent to the golf course. |
| Fallen Oak Golf Course (Saucier, Mississippi) | 511 | |
| Primm Valley Golf Club (Stateline, California) | 573 | Located at the California state line, four miles from Primm, Nevada. Includes 125 acres of land adjacent to the golf club. |

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

*MGM China*

MGM Macau occupies an approximately 10 acre site and the MGM Cotai development occupies an approximately 18 acre site, both of which are possessed under separate 25-year land use right agreements with the Macau government. The MGM China credit facility is secured by MGM Grand Paradise's interest in the Cotai and MGM Macau land use rights, and MGM China, MGM Grand Paradise and their guarantor subsidiaries have granted a security interest in substantially all of their assets to secure the facility. As of December 31, 2016, approximately $1.9 billion was outstanding under the MGM China credit facility. These borrowings are non-recourse to MGM Resorts International.

*MGM National Harbor*

MGM National Harbor occupies approximately 23 acres of leased land in Prince George's County, Maryland. As of December 31, 2016, approximately $450 million was outstanding under the MGM National Harbor credit facility. T he credit agreement is secured by a leasehold mortgage on MGM National Harbor and substantially all of the existing and future property of MGM National Harbor.

*Operating Partnership*

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

*Unconsolidated Affiliates*

CityCenter occupies approximately 67 acres of land between Bellagio and Monte Carlo. The main site, along with substantially all of CityCenter's assets, serves as collateral for CityCenter's senior secured credit facility. As of December 31, 2016, CityCenter had not drawn on its $75 million revolving credit facility and had $1.2 billion in term loans outstanding. These borrowings are non-recourse to us.

The Las Vegas Arena Company leases under a long-term ground lease approximately 17 acres of land owned by us and located between Frank Sinatra Drive and New York-New York, adjacent to the Las Vegas Strip. Substantially all of the assets of Las Vegas Arena Company are used as collateral for its senior secured credit facility. In connection with this senior secured credit facility, we and Anschutz Entertainment Group, Inc. ("AEG") each entered into a repayment guarantee for the term loan B (which is subject to increases and decreases in the event of a rebalancing of the principal amount of indebtedness between the term loan A and term loan B facilities). As of December 31, 2016, the outstanding principal balance under term loan A was $150 million and the outstanding principal balance under term loan B was $50 million. See Note 13 to the accompanying consolidated financial statements for discussion of our repayment guarantee related to the T-Mobile Arena.

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

## ITEM 3. LEGAL PROCEEDINGS

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

The state and federal court derivative actions were dismissed pursuant to defendants' motions. In November 2009, the U.S. District Court for Nevada consolidated the remaining cases *Robert Lowinger v. MGM MIRAGE, et al.* (Case No. 2:09-cv-01558-RCL-

LRL, filed August 19, 2009) and *Khachatur Hovhannisyan v. MGM MIRAGE, et al.* (Case No. 2:09 -cv-02011-LRH-RJJ, filed October 19, 2009) putative class actions under the caption *In re MGM MIRAGE Securities Litigation, Case No. 2:09-cv-01558-GMN-LRL.* The consolidated case names the Company and certain former and current directors and officers as def endants and alleges violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. In January 2011, lead plaintiffs filed a consolidated amended complaint, alleging that between August 2, 2007 and March 5, 2009, the Compa ny, its directors and certain of its officers violated Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 thereunder.

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

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

On March 25, 2016, the sole objector to the adequacy of the settlement filed a Notice of Appeal as to the Final Judgment and related orders entered by the court concerning the plan of settlement distribution and award of attorneys' fees and expenses to the lead plaintiffs' counsel. The appeal has been fully briefed and is awaiting an order from the court of appeals.

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

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

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

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

**Common Stock Information**

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

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | High | Low | High | Low |
| First quarter | $ 22.97 | $ 16.18 | $ 23.25 | $ 18.82 |
| Second quarter | 25.29 | 20.59 | 22.65 | 17.50 |
| Third quarter | 26.49 | 22.33 | 22.77 | 16.84 |
| Fourth quarter | 30.62 | 25.25 | 24.41 | 18.19 |

There were approximately 3,881 record holders of our common stock as of February 24, 2017.

On February 15, 2017, the Board of Directors approved a quarterly dividend of $0.11 per share. This dividend is payable on March 15, 2017, to stockholders of record as of the close of business on March 10, 2017. The amount, declaration and payment of any future dividends will be subject to the discretion of our Board of Directors and the contractual limitations described below who will evaluate our dividend policy from time to time based on factors it deems relevant. In addition, as a holding company with no independent operations, our ability to pay dividends will depend upon the receipt of cash from our operating subsidiaries to generate the funds from operations necessary to pay dividends on our common stock. Furthermore, our senior credit facility contains financial covenants and restrictive covenants that could restrict our ability to pay dividends, subject to certain exceptions. In addition, the MGM National Harbor, Operating Partnership, and MGM China credit facilities each contain limitations on the ability of the applicable subsidiary under each credit agreement to pay dividends to us. There can be no assurance that we will continue to pay dividends in the future.

**ITEM 6. SELECTED FINANCIAL DATA**

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

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| | *(In thousands, except per share data)* | | | | |
| Net revenues | $ 9,455,123 | $ 9,190,068 | $ 10,081,984 | $ 9,809,663 | $ 9,160,844 |
| Operating income (loss) | 2,079,787 | (156,232) | 1,323,538 | 1,137,281 | 121,351 |
| Net income (loss) | 1,236,878 | (1,039,649) | 127,178 | 41,374 | (1,616,912) |
| Net income (loss) attributable to MGM Resorts International | 1,101,440 | (447,720) | (149,873) | (171,734) | (1,767,691) |
| Earnings per share of common stock attributable to MGM Resorts International: | | | | | |
| Basic: | | | | | |
| Net income (loss) per share | $ 1.94 | $ (0.82) | $ (0.31) | $ (0.35) | $ (3.62) |
| Weighted average number of shares | 568,134 | 542,873 | 490,875 | 489,661 | 488,988 |
| Diluted: | | | | | |
| Net income (loss) per share | $ 1.92 | $ (0.82) | $ (0.31) | $ (0.35) | $ (3.62) |
| Weighted average number of shares | 573,317 | 542,873 | 490,875 | 489,661 | 488,988 |
| At-year end: | | | | | |
| Total assets | $ 28,173,301 | $ 25,215,178 | $ 26,593,914 | $ 25,961,843 | $ 26,157,799 |
| Total debt, including capital leases | 13,000,792 | 12,713,416 | 14,063,563 | 13,326,441 | 13,462,968 |
| Stockholders' equity | 9,969,312 | 7,764,427 | 7,628,274 | 7,860,495 | 8,116,016 |
| MGM Resorts International stockholders' equity | 6,220,180 | 5,119,927 | 4,090,917 | 4,216,051 | 4,365,548 |
| MGM Resorts International stockholders' equity per share | $ 10.83 | $ 9.06 | $ 8.33 | $ 8.60 | $ 8.92 |
| Number of shares outstanding | 574,124 | 564,839 | 491,292 | 490,361 | 489,234 |

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

Acquisitions, Dispositions, and MGP Transaction

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

Other

- In 2012, we recorded non-cash impairment charges of $85 million related to our investment in Grand Victoria, $65 million related to our investment in Borgata, $366 million related to our land on the north end of the Las Vegas Strip, $167 million related to our Atlantic City land and $47 million for the South Jersey Transportation Authority special revenue bonds we hold.
- In 2012, we recorded a charge of $18 million related to our share of the CityCenter residential real estate impairment charge and a charge of $16 million related to our share of CityCenter's Harmon demolition costs.
- In 2012, we recorded a $563 million loss on debt retirement in connection with the February 2012 amendment and restatement of our senior credit facility and in connection with our December 2012 refinancing transactions.

- In 2013, we recorded non-cash impairment charges of $37 million related to our investment in Grand Victoria, $20 million related to our land in Jean and Sloan, Nevada, and $45 million related to corporate buildin gs expected to be removed from service.
- In 2013, we recorded a $70 million loss for our share of CityCenter's non-operating loss on retirement of long-term debt, primarily consisting of premiums associated with the redemption of the existing first and second lien notes as well as the write-off of previously unamortized debt issuance costs and a gain of $12 million related to our share of Silver Legacy's non-operating gain on retirement of long-term debt.
- In 2014, we recorded a non-cash impairment charge of $29 million related to our investment in Grand Victoria.
- In 2015, we recorded non-cash impairment charges of $1.5 billion to reduce the historical carrying value of goodwill related to the MGM China reporting unit and $17 million related to our investment in Grand Victoria.
- In 2015, we recorded an $80 million gain for our share of CityCenter's gain resulting from the final resolution of its construction litigation and related settlements.
- In 2015, we recorded a gain of $23 million related to the sale of Circus Circus Reno and our 50% interest in Silver Legacy and associated real property.
- In 2016, we recorded a $22 million loss related to our redemption of outstanding 7.50% senior notes due 2016 and 10% senior notes due 2016, and a $16 million loss on the early retirement of debt related to outstanding 7.625% senior notes due 2017.
- In 2016, we recorded a $28 million loss on debt retirement in connection with the amendment and restatement of our senior credit facility.
- In 2016, we recorded a $152 million expense related to our strategic decision to exit the fully bundled sales system of NV Energy, which included $13 million related to our share of CityCenter's portion of the payment.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL C ONDITION AND RESULTS OF OPERATIONS

**Executive Overview**

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

During the year ended December 31, 2016, Las Vegas visitor volume increased 1%, Las Vegas Strip REVPAR increased 6% and Las Vegas Strip gaming revenue increased by less than 1% compared to the prior year period according to information published by the Las Vegas Convention and Visitors Authority. Results of operations for our domestic resorts during 2016 benefited from an increase in operating margins resulting from increases in gaming revenue and REVPAR, and the results of our Profit Growth Plan, discussed below. Our rooms revenue benefited from increased visitation to the Las Vegas market and robust convention business at our Las Vegas Strip resorts, which allowed us to yield higher room rates across our portfolio of resorts.

Gross gaming revenues in the Macau market decreased 3% in 2016 compared to 2015, and gross gaming revenues decreased 34% in 2015 compared to 2014. As a significant number of MGM Macau's customers are from mainland China, we believe operating results were negatively affected by economic conditions in mainland China as well as certain policy initiatives in mainland China and Macau. Specifically, a continuing slowdown in China's economic growth rate, the Chinese government's restrictions on travel and cross-border currency transactions, new compliance regulations for gaming promoters and gaming operators enacted by the Macau government and implemented in late 2015 and in 2016 and a ban on mobile phone usage at gaming tables in an attempt to eliminate "proxy" bets have all negatively affected MGM Macau's high-end customers and the gaming promoters with which we conduct our VIP casino gaming operations. In addition, the Chinese government's anti-corruption campaign has changed consumption patterns and affected the propensity of our clients to spend on certain areas like gaming or luxury items. The Macau government also implemented a full main floor casino smoking ban in October 2014. These factors led to a continued decrease in gross gaming revenues for the Macau market beginning in the second half of 2014 and lasted into 2016 primarily impacting VIP casino gaming operations and, to a lesser extent, main floor operations throughout the Macau market. Despite concerns over the recent events and the sustainability of economic growth in China, we expect the Macau market to grow on a long-term basis due to further development, penetration of the mainland China market and infrastructure improvements expected to facilitate more convenient travel to and within Macau, and we believe recent trends reflect stabilization within the Macau market. According to statistics published by the Statistics and Census Service of the Macau Government, after several quarters of declines in visitation throughout 2015, visitor arrivals increased slightly by 1% and overnight visitors increased 10% in 2016 compared to 2015. Additionally, gross gaming revenue increased year over year in each of the months from August 2016 through December 2016.

Our results of operations are affected by decisions we make related to our capital allocation, our access to capital and our cost of capital. While we continue to be focused on improving our financial position, we are also dedicated to capitalizing on development opportunities. In Macau, we estimate costs to develop MGM Cotai will be approximately $3.3 billion, excluding development fees eliminated in consolidation, capitalized interest and land related costs. MGM Cotai is a casino resort with capacity for up to 500 gaming tables and up to 1,500 slots, and featuring approximately 1,500 hotel rooms, built on an approximately 18 acre site on the Cotai Strip in Macau. The actual number of gaming tables allocated to MGM Cotai will be determined by the Macau government prior to opening, and such allocation is expected to be less than our 500 gaming table capacity. MGM Cotai is expected to open in the second half of 2017.

We were awarded a casino license to build and operate MGM Springfield in Springfield, Massachusetts. MGM Springfield will be developed on approximately 14 acres of land in downtown Springfield. MGM's plans for the resort currently include a casino with approximately 3,000 slots and 100 table games including poker; a 250-room hotel; 100,000 square feet of retail and restaurant space; 44,000 square feet of meeting and event space; and a 3,375-space parking garage; with an expected development and construction cost of approximately $865 million, excluding capitalized interest and land-related costs. Construction of MGM Springfield is expected to be completed in late 2018.

In August 2015, we announced the implementation of a Profit Growth Plan for sustained growth and margin enhancement. The Profit Growth Plan's initiatives focused on improving business processes to leverage our scale for greater efficiency and lower costs, and to identify areas of opportunity to organically drive incremental revenue growth. The Profit Growth Plan included a large number of initiatives to optimize operations and we continue to explore additional opportunities to drive further improvement. In June 2016,

we announced that we expect to achieve approximately $400 million of annualized Adjusted EBITDA benefit compared to our baseline, which we expect to be fully realized by the end of 2017.

*Formation and Initial Public Offering of MGP*

On April 25, 2016, MGM Growth Properties LLC ("MGP") completed its IPO of 57,500,000 of its Class A shares representing limited liability company interests (inclusive of the full exercise by the underwriters of their option to purchase 7,500,000 Class A shares) at an initial offering price of $21 per share. MGP used the proceeds from the IPO to purchase Operating Partnership units in MGM Growth Properties Operating Partnership LP (the "Operating Partnership"), to which we contributed the real estate assets associated with The Mirage, Mandalay Bay, Luxor, New York-New York, Monte Carlo, Excalibur, The Park, Gold Strike Tunica, MGM Grand Detroit and Beau Rivage in exchange for Operating Partnership units in the Operating Partnership in connection with the IPO.

MGP is organized as an umbrella partnership REIT (commonly referred to as an "UPREIT") structure in which substantially all of its assets are owned by, and substantially all of its businesses are conducted through the Operating Partnership. MGP contributed the proceeds from the IPO to the Operating Partnership in exchange for 26.7% of the units in the Operating Partnership. The general partner of the Operating Partnership is also a wholly-owned subsidiary of MGP. As a result, MGP controls and consolidates the Operating Partnership. MGP has two classes of authorized and outstanding voting common shares (collectively, the "shares"): Class A shares and a single Class B share. We own MGP's Class B share, which does not provide its holder any rights to profits or losses or any rights to receive distributions from operations of MGP or upon liquidation or winding up of MGP. MGP's Class A shareholders are entitled to one vote per share, while we, as the owner of the Class B share, are entitled to an amount of votes representing a majority of the total voting power of MGP's shares so long as our and our controlled affiliates' (excluding MGP) aggregate beneficial ownership of the combined economic interests in MGP and the Operating Partnership does not fall below 30%. As such, we control MGP through our majority voting rights and consolidate MGP in our financial results. Subsequent to our acquisition of Borgata and subsequent contribution of Borgata's real estate assets to MGP as discussed below, our ownership in the Operating Partnership, increased from 73.3% to 76.3%. As a result of the Borgata transaction, MGP's ownership in the Operating Partnership was correspondingly reduced from 26.7% to 23.7%.

In connection with the formation of MGP, we borrowed $4.0 billion under certain bridge facilities, the proceeds of which were used to repay outstanding obligations under our prior senior credit facility and to redeem our 7.5% senior notes due 2016 and our 10% senior notes due 2016. The bridge facilities were subsequently assumed by the Operating Partnership pursuant to the master contribution agreement. The Operating Partnership repaid the bridge facilities with a combination of proceeds from certain financing transactions and the proceeds from the IPO.

*Acquisition of Borgata Hotel Casino & Spa*

On August 1, 2016, we completed the acquisition of Boyd Gaming Corporation's ("Boyd Gaming") ownership interest in Borgata, at which time Borgata became a consolidated subsidiary of ours. Accordingly, we recorded a gain of approximately $430 million as a result of the acquisition of Borgata and resulting consolidation of Borgata, which we previously accounted for under the equity method. See Note 4 in the accompanying consolidated financial statements for additional information. Following completion of the acquisition, MGP subsequently acquired Borgata's real property from a subsidiary of ours in exchange for MGP's assumption of $545 million of indebtedness from our subsidiary and the issuance of $27.4 million Operating Partnership units to our subsidiary. In connection with the Borgata transaction, we borrowed $545 million under certain bridge facilities, which were subsequently contributed to the Operating Partnership. The Operating Partnership repaid the bridge facilities with a combination of cash on hand and a draw down on their revolving credit facility, which it subsequently refinanced with proceeds from its offering of its 4.5% senior notes due 2026. Pursuant to an amendment to the master lease, MGP leased back the real property of Borgata to a subsidiary of ours and as a result, initial rent payments to MGP increased by $100 million, prorated for the remainder of the first lease year after the Borgata transaction. Consistent with the master lease terms, 90% of this rent is fixed and will contractually grow at 2% per year until 2022.

*Reportable Segments*

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

**Domestic resorts.** At December 31, 2016, our domestic resorts consisted of the following casino resorts:

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

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

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

- Gaming revenue indicators: table games drop and slots handle (volume indicators); "win" or "hold" percentage, which is not fully controllable by us. Our normal table games hold percentage is in the range of 19% to 23% of table games drop and our normal slots hold percentage is in the range of 8.5% to 9% of slots handle; and
- Hotel revenue indicators: hotel occupancy (a volume indicator); average daily rate ("ADR," a price indicator); and revenue per available room ("REVPAR," a summary measure of hotel results, combining ADR and occupancy rate). Our calculation of ADR, which is the average price of occupied rooms per day, includes the impact of complimentary rooms. Complimentary room rates are determined based on an analysis of retail or "cash" rates for each customer segment and each type of room product to estimate complimentary rates which are consistent with retail rates. Complimentary rates are reviewed at least annually and on an interim basis if there are significant changes in market conditions. Because the mix of rooms provided on a complimentary basis, particularly to casino customers, includes a disproportionate suite component, the composite ADR including complimentary rooms is slightly higher than the ADR for cash rooms, reflecting the higher retail value of suites.

**MGM China.** Subsequent to the acquisition of an additional 4.95% of the outstanding common shares of our MGM China subsidiary in September 2016, we own an approximate 56% controlling interest in MGM China, which owns MGM Grand Paradise, the Macau company that owns and operates MGM Macau and the related gaming subconcession and land concessions, and is in the process of developing MGM Cotai. We believe our investment in MGM China plays an important role in extending our reach internationally and will foster future growth and profitability.

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

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

In addition to the key performance ind icators used by our domestic resorts, MGM Macau utilizes "turnover," which is the sum of nonnegotiable chip wagers won by MGM Macau calculated as nonnegotiable chips purchased plus nonnegotiable chips exchanged less nonnegotiable chips returned. Turnover p rovides a basis for measuring VIP casino win percentage. Win for VIP gaming operations at MGM Macau is typically in the range of 2.7% to 3.0% of turnover.

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

**Results of Operations**

The following discussion is based on our consolidated financial statements for the years ended December 31, 2016, 2015 and 2014.

*Summary Operating Results*

The following table summarizes our operating results:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | *(In thousands)* | | |
| Net revenues | $ 9,455,123 | $ 9,190,068 | $ 10,081,984 |
| Operating income (loss) | 2,079,787 | (156,232) | 1,323,538 |

Consolidated net revenues for 2016 increased 3% compared to 2015 due primarily to the Borgata transaction on August 1, 2016, the opening of MGM National Harbor in December 2016 and an increase in casino revenue, rooms revenue, food and beverage revenue, and other revenue including parking fee revenue at our domestic resorts, partially offset by a decrease in casino revenue at MGM China. Consolidated net revenues for 2015 decreased 9% compared to 2014 due primarily to a decrease in casino revenue at MGM China, offset by increases in casino and non-casino revenue at our domestic resorts. See "Operating Results – Detailed Segment Information" below for additional information related to segment revenues.

Consolidated operating income of $2.1 billion in 2016 compared to an operating loss of $156 million in 2015. Operating income in 2016 benefited from $39 million of operating income from Borgata subsequent to the acquisition, a $430 million gain recognized on the Borgata transaction, and an increase in income from unconsolidated affiliates primarily due to a $401 million gain related to the sale of Crystals at CityCenter (see "Operating Results – Income (Loss) from Unconsolidated Affiliates" for further discussion). Operating income in 2016 was also negatively affected by charges of $152 million of NV Energy exit expense associated with the Company's strategic decision to exit the fully bundled sales system of NV Energy, which includes expense at our domestic resorts as well as our 50% share of expense recognized at CityCenter, an increase in preopening expense, and an increase in corporate expense. See "Operating Results – Details of Certain Charges" below for additional detail on our preopening expense. Corporate expense increased to $313 million in 2016, due primarily to costs incurred to implement initiatives related to the Profit Growth Plan of $23 million, costs associated with the initial public offering of MGP of $25 million, transaction costs incurred in connection with the Borgata transaction, incremental performance-based compensation expense, and costs associated with a litigation settlement.

Consolidated operating loss of $156 million in 2015 was negatively affected by an operating loss for MGM China that included a $1.5 billion non-cash impairment charge to goodwill recognized in the acquisition of a controlling interest in MGM China in 2011. In connection with that acquisition, we recorded a $3.5 billion non-cash gain. The 2015 impairment charge, which represents approximately 42% of the amount of the previously recognized gain, resulted from our annual review of our goodwill carrying values and was incurred as a result of reduced cash flow forecasts for MGM China's resorts based on market conditions at that time and lower valuation multiples for gaming assets in the Macau market. In addition, the operating loss was affected by a decrease in operating results at MGM Macau. The operating loss for MGM China was partially offset by an increase in operating income at our domestic resorts and an increase in income from unconsolidated affiliates, primarily from CityCenter, which included $80 million related to our share of the gain recognized by CityCenter as a result of the final resolution of its construction litigation and related settlements. In addition, corporate expense increased 15% to $275 million in 2015, due primarily to costs incurred to implement initiatives in relation to the Profit Growth Plan of $24 million and $20 million in costs associated with the MGP transaction. Preopening expense, primarily related to our MGM Cotai, MGM Springfield and MGM National Harbor development projects, increased to $71 million in 2015 compared to $39 million in 2014. Consolidated operating loss in 2015 was also negatively affected by impairment charges and losses on disposal of certain assets recorded in "Property transactions, net." See "Operating Results – Details of Certain Changes" below for additional detail related to property transactions.

*Operatin g Results – Detailed Segment Information*

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | *(In thousands)* | | |
| **Net Revenues** | | | |
| Domestic resorts | $ 7,055,718 | $ 6,497,361 | $ 6,342,084 |
| MGM China | 1,920,487 | 2,214,767 | 3,282,329 |
| Reportable segment net revenues | 8,976,205 | 8,712,128 | 9,624,413 |
| Corporate and other | 478,918 | 477,940 | 457,571 |
| | $ 9,455,123 | $ 9,190,068 | $ 10,081,984 |
| **Adjusted EBITDA** | | | |
| Domestic resorts | $ 2,063,016 | $ 1,689,966 | $ 1,518,307 |
| MGM China | 520,736 | 539,881 | 850,471 |
| Reportable segment Adjusted Property EBITDA | 2,583,752 | 2,229,847 | 2,368,778 |
| Corporate and other | 211,932 | 9,073 | (149,216) |
| | $ 2,795,684 | $ 2,238,920 | $ 2,219,562 |

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | *(In thousands)* | | |
| Domestic resorts net revenues | $ 7,055,718 | $ 6,497,361 | $ 6,342,084 |
| Net revenues related to Borgata | (348,462) | — | — |
| Net revenues related to National Harbor | (53,005) | — | — |
| Net revenues related to sold resort operations | — | (78,792) | (118,035) |
| Domestic resorts same-store net revenues | $ 6,654,251 | $ 6,418,569 | $ 6,224,049 |

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | *(In thousands)* | | |
| Casino revenue, net | | | |
| Table games | $ 1,051,147 | $ 880,318 | $ 892,842 |
| Slots | 1,920,284 | 1,720,028 | 1,679,981 |
| Other | 83,020 | 70,148 | 64,419 |
| Casino revenue, net | 3,054,451 | 2,670,494 | 2,637,242 |
| Non-casino revenue | | | |
| Rooms | 1,965,378 | 1,813,838 | 1,705,395 |
| Food and beverage | 1,578,704 | 1,500,039 | 1,470,315 |
| Entertainment, retail and other | 1,166,477 | 1,167,488 | 1,184,343 |
| Non-casino revenue | 4,710,559 | 4,481,365 | 4,360,053 |
| | 7,765,010 | 7,151,859 | 6,997,295 |
| Less: Promotional allowances | (709,292) | (654,498) | (655,211) |
| | $ 7,055,718 | $ 6,497,361 | $ 6,342,084 |

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | *(In thousands)* | | |
| Casino revenue, net | | | |
| Table games | $ 951,836 | $ 874,879 | $ 886,449 |
| Slots | 1,723,576 | 1,693,717 | 1,641,268 |
| Other | 60,398 | 69,114 | 62,705 |
| Casino revenue, net | 2,735,810 | 2,637,710 | 2,590,422 |
| Non-casino revenue | | | |
| Rooms | 1,910,765 | 1,794,289 | 1,682,677 |
| Food and beverage | 1,511,189 | 1,486,175 | 1,450,086 |
| Entertainment, retail and other | 1,143,361 | 1,148,877 | 1,145,672 |
| Non-casino revenue | 4,565,315 | 4,429,341 | 4,278,435 |
| | 7,301,125 | 7,067,051 | 6,868,857 |
| Less: Promotional allowances | (646,874) | (648,482) | (644,808) |
| | $ 6,654,251 | $ 6,418,569 | $ 6,224,049 |

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

Casino revenue increased 1% in 2015 compared to 2014 due to a 2% increase in slots revenue as a result of a 3% increase in slots volume. Same-store casino revenue in 2015 increased 2% compared to 2014 due primarily to a 3% increase in slots revenue as a result of a 4% increase in slots volume.

Rooms revenue increased 8% and same-store rooms revenue increased 6% in 2016 compared to 2015 as a result of a 6% increase in REVPAR at our Las Vegas Strip resorts. Rooms revenue increased 6% and same-store rooms revenue increased 7% in 2015 compared to 2014 as a result of a 7% increase in REVPAR at our Las Vegas Strip resorts.

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| Occupancy | 93% | 93% | 93% |
| Average Daily Rate (ADR) | $ 157 | $ 149 | $ 139 |
| Revenue per Available Room (REVPAR) | 146 | 138 | 129 |

Food and beverage revenues increased 5% in 2016 compared to 2015 due primarily to the Borgata transaction, an increase in convention and banquet business, and the opening of several new outlets. Same-store food and beverage revenue increased 2% in 2016 compared to 2015. Food and beverage revenues increased 2% in 2015 compared to 2014 primarily as a result of increased convention and banquet business as well as the opening of several new outlets. Same-store food and beverage revenue increased 2% in 2015 compared to 2014. Entertainment, retail and other revenues decreased less than 1% in 2016 compared to 2015 due primarily to a 5% decrease in entertainment revenue as a result of our strategic decision to lease MGM Grand Garden Arena to a subsidiary of the Las Vegas Arena Company, LLC effective on January 1, 2016 offset by a 7% increase in other revenue primarily as a result of valet and self-parking fees which were implemented in June 2016. Same-store entertainment, retail and other revenues decreased less than 1% in 2016 compared to 2015. Entertainment, retail and other revenues decreased 1% in 2015 compared to 2014 due primarily to a 5% decrease in revenue from Cirque du Soleil production shows, partially offset by a 5% increase in retail revenue. Same-store entertainment, retail and other revenues decreased less than 1% in 2015 compared to 2014.

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | *(In thousands)* | | |
| Domestic resorts Adjusted Property EBITDA | $ 2,063,016 | $ 1,689,966 | $ 1,518,307 |
| Adjusted Property EBITDA related to Borgata | (81,281) | — | — |
| Adjusted Property EBITDA related to National Harbor | (9,596) | — | — |
| Adjusted Property EBITDA related to sold resort operations | — | (3,441) | 223 |
| Domestic resorts Same-store Adjusted Property EBITDA | $ 1,972,139 | $ 1,686,525 | $ 1,518,530 |

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

Adjusted Property EBITDA at our domestic resorts was $1.7 billion in 2015, an increase of 11% compared to 2014 due primarily to improved casino and non-casino revenue results at our domestic resorts as discussed above, and approximately $71 million of incremental Adjusted Property EBITDA as a result of the Company's Profit Growth Plan initiatives. Same-store Adjusted Property EBITDA increased 11% in 2015 compared to 2014 and Same-store Adjusted Property EBITDA margin in 2015 increased by 188 basis points compared to 2014 to 26.3%.

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | *(In thousands)* | | |
| Casino revenue, net | | | |
| VIP table games | $ 720,522 | $ 977,182 | $ 1,742,034 |
| Main floor table games | 999,506 | 986,063 | 1,237,528 |
| Slots | 161,586 | 209,098 | 261,971 |
| Casino revenue, net | 1,881,614 | 2,172,343 | 3,241,533 |
| Non-casino revenue | 119,419 | 135,585 | 147,754 |
| | 2,001,033 | 2,307,928 | 3,389,287 |
| Less: Promotional allowances | (80,546) | (93,161) | (106,958) |
| | $ 1,920,487 | $ 2,214,767 | $ 3,282,329 |

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

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

Net revenue for MGM China decreased 33% in 2015 compared to 2014 primarily as a result of a decrease in VIP table games revenue of 44%, as well as a decrease in main floor table games revenue of 20%. VIP table games turnover decreased 54% compared to the prior year, while VIP table games hold percentage increased to 3.3% in 2015 from 2.8% in 2014. Slots revenue decreased 20%

in 2015 compared to 2014 due to a 23% decrease in slots volume. Casino revenue was negatively affected throughout 2015 by the changes in economic factors and policy initiatives in China that began to take place in 2014.

MGM China's Adjusted EBITDA was $540 million in 2015 and $850 million in 2014. Excluding branding fees of $39 million and $43 million for the years ended December 31, 2015 and 2014, respectively, Adjusted EBITDA decreased 35% compared to 2014. Adjusted EBITDA margin decreased approximately 150 basis points to 24.4% in 2015 primarily as a result of a decrease in casino revenue.

**Corporate and other.** Corporate and other revenue includes revenues from other corporate operations, management services and reimbursed costs revenue primarily related to our CityCenter management agreement. Reimbursed costs revenue represents reimbursement of costs, primarily payroll-related, incurred by us in connection with the provision of management services and was $397 million, $399 million and $383 million for 2016, 2015 and 2014, respectively.

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

Adjusted EBITDA related to corporate and other in 2015 included our share of operating income from CityCenter, including certain basis difference adjustments, compared to our share of operating loss from CityCenter in the prior year, and an increase in our share of operating income from Borgata in 2015 compared to 2014. See "Operating Results – Income (Loss) from Unconsolidated Affiliates" for further discussion. The increases in income from CityCenter and Borgata were partially offset by increased corporate expenses as discussed previously under "Summary Operating Results."

*Operating Results – Details of Certain Charges*

Stock compensation expense is recorded within the department of the recipient of the stock compensation award. The following table shows the amount of compensation expense recognized after reimbursed costs and capitalized costs related to employee stock-based awards:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | | *(In thousands)* | |
| Casino | $ 8,491 | $ 7,571 | $ 7,351 |
| Other operating departments | 3,577 | 2,580 | 2,257 |
| General and administrative | 12,338 | 10,729 | 9,323 |
| Corporate expense and other | 29,851 | 20,966 | 18,333 |
| | $ 54,257 | $ 41,846 | $ 37,264 |

Preopening and start-up expenses consisted of the following:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | | *(In thousands)* | |
| MGM China | $ 27,848 | $ 13,863 | $ 9,091 |
| MGM National Harbor | 77,242 | 32,837 | 19,521 |
| MGM Springfield | 26,210 | 19,654 | 5,261 |
| Other | 8,775 | 4,973 | 5,384 |
| | $ 140,075 | $ 71,327 | $ 39,257 |

Preopening and start-up expenses increased in 2016 due primarily to an increase in preopening and start-up expenses at MGM National Harbor (which opened in December of 2016) and an increase in preopening and start-up expenses at MGM China related to MGM Cotai (which is expected to open in 2017). Preopening and start-up expenses at MGM China include $7 million of amortization of the Cotai land concession premium in each of the years ended December 31, 2016, 2015 and 2014. Preopening and start-up expenses at MGM National Harbor include $15 million, $19 million and $13 million of rent expense for the years ended December 31, 2016, 2015 and 2014, respectively, which relates to the ground lease for the land on which MGM National Harbor was developed.

Property transactions, net consisted of the following:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | | *(In thousands)* | |
| Grand Victoria investment impairment | $ — | $ 17,050 | $ 28,789 |
| Gain on sale of Circus Circus Reno and Silver Legacy investment | — | (23,002) | — |
| Other property transactions, net | 17,078 | 41,903 | 12,213 |
| | $ 17,078 | $ 35,951 | $ 41,002 |

See Note 17 to the accompanying consolidated financial statements for a discussion of property transactions, net for the years ended December 31, 2016, 2015 and 2014.

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

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | | *(In thousands)* | |
| Borgata (through July 31, 2016) | $ 61,169 | $ 75,764 | $ 52,017 |
| CityCenter | 445,181 | 158,906 | (11,842) |
| Other | 21,266 | 23,213 | 23,661 |
| | $ 527,616 | $ 257,883 | $ 63,836 |

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

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

In 2015, our share of CityCenter's operating results, including certain basis difference adjustments, was $159 million and included $80 million related to our share of a gain recognized by CityCenter as a result of the final resolution of its construction litigation and related settlements, compared to an operating loss of $12 million in 2014. Casino revenue at Aria increased 6% in 2015 compared to 2014 due primarily to an increase in table games volume and slots volume of 2% and 3%, respectively. CityCenter's rooms revenue increased 5% in 2015 compared to 2014, due to increases in REVPAR of 6% and 8% at Aria and Vdara, respectively. The increase in revenues from resort operations was partially offset by a decrease in residential revenues. CityCenter's operating income in 2015 benefited from a $99 million decrease in depreciation expense as a result of certain furniture and equipment becoming fully depreciated in December 2014 offset in part by $20 million in accelerated depreciation for certain assets associated with the Zarkana theatre, which was closed in April 2016. CityCenter's operating income also benefited from a $26 million decrease in legal and professional fees as a result of the final resolution of construction litigation and related settlements. Our share of Borgata's operating income increased in 2015 compared to 2014 due to an increase in casino and non-casino revenues and improved operating margins.

*Non-operating Results*

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | *(In thousands)* | | |
| Total interest incurred – MGM Resorts (excluding MGM China) | $ 746,467 | $ 808,733 | $ 816,345 |
| Total interest incurred – MGM China | 68,264 | 53,644 | 29,976 |
| Interest capitalized | (119,958) | (64,798) | (29,260) |
| | $ 694,773 | $ 797,579 | $ 817,061 |
| | | | |
| Cash paid for interest, net of amounts capitalized | $ 661,166 | $ 776,540 | $ 776,778 |
| End-of-year ratio of fixed-to-floating debt | 68/32 | 67/33 | 77/23 |
| End-of-year weighted average interest rate | 5.4% | 5.9% | 6.0% |

In 2016, interest cost related to MGM Resorts, excluding MGM China, decreased compared to 2015 primarily as a result of a decrease in the average long-term debt outstanding, and also due to a decrease in the weighted average interest rate, partially offset by an increase in amortization of debt issuance cost associated with the MGP related financing transactions in April 2016. Interest cost related to MGM China increased in 2016 compared to 2015 due to an increase in the average outstanding amounts borrowed under the MGM China credit facility partially offset by a decrease in amortization of debt issuance costs. In 2015, interest cost related to MGM Resorts, excluding China, decreased compared to 2014 as a result of a decrease in the average long-term debt outstanding during the year related to our senior notes. Interest cost related to MGM China increased in 2015 compared to 2014 due to an increase in the average outstanding amounts borrowed under the MGM China credit facility and an increase in the amortization of debt issuance costs resulting from costs incurred associated with the refinancing of the MGM China credit facility in June 2015.

Capitalized interest in 2016 increased compared to 2015 due primarily to the MGM Cotai, MGM National Harbor, and MGM Springfield projects. Capitalized interest in 2015 increased compared to 2014 due primarily to the MGM Cotai, MGM National Harbor, and MGM Springfield projects, and our investment in Las Vegas Arena Company, LLC.

**Non-operating items from unconsolidated affiliates.** Non-operating expense from unconsolidated affiliates decreased $23 million in 2016 compared to 2015, due primarily to the acquisition of Borgata on August 1, 2016, at which time the subsidiary operating Borgata became a consolidated subsidiary of our company. Prior to the acquisition, we held a 50% ownership interest in Borgata, which was accounted for under the equity method. Non-operating expense from unconsolidated affiliates decreased $11 million in 2015 compared to 2014, due primarily to a decrease in interest expense at CityCenter.

**Other, net.** Other expense increased in 2016 compared to 2015 due primarily to a $16 million loss on the early retirement of debt related to the $743 million 7.625% senior notes due 2017, as well as a $49 million loss incurred on the early retirement of debt related to the $1.23 billion aggregate principal amount of our outstanding 7.5% senior notes due 2016 and 10% senior notes due 2016 and our prior senior credit facility, recorded in the second quarter of 2016.

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | *(In thousands)* | | |
| Income (loss) before income taxes | $ 1,259,177 | $ (1,046,243) | $ 410,886 |
| Benefit (provision) for income taxes | (22,299) | 6,594 | (283,708) |
| Effective income tax rate | 1.8% | 0.6% | 69.0% |
| Federal, state and foreign income taxes paid, net of refunds | $ 68,236 | $ 11,801 | $ 42,272 |

Our effective tax rate in 2016 was favorably impacted by income tax benefits attributable to a decrease in valuation allowance on foreign tax credit carryovers and permanent exclusion of a portion of the gain on the Borgata transaction, partially offset by income tax expense attributable to the remeasurement of Macau deferred tax liabilities resulting from a change in assumption concerning renewal of the exemption from the Macau complementary tax on gaming profits. Our effective tax rate in 2015 was unfavorably impacted by the non-cash impairment charge on MGM China goodwill for which we did not record income tax benefit. Our effective tax rate decreased in 2015 compared to 2014 primarily as a result of providing greater tax benefit in 2015 than in 2014 for foreign tax credits, net of valuation allowance, partially offset by tax benefit resulting from audit settlements in 2014.

Cash taxes paid increased in 2016 compared to 2015 primarily as a result of an increase in federal income taxes paid due to increased U.S. taxable income. Cash taxes paid decreased in 2015 compared to 2014 primarily as a result of a $16 million refund of taxes and associated interest received in 2015 on the closure of the IRS examination of CityCenter, which is treated as a partnership for income tax purposes which partially offset federal income tax estimated tax payments of $23 million made during the year. The remaining $5 million of cash taxes paid in 2015 consist of state and foreign income taxes.

*Non-GAAP Measures*

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

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

Adjusted EBITDA, Adjusted Property EBITDA or Same-store 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, Adjusted Property EBITDA, or Same-store Adjusted Property EBITDA. Also, other companies in the gaming and hospitality industries that report Adjusted EBITDA, Adjusted Property EBITDA or Same-store Adjusted Property EBITDA information may calculate Adjusted EBITDA, Adjusted Property EBITDA or Same-store Adjusted Property EBITDA in a different manner.

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | *(In thousands)* | | |
| Net income (loss) attributable to MGM Resorts International | $ 1,101,440 | $ (447,720) | $ (149,873) |
| Plus: Net income (loss) attributable to noncontrolling interests | 135,438 | (591,929) | 277,051 |
| Net income (loss) | 1,236,878 | (1,039,649) | 127,178 |
| Provision (benefit) for income taxes | 22,299 | (6,594) | 283,708 |
| Income (loss) before income taxes | 1,259,177 | (1,046,243) | 410,886 |
| Non-operating expense | | | |
| Interest expense, net of amounts capitalized | 694,773 | 797,579 | 817,061 |
| Non-operating items from unconsolidated affiliates | 53,139 | 76,462 | 87,794 |
| Other, net | 72,698 | 15,970 | 7,797 |
| | 820,610 | 890,011 | 912,652 |
| Operating income (loss) | 2,079,787 | (156,232) | 1,323,538 |
| NV Energy exit expense | 139,335 | — | — |
| Preopening and start-up expenses | 140,075 | 71,327 | 39,257 |
| Property transactions, net | 17,078 | 35,951 | 41,002 |
| Goodwill impairment | — | 1,467,991 | — |
| Gain on Borgata transaction | (430,118) | — | — |
| Depreciation and amortization | 849,527 | 819,883 | 815,765 |
| Adjusted EBITDA | $ 2,795,684 | $ 2,238,920 | $ 2,219,562 |

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

| | Year Ended December 31, 2016 | | | | | |
|---|---|---|---|---|---|---|
| | Operating Income (Loss) | NV Energy Exit Expense | Preopening and Start-up Expenses | Property Transactions, Net and Gain on Borgata Transaction | Depreciation and Amortization | Adjusted EBITDA |
| | | | *(In thousands)* | | | |
| Bellagio | $ 366,543 | $ 23,815 | $ — | $ 118 | $ 88,783 | $ 479,259 |
| MGM Grand Las Vegas | 231,327 | 25,365 | 82 | 1,719 | 72,188 | 330,681 |
| Mandalay Bay | 114,202 | 29,123 | 252 | 2,377 | 89,655 | 235,609 |
| The Mirage | 85,300 | 13,813 | — | 44 | 40,270 | 139,427 |
| Luxor | 57,653 | 11,594 | 1,625 | 708 | 36,612 | 108,192 |
| New York-New York | 93,169 | 7,439 | 479 | 210 | 20,432 | 121,729 |
| Excalibur | 71,885 | 9,083 | — | 4,405 | 16,152 | 101,525 |
| Monte Carlo | 33,291 | 8,409 | 1,929 | 1,131 | 34,102 | 78,862 |
| Circus Circus Las Vegas | 33,516 | 10,694 | — | 816 | 16,963 | 61,989 |
| MGM Grand Detroit | 147,865 | — | — | (59) | 23,608 | 171,414 |
| Beau Rivage | 68,054 | — | — | (172) | 25,880 | 93,762 |
| Gold Strike Tunica | 39,831 | — | — | 67 | 9,792 | 49,690 |
| Borgata | 38,616 | — | 90 | 8,652 | 33,923 | 81,281 |
| National Harbor | (13,626) | — | 17,986 | — | 5,236 | 9,596 |
| Domestic Resorts | 1,367,626 | 139,335 | 22,443 | 20,016 | 513,596 | 2,063,016 |
| MGM China | 255,264 | — | 27,848 | (216) | 237,840 | 520,736 |
| Unconsolidated resorts | 524,448 | — | 3,168 | — | — | 527,616 |
| Management and other operations | 4,316 | — | 1,150 | 29 | 7,505 | 13,000 |
| | 2,151,654 | 139,335 | 54,609 | 19,829 | 758,941 | 3,124,368 |
| Stock compensation | (44,957) | — | — | — | — | (44,957) |
| Corporate | (26,910) | — | 85,466 | (432,869) | 90,586 | (283,727) |
| | $ 2,079,787 | $ 139,335 | $ 140,075 | $ (413,040) | $ 849,527 | $ 2,795,684 |

| | Year Ended December 31, 2015 | | | | |
|---|---|---|---|---|---|
| | Operating Income (Loss) | Preopening and Start-up Expenses | Property Transactions, Net and Goodwill Impairment | Depreciation and Amortization | Adjusted EBITDA |
| | *(In thousands)* | | | | |
| Bellagio | $ 303,858 | $ — | $ 1,085 | $ 90,442 | $ 395,385 |
| MGM Grand Las Vegas | 206,896 | — | 110 | 73,260 | 280,266 |
| Mandalay Bay | 120,142 | — | 3,599 | 79,733 | 203,474 |
| The Mirage | 66,069 | 115 | 1,729 | 44,562 | 112,475 |
| Luxor | 49,369 | (2) | 94 | 37,708 | 87,169 |
| New York-New York | 81,618 | (74) | 4,931 | 19,982 | 106,457 |
| Excalibur | 67,545 | — | 111 | 14,591 | 82,247 |
| Monte Carlo | 55,594 | — | 3,219 | 27,149 | 85,962 |
| Circus Circus Las Vegas | 27,305 | 280 | 21 | 15,639 | 43,245 |
| MGM Grand Detroit | 131,016 | — | (36) | 23,999 | 154,979 |
| Beau Rivage | 62,613 | — | (5) | 26,235 | 88,843 |
| Gold Strike Tunica | 34,362 | — | 221 | 11,440 | 46,023 |
| Other resort operations | 2,975 | — | — | 466 | 3,441 |
| Domestic Resorts | 1,209,362 | 319 | 15,079 | 465,206 | 1,689,966 |
| MGM China | (1,212,377) | 13,863 | 1,472,128 | 266,267 | 539,881 |
| Unconsolidated resorts | 254,408 | 3,475 | — | — | 257,883 |
| Management and other operations | 27,395 | 1,179 | 1,080 | 7,765 | 37,419 |
| | 278,788 | 18,836 | 1,488,287 | 739,238 | 2,525,149 |
| Stock compensation | (32,125) | — | — | — | (32,125) |
| Corporate | (402,895) | 52,491 | 15,655 | 80,645 | (254,104) |
| | $ (156,232) | $ 71,327 | $ 1,503,942 | $ 819,883 | $ 2,238,920 |

| | Year Ended December 31, 2014 | | | | |
|---|---|---|---|---|---|
| | Operating Income (Loss) | Preopening and Start-up Expenses | Property Transactions, Net | Depreciation and Amortization | Adjusted EBITDA |
| | *(In thousands)* | | | | |
| Bellagio | $ 304,144 | $ — | $ 900 | $ 88,658 | $ 393,702 |
| MGM Grand Las Vegas | 174,297 | 197 | (667) | 81,027 | 254,854 |
| Mandalay Bay | 95,449 | 1,133 | 2,307 | 76,737 | 175,626 |
| The Mirage | 57,338 | 452 | 2,464 | 49,900 | 110,154 |
| Luxor | 31,801 | 2 | 432 | 37,849 | 70,084 |
| New York-New York | 75,360 | 732 | 427 | 18,586 | 95,105 |
| Excalibur | 52,915 | — | 500 | 14,804 | 68,219 |
| Monte Carlo | 48,937 | 1,507 | 290 | 21,046 | 71,780 |
| Circus Circus Las Vegas | 8,135 | 85 | 61 | 15,334 | 23,615 |
| MGM Grand Detroit | 118,755 | — | 2,728 | 23,315 | 144,798 |
| Beau Rivage | 43,152 | — | 1,000 | 26,109 | 70,261 |
| Gold Strike Tunica | 27,460 | — | 392 | 12,480 | 40,332 |
| Other resort operations | (2,318) | — | 336 | 1,759 | (223) |
| Domestic Resorts | 1,035,425 | 4,108 | 11,170 | 467,604 | 1,518,307 |
| MGM China | 547,977 | 9,091 | 1,493 | 291,910 | 850,471 |
| Unconsolidated resorts | 62,919 | 917 | — | — | 63,836 |
| Management and other operations | 26,152 | 359 | 415 | 9,058 | 35,984 |
| | 1,672,473 | 14,475 | 13,078 | 768,572 | 2,468,598 |
| Stock compensation | (28,372) | — | — | — | (28,372) |
| Corporate | (320,563) | 24,782 | 27,924 | 47,193 | (220,664) |
| | $ 1,323,538 | $ 39,257 | $ 41,002 | $ 815,765 | $ 2,219,562 |

**Liquidity and Capital Resources**

*Cash Flows – Summary*

We require a certain amount of cash on hand to operate our resorts. In addition to required cash on hand for operations, we utilize company-wide cash management procedures to minimize the amount of cash held on hand or in banks. Funds are swept from accounts at our resorts daily into central bank accounts, and excess funds are invested overnight or are used to repay borrowings under our senior credit facility. In addition, from time to time we may use excess funds to repurchase our outstanding debt securities subject to limitations in our senior credit facility. At December 31, 2016 and 2015, we held cash and cash equivalents of $1.4 billion and $1.7 billion, respectively. Cash and cash equivalents related to MGM China at December 31, 2016 and 2015 was $454 million and $700 million, respectively. Cash and cash equivalents related to MGP at December 31, 2016 was $360 million.

Our cash flows consisted of the following:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | | *(In thousands)* | |
| Net cash provided by operating activities | $ 1,533,972 | $ 1,005,079 | $ 1,130,670 |
| Investing cash flows: | | | |
| Capital expenditures, net of construction payable | (2,262,473) | (1,466,819) | (872,041) |
| Dispositions of property and equipment | 3,944 | 8,032 | 7,651 |
| Proceeds from partial disposition of investment in unconsolidated affiliate | 15,000 | — | — |
| Proceeds from sale of business units and investment in unconsolidated affiliate | — | 92,207 | — |
| Acquisition of Borgata, net of cash acquired | (559,443) | — | — |
| Investments in and advances to unconsolidated affiliates | (3,633) | (196,062) | (103,040) |
| Distributions from unconsolidated affiliates in excess of cumulative earnings | 542,097 | 201,612 | 132 |
| Net proceeds from treasury securities - maturities longer than 90 days | — | — | 87,167 |
| Net proceeds (investments) from (in) cash deposits - original maturities longer than 90 days | — | 570,000 | (570,000) |
| Payments for gaming licenses | — | — | (85,000) |
| Other | (11,696) | (4,028) | 10,981 |
| Net cash used in investing activities | (2,276,204) | (795,058) | (1,524,150) |
| Financing cash flows: | | | |
| Net borrowings (repayments) under bank credit facilities | 491,032 | 977,275 | (28,000) |
| Issuance of long-term debt | 2,050,000 | — | 1,250,750 |
| Retirement of senior notes | (2,258,053) | (875,504) | (508,900) |
| Repayment of Borgata credit facility | (583,598) | — | — |
| Debt issuance costs | (139,584) | (46,170) | (13,681) |
| Issuance of MGM Growth Properties common stock in public offering | 1,207,500 | — | — |
| MGM Growth Properties common stock issuance costs | (75,032) | — | — |
| Acquisition of MGM China shares | (100,000) | — | — |
| Distributions to noncontrolling interest owners | (103,367) | (307,227) | (386,709) |
| Excess tax benefit from exercise of stock options | 13,277 | 12,369 | 4,671 |
| Proceeds from issuance of redeemable noncontrolling interests | 47,325 | 6,250 | — |
| Other | (30,078) | (24,872) | (10,054) |
| Net cash provided by (used in) financing activities | 519,422 | (257,879) | 308,077 |
| Effect of exchange rate on cash | (921) | 793 | (889) |
| Net decrease in cash and cash equivalents | $ (223,731) | $ (47,065) | $ (86,292) |

*Cash Flows*

**Operating activities.** Trends in our operating cash flows tend to follow trends in operating income, excluding non-cash charges, but can be affected by changes in working capital, cash paid for interest, the timing of significant tax payments or refunds, and distributions from unconsolidated affiliates. Cash provided by operating activities was $1.5 billion in 2016 compared to $1.0 billion in 2015. Operating cash flows increased in the current period due to an increase in operating income at our domestic resorts and a decrease in cash paid for interest, partially offset by an increase in cash paid for taxes. Cash provided by operating activities in the prior year was negatively affected by changes in working capital primarily related to short-term gaming liabilities.

Cash provided by operating activities in 2015 decreased due to a decrease in operating cash flows at MGM China which were $383 million in 2015 compared to $642 million in 2014, partially offset by an increase in operating cash flows at our domestic resorts.

In 2015, cash provided by operating activities at MGM China was negatively affected by changes in working capital related to short-term gaming liabilities but to a lesser extent than in 2014.

We paid net taxes of $68 million, $12 million and $42 million in 2016, 2015 and 2014, respectively.

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

- In 2016, we had capital expenditures of $2.3 billion, which included $971 million at MGM China, excluding development fees and capitalized interest on development fees eliminated in consolidation. Capital expenditures at MGM China included $948 million related to the construction of MGM Cotai and $23 million related to improvements at MGM Macau. Capital expenditures at our domestic resorts and corporate entities of $1.3 billion included $741 million related to the construction of MGM National Harbor, $121 million related to the construction of MGM Springfield, $39 million related to the construction of The Park, as well as various room remodels including the tower rooms at Mandalay Bay, construction of additional exhibit space at the Mandalay Bay Convention Center, construction of the Park Theater and rebranding at Monte Carlo, construction of the parking garage at Excalibur and restaurant and entertainment venue remodels.
- In 2015, we had capital expenditures of $1.5 billion, which included $579 million at MGM China, excluding development fees and capitalized interest on development fees eliminated in consolidation. Capital expenditures at MGM China included $543 million related to the construction of MGM Cotai and $36 million related to improvements at MGM Macau. Capital expenditures at our domestic resorts and corporate entities of $888 million included $361 million and $35 million related to the construction of MGM National Harbor and MGM Springfield, respectively, various room remodels including the tower rooms at Mandalay Bay and the suites at Bellagio, construction of additional exhibit space at the Mandalay Bay Convention Center, construction of the Park Theatre, construction of The Park entertainment district, and restaurant and entertainment venue remodels.
- In 2014, we had capital expenditures of $872 million, which included $346 million at MGM China, excluding capitalized interest on development fees eliminated in consolidation. Capital expenditures at MGM China included $301 million related to the construction of MGM Cotai and $45 million related to improvements at MGM Macau. Capital expenditures at our domestic resorts and corporate entities included $97 million related to the construction of MGM National Harbor, various room remodels including the Delano rooms at Mandalay Bay and suites at Bellagio, a remodel of the facades of New York-New York and Monte Carlo, construction of The Park entertainment district, restaurant and entertainment venue remodels and costs incurred to relocate and renovate certain corporate offices.

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

In 2015, investments in and advances to unconsolidated affiliates primarily represented investments in CityCenter pursuant to the completion guarantee of $141 million and investments in the Las Vegas Arena Company, LLC of $50 million. In 2014, investments and advances to unconsolidated affiliates primarily represented investments in CityCenter of $56 million, investments in the Las Vegas Arena Company, LLC of $36 million, and investments in MGM Hakkasan of $10 million.

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

Investing activities also include activity related to investments of funds held by the trust that held our 50% ownership interest in Borgata prior to its dissolution in September 2014. In addition, in 2014 we invested $570 million in certificates of deposit with original maturities longer than 90 days.

**Financing activities.** In 2016, we repaid net debt of $301 million. In April 2016, in connection with the MGP IPO and related financing transactions we permanently repaid $2.7 billion under our prior senior credit facility and entered into an amended and restated senior credit facility under which we borrowed $250 million. The Operating Partnership borrowed net debt of $2.1 billion

during 2016 under its senior credit facility. In addition, MGM National Harbor borrowed $450 million under its credit facility, MGM China borrowed $374 million under its r evolving credit facility, and we permanently repaid $584 million under Borgata's credit facility. The following senior notes were issued during 2016:

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

We redeemed the following senior notes during 2016:

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

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

In 2015, we had net borrowings of $102 million, including $1.0 billion of borrowings under the MGM China credit facility, the repayment of $28 million under our senior credit facility and the repayment of the $875 million 6.625% senior notes at maturity in July 2015 using cash on hand. Additionally, we paid $46 million of debt issuance costs related to the refinancing of the MGM China credit facility. In 2014, we had net borrowings of $714 million, including the repayment of $28 million under our senior credit facility. During the year we repaid our $509 million 5.875% senior notes at maturity and issued $1.25 billion of 6% senior notes, due 2023 for net proceeds of $1.24 billion.

During the year ended 2016, MGP received proceeds of $1.2 billion in connection with the MGP IPO in April 2016 and paid $75 million of issuance costs related to the IPO, and we paid $100 million as part of the consideration for the purchase of an additional 188.1 million common shares of our MGM China subsidiary. MGP paid a $15 million dividend and a $22 million dividend to its Class A shareholders in July 2016 and October 2016, respectively. In August 2016, MGM China paid an interim dividend of $58 million, of which $29 million was distributed to noncontrolling interests. In June 2016, MGM China paid a final dividend of $46 million of which $23 million was distributed to noncontrolling interests.

MGM China paid a $400 million special dividend in March 2015, a $120 million final dividend in June 2015 and a $76 million interim dividend in August 2015, of which $196 million, $59 million and $37 million was distributed to noncontrolling interests, respectively. Additionally, we received $6 million in 2015 related to proceeds from the issuance of non-voting membership interests in MGM National Harbor. MGM China paid a $499 million special dividend in March 2014, a $127 million final dividend in June 2014, and a $137 million interim dividend in September 2014, of which $245 million, $62 million and $67 million was distributed to noncontrolling interests, respectively.

*Other Factors Affecting Liquidity*

**Anticipated uses of cash.** We have significant outstanding debt and contractual obligations in addition to planned capital expenditures. At December 31, 2016, we had $13.1 billion in principal amount of indebtedness, including $250 million of borrowings outstanding under our $1.5 billion senior credit facility, $2.1 billion outstanding under the $2.73 billion Operating Partnership credit facility, $1.9 billion outstanding under the $3.0 billion MGM China credit facility and $450 million outstanding under the $525 million MGM National Harbor credit facility. We have an estimated $751 million of cash interest payments based on current outstanding debt and applicable interest rates within the next twelve months including the estimated impact of changes in our interest rates on the MGP term loan B and new interest rate swap agreements entered into subsequent to year end. We believe we have the ability to meet known obligations, including principal and interest obligations as well as planned capital expenditures over the next twelve months from the balance sheet date with existing cash and cash deposits, cash flows from operations, dividends and distributions from MGM China and the Operating Partnership, and availability under our senior credit facility, the MGM China credit facility, the Operating Partnership credit facility and the MGM National Harbor credit facility.

In addition, we have made significant investments through December 31, 2016 and we expect to make capital investments as described below during 2017. See "Executive Overview" for fur ther information regarding the scope and timing of our significant development projects.

- Approximately $530 million in capital expenditures at our domestic resorts and corporate entities, excluding MGM National Harbor and MGM Springfield;
- Approximately $270 million in capital expenditures related to the MGM Springfield project; and
- Approximately $150 million in capital expenditures related to MGM National Harbor.

During 2017, MGM China expects to spend approximately $100 million in maintenance capital improvements at MGM Macau and MGM Cotai once opened, and $990 million on the MGM Cotai project, excluding capitalized interest, development fees and land related costs.

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

**MGM Resorts International dividends.** On February 15, 2017 the Board of Directors approved a quarterly dividend to holders of record on March 10, 2017 of $0.11 per share, totaling $63 million, which will be paid on March 15, 2017. Our intention is to pay a quarterly dividend in each future quarter subject to our operating results, cash requirements and financial conditions, any applicable provisions of state law that may limit the amount of funds available to us, and compliance with covenants and financial ratios related to existing or future agreements governing the indebtedness at our subsidiaries and any limitations in other agreements such subsidiaries may have with third parties.

**MGP distributions.** On December 15, 2016, MGP's Board of Directors declared a quarterly dividend of $0.3875 per Class A share totaling $22 million, which was paid on January 16, 2017 to holders of record on December 31, 2016. We concurrently received a $72 million distribution attributable to Operating Partnership units owned by us from the Operating Partnership, which remained within the consolidated entity. MGP expects to pay quarterly distributions in cash of approximately $22 million, equal to $0.3875 per share ($89 million on an annualized basis, equal to $1.55 per share) to its Class A shareholders, which amount may be changed in the future without advance notice.

**MGM China dividend.** On February 16, 2017, as part of its regular dividend policy, the Board of Directors of MGM China announced it will recommend a final dividend for 2016 of $78 million to MGM China shareholders subject to approval at the MGM China 2017 annual shareholders meeting to be held in May. If approved, we will receive our 56% share or $44 million, of which $4 million will be paid to Grand Paradise Macau under the $50 million deferred cash payment arrangement related to our acquisition of the additional 4.95% of MGM China shares in August of 2016. See Note 13 in the accompanying consolidated financial statements for additional information regarding the deferred cash payment.

*Principal Debt Arrangements*

As discussed in "Executive Overview" in connection with the formation and IPO of MGP, we and MGP entered into several financing transactions including new principal debt agreements. See Note 10 to the accompanying consolidated financial statements for additional information regarding those agreements.

In April 2016, we entered into an amended and restated credit agreement comprised of a $1.25 billion revolving facility and a $250 million term loan A facility. The revolving facility and the term loan A facility bear interest determined by reference to a total net leverage ratio pricing grid which results in an interest rate of LIBOR plus 1.75% to 2.75%. Both the term loan A facility and the revolving facility will mature in April 2021. The term loan A facility is subject to amortization of principal in equal quarterly installments (commencing with the fiscal quarter ended March 31, 2017), with 5.0% of the initial aggregate principal amount of the term loan A facility to be payable each year. No amounts have been drawn on the revolving credit facility.

The amended and restated credit agreement contains customary representations and warranties, events of default, and positive, negative and financial covenants, including that we maintain compliance with a maximum total net leverage ratio, a maximum first lien net leverage ratio and a minimum interest coverage ratio. We were in compliance with our amended and restated credit agreement covenants at December 31, 2016.

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

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

In April 2016, the Operating Partnership entered into a credit agreement comprised of a $300 million senior secured term loan A facility, a $1.85 billion senior secured term loan B facility, and a $600 million senior secured revolving credit facility. The term loan B facility was originally issued at 99.75% to initial leaders. The revolving credit facility and term loan A facility bear interest determined by reference to a total net leverage ratio pricing grid which results in an interest rate of LIBOR plus 2.25% to 2.75%. On October 26, 2016 the term loan B facility was re-priced at par and bore interest at LIBOR plus 2.75%, with a LIBOR floor of 0.75%, which represented a 50 basis point reduction compared to the prior rate. In addition, the Operating Partnership received a further reduction in pricing to LIBOR plus 2.50%, with a LIBOR floor of 0.75%, as a result of it achieving a minimum corporate family rating of Ba3/BB- in February 2017. The revolving credit facility and the term loan A facility will mature in 2021 and the term loan B facility will mature in 2023. The term loan facilities are subject to amortization of principal in equal quarterly installments, with 5.0% of the initial aggregate principal amount of the term loan A facility and 1.0% of the initial aggregate principal amount of the term loan B facility to be payable each year.

The Operating Partnership credit agreement contains customary representations and warranties, events of default, and positive, negative and financial covenants, including that the Operating Partnership maintain compliance with a maximum senior secured net debt to adjusted total assets ratio, maximum total net debt to adjusted assets ratio and a minimum interest coverage ratio. The Operating Partnership was in compliance with its credit agreement covenants at December 31, 2016.

MGM China and MGM Grand Paradise, as co-borrowers, are parties to a fourth amended and restated credit facility which consists of $1.55 billion of term loans and a $1.45 billion revolving credit facility. The interest rate on the facility fluctuates annually based on HIBOR plus a margin that ranges between 1.375% and 2.5% based on MGM China's leverage ratio. The credit facility matures in April 2019, with scheduled amortization payments of the term loans beginning in October 2017. The MGM China credit facility is secured by MGM Grand Paradise's interest in the Cotai land use right, and MGM China, MGM Grand Paradise and their guarantor subsidiaries have granted a security interest in substantially all of their assets to secure the facility.

The MGM China credit facility contains customary representations and warranties, events of default, and positive, negative and financial covenants, including that MGM China maintains compliance with a maximum leverage ratio and a minimum interest coverage ratio. MGM China was in compliance with its credit facility covenants at December 31, 2016. In February 2017, the MGM China credit facility was amended to increase the maximum total leverage ratio to 6.00 to 1.00 through December 31, 2017, declining to 5.50 to 1.00 at March 31, 2018, 5.00 to 1.00 at June 30, 2018 and 4.50 to 1.00 at September 30, 2018 and thereafter.

In January 2016, MGM National Harbor, LLC entered into a credit agreement consisting of a $100 million revolving credit facility and a $425 million term loan facility. The revolving and term loan facilities bear interest at LIBOR plus an applicable rate determined by MGM National Harbor, LLC's total leverage ratio (2.25% as of December 31, 2016). The term loan and revolving facilities are scheduled to mature in January 2021 and the term loan facilities are subject to scheduled amortization payments on the last day of each calendar quarter beginning the fourth full fiscal quarter following the opening date of MGM National Harbor, initially in an amount equal to 1.25% of the aggregate principal balance and increasing to 1.875% and 2.50% of the aggregate principal balance on the last day of the twelfth and sixteenth full fiscal quarters, respectively.

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

The MGM National Harbor credit agreement contains customary representations and warranties, events of default, and positive, negative and financial covenants, including that MGM National Harbor, LLC and its restricted subsidiaries maintain compliance with a maximum total leverage ratio and a minimum interest coverage ratio. MGM National Harbor, LLC was in compliance with its credit agreement covenants at December 31, 2016.

*Off Balance Sheet Arrangements*

Our off-balance sheet arrangements consist primarily of investments in unconsolidated affiliates, which consist primarily of our investments in CityCenter, Grand Victoria, and Las Vegas Arena Company, LLC. We have not entered into any transactions with special purpose entities, nor have we engaged in any derivative transactions, other than our MGP cash flow hedges. See Note 11 to the accompanying consolidated financial statements for additional information. Our unconsolidated affiliate investments allow us to realize the proportionate benefits of owning a full-scale resort or other entertainment properties in a manner that minimizes our initial investment. We guarantee the T-Mobile Arena credit facility as described below. In addition, there are no other provisions in the agreements with our investees which we believe are unusual or subject us to risks to which we would not be subjected if we had full ownership of the resort.

In conjunction with the Las Vegas Arena Company, LLC entering into a senior secured credit facility in September 2014, we and AEG each entered into joint and several completion guarantees for the project (which were subsequently terminated in February 2017), as well as a repayment guarantee for the term loan B (which is subject to increases and decreases in the event of a rebalancing of the principal amount of indebtedness between the term loan A and term loan B facilities). As of December 31, 2016, term loan A was $150 million and term loan B was $50 million.

**Commitments and Contractual Obligations**

The following table summarizes our scheduled contractual obligations as of December 31, 2016:

| | 2017 | 2018 | 2019 | 2020 | 2021 | Thereafter |
|---|---|---|---|---|---|---|
| | | | *(In millions)* | | | |
| Long-term debt | $ 138 | $ 1,323 | $ 1,997 | $ 1,583 | $ 2,057 | $ 6,046 |
| Estimated interest payments on long-term debt (1) | 745 | 722 | 612 | 550 | 437 | 656 |
| Construction commitments (2) | 643 | 79 | — | — | — | — |
| Operating Leases (3) | 37 | 33 | 30 | 30 | 32 | 1,380 |
| Capital leases | 9 | 3 | 2 | — | — | — |
| Tax liabilities (4) | 21 | — | — | — | — | — |
| Long-term liabilities | 4 | 5 | 5 | 4 | 52 | 39 |
| Other obligations (5) | 406 | 100 | 47 | 21 | 17 | 96 |
| | $ 2,003 | $ 2,265 | $ 2,693 | $ 2,188 | $ 2,595 | $ 8,217 |

(1) Estimated interest payments are based on principal amounts and expected maturities of debt outstanding at December 31, 2016 and management's forecasted LIBOR rates for our senior credit facility and HIBOR rates for the MGM China credit facility. In December 2016, the Operating Partnership entered into interest rate swap agreements to mitigate the interest rate risk inherent in its senior secured term loan B facility. These interest rate swaps are designated as cash flow hedges and have a notional value of $500 million and mature on November 30, 2021. The weighted average fixed rate paid is 1.825%, and the variable rate received resets monthly to the one-month LIBOR subject to a minimum rate of 0.75%.

(2) The amount for 2017 includes $471 million related to MGM Cotai and $39 million and $76 million related to MGM National Harbor and MGM Springfield, respectively.

(3) The table above excludes our future lease obligations to a subsidiary of the Operating Partnership pursuant to the master lease agreement discussed in Note 19 to the accompanying consolidated financial statements. We own 76.3% of the Operating Partnership units as of December 31, 2016. MGM National Harbor is located on land subject to a long-term ground lease. See Note 13 to the accompanying consolidated financial statements for further discussion.

(4) Approximately $12 million of liabilities related to uncertain tax positions and other tax liabilities are excluded from the table as we cannot reasonably estimate when examination and other activity related to these amounts will conclude or when these amounts will be paid, if ever.

(5) The amount for 2017 includes $124 million related to employment agreements, $129 million for entertainment agreements and $120 million of open purchase orders. Other commitments include various contracted amounts, including information technology, advertising, maintenance and other service agreements. Our largest entertainment commitments consist of minimum contractual payments to Cirque du Soleil, which performs shows at several of our resorts. Our contractual commitments for these shows generally do not exceed 12 months and are based on our ability to exercise certain termination rights; however, we expect these shows to continue for longer periods.

While we have significant indebtedness and other obligations, we believe we have the ability to meet known obligations, including principal and interest obligations as well as planned capital expenditures over the next twelve months from the balance sheet date with existing cash and cash deposits, cash flows from operations, dividends and distributions from MGM China and the

Operating Partnership, and availability under our senior credit facility, the MGM China credit facility, the Operating Partnership credit facility and the MGM National Harbor c redit facility. We have $138 million of maturities of long-term debt in 2017. See "Liquidity and Capital Resources – Other Factors Affecting Liquidity" for further discussion of anticipated uses of cash.

**Critical Accounting Policies and Estimates**

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

*Allowance for Doubtful Casino Accounts Receivable*

Marker play represents a significant portion of the table games volume at certain of our Las Vegas resorts. Our other casinos do not emphasize marker play to the same extent, although we offer markers to customers at those casinos as well. MGM China extends credit to certain in-house VIP gaming customers and gaming promoters. We maintain strict controls over the issuance of markers and aggressively pursue collection from our customers who fail to pay their marker balances timely. These collection efforts are similar to those used by most large corporations when dealing with overdue customer accounts, including the mailing of statements and delinquency notices, personal contacts, the use of outside collection agencies and civil litigation. Markers are generally legally enforceable instruments in the United States and Macau. At December 31, 2016 and 2015, approximately 53% and 42%, respectively, of our casino accounts receivable at our domestic resorts were owed by customers from the United States. Markers are not legally enforceable instruments in some foreign countries, but the United States assets of foreign customers may be reached to satisfy judgments entered in the United States. At December 31, 2016 and 2015, approximately 35% and 37%, respectively, of our casino accounts receivable at our domestic resorts were owed by customers from the Far East. We consider the likelihood and difficulty of enforceability, among other factors, when we issue credit to customers at our domestic resorts who are not residents of the United States. MGM China performs background checks and investigates the credit worthiness of gaming promoters and casino customers prior to issuing credit.

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

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

The following table shows key statistics related to our casino receivables:

| | December 31, | |
|---|---|---|
| | 2016 | 2015 |
| | *(In thousands)* | |
| Casino receivables | $ 332,443 | $ 285,182 |
| Allowance for doubtful casino accounts receivable | 92,424 | 86,010 |
| Allowance as a percentage of casino accounts receivable | 28% | 30% |
| Percentage of casino accounts outstanding over 180 days | 21% | 26% |

Approximately $35 million and $40 million of casino receivables and $8 million and $9 million of the allowance for doubtful casino accounts receivable relate to MGM China at December 31, 2016 and 2015, respectively. Casino receivables increased in the

current year as a result of the Borgata transaction and the opening of MGM Nationa l Harbor. The allowance for doubtful accounts as a percentage of casino accounts receivable has decreased in the current year due to a decrease in the age of outstanding account balances. At December 31, 2016, a 100 basis-point change in the allowance for doubtful accounts as a percentage of casino accounts receivable would change income before income taxes by $3 million.

*Fixed Asset Capitalization and Depreciation Policies*

Property and equipment are stated at cost. For the majority of our property and equipment, cost was determined at the acquisition date based on estimated fair values in connection with the August 2016 Borgata acquisition, the June 2011 MGM China acquisition, the April 2005 Mandalay acquisition and the May 2000 Mirage Resorts acquisition. Maintenance and repairs that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets. When we construct assets, we capitalize direct costs of the project, including fees paid to architects and contractors, property taxes, and certain costs of our design and construction subsidiaries. In addition, interest cost associated with major development and construction projects is capitalized as part of the cost of the project. Interest is typically capitalized on amounts expended on the project using the weighted-average cost of our outstanding borrowings. Capitalization of interest starts when construction activities begin and ceases when construction is substantially complete or development activity is suspended for more than a brief period.

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

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

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

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

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

We review indefinite-lived intangible assets and goodwill at least annually and between annual test dates in certain circumstances. We perform our annual impairment test for indefinite-lived intangible assets in the fourth quarter of each fiscal year. Indefinite-lived intangible assets consist primarily of license rights, which are tested for impairment using a discounted cash flow approach, and trademarks, which are tested for impairment using the relief-from-royalty method. See Note 8 to the accompanying consolidated financial statements for further discussion of goodwill and other intangible assets.

Goodwill repre sents the excess of purchase price over the fair market value of net assets acquired in business combinations. We test goodwill for relevant reporting units for impairment in the fourth quarter of each year and in interim periods if circumstances exist suc h that it is more likely than not that the carrying value of a reporting unit exceeds its fair value. Accounting guidance provides entities the option to perform a qualitative assessment of goodwill (commonly referred to as "step zero") in order to determi ne whether further impairment testing is necessary. In performing the step zero analysis we take into account macroeconomic conditions, industry and market considerations, current and forecasted financial performance, entity-specific events, and changes in the composition or carrying amount of net assets of reporting units. In addition, management takes into consideration the amount of excess of fair value over carrying value determined in the last quantitative analysis that was performed, as well as the pe riod of time that has passed since the last quantitative analysis. If the step zero analysis indicates that it is more likely than not that the fair value of a reporting unit exceeds its carrying value, further quantitative analysis is not required. If the step zero analysis indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the entity would proceed to a two-step quantitative analysis.

Under the two-step quantitative analysis, goodwill for relevant reporting units is tested for impairment using a discounted cash flow analysis based on our budgeted future results discounted using a weighted average cost of capital, developed using a standard capital asset pricing model based on guideline companies in our industry, and market indicators of terminal year capitalization rates, as well as a market approach that utilizes business enterprise value multiples based on a range of multiples in our peer group. If the carrying value of the reporting unit exceeds its fair value, an indication of impairment exists and we must proceed to measure an impairment loss, if any. In measuring an impairment loss, the implied fair value of a reporting unit's goodwill is compared to the carrying value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit to its assets and liabilities and the amount remaining, if any, is the implied fair value of goodwill. If the implied fair value of goodwill is less than its carrying value then it must be written down to its implied fair value.

With the exception of our MGM China reporting unit, discussed below, none of our other reporting units incurred any goodwill impairment charges in 2016, 2015 or 2014. For our 2016 annual impairment test, we utilized the option to perform a step zero analysis for certain of our domestic resorts reporting units and concluded it was more likely than not that the fair values of such reporting units exceeded their carrying values by a substantial margin. The estimated fair values of reporting units for which we elected to forego the step zero analysis and instead utilized the two-step quantitative analysis were substantially in excess of their carrying values. As discussed below, management makes significant judgments and estimates as part of these analyses. If future operating results of our reporting units do not meet current expectations it could cause carrying values of our reporting units to exceed their fair values in future periods, potentially resulting in a goodwill impairment charge.

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

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

See Note 8 to the accompanying consolidated financial statements for further discussion of goodwill impairment.

*Impairment of Investments in Unconsolidated Affiliates*

We evaluate our investments in unconsolidated affiliates for impairment whenever events or changes in circumstances indicate that the carrying value of our investment may have experienced an other-than-temporary decline in value. If such conditions exist, we compare the estimated fair value of the investment to its carrying value to determine whether an impairment is indicated and determine whether the impairment is other-than-temporary based on our assessment of relevant factors, including consideration of our intent and ability to retain our investment. We estimate fair value using a discounted cash flow analysis based on estimates of future cash flows and market indicators of discount rates and terminal year capitalization rates, as well as a market approach that utilizes business enterprise value multiples based on a range of multiples in our peer group. See Note 7 and Note 17 to the accompanying consolidated financial statements for discussion of other-than-temporary impairment charges.

*Income Taxes*

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

As of December 31, 2016, we have a foreign tax credit carryover of $2.8 billion against which we have recorded a valuation allowance of $2.5 billion based upon our assessment of future realization. The foreign tax credits are attributable to the Macau Special Gaming Tax which is 35% of gross gaming revenue in Macau. Because MGM Grand Paradise is presently exempt from the Macau 12% complementary tax on gaming profits, we believe that payment of the Macau Special Gaming Tax qualifies as a tax paid in lieu of an income tax that is creditable against U.S. taxes.

On September 7, 2016, MGM Grand Paradise was granted an additional extension of the complementary tax exemption through March 31, 2020, concurrent with the end of the term of its current gaming subconcession. A competitor of MGM Grand Paradise subsequently received an additional extension of its exemption through March 31, 2020, which also runs concurrent with the end of the term of its current gaming concession. Based upon these developments and the uncertainty concerning taxation after the concession renewal process, we have concluded that we can no longer assume that MGM Grand Paradise will be entitled to additional exemption periods beyond the end of the extension recently granted. Thus, for all periods beyond March 31, 2020, we have assumed that MGM Grand Paradise will pay the Macau 12% complementary tax on gaming profits and will thus not be able to credit the Macau Special Gaming Tax in such years, and have factored that assumption into our assessment of the realization of the foreign tax credit deferred tax asset and the measurement of Macau deferred tax liabilities.

Due to improvements in our U.S. operations, we have generated U.S. operating profits for the past eight consecutive quarters and as of June 30, 2016 we no longer had cumulative U.S. losses in recent years. Consequently, during 2016 we began to rely on future U.S. source operating income in assessing future foreign tax credit realization during the 10-year foreign tax credit carryover period.

Our assessment of realization of our foreign tax credit deferred tax asset is based on available evidence, including assumptions about future profitability of and distributions from MGM China and assumptions concerning future U.S. operating profits. As a result, significant judgment is required in assessing the possible need for a valuation allowance and changes to our assumptions may have a material impact on the amount of the valuation allowance. For example, a change to our forecasts of future profitability of and distributions from MGM China or a change in our assumptions concerning U.S. profitability could result in a material change in the valuation allowance with a corresponding impact on the provision for income taxes in such period. In addition, should we in a future period actually receive an additional exemption from the complementary tax, an additional valuation allowance would likely need to be provided on some portion or all of the foreign tax credit deferred tax asset, resulting in an increase in the provision for income taxes in such period and such increase may be material.

In addition, there is a $3 million valuation allowance, after federal effect, provided on certain state deferred tax assets, a valuation allowance of $71 million on certain Macau deferred tax assets, and a valuation allowance of $2 million on Hong Kong net operating losses because we believe these assets do not meet the “more likely than not” criteria for recognition.

We file income tax returns in the U.S. federal jurisdiction, various state and local jurisdictions, and foreign jurisdictions, although the income taxes paid in foreign jurisdictions are not material. Our income tax returns are subject to examination by the Internal Revenue Service (“IRS”) and other tax authorities. Positions taken in tax returns are sometimes subject to uncertainty in the tax laws and may not ultimately be accepted by the IRS or other tax authorities. See Note 12 in the accompanying consolidated financial statements for a discussion of the status and impact of examinations by tax authorities.

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

*Stock-based Compensation*

We account for stock options and stock appreciation rights (“SARs”) measuring fair value using the Black-Scholes model. For restricted share units (“RSUs”), compensation expense is calculated based on the fair market value of our stock on the date of grant.

We account for performance stock units ("PSUs") measuring fair value using the Monte Carlo valuation model. There are several management assumptions required to determine the inputs into the Black-Scholes model and Monte Carlo valuation model. Our volatility and expected term assumptions used in the Black-Scholes model can significantly affect the fair value of stock options and SARs. The Monte Carlo valuation model also utilizes multiple assumptions, including volatility, to determine the fair value of the award. Changes in the subjective assumptions can material ly affect the estimate of the fair value of share-based compensation and consequently, the related amount recognized in the consolidated financial statements. The extent of the impact will depend, in part, on the extent of awards in any given year.

**Market Risk**

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

In December 2016, the Operating Partnership entered into interest rate swap agreements to mitigate the interest rate risk inherent in its senior secured term loan B facility. These interest rate swaps are designated as cash flow hedges and have a notional value of $500 million and mature on November 30, 2021. The weighted average fixed rate paid is 1.825%, and the variable rate received resets monthly to the one-month LIBOR subject to a minimum rate of 0.75%. In January 2017, the Operating Partnership entered into additional interest rate swap agreements through November 2021 with a total $700 million notional amount to pay a fixed rate of 1.964% and receive the 1-month LIBOR rate in order to mitigate the interest rate risk inherent in its senior secured term loan B facility. The Company does not currently have any master netting arrangements related to its derivative contracts. See Note 11 for additional information.

As of December 31, 2016, variable rate borrowings represented approximately 32% of our total borrowings after giving effect to the $500 million notional amount Operating Partnership interest rate swaps discussed above. Assuming a 100 basis-point increase in LIBOR (in the case of the MGP term loan B facility, over the 0.75% floor specified in the Operating Partnership credit facility and after giving effect to the $500 million notional amount Operating Partnership interest rate swaps discussed above), our annual interest cost would increase by $23 million based on gross amounts outstanding at December 31, 2016. Assuming a 100 basis-point increase in HIBOR for the MGM China credit facility, our annual interest cost would increase by $19 million based on amounts outstanding at December 31, 2016. The following table provides additional information about our gross long-term debt subject to changes in interest rates excluding the effect of the Operating Partnership interest rate swaps discussed above:

| | Debt maturing in, | | | | | | | Fair Value December 31, |
|---|---|---|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 | 2021 | Thereafter | Total | 2016 |
| | | | | *(In millions)* | | | | |
| Fixed-rate | $ — | $ 475 | $ 850 | $ 1,500 | $ 1,250 | $ 4,303 | $ 8,378 | $ 9,114 |
| Average interest rate | N/A | 11.4% | 8.6% | 6.3% | 6.6% | 6.0% | 6.7% | |
| Variable rate | $ 138 | $ 848 | $ 1,147 | $ 82 | $ 807 | $ 1,744 | $ 4,766 | $ 4,772 |
| Average interest rate | 3.0% | 2.8% | 2.7% | 3.2% | 3.2% | 3.5% | 3.1% | |

In addition to the risk associated with our variable interest rate debt, we are also exposed to risks related to changes in foreign currency exchange rates, mainly related to MGM China and to our operations at MGM Macau and the development of MGM Cotai. While recent fluctuations in exchange rates have not been significant, potential changes in policy by governments or fluctuations in the economies of the United States, China, Macau or Hong Kong could cause variability in these exchange rates. We cannot assure you that the Hong Kong dollar will continue to be pegged to the U.S. dollar or the current peg rate for the Hong Kong dollar will remain at the same level. The possible changes to the peg of the Hong Kong dollar may result in severe fluctuations in the exchange rate thereof. As of December 31, 2016, a 1% increase in the Hong Kong dollar (the functional currency of MGM China) to the U.S. dollar exchange rate would impact the carrying value of our cash balance by $4 million and a 1% decrease in the exchange rate would impact the carrying value of our debt balance by $20 million.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our Consolidated Financial Statements and Notes to Consolidated Financial Statements, including the Independent Registered Public Accounting Firm's Report thereon, referred to in Item 15(a)(1) of this Form 10-K, are included at pages 66 to 120 of this Form 10-K.

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

None.

## IT EM 9A. CONTROLS AND PROCEDURES

### Disclosure Controls and Procedures

Our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer) have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("the Exchange Act")) were effective as of December 31, 2016 to provide reasonable assurance that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and regulations and to provide that such information is accumulated and communicated to management to allow timely decisions regarding required disclosures. This conclusion is based on an evaluation as required by Rules 13a-15(b) and 15d-15(b) under the Exchange Act conducted under the supervision and participation of the principal executive officer and principal financial officer along with company management.

### Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2016, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### Management's Annual Report on Internal Control over Financial Reporting

Management's Annual Report on Internal Control Over Financial Reporting, referred to in Item 15(a)(1) of this Form 10-K, is included at page 64 of this Form 10-K. In making our assessment of internal control over financial reporting as of December 31, 2016, we have excluded Borgata operations, as permitted by Securities and Exchange Commission interpretive guidance, because these operations were acquired in a business combination on August 1, 2016. These operations represent approximately 7% of our total assets at December 31, 2016 and approximately 4% of our total net revenues for the year ended December 31, 2016.

### Attestation Report of the Independent Registered Public Accounting Firm

The Independent Registered Public Accounting Firm's Attestation Report on our internal control over financial reporting referred to in Item 15(a)(1) of this Form 10-K, is included at page 65 of this Form 10-K.

## ITEM 9B. OTHER INFORMATION

None.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

We incorporate by reference the information appearing under "Executive Officers of the Registrant" in Item 1 of this Form 10-K and under "Election of Directors" and "Corporate Governance" in our definitive Proxy Statement for our 2017 Annual Meeting of Stockholders, which we expect to file with the SEC on or before April 19, 2017 (the "Proxy Statement").

### ITEM 11. EXECUTIVE COMPENSATION

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

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

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

**Equity Compensation Plan Information**

The following table includes information about our equity compensation plans at December 31, 2016:

| | Securities to be issued upon exercise of outstanding options, warrants and rights | Weighted average exercise price of outstanding options, warrants and rights | Securities available for future issuance under equity compensation plans |
|---|---|---|---|
| | | *(In thousands, except per share data)* | |
| Equity compensation plans approved by security holders (1) | 16,891 | $ 18.33 | 20,935 |
| Equity compensation plans not approved by security holders | — | — | — |

(1) As of December 31, 2016 we had 1.7 million restricted stock units and 3.2 million performance share units outstanding that do not have an exercise price; therefore, the weighted average per share exercise price only relates to outstanding stock appreciation rights. The amount included in the securities outstanding above for performance share units assumes that each target price is achieved.

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

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

### ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

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

## PART IV

## ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1).**Financial Statements.**



Audited consolidated financial statements for CityCenter Holdings, LLC as of and for the three years in the period ended December 31, 2016 are presented in Exhibit 99.3 and are incorporated herein by reference.

(a)(2).**Financial Statement Schedule.**



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

(a)(3).**Exhibits.**

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

| | |
|---|---|
| 4.1(5) | Supplemental Indenture, dated as of November 15, 1996, to the Mandalay November 1996 Indenture, with respect to $150 million aggregate principal amount of 7.0% Senior Notes due 2036 (incorporated by reference to Exhibit 4(f) to the Mandalay October 1996 10-Q). |
| 4.1(6) | 7.0% Senior Notes due February 15, 2036, in the principal amount of $150,000,000 (incorporated by reference to Exhibit 4(g) to the Mandalay October 1996 10-Q). |
| 4.1(7) | Indenture, dated as of September 22, 2009, among the Company, certain subsidiaries of the Company, and U.S. Bank National Association, with respect to $475 million aggregate principal amount of 11.375% Senior Notes due 2018 (incorporated by reference to Exhibit 4 to the Company's Current Report on Form 8-K filed on September 25, 2009). |
| 4.1(8) | Indenture, dated as of January 17, 2012, among the Company, the guarantors named therein and U.S. Bank National Association, as Trustee with respect to $850 million aggregate principal amount of 8.625% Senior Notes due 2019 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on January 17, 2012). |
| 4.1(9) | Indenture, dated March 22, 2012, between the Company and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 22, 2012). |
| 4.1(10) | First Supplemental Indenture, dated March 22, 2012, among the Company, the guarantors named therein and U.S. Bank National Association, as trustee with respect to $1.0 billion aggregate principal amount of 7.75% senior notes due 2022 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on March 22, 2012). |
| 4.1(11) | Indenture, dated as of September 19, 2012, among the Company, the guarantors named therein and U.S. Bank National Association, as trustee with respect to $1.0 billion aggregate principal amount of 6.750% Senior Notes due 2020 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 19, 2012). |
| 4.1(12) | Second Supplemental Indenture, dated December 20, 2012, among the Company, the guarantors named therein and U.S. Bank National Association, as trustee to the Indenture, dated as of March 22, 2012, among the Company and U.S. Bank National Association, as trustee, relating to the 6.625% senior notes due 2021 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 20, 2012). |
| 4.1(13) | Third Supplemental Indenture, dated December 19, 2013, among the Company, the guarantors named therein and U.S. Bank National Association, as trustee to the Indenture, dated as of March 22, 2012, among the Company and U.S. Bank National Association, as trustee, relating to the 5.250% senior notes due 2020 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 19, 2013). |
| 4.1(14) | Fourth Supplemental Indenture, dated November 25, 2014, among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, to the Indenture, dated as of March 22, 2012, among the Company and U.S. Bank National Association, as trustee, relating to the 6.000% senior notes due 2023 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 25, 2014). |
| 4.1(15) | Fifth Supplemental Indenture, dated August 19, 2016, among MGM Resorts International, the guarantors named therein and U.S. Bank National Association, as trustee, to the Indenture, dated as of March 22, 2012, among MGM Resorts International and U.S. Bank National Association, as trustee, relating to the 4.625% senior notes due 2026 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on August 19, 2016). |
| 4.1(16) | Indenture, dated as of August 12, 2016, among MGM Growth Properties Operating Partnership LP, MGP Finance Co-Issuer, Inc., the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K of MGM Growth Properties LLC filed on August 12, 2016). |
| 4.1(17) | Indenture, dated as of April 20, 2016, among MGP Escrow Issuer, LLC and MGP Escrow Co-Issuer, Inc. and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed April 21, 2016). |
| 4.2(1) | Guarantee (Mandalay Resort Group 6.70% Senior Notes due 2096), dated as of April 25, 2005, by the Company certain subsidiaries of the Company, in favor of The Bank of New York, as successor in interest to First Interstate Bank of Nevada, N.A., as trustee for the benefit of the holders of the Notes pursuant to the Indenture referred to therein (incorporated by reference to Exhibit 10.21 to the September 2005 10-Q). |

| | |
|---|---|
| 4.2(2) | Guarantee (Mandalay Resort Group 7.0% Senior Notes due 2036), dated as of April 25, 2005, by the Company and certain subsidiaries of the Company, in favor of The Bank of New York, as trustee for the benefit of the holders of the Notes pursuant to the Indenture referred to therein (incorporated by reference to Exhibit 10.22 to the September 2005 10-Q). |
| 4.3 | Registration Rights Agreement, dated as of April 20, 2016, among MGP Escrow Issuer, LLC and MGP Escrow Co-Issuer, Inc. and J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representatives of the initial purchasers of the Notes (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed April 21, 2016). |
| 10.1(1) | Amended and Restated Credit Agreement, dated as of April 25, 2016, among MGM Resorts International, the Lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed April 25, 2016). |
| 10.1(2) | Credit Agreement, dated as of April 25, 2016, among MGM Growth Properties Operating Partnership LP, the financial institutions referred to as Lenders therein and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.17 of the Current Report on Form 8-K of MGM Growth Properties LLC filed on April 25, 2016). |
| 10.1(3) | First Amendment to Credit Agreement, dated October 26, 2016, among MGM Growth Properties Operating Partnership LP, the other loan parties and lenders named therein and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K of MGM Growth Properties LLC filed on October 26, 2016). |
| 10.1(4) | Credit Agreement, dated January 28, 2016, among MGM National Harbor, LLC, certain lenders party thereto and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 6, 2016). |
| 10.1(5) | First Amendment to Credit Agreement, dated as of October 28, 2016, among MGM National Harbor, LLC, certain lenders party thereto and Bank of America, N.A., as administrative agent. |
| 10.1(6) | Third Supplemental Agreement, by and among MGM China Holdings Limited, MGM Grand Paradise, S.A., the guarantors named therein, and Bank of America, N.A., as facility agent, dated February 2, 2016 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 4, 2016). |
| 10.2(1) | Subconcession Contract for the Exploitation of Games Fortune and Chance or Other Games in Casino in the Special Administrative Region of Macau, dated April 19, 2005, between Sociedade de Jogos de Macau, S.A., as concessionaire, and MGM Grand Paradise S.A., as subconcessionaire (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 7, 2011). |
| 10.2(2) | Land Concession Agreement, dated as of April 18, 2005, relating to the MGM Macau resort and casino between the Special Administrative Region of Macau and MGM Grand Paradise, S.A. (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2011). |
| 10.2(3) | Land Concession Agreement, effective as of January 9, 2013, relating to the MGM Macau resort and casino between the Special Administrative Region of Macau and MGM Grand Paradise, S.A. (incorporated by reference to Exhibit 10.2(4) to the Company's Annual Report on Form 10-K filed on March 3, 2013). |
| 10.3(1) | Third Amended and Restated Limited Liability Company Agreement of CityCenter Holdings, LLC, dated December 22, 2015 (incorporated by reference to Exhibit 10.3(1) to the Company's Annual Report on Form 10-K filed on February 29, 2016). |
| 10.3(2) | Company Stock Purchase and Support Agreement, dated August 21, 2007, by and between the Company and Infinity World Investments, LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed August 27, 2007). |
| 10.3(3) | Amendment No. 1, dated October 17, 2007, to the Company Stock Purchase and Support Agreement by and between the Company and Infinity World Investments, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 23, 2007). |
| 10.4(1) | Master Lease between MGP Lessor, LLC and MGM Lessee, LLC, dated April 25, 2016 (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K of MGM Growth Properties LLC filed on April 25, 2016). |

| | |
|---|---|
| 10.4(2) | First Amendment to Master Lease, dated as of August 1, 2016, between MGP Lessor, LLC and MGM Lessee, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 1, 2016). |
| † 10.4(3) | Hotel & Casino Ground Lease between National Harbor Beltway L.C., as landlord, and MGM National Harbor, LLC, as tenant, dated as of April 19, 2013. |
| † 10.4(4) | First Amendment to Hotel and Casino Ground Lease, dated July 23, 2014 between National Harbor Beltway L.C. and MGM National Harbor, LLC. |
| † 10.4(5) | Second Amendment to Hotel and Casino Ground Lease, dated November 24, 2015 between National Harbor Grand LLC and MGM National Harbor, LLC. |
| *10.5(1) | Nonqualified Stock Option Plan (incorporated by reference to Exhibit 10(1) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996). |
| *10.5(2) | 1997 Nonqualified Stock Option Plan, Amended and Restated February 2, 2004 (incorporated by reference to Exhibit 10.1 to the Company's Quarter report on Form 10-Q for the fiscal quarter ended June 30, 2004). |
| *10.5(3) | Amendment to the Company's 1997 Nonqualified Stock Option Plan (incorporated by reference to Exhibit 10 to the Company's Current Report on Form 8-K filed on July 13, 2007). |
| *10.5(4) | Amended and Restated 2005 Omnibus Incentive Plan (incorporated by reference to Exhibit 10 to the Company's Current Report on Form 8-K filed on June 5, 2014). |
| *10.5(5) | Second Amended and Restated Annual Performance-Based Incentive Plan for Executive Officers (incorporated by reference to Appendix B to the Company's Proxy Statement filed on April 25, 2011). |
| *10.5(6) | Deferred Compensation Plan II, as Amended and Restated, effective December 17, 2014 (incorporated by reference to Exhibit 10.4(6) to the Company's Annual Report on Form 10-K filed on March 2, 2015). |
| *10.5(7) | Supplemental Executive Retirement Plan II, dated as of December 30, 2004 (incorporated by reference to Exhibit 10.1 to the January 2005 8-K). |
| *10.5(8) | Amendment No. 1 to the Supplemental Executive Retirement Plan II, dated as of July 10, 2007 (incorporated by reference to Exhibit 10.3(12) to the 2007 10-K). |
| *10.5(9) | Amendment No. 2 to the Supplemental Executive Retirement Plan II, dated as of October 15, 2007 (incorporated by reference to Exhibit 10.3(14) to the 2007 10-K). |
| *10.5(10) | Amendment No. 1 to the Supplemental Executive Retirement Plan II, dated as of November 4, 2008 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 7, 2008). |
| *10.5(11) | Employment Agreement, effective as of December 13, 2014, between the Company and Robert H. Baldwin (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 13, 2015). |
| *10.5(12) | Employment Agreement, dated as of October 3, 2016, by and between the Company and James J. Murren (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 5, 2016). |
| *10.5(13) | Employment Agreement, executed as of August 24, 2015, between the Company and Daniel J. D'Arrigo (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 28, 2015). |
| *10.5(14) | Employment Agreement, effective as of November 15, 2016, between the Company and Corey Sanders (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 7, 2016). |
| *10.5(15) | Employment Agreement, effective as of November 15, 2016, between the Company and William Hornbuckle (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on December 7, 2016). |
| *10.5(16) | Deferred Compensation Plan for Non-Employee Directors, effective as of June 12, 2012 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2012). |

*10.5(17) Form of Restricted Stock Units Agreement of the Company, effective for awards granted in August 2012 through 2015 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2012).

*10.5(18) Form of Restricted Stock Units Agreement of the Company (Non-Employee Director), effective for awards granted in August 2012 and thereafter (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2012).

*10.5(19) Form of Restricted Stock Units Agreement of the Company (Performance), effective for awards granted in August 2012 through 2015 (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2012).

*10.5(20) Form of Restricted Stock Units Agreement of the Company effective for awards granted in October 2015 and thereafter ( incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2015).

*10.5(21) Form of Restricted Stock Units Agreement of the Company (Performance) effective for awards granted in October 2015 and thereafter ( incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2015).

*10.5(22) Form of Sign-On RSU Award Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 5, 2016).

*10.5(23) Form of Performance Share Units Agreement of the Company, effective for awards granted in August 2012 through March 2014 (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2012).

*10.5(24) Form of Performance Share Units Agreement of the Company, effective for bonus awards granted in March 2014 through March 2015 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 8, 2014).

*10.5(25) Form of Performance Share Units Agreement of the Company effective for awards granted in October 2015 and thereafter ( incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2015).

*10.5(26) Form of Bonus Performance Share Units Agreement of the Company, effective for bonus awards granted in March 2016 and thereafter (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on May 6, 2016).

*10.5(27) Change of Control Policy for Executive Officers, dated as of November 5, 2012 (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on November 8, 2012).

*10.5(28) Form of Memorandum Agreement re: Changes to Severance and Change of Control Policies (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on November 8, 2012).

*10.5(29) Form of Freestanding Stock Appreciation Right Agreement of the Company effective for awards granted in August 2012 and thereafter (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2012).

*10.5(30) Form of Freestanding Stock Appreciation Right Agreement of the Company effective for awards granted in October 2013 and thereafter (incorporated by reference to Exhibit 10.4(43) of the Company's Annual Report on Form 10-K for the year ended December 31, 2013).

*10.5(31) Amendment to all Stock Appreciation Right Agreements adopted by the Compensation Committee of the Board of Directors on October 7, 2013 (incorporated by reference to Exhibit 10.4(44) of the Company's Annual Report on Form 10-K for the year ended December 31, 2013).

*10.5(32) Form of Freestanding Stock Appreciation Right Agreement of the Company effective for awards granted in October 2015 and thereafter (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2015).

*10.5(33) Amendment to Nonqualified Stock Option Agreements, dated June 30, 2011, between the Company and James J. Murren (incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2011).

| | |
|---|---|
| *10.5(34) | Amendment to Nonqualified Stock Option Agreements, dated June 30, 2011, between the Company and Daniel J. D'Arrigo (incorporated by reference to Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2011). |
| *10.5(35) | Amendment to Nonqualified Stock Option Agreements, dated June 30, 2011, between the Company and Robert H. Baldwin (incorporated by reference to Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2011). |
| *10.5(36) | Profit Growth Share Incentive Plan of the Company (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2015). |
| *10.5(37) | Form of Performance Share Units Agreement (Profit Growth Share Incentive Plan) of the Company (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2015). |
| *10.5(38) | MGM Growth Properties LLC 2016 Omnibus Incentive Plan (incorporated by reference to Exhibit 99.1 of the Registration Statement on Form S-8 of MGM Growth Properties LLC (File No. 333-210832) filed on April 19, 2016). |
| *10.5(39) | MGM Growth Properties LLC Form of 2016 Restricted Share Units Agreement (MGM Non-Employee Directors) (incorporated by reference to Exhibit 10.15 of the Current Report on Form 8-K of MGM Growth Properties LLC filed on April 25, 2016). |
| *10.5(40) | MGM Growth Properties LLC Form of 2016 Restricted Share Units Agreement (MGM Employees) (incorporated by reference to Exhibit 10.16 of the Current Report on Form 8-K of MGM Growth Properties LLC filed on April 25, 2016). |
| 12 | Computation of ratio of earnings to fixed charges. |
| 21 | List of subsidiaries of the Company. |
| 23.1 | Consent of Deloitte & Touche LLP, independent auditors to the Company. |
| 23.2 | Consent of Deloitte & Touche LLP, independent auditors to CityCenter Holdings, LLC. |
| 31.1 | Certification of Chief Executive Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a). |
| 31.2 | Certification of Chief Financial Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a). |
| **32.1 | Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350. |
| **32.2 | Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350. |
| 99.1 | Description of our Operating Resorts. |
| 99.2 | Description of Regulation and Licensing. |
| 99.3 | Audited consolidated financial statements of CityCenter Holdings, LLC, as of and for the three years in the period ended December 31, 2016. |
| 101 | The following information from the Company's Annual Report on Form 10-K for the year ended December 31, 2016 formatted in eXtensible Business Reporting Language: (i) Consolidated Balance Sheets at December 31, 2016 and December 31, 2015; (ii) Consolidated Statements of Operations for the years ended December 31, 2016, 2015 and 2014; (iii) Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2016, 2015 and 2014; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015 and 2014; (v) Consolidated Statements of Stockholders' Equity for the years ended December 31, 2016, 2015 and 2014; (vi) Notes to the Consolidated Financial Statements and (vii) Financial Statement Schedule. |

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

* Management contract or compensatory plan or arrangement.

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

## M ANAGEMENT'S ANNUAL REPORT
## ON INTERNAL CONTROL OVER FINANCIAL REPORTING

*Management's Responsibilities*

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

*Objective of Internal Control over Financial Reporting*

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

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

*Management's Evaluation*

Management, with the participation of the Company's principal executive officer and principal financial officer, has evaluated the Company's internal control over financial reporting using the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In making its assessment of internal control over financial reporting as of December 31, 2016, the Company has excluded the operations of Marina District Development Company, LLC, which owns and operates Borgata Hotel Casino & Spa ("Borgata") because these operations were acquired in a business combination on August 1, 2016. These operations represent approximately 7% of the Company's total assets at December 31, 2016 and approximately 4% of the Company's total net revenues for the year ended December 31, 2016. The Company intends to disclose any material changes in internal control over financial reporting with respect to the Borgata operations in the year ending December 31, 2017, the first annual assessment of internal control over financial reporting in which it is required to include Borgata.

Based on its evaluation as of December 31, 2016, management believes that the Company's internal control over financial reporting is effective in achieving the objectives described above.

*Report of Independent Registered Public Accounting Firm*

Deloitte & Touche LLP audited the Company's consolidated financial statements as of and for the year ended December 31, 2016 and issued their report thereon, which is included in this annual report. Deloitte & Touche LLP has also issued an attestation report on the effectiveness of the Company's internal control over financial reporting and such report is also included in this annual report.

## R EPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
MGM Resorts International

We have audited the internal control over financial reporting of MGM Resorts International and subsidiaries (the "Company") as of December 31, 2016, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Annual Report on Internal Control Over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Marina District Development Company, LLC (the Borgata Hotel Casino & Spa), which was acquired on August 1, 2016, and whose financial statements constitute 7% of total assets and 4% of total net revenues of the Company's consolidated financial statement amounts as of and for the year ended December 31, 2016. Accordingly, our audit did not include the internal control over financial reporting at Marina District Development Company, LLC. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

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

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

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2016. Our report dated March 1, 2017 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP

Las Vegas, Nevada
March 1, 2017

## R EPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
MGM Resorts International

We have audited the accompanying consolidated balance sheets of MGM Resorts International and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2016. Our audits also included the financial statement schedule of Valuation and Qualifying Accounts included in Item 15(a)(2). These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of MGM Resorts International and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2017, expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Las Vegas, Nevada
March 1, 2017

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

| | December 31, | |
|---|---|---|
| | **2016** | **2015** |
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 1,446,581 | $ 1,670,312 |
| Accounts receivable, net | 542,924 | 480,559 |
| Inventories | 97,733 | 104,200 |
| Income tax receivable | — | 15,993 |
| Prepaid expenses and other | 142,349 | 137,685 |
| Total current assets | 2,229,587 | 2,408,749 |
| | | |
| **Property and equipment, net** | 18,425,023 | 15,371,795 |
| | | |
| **Other assets** | | |
| Investments in and advances to unconsolidated affiliates | 1,220,443 | 1,491,497 |
| Goodwill | 1,817,119 | 1,430,767 |
| Other intangible assets, net | 4,087,706 | 4,164,781 |
| Other long-term assets, net | 393,423 | 347,589 |
| Total other assets | 7,518,691 | 7,434,634 |
| | $ 28,173,301 | $ 25,215,178 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **Current liabilities** | | |
| Accounts payable | $ 250,477 | $ 182,031 |
| Construction payable | 270,361 | 250,120 |
| Income taxes payable | 10,654 | — |
| Current portion of long-term debt | 8,375 | 328,442 |
| Accrued interest on long-term debt | 159,028 | 165,914 |
| Other accrued liabilities | 1,594,526 | 1,311,444 |
| Total current liabilities | 2,293,421 | 2,237,951 |
| | | |
| **Deferred income taxes, net** | 2,551,228 | 2,680,576 |
| **Long-term debt** | 12,979,220 | 12,368,311 |
| **Other long-term obligations** | 325,981 | 157,663 |
| **Commitments and contingencies (Note 13)** | | |
| **Redeemable noncontrolling interests** | 54,139 | 6,250 |
| **Stockholders' equity** | | |
| Common stock, $.01 par value: authorized 1,000,000,000 shares, issued and outstanding 574,123,706 and 564,838,893 shares | 5,741 | 5,648 |
| Capital in excess of par value | 5,653,575 | 5,655,886 |
| Retained earnings (accumulated deficit) | 545,811 | (555,629) |
| Accumulated other comprehensive income | 15,053 | 14,022 |
| Total MGM Resorts International stockholders' equity | 6,220,180 | 5,119,927 |
| Noncontrolling interests | 3,749,132 | 2,644,500 |
| Total stockholders' equity | 9,969,312 | 7,764,427 |
| | $ 28,173,301 | $ 25,215,178 |

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

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2016** | **2015** | **2014** |
| **Revenues** | | | |
| Casino | $ 4,936,490 | $ 4,842,836 | $ 5,878,775 |
| Rooms | 2,023,841 | 1,876,733 | 1,768,012 |
| Food and beverage | 1,639,910 | 1,575,496 | 1,558,937 |
| Entertainment | 517,433 | 539,318 | 560,116 |
| Retail | 200,340 | 201,688 | 191,351 |
| Other | 533,528 | 506,934 | 507,639 |
| Reimbursed costs | 397,152 | 398,836 | 383,434 |
| | 10,248,694 | 9,941,841 | 10,848,264 |
| Less: Promotional allowances | (793,571) | (751,773) | (766,280) |
| | 9,455,123 | 9,190,068 | 10,081,984 |
| **Expenses** | | | |
| Casino | 2,718,483 | 2,882,752 | 3,643,881 |
| Rooms | 576,426 | 564,094 | 548,993 |
| Food and beverage | 943,803 | 917,993 | 908,916 |
| Entertainment | 411,657 | 410,284 | 422,115 |
| Retail | 96,928 | 102,904 | 99,455 |
| Other | 351,215 | 348,513 | 361,904 |
| Reimbursed costs | 397,152 | 398,836 | 383,434 |
| General and administrative | 1,378,617 | 1,309,104 | 1,318,749 |
| Corporate expense | 312,774 | 274,551 | 238,811 |
| NV Energy exit expense | 139,335 | — | — |
| Preopening and start-up expenses | 140,075 | 71,327 | 39,257 |
| Property transactions, net | 17,078 | 35,951 | 41,002 |
| Goodwill impairment | — | 1,467,991 | — |
| Gain on Borgata transaction | (430,118) | — | — |
| Depreciation and amortization | 849,527 | 819,883 | 815,765 |
| | 7,902,952 | 9,604,183 | 8,822,282 |
| **Income from unconsolidated affiliates** | 527,616 | 257,883 | 63,836 |
| **Operating income (loss)** | 2,079,787 | (156,232) | 1,323,538 |
| **Non-operating income (expense)** | | | |
| Interest expense, net of amounts capitalized | (694,773) | (797,579) | (817,061) |
| Non-operating items from unconsolidated affiliates | (53,139) | (76,462) | (87,794) |
| Other, net | (72,698) | (15,970) | (7,797) |
| | (820,610) | (890,011) | (912,652) |
| **Income (loss) before income taxes** | 1,259,177 | (1,046,243) | 410,886 |
| Benefit (provision) for income taxes | (22,299) | 6,594 | (283,708) |
| **Net income (loss)** | 1,236,878 | (1,039,649) | 127,178 |
| Less: Net (income) loss attributable to noncontrolling interests | (135,438) | 591,929 | (277,051) |
| **Net income (loss) attributable to MGM Resorts International** | $ 1,101,440 | $ (447,720) | $ (149,873) |
| **Net income (loss) per share of common stock attributable to MGM Resorts International** | | | |
| Basic | $ 1.94 | $ (0.82) | $ (0.31) |
| Diluted | $ 1.92 | $ (0.82) | $ (0.31) |

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

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2016** | **2015** | **2014** |
| **Net income (loss)** | $ 1,236,878 | $ (1,039,649) | $ 127,178 |
| Other comprehensive income (loss), net of tax: | | | |
| Foreign currency translation adjustment | (2,680) | 3,727 | (1,293) |
| Unrealized gain on cash flow hedges | 1,879 | — | — |
| Other | — | (672) | 1,250 |
| Other comprehensive income (loss) | (801) | 3,055 | (43) |
| **Comprehensive income (loss)** | 1,236,077 | (1,036,594) | 127,135 |
| Less: Comprehensive (income) loss attributable to noncontrolling interests | (134,680) | 589,905 | (276,520) |
| **Comprehensive income (loss) attributable to MGM Resorts International** | $ 1,101,397 | $ (446,689) | $ (149,385) |

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

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2016** | **2015** | **2014** |
| **Cash flows from operating activities** | | | |
| Net income (loss) | $ 1,236,878 | $ (1,039,649) | $ 127,178 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | |
| Depreciation and amortization | 849,527 | 819,883 | 815,765 |
| Amortization of debt discounts, premiums and issuance costs | 40,493 | 46,280 | 37,650 |
| Loss on retirement of long-term debt | 66,933 | 1,924 | — |
| Provision for doubtful accounts | 10,863 | 54,691 | 46,698 |
| Stock-based compensation | 55,487 | 42,872 | 37,264 |
| Property transactions, net | 17,078 | 35,951 | 41,002 |
| Goodwill impairment | — | 1,467,991 | — |
| Gain on Borgata transaction | (430,118) | — | — |
| (Income) loss from unconsolidated affiliates | (471,309) | (177,946) | 24,875 |
| Distributions from unconsolidated affiliates | 16,905 | 29,333 | 15,568 |
| Deferred income taxes | (80,628) | (3,615) | 331,833 |
| Change in operating assets and liabilities: | | | |
| Accounts receivable | (33,208) | (62,720) | (32,435) |
| Inventories | 10,806 | (2,649) | 3,167 |
| Income taxes receivable and payable, net | 13,385 | (5,946) | (29,485) |
| Prepaid expenses and other | 20,192 | (13,694) | 22,144 |
| Prepaid Cotai land concession premium | (22,376) | (22,427) | (22,423) |
| Accounts payable and accrued liabilities | 272,828 | (139,069) | (288,955) |
| Other | (39,764) | (26,131) | 824 |
| Net cash provided by operating activities | 1,533,972 | 1,005,079 | 1,130,670 |
| **Cash flows from investing activities** | | | |
| Capital expenditures, net of construction payable | (2,262,473) | (1,466,819) | (872,041) |
| Dispositions of property and equipment | 3,944 | 8,032 | 7,651 |
| Proceeds from partial disposition of investment in unconsolidated affiliate | 15,000 | — | — |
| Proceeds from sale of business units and investment in unconsolidated affiliate | — | 92,207 | — |
| Acquisition of Borgata, net of cash acquired | (559,443) | — | — |
| Investments in and advances to unconsolidated affiliates | (3,633) | (196,062) | (103,040) |
| Distributions from unconsolidated affiliates in excess of cumulative earnings | 542,097 | 201,612 | 132 |
| Investments in treasury securities - maturities longer than 90 days | — | — | (123,133) |
| Proceeds from treasury securities - maturities longer than 90 days | — | — | 210,300 |
| Investments in cash deposits - original maturities longer than 90 days | — | (200,205) | (570,000) |
| Proceeds from cash deposits - original maturities longer than 90 days | — | 770,205 | — |
| Payments for gaming licenses | — | — | (85,000) |
| Other | (11,696) | (4,028) | 10,981 |
| Net cash used in investing activities | (2,276,204) | (795,058) | (1,524,150) |
| **Cash flows from financing activities** | | | |
| Net borrowings (repayments) under bank credit facilities – maturities of 90 days or less | 491,032 | 977,275 | (28,000) |
| Borrowings under bank credit facilities – maturities longer than 90 days | 1,845,375 | 5,118,750 | 5,171,250 |
| Repayments under bank credit facilities – maturities longer than 90 days | (1,845,375) | (5,118,750) | (5,171,250) |
| Issuance of long-term debt | 2,050,000 | — | 1,250,750 |
| Retirement of senior notes | (2,258,053) | (875,504) | (508,900) |
| Repayment of Borgata credit facility | (583,598) | — | — |
| Debt issuance costs | (139,584) | (46,170) | (13,681) |
| Issuance of MGM Growth Properties Class A shares in public offering | 1,207,500 | — | — |
| MGM Growth Properties Class A share issuance costs | (75,032) | — | — |
| Acquisition of MGM China shares | (100,000) | — | — |
| Distributions to noncontrolling interest owners | (103,367) | (307,227) | (386,709) |
| Excess tax benefit from exercise of stock options | 13,277 | 12,369 | 4,671 |
| Proceeds from issuance of redeemable noncontrolling interests | 47,325 | 6,250 | — |
| Other | (30,078) | (24,872) | (10,054) |
| Net cash provided by (used in) financing activities | 519,422 | (257,879) | 308,077 |
| **Effect of exchange rate on cash** | (921) | 793 | (889) |
| **Cash and cash equivalents** | | | |
| Net decrease for the period | (223,731) | (47,065) | (86,292) |
| Change in cash related to assets held for sale | — | 3,662 | (3,662) |
| Balance, beginning of period | 1,670,312 | 1,713,715 | 1,803,669 |
| Balance, end of period | $ 1,446,581 | $ 1,670,312 | $ 1,713,715 |
| **Supplemental cash flow disclosures** | | | |

| | | | |
|---|---|---|---|
| Inter est paid, net of amounts capitalized | $ 661,166 | $ 776,540 | $ 776,778 |
| Federal, state and foreign income taxes paid, net of refunds | 68,236 | 11,801 | 42,272 |
| **Non-cash investing and financing activities** | | | |
| Common stock issued for acquisition of MGM China shares | $ 174,041 | $ — | $ — |
| Deferred cash payment for acquisition of MGM China shares | 43,265 | — | — |
| Conversion of convertible senior notes to equity | — | 1,449,499 | — |
| Increase (decrease) in investment in and advances to CityCenter related to change in completion guarantee liability | — | (8,198) | 83,106 |
| Increase in construction accounts payable | 20,241 | 79,681 | 74,237 |

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

**MGM RESORTS INTERNATIONAL AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
**For the Years ended December 31, 2016, 2015 and 2014**
***(In thousands)***

| | Common Stock | | Capital in Excess of Par Value | Retained Earnings (Accumulated Deficit) | Accumulated Other Comprehensive Income | Total MGM Resorts International Stockholders' Equity | Non-Controlling Interests | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|---|
| | Shares | Par Value | | | | | | |
| **Balances, January 1, 2014** | 490,361 | $ 4,904 | $ 4,156,680 | $ 41,964 | $ 12,503 | $ 4,216,051 | $ 3,644,444 | $ 7,860,495 |
| Net income (loss) | — | — | — | (149,873) | — | (149,873) | 277,051 | 127,178 |
| Currency translation adjustment | — | — | — | — | (762) | (762) | (531) | (1,293) |
| Other comprehensive income from unconsolidated affiliates, net | — | — | — | — | 1,250 | 1,250 | — | 1,250 |
| Stock-based compensation | — | — | 34,102 | — | — | 34,102 | 4,266 | 38,368 |
| Tax effect of stock-based compensation | — | — | (7,807) | — | — | (7,807) | — | (7,807) |
| Issuance of common stock pursuant to stock-based compensation awards | 931 | 9 | (8,893) | — | — | (8,884) | — | (8,884) |
| Cash distributions to noncontrolling interest owners | — | — | — | — | — | — | (387,211) | (387,211) |
| Issuance of performance share units | | | 7,529 | | | 7,529 | — | 7,529 |
| Other | — | — | (689) | — | — | (689) | (662) | (1,351) |
| **Balances, December 31, 2014** | 491,292 | 4,913 | 4,180,922 | (107,909) | 12,991 | 4,090,917 | 3,537,357 | 7,628,274 |
| Net loss | — | — | — | (447,720) | — | (447,720) | (591,929) | (1,039,649) |
| Currency translation adjustment | — | — | — | — | 1,703 | 1,703 | 2,024 | 3,727 |
| Other comprehensive loss from unconsolidated affiliates, net | — | — | — | — | (672) | (672) | — | (672) |
| Stock-based compensation | — | — | 38,464 | — | — | 38,464 | 4,538 | 43,002 |
| Tax effect of stock-based compensation | — | — | 7,740 | — | — | 7,740 | — | 7,740 |
| Issuance of common stock pursuant to stock-based compensation awards | 1,844 | 18 | (24,896) | — | — | (24,878) | — | (24,878) |
| Conversion of convertible debt to common stock | 71,703 | 717 | 1,448,779 | — | — | 1,449,496 | — | 1,449,496 |
| Cash distributions to noncontrolling interest owners | — | — | — | — | — | — | (307,494) | (307,494) |
| Issuance of performance share units | — | — | 4,872 | — | — | 4,872 | — | 4,872 |
| Other | — | — | 5 | — | — | 5 | 4 | 9 |
| **Balances, December 31, 2015** | 564,839 | 5,648 | 5,655,886 | (555,629) | 14,022 | 5,119,927 | 2,644,500 | 7,764,427 |
| Net income | — | — | — | 1,101,440 | — | 1,101,440 | 134,902 | 1,236,342 |
| Currency translation adjustment | — | — | — | — | (1,477) | (1,477) | (1,203) | (2,680) |
| Stock-based compensation | — | — | 51,460 | — | — | 51,460 | 4,147 | 55,607 |
| Tax effect of stock-based compensation | — | — | 13,580 | — | — | 13,580 | — | 13,580 |
| Issuance of common stock pursuant to stock-based compensation awards | 9,285 | 22 | (30,065) | — | — | (30,043) | — | (30,043) |
| Issuance of performance share units | — | — | 5,817 | — | — | 5,817 | — | 5,817 |
| Cash distributions to noncontrolling interest owners | — | — | — | — | — | — | (103,457) | (103,457) |
| MGM Growth Properties IPO | — | — | (150,414) | — | — | (150,414) | 1,334,252 | 1,183,838 |
| MGP dividend payable to Class A shareholders | — | — | — | — | — | — | (22,281) | (22,281) |
| MGM China common stock acquisition | — | 71 | 127,146 | — | 1,074 | 128,291 | (270,903) | (142,612) |
| Borgata transaction | — | | (18,385) | — | — | (18,385) | 28,752 | 10,367 |
| Other comprehensive income - cash flow hedges | — | — | — | — | 1,434 | 1,434 | 445 | 1,879 |
| Other | — | — | (1,450) | — | — | (1,450) | (22) | (1,472) |
| **Balances, December 31, 2016** | 574,124 | $ 5,741 | $ 5,653,575 | $ 545,811 | $ 15,053 | $ 6,220,180 | $ 3,749,132 | $ 9,969,312 |

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

## NOTE 1 — ORGANIZATION

**Organization.** MGM Resorts International (the "Company" together with its consolidated subsidiaries) is a Delaware corporation that acts largely as a holding company and, through subsidiaries, owns and operates casino resorts. The Company owns and operates the following integrated casino, hotel and entertainment resorts in Las Vegas, Nevada: Bellagio, MGM Grand Las Vegas, The Mirage, Mandalay Bay, Luxor, New York-New York, Monte Carlo, Excalibur and Circus Circus Las Vegas. Operations at MGM Grand Las Vegas include management of The Signature at MGM Grand Las Vegas, a condominium-hotel consisting of three towers. Along with local investors, the Company owns and operates MGM Grand Detroit in Detroit, Michigan. The Company owns and operates the following resorts in Mississippi: Beau Rivage in Biloxi and Gold Strike in Tunica. Subsequent to its acquisition on August 1, 2016, the Company owns and operates the Borgata Hotel Casino & Spa ("Borgata"), located on Renaissance Pointe in the Marina area of Atlantic City, New Jersey. See Note 4 for additional information on the Borgata transaction. The Company owns and operates 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. Additionally , the Company owns and operates MGM National Harbor in Prince George's County, Maryland, which opened on December 8, 2016.

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

MGP is organized as an umbrella partnership REIT (commonly referred to as an "UPREIT") structure in which substantially all of its assets are owned by, and substantially all of its businesses are conducted through, its Operating Partnership subsidiary, MGM Growth Properties Operating Partnership LP (the "Operating Partnership"). MGP contributed the proceeds from the IPO to the Operating Partnership in exchange for 26.7% of the Operating Partnership units representing limited partner interests in the Operating Partnership. The general partner of the Operating Partnership is also a subsidiary of MGP. MGP has two classes of authorized and outstanding voting common shares (collectively, the "shares"): Class A shares and a single Class B share. The Company owns MGP's Class B share, which does not provide its holder any rights to profits or losses or any rights to receive distributions from operations of MGP or upon liquidation or winding up of MGP. MGP's Class A shareholders are entitled to one vote per share, while the Company, as the owner of the Class B share, is entitled to an amount of votes representing a majority of the total voting power of MGP's shares so long as the Company and its controlled affiliates' (excluding MGP) aggregate beneficial ownership of the combined economic interests in MGP and the Operating Partnership does not fall below 30%.

Pursuant to a master contribution agreement entered into in connection with the IPO by and between the Company, MGP and the Operating Partnership, the Company contributed the real estate assets of The Mirage, Mandalay Bay, Luxor, New York-New York, Monte Carlo, Excalibur, The Park, Gold Strike Tunica, MGM Grand Detroit and Beau Rivage to newly formed subsidiaries and subsequently transferred 100% ownership interest in such subsidiaries to the Operating Partnership in exchange for 73.3% of the Operating Partnership units in the Operating Partnership on the closing date of the IPO. In addition, on August 1, 2016, the Company completed its acquisition of Borgata and subsequently contributed Borgata's real estate assets to MGP, as discussed in Note 4. As a result of the Borgata transaction, as discussed in Note 20, the Company's indirect ownership in the Operating Partnership units increased to 76.3% and MGP's Class A shareholders' ownership interest in Operating Partnership units was reduced to 23.7%. The Operating Partnership units held by the Company are exchangeable into Class A shares of MGP on a one-to-one basis, or cash at the fair value of a Class A share. The determination of settlement method is at the option of MGP's independent conflicts committee. See Note 10 and Note 19 for additional information related to MGP, the IPO and certain other intercompany agreements and debt financing transactions entered into in connection therewith.

The Company acquired an additional 4.95% interest in MGM China Holdings Limited ("MGM China") on September 1, 2016, which increased its ownership to approximately 56%. See Note 14 for additional information. The Company has a controlling interest in MGM China, which owns MGM Grand Paradise, S.A. ("MGM Grand Paradise"), the Macau company that owns and operates the MGM Macau resort and casino and the related gaming subconcession and land concessions, and is in the process of developing an 18 acre site on the Cotai Strip in Macau ("MGM Cotai"). MGM Cotai will be an integrated casino, hotel and entertainment resort with capacity for up to 500 gaming tables and up to 1,500 slots, and featuring approximately 1,500 hotel rooms. The actual number of gaming tables allocated to MGM Cotai will be determined by the Macau government prior to opening, and such allocation is expected to be less than MGM Cotai's 500 gaming table capacity. The total estimated project budget is $3.3 billion excluding development fees eliminated in consolidation, capitalized interest and land related costs.

The Company owns 50% of and manages CityCenter Hold ings, LLC ("CityCenter"), located between Bellagio and Monte Carlo. The other 50% of CityCenter is owned by Infinity World Development Corp, a wholly owned subsidiary of Dubai World, a Dubai, United Arab Emirates government decree entity. CityCenter consis ts of Aria, an integrated casino, hotel and entertainment resort; Mandarin Oriental Las Vegas, a non-gaming boutique hotel; and Vdara, a luxury condominium-hotel. In addition, CityCenter features residential units in the Residences at Mandarin Oriental and Veer. In April 2016, CityCenter closed the sale of The Shops at Crystals ("Crystals"), a retail, dining and entertainment district. See Note 7 and Note 19 for additional information related to CityCenter.

The Company and a subsidiary of Anschutz Entertainment Group, Inc. ("AEG") each own 42.5% of the Las Vegas Arena Company, LLC ("Las Vegas Arena Company"), the entity which owns the T-Mobile Arena, subsequent to the sale of a 7.5% ownership interest by each of the Company and AEG to Athena Arena, LLC on September 1, 2016. The Company manages the T-Mobile Arena, which is located on a parcel of the Company's land between Frank Sinatra Drive and New York-New York, adjacent to the Las Vegas Strip. The T-Mobile Arena is a 20,000 seat venue designed to host world-class events – from mixed martial arts, boxing, hockey, basketball and bull riding, to high profile awards shows and top-name concerts. T-Mobile Arena commenced operations in April 2016. Effective January 1, 2016, the Company leases the MGM Grand Garden Arena, located adjacent to the MGM Grand Las Vegas, to the Las Vegas Arena Company. See Note 7 and Note 13 for additional information regarding the Company's investment in the Las Vegas Arena Company. In addition, the Company owns and operates The Park, a dining and entertainment district, which opened in April 2016 and which connects to T-Mobile Arena, New York-New York, Monte Carlo and the Park Theater, a 5,200 seat entertainment venue which opened in December 2016.

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

A subsidiary of the Company was awarded a casino license to build and operate MGM Springfield in Springfield, Massachusetts. MGM Springfield will be developed on approximately 14 acres of land in downtown Springfield. The Company's plans for the resort currently include a casino with approximately 3,000 slots and 100 table games including poker; a 250-room hotel; 100,000 square feet of retail and restaurant space; 44,000 square feet of meeting and event space; and a 3,375 space parking garage, with an expected development and construction cost of approximately $865 million, excluding capitalized interest and land related costs.

The Company has two reportable segments: domestic resorts and MGM China. See Note 18 for additional information about the Company's segments.

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

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

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

Management has determined that MGP is a VIE because the Class A equity investors as a group lack the power through voting or similar rights to direct the activities of such entity that most significantly impact such entity's economic performance. The Company has determined that it is the primary beneficiary of MGP and consolidates MGP because (i) its ownership of MGP's single

Class B share entitles it to a majority of the total voting power of MGP's shares, and (ii) the exchangeable nature of the Operating Partnership units owned provide the Company the right to receive benefits from MGP that could potentially be significant to MGP. The Company has r ecorded MGP's 26.7% interest in the Operating Partnership prior to the Borgata transaction and 23.7% interest subsequent to the Borgata transaction as noncontrolling interest in the Company's consolidated financial statements. As of December 31, 2016, on a consolidated basis MGP had total assets of $9.5 billion, primarily related to its real estate investments, and total liabilities of $3.9 billion, primarily related to its indebtedness.

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

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

- Level 1 and Level 2 inputs for its long-term debt fair value disclosures. See Note 10;
- Level 2 inputs when measuring the fair value of its interest rate swaps. See Note 11;
- Level 2 and Level 3 inputs when assessing the fair value of assets acquired and liabilities assumed during the Borgata transaction. See Note 4;
- Level 2 and Level 3 inputs when measuring the impairment of goodwill related to the MGM China reporting unit. See Note 8; and
- Level 3 inputs when assessing the fair value of its investment in Grand Victoria. See Note 7

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

**Accounts receivable and credit risk.** Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of casino accounts receivable. The Company issues credit to approved casino customers and gaming promoters following background checks and investigations of creditworthiness. At December 31, 2016, 47% of the Company's casino receivables at its domestic resorts were due from customers residing in foreign countries and 9% of the Company's casino receivables related to MGM China. Business or economic conditions or other significant events in these countries could affect the collectability of such receivables.

Accounts receivable are typically non-interest bearing and are initially recorded at cost. Accounts are written off when management deems the account to be uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated allowance for doubtful accounts is maintained to reduce the Company's receivables to their net carrying amount, which approximates fair value. The allowance is estimated based on both a specific review of customer accounts as well as historical collection experience and current economic and business conditions. Management believes that as of December 31, 2016, no significant concentrations of credit risk existed for which an allowance had not already been recorded.

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

**Property and equipment.** Property and equipment are stated at cost. A significant amount of the Company's property and equipment was acquired through business combinations and therefore recognized at fair value at the acquisition date. Gains or losses on dispositions of property and equipment are included in the determination of income or loss. Maintenance costs are expensed as incurred. As of December 31, 2016 and 2015, the Company had accrued $36 million and $17 million for property and equipment within accounts payable and $32 million and $44 million related to construction retention accrued in other long-term liabilities, respectively.

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

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

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

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

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

The Company evaluates its investments in unconsolidated affiliates for impairment whenever events or changes in circumstances indicate that the carrying value of its investment may have experienced an "other-than-temporary" decline in value. If such conditions exist, the Company compares the estimated fair value of the investment to its carrying value to determine if an impairment is indicated and determines whether the impairment is "other-than-temporary" based on its assessment of all relevant factors, including consideration of the Company's intent and ability to retain its investment. The Company estimates fair value using a discounted cash flow analysis based on estimated future results of the investee and market indicators of terminal year capitalization rates, and a market approach that utilizes business enterprise value multiples based on a range of multiples from the Company's peer group. See Note 7 and Note 17 for results of the Company's review of its investment in certain of its unconsolidated affiliates.

**Goodwill and other intangible assets.** Goodwill represents the excess of purchase price over fair market value of net assets acquired in business combinations. Goodwill and indefinite-lived intangible assets must be reviewed for impairment at least annually and between annual test dates in certain circumstances. The Company performs its annual impairment tests in the fourth quarter of each fiscal year. No impairments were indicated or recorded as a result of the annual impairment review for goodwill and indefinite-lived intangible assets in 2016 and 2014. An impairment of goodwill related to the MGM China reporting unit was recorded as a result of the annual impairment review in 2015. See Note 8.

Accounting guidance provides entities the option to perform a qualitative assessment of goodwill (commonly referred to as "step zero") in order to determine whether further impairment testing is necessary. In performing the step zero analysis the Company considers macroeconomic conditions, industry and market considerations, current and forecasted financial performance, entity-specific events, and changes in the composition or carrying amount of net assets of reporting units. In addition, the Company takes into consideration the amount of excess of fair value over carrying value determined in the last quantitative analysis that was performed, as well as the period of time that has passed since the last quantitative analysis. If the step zero analysis indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the entity would proceed to a two-step quantitative analysis.

Under the two-step quantitative analysis, goodwill for relevant reporting units is tested for impairment using a discounted cash flow analysis based on the estimated future results of the Company's reporting units discounted using market discount rates and market indicators of terminal year capitalization rates, and a market approach that utilizes business enterprise value multiples based on a range of multiples from the Company's peer group. If the carrying value of the reporting u nit exceeds its fair value, an indication of impairment exists and the Company must proceed to measure an impairment loss, if any. To measure an impairment loss, the implied fair value of a reporting unit's goodwill is compared to the carrying value of tha t goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit to its assets and liabilities and the amount remaining, if any, is the implied fair value of goodwill. If the implied fair value of goodwill is less than its carrying value then it must be written down to its implied fair value. License rights are tested for impairment using a discounted cash flow approach, and trademarks are tested for impairment using the relief-from-royalty method. If the fair value of an indefinite-lived intangible asset is less than its carrying amount, an impairment loss is recognized equal to the difference.

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

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | | *(In thousands)* | |
| Rooms | $ 120,369 | $ 112,313 | $ 115,463 |
| Food and beverage | 283,598 | 279,041 | 295,667 |
| Entertainment, retail and other | 39,611 | 39,388 | 39,673 |
| | $ 443,578 | $ 430,742 | $ 450,803 |

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

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

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

**Advertising.** The Company expenses advertising costs the first time the advertising takes place. Advertising expense, which is generally included in general and administrative expenses, was $171 million for 2016 and $156 million for 2015 and 2014.

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

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

**Property transactions, net.** The Company classifies transactions such as write-downs and impairments, demolition costs, and normal gains and losses on the sale of assets as "Property transactions, net." See Note 17 for a detailed discussion of these amounts.

**Redeemable noncontrolling interest.** In 2015, MGM National Harbor issued non-voting economic interests in MGM National Harbor ("Interests") to noncontrolling interest parties, for a total purchase price of $6 million. In 2016, MGM National Harbor issued Interests to noncontrolling interest parties for a purchase price of $47 million. Net income attributable to noncontrolling interests includes $0.5 million relating to redeemable noncontrolling interests for the year ended December 31, 2016.

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

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

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| **Numerator:** | *(In thousands)* | | |
| Net income (loss) attributable to MGM Resorts International | $ 1,101,440 | $ (447,720) | $ (149,873) |
| Adjustment related to redeemable noncontrolling interests | (28) | — | — |
| Net income (loss) available to common stockholders - basic | 1,101,412 | (447,720) | (149,873) |
| Potentially dilutive effect due to MGP Omnibus Plan | (40) | — | — |
| Potentially dilutive effect due to MGM China Share Option Plan | (11) | — | (340) |
| Net income (loss) attributable to common stockholders - diluted | $ 1,101,361 | $ (447,720) | $ (150,213) |
| **Denominator:** | | | |
| Weighted-average common shares outstanding basic | 568,134 | 542,873 | 490,875 |
| Potential dilution from share-based awards | 5,183 | — | — |
| Weighted-average common and common equivalent shares - diluted | 573,317 | 542,873 | 490,875 |
| Antidilutive share-based awards excluded from the calculation of diluted earnings per share | 4,207 | 18,276 | 19,254 |

The weighted-average common shares outstanding for the year ended December 31, 2015 included the weighted average impact of the $300 million 4.25% convertible senior notes issued in June 2011 and the $1.15 billion 4.25% convertible senior notes issued in April 2010 from the date of their conversion on April 15, 2015. The weighted-average impact of the assumed conversion of the convertible senior notes was excluded from the calculation of diluted earnings per share for the years ended December 31, 2015 and 2014 as their effect would be antidilutive. See Note 10 for additional information.

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

**Derivative financial instruments.** The Company reflects all derivative instruments at fair value as either assets or liabilities. For derivative instruments that are designated and qualify as hedging instruments, the effective portion of the gain or loss on the cash flow hedge instruments is recorded as a component of accumulated other comprehensive income. Any ineffective portion of a derivative's change in fair value is immediately recognized within net income. As of December 31, 2016, all of the Company's derivative financial instruments are interest rate swap agreements which have been designated as cash flow hedges and qualify for hedge accounting.

**Accumulated other comprehensive income (loss).** Comprehensive inc ome (loss) includes net income (loss) and all other non-stockholder changes in equity, or other comprehensive income (loss). Elements of the Company's accumulated other comprehensive income are reported in the accompanying consolidated statements of stockh olders' equity. The following table summarizes the changes in the accumulated balance of other comprehensive income:

| | Currency translation adjustments | Cash Flow Hedges | Other | Total |
|---|---|---|---|---|
| | | *(In thousands)* | | |
| Balance, December 31, 2014 | $ 12,319 | $ — | $ 672 | $ 12,991 |
| Other comprehensive income (loss) before reclassifications | 3,727 | — | (672) | 3,055 |
| Amounts reclassified from accumulated other comprehensive income | — | — | — | — |
| Other comprehensive income (loss), net of tax | 3,727 | — | (672) | 3,055 |
| Other comprehensive income (loss) attributable to noncontrolling interest | (2,024) | — | — | (2,024) |
| Balance, December 31, 2015 | 14,022 | — | — | 14,022 |
| Other comprehensive income (loss) before reclassifications | (2,680) | 1,521 | 1,074 | (85) |
| Amounts reclassified from accumulated other comprehensive income | — | 358 | — | 358 |
| Other comprehensive income (loss), net of tax | (2,680) | 1,879 | 1,074 | 273 |
| Other comprehensive income (loss) attributable to noncontrolling interest | 1,203 | (445) | — | 758 |
| Balance, December 31, 2016 | $ 12,545 | $ 1,434 | $ 1,074 | $ 15,053 |

**Recently issued accounting standards.** In August 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-15, "Presentation of Financial Statements - Going Concern (Subtopic 205-40)." The guidance is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. This ASU provides guidance to an organization's management, with principles and definitions that are intended to reduce diversity in the timing and content of disclosures that are commonly provided by organizations today in the financial statement footnotes. The Company adopted this guidance prospectively at the beginning of the fourth quarter of 2016. The adoption of this guidance did not have an effect on the Company's financial condition, results of operations, cash flows, or disclosures.

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

- ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 provides for a new revenue recognition model which includes a five-step analysis in determining when and how revenue is recognized, including identification of separate performance obligations for each contract with a customer. Additionally, the new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services;
- ASU 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)," clarifies the implementation guidance on principal versus agent considerations as it relates to ASU 2014-09. ASU 2016-08 provides guidance related to the assessment an entity is required to perform to determine whether the nature of its promise is to provide the specified good or service itself (that is, the entity is a principal) or to arrange for that good or service to be provided by the other party (that is, the entity is an agent) when another party is involved in providing goods or services to a customer;

- ASU 2016-10, “Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing,” clarifies guidance related to identifying performance obligations and licensing implementation guidance as it relates to ASU 2014-09. ASU 2016-10 includes targeted improvements base d on input the FASB received from the Transition Resource Group for Revenue Recognition and other stakeholders. It seeks to proactively address areas in which diversity in practice potentially could arise, as well as to reduce the cost and complexity of ap plying certain aspects of the guidance both at implementation and on an ongoing basis; and
- ASU 2016-12, “Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients,” addresses narrow-scope improvements to the guidance on collectability, noncash consideration and completed contracts at transition as it relates to ASU 2014-09. ASU 2016-12 provides for a practical expedient for contract modifications at transition and an accounting policy election related to the presentation of sales taxes and other similar taxes collected from customers.

The Company is currently assessing the impact that the adoption of the above ASUs related to revenue recognition will have on its consolidated financial statements and footnote disclosures. However, the Company has identified a few significant impacts. Under the new guidance the Company expects it will no longer be permitted to recognize revenues for goods and services provided to customers for free as an inducement to gamble as gross revenue with a corresponding offset to promotional allowances to arrive at net revenues as discussed above. The Company expects the majority of such amounts will offset casino revenues. In addition, accounting for Express Comps granted under the Company’s M life Rewards program as outlined above will also change. Under the new guidance Express Comps earned by customers through past revenue transactions will be identified as separate performance obligations and recorded as a reduction in gaming revenues when earned at the retail value of such benefits owed to the customer (less estimated breakage). When customers redeem such benefits and the performance obligation is fulfilled by the Company, revenue will be recognized in the department that provides the goods or services (i.e. hotel, food and beverage, entertainment). In addition, given that M life Rewards is an aspirational loyalty program with multiple customer tiers which provide certain benefits to tier members, the Company will need to assess if such benefits are deemed to be separate performance obligations under the new guidance.

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

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

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

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

In January 2017, the FASB issued ASU No. 2017-04, “Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.” The amended guidance simplifies the subsequent measurement of goodwill by eliminating step two from the goodwill impairment test. Under the amended guidance, the Company will perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying value, and an impairment charge will be recognized for the amount by

which the carrying value exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit . This guidance is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021, with early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 20 17. The Company is currently evaluating the impact and timing of adopting this guidance, but anticipates early adoption in 2017.

**NOTE 3 — ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net consisted of the following:

| | December 31, | |
|---|---|---|
| | 2016 | 2015 |
| | *(In thousands)* | |
| Casino | $ 332,443 | $ 285,182 |
| Hotel | 169,321 | 157,489 |
| Other | 139,080 | 127,677 |
| | 640,844 | 570,348 |
| Less: Allowance for doubtful accounts | (97,920) | (89,789) |
| | $ 542,924 | $ 480,559 |

**NOTE 4 — BORGATA TRANSACTION**

On August 1, 2016, the Company completed the acquisition of Boyd Gaming Corporation's ("Boyd Gaming") ownership interest in Borgata. Following the completion of the acquisition of Boyd Gaming's interest, MGP acquired Borgata's real property from the Company and leased back the real property to a subsidiary of the Company. See Note 19 for additional information.

As part of the purchase and sale agreement, the Company agreed to pay Boyd Gaming half of any net amount received or utilized by the Company as it relates to the Atlantic City property tax refund owed to Borgata at the time of the transaction. Pursuant to tax court judgments, The City of Atlantic City, New Jersey ("Atlantic City") owes Borgata property tax refunds of approximately $106 million, plus interest, related to the over-assessment of property values for the 2009-2012 tax years. As a result of funding shortfalls, the City of Atlantic City has not paid the refunds due to Borgata and therefore, Borgata has withheld its current property tax obligations in satisfaction of the tax court judgment. Borgata applied $33 million of such credits as of December 31, 2016. After taking into account contingent consideration paid related to property tax refunds realized by Borgata, cash paid to Boyd Gaming for its interest in Borgata was $604 million.

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

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

| **Fair value of assets acquired and liabilities assumed:** | |
|---|---|
| Current assets | $ 112,221 |
| Property and equipment and other long-term assets | 1,373,567 |
| Goodwill | 386,892 |
| Trade name | 83,000 |
| Customer list | 22,000 |
| Current liabilities | (122,743) |
| Long-term debt | (583,187) |
| Deferred taxes | (12,124) |
| Other long-term obligations | (51,894) |
| | $ 1,207,732 |

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

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

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

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

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

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

**NOTE 5 — DISPOSITIONS**

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

**NOTE 6 — PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consisted of the following:

| | December 31, | |
|---|---|---|
| | 2016 | 2015 |
| | *(In thousands)* | |
| Land | $ 6,530,988 | $ 6,495,391 |
| Buildings, building improvements and land improvements | 11,969,984 | 9,429,945 |
| Furniture, fixtures and equipment | 4,863,647 | 4,274,537 |
| Construction in progress | 2,628,603 | 2,111,860 |
| | 25,993,222 | 22,311,733 |
| Less: Accumulated depreciation and amortization | (7,568,199) | (6,939,938) |
| | $ 18,425,023 | $ 15,371,795 |

**NOTE 7 — INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES**

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

| | December 31, | |
|---|---|---|
| | 2016 | 2015 |
| | *(In thousands)* | |
| CityCenter Holdings, LLC – CityCenter (50%) | $ 1,007,358 | $ 1,136,452 |
| Marina District Development Company – Borgata (0% at December 31, 2016; 50% at December 31, 2015) | — | 134,454 |
| Elgin Riverboat Resort–Riverboat Casino – Grand Victoria (50%) | 123,585 | 122,500 |
| Las Vegas Arena Company, LLC (42.5% at December 31, 2016; 50% at December 31, 2015) | 80,339 | 90,352 |
| Other | 9,161 | 7,739 |
| | $ 1,220,443 | $ 1,491,497 |

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | | *(In thousands)* | |
| Income from unconsolidated affiliates | $ 527,616 | $ 257,883 | $ 63,836 |
| Preopening and start-up expenses | (3,168) | (3,475) | (917) |
| Non-operating items from unconsolidated affiliates | (53,139) | (76,462) | (87,794) |
| | $ 471,309 | $ 177,946 | $ (24,875) |

*CityCenter*

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

**CityCenter distribution.** In March 2016, a $90 million distribution was declared in accordance with CityCenter's annual distribution policy and in April 2016, CityCenter declared a $990 million special distribution in connection with the Crystals sale. The Company's $540 million share of such distributions was paid in May 2016. In April 2015, CityCenter declared a special distribution of $400 million, of which the Company received its 50% share of $200 million.

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

**CityCenter credit facility.** CityCenter's senior secured credit facility consisted of a $75 million revolving credit facility, maturing in October 2018 and a $1.2 billion term loan B facility maturing in October 2020. CityCenter used cash on hand to permanently repay $266 million of the term loan B facility during 2016. On January 27, 2017, CityCenter completed an amendment to re-price its $1.2 billion term loan B senior credit facility and re-price and extend its $75 million revolving facility. The term loan B facility was re-priced at par and will now bear interest at LIBOR plus 2.75%, with a LIBOR floor of 0.75% which represents a 50 basis point reduction compared to the prior rate and a 25 basis point reduction compared to the prior LIBOR floor . The revolving facility was re-priced at LIBOR plus 2.00%, which represents a 175 basis point reduction compared to the prior rate . The revolving facility was also extended to July 2020. All other principal provisions of the existing credit facility remain unchanged.

*Borgata*

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

*Grand Victoria*

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

At June 30, 2014, the Company reviewed the carrying value of its Grand Victoria investment for impairment due to a greater than anticipated decline in operating results and loss of market share due to the proliferation of video gaming terminals in the Illinois market, as well as a decrease in forecasted cash flows compared to the prior forecast. The Company used a blended discounted cash flow analysis and guideline public company method to determine the estimated fair value from a market participant's viewpoint. Key assumptions included in the discounted cash flow analysis were estimates of future cash flows including outflows for capital expenditures, a long-term growth rate of 2% and a discount rate of 10.5%. Key assumptions in the guideline public company method included business enterprise value multiples selected based on the range of multiples in Grand Victoria's peer group. As a result of the analysis, the Company determined that it was necessary to record an other-than-temporary impairment charge of $29 million at June 30, 2014, based on an estimated fair value of $140 million for the Company's 50% interest.

*Las Vegas Arena Company, LLC*

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

**Arena financing.** In September 2014, a subsidiary of Las Vegas Arena Company entered into a senior secured credit facility to finance construction of the T-Mobile Arena. In connection with this senior credit facility, MGM Resorts International and AEG each entered into a repayment guarantee for the term loan B (which is subject to increases and decreases in the event of rebalancing of the principal amount of indebtedness between the term loan A and term loan B facilities). As of December 31, 2016, the senior secured credit facility consisted of a $150 million term loan A and a $50 million term loan B. The senior secured credit facility matures in September 2019. The senior secured credit facility is secured by substantially all the assets of the Las Vegas Arena Company, and contains certain financial covenants which became applicable upon the opening of the T-Mobile Arena in April 2016. I n accordance

with the Las Vegas Arena Company's senio r secured credit facility, the Company and AEG contributed equal amounts totaling $175 million for construction, all of which had been contributed as of December 31, 2015. See Note 13 for discussion of the Company's joint and several completion and repayme nt guarantees related to the Las Vegas Arena Company.

*Silver Legacy*

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

*Unconsolidated Affiliate Financial Information*

Summarized balance sheet information of the unconsolidated affiliates is as follows:

| | December 31, | |
|---|---|---|
| | 2016 | 2015 |
| | *(In thousands)* | |
| Current assets | $ 518,632 | $ 1,260,834 |
| Property and other assets, net | 7,106,361 | 8,460,915 |
| Current liabilities | 384,370 | 482,633 |
| Long-term debt and other long-term obligations | 1,454,575 | 2,268,157 |
| Equity | 5,786,048 | 6,970,959 |

As of December 31, 2015, assets held for sale related to Crystals of $668 million and associated liabilities of Crystals were classified as current within the summarized balance sheet information.

Summarized results of operations of the unconsolidated affiliates are as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | | *(In thousands)* | |
| Net revenues | $ 1,944,127 | $ 2,298,179 | $ 2,238,419 |
| Operating expenses | (1,781,809) | (1,901,044) | (2,237,921) |
| Operating income | 162,318 | 397,135 | 498 |
| Interest expense | (92,014) | (141,925) | (163,723) |
| Non-operating expenses | (12,851) | (14,942) | (13,669) |
| Net income (loss) | 57,453 | 240,268 | (176,894) |
| Income from discontinued operations | 407,187 | 22,681 | 21,161 |
| Net income (loss) | $ 464,640 | $ 262,949 | $ (155,733) |

Results of operations of the unconsolidated affiliates includes the results of Silver Legacy through the date of disposition on November 23, 2015 and the results of Borgata through the date of acquisition on August 1, 2016. The results of Crystals, including the gain on sale recognized in 2016, are classified as discontinued operations in the summarized results of operations for all periods presented.

*Basis Differences*

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

| | December 31, | |
|---|---|---|
| | 2016 | 2015 |
| | *(In thousands)* | |
| Venture-level equity attributable to the Company | $ 2,883,324 | $ 3,486,117 |
| Adjustment to CityCenter equity upon contribution of net assets by MGM Resorts International (1) | (537,819) | (573,163) |
| CityCenter capitalized interest (2) | 215,467 | 241,374 |
| CityCenter completion guarantee (3) | 337,223 | 372,785 |
| CityCenter deferred gain (4) | (221,638) | (236,327) |
| CityCenter capitalized interest on sponsor notes (5) | (42,095) | (47,158) |
| Other-than-temporary impairments of CityCenter investment (6) | (1,555,509) | (1,800,191) |
| Other-than-temporary impairments of Borgata investment (7) | — | (126,446) |
| Acquisition fair value adjustments net of other-than-temporary impairments of Grand Victoria investment (8) | 99,619 | 99,619 |
| Other adjustments | 41,871 | 74,887 |
| | $ 1,220,443 | $ 1,491,497 |

(1) Primarily relates to land and fixed assets.
(2) Relates to interest capitalized on the Company's investment balance during development and construction stages.
(3) Created by contributions to CityCenter under the completion guarantee recognized as equity contributions by CityCenter split between the members.
(4) Relates to a deferred gain on assets contributed to CityCenter upon formation of CityCenter.
(5) Relates to interest on the sponsor notes capitalized by CityCenter during development. Such sponsor notes were converted to equity in 2013.
(6) The impairment of the Company's CityCenter investment includes $379 million and $426 million of impairments allocated to land as of December 31, 2016 and December 31, 2015, respectively.
(7) The impairment of the Company's Borgata investment included $90 million of impairments allocated to land as of December 31, 2015.
(8) Relates to indefinite-lived gaming license rights for Grand Victoria and other-than-temporary impairments of the Company's investment in Grand Victoria.

**NOTE 8 — GOODWILL AND OTHER INT ANGIBLE ASSETS**

Goodwill and other intangible assets consisted of the following:

| | December 31, | |
|---|---|---|
| | 2016 | 2015 |
| | *(In thousands)* | |
| Goodwill: | | |
| Domestic resorts | $ 457,867 | $ 70,975 |
| MGM China | 1,359,252 | 1,359,792 |
| | $ 1,817,119 | $ 1,430,767 |
| Indefinite-lived intangible assets: | | |
| Detroit development rights | $ 98,098 | $ 98,098 |
| Trademarks, license rights and other | 312,022 | 229,022 |
| Total indefinite-lived intangible assets | 410,120 | 327,120 |
| Finite-lived intangible assets: | | |
| MGM Grand Paradise gaming subconcession | 4,514,073 | 4,515,867 |
| Less: Accumulated amortization | (1,024,185) | (858,531) |
| | 3,489,888 | 3,657,336 |
| MGM Macau land concession | 84,736 | 84,769 |
| Less: Accumulated amortization | (23,817) | (19,554) |
| | 60,919 | 65,215 |
| MGM China customer lists | 128,974 | 129,025 |
| Borgata customer list | 22,000 | — |
| Less: Accumulated amortization | (135,574) | (126,003) |
| | 15,400 | 3,022 |
| Maryland license, Massachusetts license and other intangible assets | 136,127 | 136,127 |
| Less: Accumulated amortization | (24,748) | (24,039) |
| | 111,379 | 112,088 |
| Total finite-lived intangible assets, net | 3,677,586 | 3,837,661 |
| Total other intangible assets, net | $ 4,087,706 | $ 4,164,781 |

**Goodwill** . A summary of changes in the Company's goodwill by reportable segment is as follows for 2 016 and 2015:

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

| | 2015 | | | |
|---|---|---|---|---|
| | Balance at January 1 | Acquisitions | Impairments and currency exchange | Balance at December 31 |
| | *(In thousands)* | | | |
| **Goodwill, net by reportable segment:** | | | | |
| Domestic resorts | $ 70,975 | $ — | $ — | $ 70,975 |
| MGM China | 2,826,135 | — | (1,466,343) | 1,359,792 |
| | $ 2,897,110 | $ — | $ (1,466,343) | $ 1,430,767 |

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

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

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

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

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

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

**Customer lists.** The Company recognized an intangible asset related to MGM China's customer lists, which was amortized on an accelerated basis over its estimated useful life of five years. The MGM China customer list intangible asset became fully amortized

in 2016. The Company recognized an intangible asset related to the Borgata customer list, which is amortized on an accelerated basis over its estimated useful life of two years and five months.

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

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

Total amortization expense related to intangible assets was $180 million, $199 million and $232 million for 2016, 2015, and 2014, respectively. Estimated future amortization is as follows:

| Years ending December 31, | *(In thousands)* |
|---|---|
| 2017 | $ 183,414 |
| 2018 | 177,758 |
| 2019 | 178,081 |
| 2020 | 178,081 |
| 2021 | 178,081 |
| Thereafter | 2,782,171 |
| | $ 3,677,586 |

**NOTE 9 — OTHER ACCRUED LIABILITIES**

Other accrued liabilities consisted of the following:

| | December 31, | |
|---|---|---|
| | **2016** | **2015** |
| | *(In thousands)* | |
| Payroll and related | $ 483,194 | $ 370,672 |
| Advance deposits and ticket sales | 135,592 | 104,461 |
| Casino outstanding chip liability | 227,538 | 282,810 |
| Casino front money deposits | 214,727 | 127,947 |
| MGM China gaming promoter commissions | 31,445 | 33,064 |
| Other gaming related accruals | 119,446 | 91,318 |
| Taxes, other than income taxes | 166,916 | 153,531 |
| Other | 215,668 | 147,641 |
| | $ 1,594,526 | $ 1,311,444 |

**NOTE 10 — LONG-TERM DEBT**

Long-term debt consisted of the following:

| | December 31, | |
|---|---|---|
| | 2016 | 2015 |
| | *(In thousands)* | |
| Senior credit facility term loans | $ 250,000 | $ 2,716,000 |
| MGM Growth Properties senior credit facility | 2,133,250 | — |
| MGM China credit facility | 1,933,313 | 1,559,909 |
| MGM National Harbor credit facility | 450,000 | — |
| $242.9 million 6.875% senior notes, due 2016 | — | 242,900 |
| $732.7 million 7.5% senior notes, due 2016 | — | 732,749 |
| $500 million 10% senior notes, due 2016 | — | 500,000 |
| $743 million 7.625% senior notes, due 2017 | — | 743,000 |
| $475 million 11.375% senior notes, due 2018 | 475,000 | 475,000 |
| $850 million 8.625% senior notes, due 2019 | 850,000 | 850,000 |
| $500 million 5.25% senior notes, due 2020 | 500,000 | 500,000 |
| $1,000 million 6.75% senior notes, due 2020 | 1,000,000 | 1,000,000 |
| $1,250 million 6.625% senior notes, due 2021 | 1,250,000 | 1,250,000 |
| $1,000 million 7.75% senior notes, due 2022 | 1,000,000 | 1,000,000 |
| $1,250 million 6% senior notes, due 2023 | 1,250,000 | 1,250,000 |
| $1,050 million 5.625% MGM Growth Properties senior notes, due 2024 | 1,050,000 | — |
| $500 million 4.5% MGM Growth Properties senior notes, due 2026 | 500,000 | — |
| $500 million 4.625% senior notes, due 2026 | 500,000 | — |
| $0.6 million 7% debentures, due 2036 | 552 | 552 |
| $2.3 million 6.7% debentures ($4.3 million at December 31, 2015), due 2096 | 2,265 | 4,265 |
| | 13,144,380 | 12,824,375 |
| Less: premiums, discounts, and unamortized debt issuance costs, net | (156,785) | (127,622) |
| | 12,987,595 | 12,696,753 |
| Less: Current portion | (8,375) | (328,442) |
| | $ 12,979,220 | $ 12,368,311 |

Debt due within one year of the December 31, 2016 balance sheet was classified as long-term as the Company has both the intent and ability to refinance current maturities on a long-term basis under its revolving senior credit facilities with the exception that $8 million of MGP's quarterly amortization payments under its senior credit facility were classified as current because MGP used cash to make such amortization payments in January 2017. At December 31, 2015, the amount available under the Company's revolving senior credit facility was less than current maturities related to the Company's term loan credit facilities and senior notes. The Company excluded from the December 31, 2015 current portion of long-term debt the amount available for refinancing under its revolving credit facility.

Interest expense, net consisted of the following:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | | *(In thousands)* | |
| Total interest incurred | $ 814,731 | $ 862,377 | $ 846,321 |
| Interest capitalized | (119,958) | (64,798) | (29,260) |
| | $ 694,773 | $ 797,579 | $ 817,061 |

**Senior credit facility.** In April 2016, the Company entered into an amended and restated credit agreement comprised of a $1.25 billion revolving facility and a $250 million term loan A facility. The revolving facility and the term loan A facility bear interest determined by reference to a total net leverage ratio pricing grid which results in an interest rate of LIBOR plus 1.75% to 2.75%. Both the term loan A facility and the revolving facility will mature in April 2021. The term loan A facility is subject to amortization of principal in equal quarterly installments (commencing with the fiscal quarter ended March 31, 2017), with 5.0% of the initial aggregate principal amount of the term loan A facility to be payable each year. No amounts have been drawn on the revolving credit

facility. The Company incurred a loss on early retirement of its prior credit facility of approximately $28 million recorded in "Other, net" in the consolidated statements of operations. At December 31, 2016, the interest rate on the term loan A facility was 3.02%.

The amended and restated credit agreement contains representations and warranties, customary events of default, and positive, negative and financial covenants, including that the Company maintain compliance with a maximum total net leverage ratio, a maximum first lien net leverage ratio and a minimum interest coverage ratio. The Company was in compliance with its credit agreement covenants at December 31, 2016.

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

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

**MGM Growth Properties senior credit facility.** In April 2016, the Operating Partnership entered into a credit agreement comprised of a $300 million senior secured term loan A facility, a $1.85 billion senior secured term loan B facility, and a $600 million senior secured revolving credit facility. The term loan B facility was originally issued at 99.75% to initial lenders. The revolving credit facility and term loan A facility bear interest determined by reference to a total net leverage ratio pricing grid which results in an interest rate of LIBOR plus 2.25% to 2.75%. On October 26, 2016 the term loan B facility was re-priced at par and bore interest at LIBOR plus 2.75%, with a LIBOR floor of 0.75%, which represented a 50 basis point reduction compared to the prior rate. In addition, the Operating Partnership received a further reduction in pricing to LIBOR plus 2.50%, with a LIBOR floor of 0.75% as a result of it achieving a minimum corporate family rating of Ba3/BB- in February 2017. All other principal provisions of the existing credit facility remain unchanged. The revolving credit facility and the term loan A facility will mature in 2021 and the term loan B facility will mature in 2023.

The term loan facilities are subject to amortization of principal in equal quarterly installments, with 5.0% of the initial aggregate principal amount of the term loan A facility and 1.0% of the initial aggregate principal amount of the term loan B facility to be payable each year. The Company permanently repaid $8 million of the term loan A facility and $9 million of the term loan B facility for the year ended December 31, 2016. At December 31, 2016, the term loan A facility had an amount outstanding of $293 million with an interest rate of 3.52% and the term loan B facility had an amount outstanding of $1.84 billion with an interest rate of 3.52%. No amounts were drawn on the revolving credit facility as of December 31, 2016.

The credit agreement contains customary representations and warranties, events of default, and positive, negative and financial covenants, including that the Operating Partnership maintain compliance with a maximum senior secured net debt to adjusted total assets ratio, maximum total net debt to adjusted assets ratio and a minimum interest coverage ratio. The Operating Partnership was in compliance with its credit agreement covenants at December 31, 2016.

**MGM China credit facility.** At December 31, 2016, the MGM China credit facility consisted of $1.55 billion of term loans and a $1.45 billion revolving credit facility, which bear interest at a fluctuating rate per annum based on HIBOR plus a margin that ranges between 1.375% and 2.5% based on MGM China's leverage ratio. The MGM China credit facility matures in April 2019, with scheduled amortization payments of the term loans beginning in October 2017. The MGM China credit facility is secured by MGM Grand Paradise's interest in the Cotai land use right, and MGM China, MGM Grand Paradise and their guarantor subsidiaries have granted a security interest in substantially all of their assets to secure the facility. The outstanding balance at December 31, 2016 was comprised of $1.56 billion of term loans and $374 million drawn on the revolving credit facility. At December 31, 2016, the weighted average interest rate on the term loans was 2.73% and the interest rate on the revolving credit facility was 2.50%.

The MGM China credit facility contains customary representations and warranties, events of default, and positive, negative and financial covenants, including that MGM China maintains compliance with a maximum leverage ratio and a minimum interest coverage ratio. MGM China was in compliance with its credit facility covenants at December 31, 2016. In February 2017, the MGM China credit facility was amended to increase the maximum total leverage ratio to 6.00 to 1.00 through December 31, 2017, declining to 5.50 to 1.00 at March 31, 2018, 5.00 to 1.00 at June 30, 2018 and 4.50 to 1.00 at September 30, 2018 and thereafter.

**MGM National Harbor credit agreement.** In January 2016, MGM National Harbor, LLC entered into a credit agreement consisting of a $100 million revolving credit facility and a $425 million term loan facility. The revolving and term loan facilities bear interest at LIBOR plus an applicable rate determined by MGM National Harbor, LLC's total leverage ratio (2.25% as of December 31, 2016). The term loan and revolving facilities are scheduled to mature in January 2021 and the term loan facilities are subject to scheduled amortization payments on the last day of each calendar quarter beginning the fourth full fiscal quarter following the opening

date of MGM National Harbor, initially in an amount equal to 1.25% of the aggregate principal balance and increasing to 1.875% and 2.50% of the aggregate principal balance on the last day of the twelfth and sixteenth full fiscal quarters, respec tively. The outstanding balance at December 31, 2016 was comprised of $425 million of term loans and $25 million drawn on the revolving credit facility. At December 31, 2016, the interest rate on the term loan was 3.02% and the interest rate on the revolvi ng credit facility was 2.90%.

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

The credit agreement contains customary representations and warranties, events of default, and positive, negative and financial covenants, including that MGM National Harbor, LLC and its restricted subsidiaries maintain compliance with a maximum total leverage ratio and a minimum interest coverage ratio. MGM National Harbor, LLC was in compliance with its credit agreement covenants at December 31, 2016.

**Senior Notes.** On August 19, 2016, the Company issued $500 million in aggregate principal amount of 4.625% senior notes due 2026 for net proceeds of $493 million. I n September 2016, t he Company used the net proceeds, together with cash on hand, to redeem the $743 million outstanding aggregate principal amount of its 7.625% senior notes due 2017. T he Company incurred a loss on early retirement of the 7.625% senior notes of approximately $16 million recorded in “Other, net” in the consolidated statements of operations. In connection with the closing of the IPO, on May 25, 2016 (the “Redemption Date”) the Company redeemed for cash all $1.23 billion aggregate principal amount of its outstanding 7.5% senior notes due 2016 and 10% senior notes due 2016 in accordance with the terms of the applicable indenture. The Company incurred a loss on early retirement of such notes of approximately $22 million recorded in “Other, net” in the consolidated statements of operations.

In 2015, the Company repaid its $875 million 6.625% senior notes at maturity. The senior notes are unsecured and otherwise rank equally in right of payment with the Company’s existing and future senior indebtedness. The senior notes are effectively subordinated to the Company’s existing and future secured obligations, primarily consisting of its senior credit facility, to the extent of the value of the assets securing such obligations.

**Bridge Facilities.** In connection with the Borgata transaction in August 2016, the Company borrowed $545 million under certain bridge facilities, which were subsequently contributed to the Operating Partnership. The Operating Partnership repaid the bridge facilities with a combination of cash on hand and a draw down on its revolving credit facility, which it subsequently refinanced with proceeds from its offering of its 4.5% senior notes due 2026. In connection with the closing of the IPO, the Company borrowed $4.0 billion under certain bridge facilities, the proceeds of which were used to repay its outstanding obligations under its prior senior credit facility and were used to repay its 7.5% senior notes due 2016 and its 10% senior notes due 2016 on the Redemption Date. The bridge facilities were subsequently assumed by the Operating Partnership pursuant to the master contribution agreement. The Operating Partnership repaid the bridge facilities with a combination of proceeds from its financing transactions described in Note 1 and the proceeds from the IPO.

**MGM Growth Properties senior notes.** On August 12, 2016, the Operating Partnership and MGP Finance Co-Issuer, Inc. issued $500 million in aggregate principal amount of 4.5% senior notes due 2026 for net proceeds of $492 million. On April 20, 2016, a subsidiary of the Operating Partnership issued $1.05 billion in aggregate principal amount of 5.625% senior notes due 2024 and on April 25, 2016, the Operating Partnership entered into a supplemental indenture through which it assumed the obligations under the notes from such subsidiary (which merged into the Operating Partnership on such date) .

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

**Maturities of long-term debt.** Maturities of the principal amount of the Company's long-term debt as of December 31, 2016 are as follows:

| Years ending December 31, | *(In thousands)* |
|---|---|
| 2017 | $ 137,964 |
| 2018 | 1,323,143 |
| 2019 | 1,997,019 |
| 2020 | 1,582,563 |
| 2021 | 2,057,250 |
| Thereafter | 6,046,441 |
| | $ 13,144,380 |

**Fair value of long-term debt.** The estimated fair value of the Company's long-term debt at December 31, 2016 was $13.9 billion. At December 31, 2015, the estimated fair value of the Company's long-term debt was $13.1 billion. Fair value was estimated using quoted market prices for the Company's senior notes and senior credit facility.

**NOTE 11 — DERIVATIVES AND HEDGING ACTIVITIES**

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

In December 2016, the Operating Partnership entered into interest rate swap agreements to mitigate the interest rate risk inherent in its senior secured term loan B facility. These interest rate swaps are designated as cash flow hedges and have a notional value of $500 million and mature on November 30, 2021. The weighted average fixed rate paid is 1.825%, and the variable rate received resets monthly to the one-month LIBOR subject to a minimum rate of 0.75%.

The following table summarizes the fair value and the presentation in the Company's balance sheet:

| | **Location on Balance Sheet** | **December 31, 2016** |
|---|---|---|
| | | *(In thousands)* |
| Interest rate swaps - cash flow hedges | Other long-term assets, net | $ 1,879 |

As of December 31, 2016, all of the interest rate swaps were valued in net unrealized gain positions and recognized as asset balances within "Other long-term assets, net." For the year ended December 31, 2016, the amount recorded in other comprehensive income related to the gain on derivative instruments was $2 million. For the year ended December 31, 2016, there was no ineffective portion of the change in fair value derivatives. During the fourth quarter of 2016, the Company recorded interest expense of $0.4 million related to the swap agreements.

Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on our variable-rate debt. During the twelve months beginning January 1, 2017, the Company estimates that $4 million will be reclassified as an increase to interest expense.

In January 2017, the Operating Partnership entered into additional interest rate swap agreements through November 2021 with a total $700 million notional amount to pay a fixed rate of 1.964%, and the variable rate received resets monthly to the one-month LIBOR, subject to a minimum rate of 0.75%, in order to mitigate the interest rate risk inherent in its senior secured term loan B facility.

**NOTE 12 — INCOME TAXES**

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

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | *(In thousands)* | | |
| Domestic operations | $ 985,683 | $ 155,296 | $ (168,135) |
| Foreign operations | 273,494 | (1,201,539) | 579,021 |
| | $ 1,259,177 | $ (1,046,243) | $ 410,886 |

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| **Federal:** | *(In thousands)* | | |
| Current | $ (97,502) | $ (13,540) | $ (10,448) |
| Deferred (excluding separate components) | (125,181) | 280,220 | 785,225 |
| Deferred – operating loss carryforward | — | — | (277,453) |
| Deferred – valuation allowance | 222,688 | (247,867) | (815,851) |
| Other noncurrent | 3,608 | (590) | 33,130 |
| Benefit (provision) for federal income taxes | 3,613 | 18,223 | (285,397) |
| **State:** | | | |
| Current | 4,069 | (1,840) | (2,214) |
| Deferred (excluding separate components) | 2,313 | (2,768) | 4,338 |
| Deferred – operating loss carryforward | (16,024) | (2,263) | 531 |
| Deferred – valuation allowance | 23,058 | (4,465) | 412 |
| Other noncurrent | (2,901) | 7,153 | (547) |
| Benefit (provision) for state income taxes | 10,515 | (4,183) | 2,520 |
| **Foreign:** | | | |
| Current | (2,015) | (2,127) | (1,656) |
| Deferred (excluding separate components) | (34,425) | (5,832) | 1,726 |
| Deferred – operating loss carryforward | 2,988 | 10,472 | 3,495 |
| Deferred – valuation allowance | (2,975) | (9,959) | (4,396) |
| Provision for foreign income taxes | (36,427) | (7,446) | (831) |
| | $ (22,299) | $ 6,594 | $ (283,708) |

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| Federal income tax statutory rate | 35.0% | 35.0% | 35.0% |
| Foreign tax credit | (10.5) | 63.7 | (222.0) |
| Repatriation of foreign earnings | 5.2 | (32.0) | 113.2 |
| Foreign goodwill impairment | — | (49.1) | — |
| Federal valuation allowance | (17.7) | (23.7) | 198.6 |
| Settlements with taxing authorities | — | 0.1 | (7.6) |
| Gain on Borgata transaction | (5.4) | — | — |
| Foreign jurisdiction income/losses taxed at other than 35% | (3.8) | 6.9 | (49.1) |
| Permanent and other items | (1.0) | (0.3) | 0.9 |
| | 1.8% | 0.6% | 69.0% |

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

| | December 31, | |
|---|---|---|
| | 2016 | 2015 |
| | *(In thousands)* | |
| Deferred tax assets – federal and state: | | |
| Bad debt reserve | $ 40,330 | $ 42,133 |
| Deferred compensation | 6,881 | 4,719 |
| Net operating loss carryforward | 9,669 | 20,084 |
| Capital loss carryforward | — | 2,827 |
| Accruals, reserves and other | 168,712 | 42,614 |
| Investments in unconsolidated affiliates | 152,092 | 198,594 |
| Stock-based compensation | 33,311 | 32,108 |
| Tax credits | 2,824,312 | 2,883,839 |
| | 3,235,307 | 3,226,918 |
| Less: Valuation allowance | (2,510,140) | (2,736,972) |
| | 725,167 | 489,946 |
| Deferred tax assets – foreign: | | |
| Bad debt reserve | 895 | 976 |
| Net operating loss carryforward | 72,788 | 69,800 |
| Accruals, reserves and other | 3,945 | 1,270 |
| Property and equipment | — | 2,837 |
| Stock-based compensation | 3,830 | — |
| | 81,458 | 74,883 |
| Less: Valuation allowance | (73,134) | (70,159) |
| | 8,324 | 4,724 |
| Total deferred tax assets | $ 733,491 | $ 494,670 |
| Deferred tax liabilities – federal and state: | | |
| Property and equipment | $ (2,657,230) | $ (2,536,724) |
| Long-term debt | (146,018) | (220,245) |
| Intangibles | (124,729) | (99,419) |
| | (2,927,977) | (2,856,388) |
| Deferred tax liabilities – foreign: | | |
| Property and equipment | (4,691) | — |
| Intangibles | (352,051) | (318,858) |
| | (356,742) | (318,858) |
| Total deferred tax liability | $ (3,284,719) | $ (3,175,246) |
| Net deferred tax liability | $ (2,551,228) | $ (2,680,576) |

Income generated from gaming operations of MGM Grand Paradise, which is owned by MGM China, is exempted from Macau's 12% complementary tax, pursuant to approval from the Macau government. Absent this exemption, "Net income attributable to MGM Resorts International" would have decreased by $25 million in 2016, and "Net loss attributable to MGM Resorts International" would have increased by $25 million in 2015 and net income per share (diluted) would have decreased by $0.04 in 2016 and net loss per share (diluted) would have increased by $0.04 in 2015.

Non-gaming operations remain subject to the Macau complementary tax. MGM Grand Paradise had at December 31, 2016 a complementary tax net operating loss carryforward of $593 million resulting from non-gaming operations that will expire if not utilized against non-gaming income in years 2017 through 2019.

MGM Grand Paradise's exemption from the Macau 12% complementary tax on gaming profits does not apply to dividend distributions of such profits to MGM China. However, MGM Grand Paradise has an agreement with the Macau government to settle the 12% complementary tax that would otherwise be due by its shareholder, MGM China, on distributions of its gaming profits by paying a flat annual payment ("annual fee arrangement") regardless of the amount of distributable dividends. Such annual fee arrangement was effective until December 31, 2016. MGM China was not subject to the complementary tax on distributions it received during the covered period as a result of the annual fee arrangement. Annual payments of $2 million were required under the annual fee arrangement. The $2 million annual payments for 2016 and 2015 were accrued and a corresponding provision for income taxes was recorded in each year. MGM Grand Paradise intends to file for an extension of this agreement in the first quarter of 2017.

However, no assurance can be given that an extension will be granted or that the terms if granted will not be less favorable than the prior ag reement.

The Company repatriated $53 million and $304 million of foreign earnings and profits in 2016 and 2015, respectively. At December 31, 2016, there were approximately $363 million of unrepatriated foreign earnings and profits, all of which the Company anticipates will be repatriated without the incurrence of additional U.S. income tax expense due to creditable foreign taxes associated with such earnings and profits. Such foreign taxes consist of the Macau Special Gaming Tax, which the Company believes qualifies as a tax paid in lieu of an income tax that is creditable against U.S. income taxes. Accordingly, no deferred tax liability had been recorded for those earnings. The Company had foreign tax credit carryovers of $2.8 billion as of December 31, 2016 which will expire as follows: $731 million in 2022; $976 million in 2023; $786 million in 2024; and $331 million in 2025. The foreign tax credit carryovers are subject to valuation allowance as described further below.

For state income tax purposes, the Company had Illinois, New Jersey, and Michigan net operating loss carryforwards of $93 million, $166 million, and $77 million at December 31, 2016, respectively, which equates to deferred tax assets after federal tax effect and before valuation allowance, of $5 million, $3 million, and $3 million, respectively. The Illinois net operating loss carryforwards will expire if not utilized by 2021 through 2026. The New Jersey net operating loss carryforwards will expire if not utilized by 2029 through 2036. The Michigan net operating loss carryforwards will expire if not utilized by 2022 through 2024.

The Company recorded a valuation allowance of $2.5 billion against the $2.8 billion foreign tax credit deferred tax asset at December 31, 2016. In addition, there was a $3 million valuation allowance, after federal effect, provided on certain state deferred tax assets, a valuation allowance of $71 million on certain Macau deferred tax assets, and a valuation allowance of $2 million on Hong Kong net operating losses because the Company believes these assets do not meet the “more likely than not” criteria for recognition.

The foreign tax credits are attributable to the Macau Special Gaming Tax, which is 35% of gross gaming revenue in Macau. Because MGM Grand Paradise is presently exempt from the Macau 12% complementary tax on gaming profits, the Company believes that payment of the Macau Special Gaming Tax qualifies as a tax paid in lieu of an income tax that is creditable against U.S. taxes. On September 7, 2016, MGM Grand Paradise was granted an additional extension of the complementary tax exemption through March 31, 2020, concurrent with the end of the term of its current gaming subconcession. A competitor of MGM Grand Paradise subsequently received an additional extension of its exemption through March 31, 2020, which also runs concurrent with the end of the term of its current gaming concession. Based upon these developments and the uncertainty concerning taxation after the concession renewal process, the Company has concluded that it can no longer assume that MGM Grand Paradise will be entitled to additional exemption periods beyond the end of the extension recently granted. Thus, for all periods beyond March 31, 2020, the Company has assumed that MGM Grand Paradise will pay the Macau 12% complementary tax on gaming profits and will thus not be able to credit the Macau Special Gaming Tax in such years, and has factored that assumption into the assessment of the realization of the foreign tax credit deferred tax asset. This change resulted in a reduction in the valuation allowance against the foreign tax credit deferred tax asset in the amount of $169 million with a corresponding reduction in the provision for income taxes in 2016.

Due to improvements in its U.S. operations, the Company has generated U.S. operating profits for the past eight consecutive quarters and as of June 30, 2016 no longer had cumulative U.S. losses in recent years. Consequently, during the quarter ended June 30, 2016 the Company began to rely on future U.S. source operating income in assessing future foreign tax credit realization during the 10-year foreign tax credit carryover period. This change resulted in a reduction in the valuation allowance and a corresponding reduction in the provision for income taxes of $85 million in 2016.

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | *(In thousands)* | | |
| Gross unrecognized tax benefits at January 1 | $ 13,724 | $ 31,143 | $ 106,246 |
| Gross increases - prior period tax positions | — | — | 1,626 |
| Gross decreases - prior period tax positions | (3,375) | (14,158) | (43,098) |
| Gross increases - current period tax positions | 3,677 | 1,222 | 5,066 |
| Settlements with taxing authorities | — | (2,408) | (38,697) |
| Lapse in Statutes of Limitations | — | (2,075) | — |
| Gross unrecognized tax benefits at December 31 | $ 14,026 | $ 13,724 | $ 31,143 |

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was $9 million and $8 million at December 31, 2016 and 2015, respectively.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. The Company accrued less than $1 million in interest related to unrecognized tax benefits at December 31, 2016 and 2015. No amounts were accrued for penalties as of either date. Income tax expense for the years ended December 31, 2016, 2015 and 2014 includes interest benefit and expense related to unrecognized tax benefits as follows: less than $1 million expense in 2016, $4 million benefit in 2015, and $13 million benefit in 2014.

The Company files income tax returns in the U.S. federal jurisdiction, various state and local jurisdictions, and foreign jurisdictions, although the income taxes paid in foreign jurisdictions are not material. As of December 31, 2016, the Company is no longer subject to examination of its U.S. consolidated federal income tax returns filed for years ended prior to 2010. During 2016, the IRS opened an examination of the Company's 2014 U.S. consolidated federal income tax return and notified the Company that it would open an examination of the 2014 income tax return of CityCenter Holdings, LLC, an unconsolidated affiliate treated as a partnership for income tax purposes. During 2015, the Company received final approval from the Joint Committee on Taxation of the results of the IRS examination of the 2009 tax year and agreed to all IRS adjustments to the 2010 and 2011 tax years of CityCenter Holdings, LLC. The Company received a refund of $16 million of taxes and associated interest in connection with the settlement of these examinations, which are now considered settled for financial accounting purposes. During 2014, the Company received final approval from the Joint Committee on Taxation of the results of the IRS examination of its consolidated federal income tax returns for the 2005 through 2009 tax years; the 2007 through 2008 tax years of CityCenter Holdings, LLC; the 2008 through 2009 tax years of MGM Grand Detroit, LLC, a subsidiary treated as a partnership for income tax purposes; and the 2005 through 2009 tax years of Marina District Development Holding Company, LLC, an unconsolidated affiliate treated as a partnership for income tax purposes during such years. These examinations are now considered settled for financial reporting purposes. The Company previously deposited $30 million with the IRS to cover the expected cash taxes and interest resulting from the tentatively agreed adjustments for these examinations.

As of December 31, 2016, other than adjustments resulting from the federal income tax audits discussed above, the Company was no longer subject to examination of its various state and local tax returns filed for years ended prior to 2012. During 2015, the state of New Jersey completed its examination of Marina District Development Holding Company, LLC for the 2003 through 2009 tax years. All adjustments were agreed to by the members of Marina District Development Holding Company, LLC and the examination is now considered settled for financial accounting purposes. The Company made a $1 million payment of tax and associated interest as a result of this settlement. No other state or local income tax returns are currently under examination.

The Company does not anticipate that the total amounts of unrecognized tax benefits at December 31, 2016 will change materially within the next twelve months.

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

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

At December 31, 2016, the Company was obligated under non-cancellable operating leases to make future minimum lease payments as follows:

| Years ending December 31, | | *(In thousands)* |
|---|---|---|
| 2017 | $ | 37,173 |
| 2018 | | 33,018 |
| 2019 | | 29,722 |
| 2020 | | 29,976 |
| 2021 | | 32,416 |
| Thereafter | | 1,380,274 |
| Total minimum lease payments | $ | 1,542,579 |

The table above excludes the Company's future lease obligations to a subsidiary of the Operating Partnership pursuant to the master lease agreement discussed in Note 19. The Company owns 76.3% of the Operating Partnership units as of December 31, 2016. The current obligations of $9 million under capital leases due within one year are included in "Other accrued liabilities" and the long-term obligations of $5 million under capital leases due after one year are included in "Other long-term obligations". Rental expense for operating leases was $80 million, $74 million and $65 million for 2016, 2015 and 2014, respectively. Amounts included short term rentals charged to rent expense. Rental expense in 2016, 2015, and 2014 includes $7 million related to the Cotai land concession. The

Company accounts for the Cotai land concession contract as an operating lease for which the required upfront payments are amortized over the initial 25-year contract term. Rent recognized for the Cotai land concession is included in “P reopening and start-up expenses” prior to opening.

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

In April 2013, the Company entered into a ground lease agreement for an approximate 23 acre parcel of land in connection with the MGM National Harbor project. The ground lease has an initial term of 25 years and the right to extend for up to 13 additional six year periods with the first 7 of those additional periods considered to be reasonably assured. The Company therefore amortizes the lease on a straight line basis over a 67 year term. The ground lease is accounted for as an operating lease with rental expense of $16 million, $19 million and $13 million recorded for the years ended December 31, 2016, 2015 and 2014, respectively. Rent recognized for the ground lease was included in "Preopening and start-up expenses" prior to opening .

**Borgata property tax reimbursement agreement.** On February 15, 2017, Borgata, the Department of Community Affairs of the State of New Jersey and Atlantic City entered into an agreement wherein Borgata will be reimbursed $72 million as settlement for property tax refunds subject to certain terms and conditions. The payment of the settlement amount is in satisfaction of existing New Jersey Tax Court and Superior Court judgments totaling approximately $106 million, plus interest for the 2009-2012 tax years and the settlement of pending tax appeals for the tax years 2013-2015. Those pending tax appeals could potentially have resulted in Borgata being awarded additional refunds due amounting to approximately $65 million. Under the terms of the agreement, Atlantic City will pay Borgata the reimbursement amount of $72 million in up to two installments, with the first installment of $52 million due on or before July 31, 2017 and the second installment for the remaining balance of $20 million due on or before October 1, 2017. In order to finance the reimbursement, Atlantic City and the State of New Jersey have agreed to use their best efforts to issue and sell bonds to pay the reimbursement. Should Atlantic City fail to pay either of the installment payments or petition for relief from creditors under state or federal law, or should any other event occur that would cause termination of the agreement, Borgata will be entitled to enforce a consent judgment that is being entered into as part of the settlement for the 2009-2015 tax years in an amount totaling $158 million.

As part of the purchase and sale agreement, the Company agreed to pay Boyd Gaming half of any net amount received by the Company as it relates to the property tax refund owed to Borgata. The Company will recognize the amounts received pursuant to the reimbursement agreement and amounts paid to Boyd Gaming in current earnings in the periods in which payments are received and paid.

**NV Energy.** In July 2016, the Company filed its notice to exit the fully bundled sales system of NV Energy and will purchase energy, capacity, and/or ancillary services from a provider other than NV Energy. The Company elected to pay the upfront impact payment of $83 million, including $14 million related to CityCenter. The upfront payments were made in September 2016. The Company and CityCenter are required to make ongoing payments to NV Energy for non-bypassable rate charges which primarily relate to each entity’s share of NV Energy’s portfolio of renewable energy contracts which extend through 2040 and each entity’s share of the costs of decommissioning and remediation of coal-fired power plants in Nevada. As of December 31, 2016, the Company recorded an estimate of such liability on a discounted basis of $8 million in “Other accrued liabilities” and $63 million in “Other long-term obligations.” The expense recognized related to the upfront payment and the initial accrual for the non-bypassable charges liability has been recognized within “NV Energy exit expense” in the accompanying consolidated statements of operations. Subsequent accretion of the liability and changes in estimates will be recognized within general and administrative expenses.

**Grand Paradise Macau deferred cash payment.** On September 1, 2016, the Company purchased 188.1 million common shares of its MGM China subsidiary from Grand Paradise Macau (“GPM”), an entity controlled by Ms. Ho, Pansy Catilina Chiu King (“Ms. Ho”). As part of the consideration for the purchase, the Company agreed to pay GPM a deferred cash payment of $50 million, which will be paid in amounts equal to the ordinary dividends received on such shares, with a final lump sum payment due on the fifth anniversary of the closing date of the transaction if any portion of the deferred cash payment remains unpaid at that time. As of December 31, 2016, the Company recorded a liability on a discounted basis of $43 million in “Other long-term obligations.”

**Cotai land concession contract.** MGM Grand Paradise’s land concession contract for an approximate 18 acre site on the Cotai Strip in Macau became effective on January 9, 2013 and has an initial term of 25 years. The total land premium payable to the Macau government for the land concession contract is $161 million and is composed of a down payment and eight additional semi-annual payments. As of December 31, 2016, MGM China had paid $159 million of the contract’s premium, including interest due on the semi-annual installments, and the amount paid is recorded within “Other long-term assets, net.” In January 2017, MGM China paid

the final semi-annual installment of $15 million under the contract . Under the terms of the land concession contract, MGM Grand Paradise is required to build and open MGM Cotai by January 2018.

**T-Mobile Arena.** In conjunction with the Las Vegas Arena Company entering a senior secured credit facility in 2014, the Company and AEG each entered joint and several completion guarantees for the project, as well as a repayment guarantee for term loan B (which is subject to increases and decreases in the event of a rebalancing of the principal amount of indebtedness between the term loan A and term loan B facilities). As of December 31, 2016, term loan A was $150 million and term loan B was $50 million. The completion guarantees were terminated in February 2017.

**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, MGP's senior credit facility limits the amount to $75 million, MGM China's credit facility limits the amount to $100 million, and MGM National Harbor's credit facility limits the amount to $30 million. At December 31, 2016, the Company had $15 million in letters of credit outstanding under the Company's senior credit facility and $39 million in letters of credit outstanding under MGM China's credit facility. No amounts were outstanding under the MGP senior credit facility and the MGM National Harbor credit facility at December 31, 2016. The amount of available borrowings under each of the credit facilities is reduced by any outstanding letters of credit.

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

**NOTE 14 — STOCKHOLDERS' EQUITY**

The following is a summary of net income attributable to MGM Resorts International and transfers to noncontrolling interest for the year ended December 31, 2016:

| | | *(In thousands)* |
|---|---|---|
| Net income attributable to MGM Resorts International | $ | 1,101,440 |
| Transfers to noncontrolling interest: | | |
| MGP formation transactions | | (150,414) |
| Borgata transaction | | (18,385) |
| MGM China transaction | | (45,554) |
| Net transfers to noncontrolling interest | | (214,353) |
| Change from net income attributable to MGM Resorts International and transfers to noncontrolling interest | $ | 887,087 |

**MGM Growth Properties IPO.** The Company adjusted the carrying value of the noncontrolling interests to reflect MGP's Class A shareholders' 26.7% initial ownership interest in the consolidated net assets of MGP related to the IPO and related transactions discussed in Note 1, with an offsetting adjustment to additional paid in capital.

**Borgata transaction.** The Company has adjusted the carrying value of the noncontrolling interests as a result of the Borgata transaction to adjust for the change in noncontrolling interests ownership percentage of the Operating Partnership's net assets, as discussed in Note 1, including assets and liabilities transferred as a part of the Borgata transaction, with an offsetting adjustment to additional paid in capital.

**MGM China common stock acquisition.** In September 2016, the Company acquired 188.1 million ordinary shares of MGM China from GPM. As a result of the transaction, the Company owns approximately 56% of MGM China's outstanding common shares and Ms. Ho owned approximately 22.5% immediately following the transaction. As consideration for the MGM China shares, the Company issued 7,060,492 shares of its common stock and paid $100 million to GPM. In addition, the Company agreed to pay GPM a deferred cash payment of $50 million. See Note 13 for additional information regarding the deferred cash payment. The Company adjusted the carrying value of the noncontrolling interest and accumulated other comprehensive income to reflect the change in MGM China's noncontrolling ownership interest resulting from the transaction. The difference between the fair value of the consideration paid and the aforementioned adjustments was recognized as a reduction to additional paid in capital.

**MGM Resorts International dividends.** On February 15, 2017 the Company's Board of Directors approved a quarterly dividend to holders of record on March 10, 2017 of $0.11 per share, totaling $63 million, which will be paid on March 15, 2017. The Company intends to pay a quarterly dividend in each future quarter subject to the Company's operating results, cash requirements and financial conditions, any applicable provisions of state law that may limit the amount of available funds, and compliance with

covenants and financial ratios related to exi sting or future agreements governing the indebtedness at the Company's subsidiaries and any limitations in other agreements such subsidiaries may have with third parties.

**MGM China dividends.** MGM China paid the following dividends:

- $46 million final dividend in May 2016, of which $23 million was distributed to noncontrolling interests;
- $58 million interim dividend in August 2016, of which $29 million was distributed to noncontrolling interests;
- $400 million special dividend in March 2015, of which $196 million was distributed to noncontrolling interests;
- $120 million final dividend in June 2015, of which $59 million was distributed to noncontrolling interests;
- $76 million interim dividend in August 2015, of which $37 million was distributed to noncontrolling interests;
- $499 million special dividend in March 2014, of which $245 million was distributed to noncontrolling interests;
- $127 million final dividend in June 2014, of which $62 million was distributed to noncontrolling interests; and
- $137 million interim dividend in September 2014, of which $67 million was distributed to noncontrolling interests.

On February 16, 2017, as part of its regular dividend policy, MGM China's Board of Directors announced it will recommend a final dividend for 2016 of $78 million to MGM China shareholders subject to approval at the MGM China 2017 annual shareholders meeting to be held in May. If approved, the Company will receive its 56% share, or $44 million, of which $4 million will be paid to GPM under the deferred cash payment arrangement. See Note 13 for additional information.

**MGP dividends.** In January 2017 and October 2016, MGP paid quarterly dividends of $0.3875 per Class A common share, each totaling $22 million. The Company concurrently received $72 million in distributions attributable to the Operating Partnership units owned by the Company from the Operating Partnership, which remained within the consolidated entity at each period. In July 2016 MGP paid a $15 million pro-rated quarterly dividend of $0.2632 per Class A common share. The Company concurrently received a $42 million distribution attributable to the Operating Partnership units owned by the Company from the Operating Partnership, which remained within the consolidated entity.

**NOTE 15 — STOCK-BASED COMPENSATION**

**MGM Resorts 2005 Omnibus Incentive Plan.** The Company's omnibus incentive plan, as amended (the "Omnibus Plan"), allows it to grant stock options, stock appreciation rights ("SARs"), restricted stock units ("RSUs"), performance share units ("PSUs") and other stock-based awards to eligible directors, officers and employees of the Company and its subsidiaries. The Omnibus Plan is administered by the Compensation Committee (the "Committee") of the Board of Directors. The Committee has discretion under the Omnibus Plan regarding which type of awards to grant, the vesting and service requirements, exercise price and other conditions, in all cases subject to certain limits, including:

- As amended, the Omnibus Plan allows for the issuance of up to 45 million shares or share-based awards; and
- For stock options and SARs, the exercise price of the award must be at least equal to the fair market value of the stock on the date of grant and the maximum term of such an award is 10 years.

SARs granted under the Omnibus Plan generally have terms of seven years, and in most cases vest in four equal annual installments. RSUs granted vest ratably over four years, a portion of which are subject to achievement of a performance target based on operational results compared to budget in order for such RSUs to be eligible to vest. Expense is recognized primarily on a straight-line basis over the vesting period of the awards, net of estimated forfeitures. Estimated forfeitures are updated periodically with actual forfeitures recognized currently to the extent they differ from the estimate.

PSUs granted vest subject to a market condition, in which a percentage of the target award granted vests based on the performance of the Company's stock price in relation to the target price at the end of a three year performance period. Specifically, the ending average stock price must equal the target price, which is defined as 125% of the beginning average stock price, in order for the target award to vest. No shares are issued unless the ending average stock price is at least 60% of the target price, and the maximum payout is capped at 160% of the target award. If the ending average stock price is at least 60% or more of the target price, then the amount of units granted in the target award is multiplied by the stock performance multiplier. The stock performance multiplier equals the ending average stock price divided by the target price. For this purpose, the target and ending prices are based on the average closing price of the Company's common stock over the 60 calendar day periods ending on the grant date and the third anniversary of the grant date, respectively. Expense is recognized on a graded basis over the performance period beginning on the date of grant. Estimated forfeitures are updated periodically with actual forfeitures recognized currently to the extent they differ from the estimate.

As of December 31, 2016, the Company had an aggregate of approximately 21 million shares of common stock available for grant as share-based awards under the Omnibus Plan. A summary of activity under the Company's share-based payment plans for the year ended December 31, 2016 is presented below:

*Stock options and stock appreciation rights*

| | Units (000's) | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term | Aggregate Intrinsic Value (000's) |
|---|---|---|---|---|
| Outstanding at January 1, 2016 | 14,131 | $ 14.82 | | |
| Granted | 2,557 | 25.91 | | |
| Exercised | (4,522) | 11.52 | | |
| Forfeited or expired | (193) | 20.90 | | |
| Outstanding at December 31, 2016 | 11,973 | 18.33 | 4.27 | $ 125,682 |
| Vested and expected to vest at December 31, 2016 | 11,570 | 18.12 | 4.20 | $ 123,841 |
| Exercisable at December 31, 2016 | 6,478 | 14.16 | 2.90 | $ 94,903 |

As of December 31, 2016, there was a total of $37 million of unamortized compensation related to stock options and SARs expected to vest, which is expected to be recognized over a weighted-average period of 1.8 years.

*Restricted stock units and performance share units*

| | RSUs | | PSUs | | |
|---|---|---|---|---|---|
| | Units (000's) | Weighted Average Grant-Date Fair Value | Target Units (000's) | Weighted Average Grant-Date Fair Value | Weighted Average Target Price |
| Nonvested at January 1, 2016 | 1,578 | $ 20.05 | 1,818 | $ 18.54 | $ 26.18 |
| Granted | 776 | 26.06 | 785 | 24.94 | 31.05 |
| Vested | (624) | 18.31 | (397) | 21.01 | 23.50 |
| Forfeited | (58) | 20.70 | — | — | — |
| Nonvested at December 31, 2016 | 1,672 | 23.47 | 2,206 | 20.38 | 28.40 |

As of December 31, 2016, there was a total of $30 million of unamortized compensation related to RSUs which is expected to be recognized over a weighted-average period of 1.9 years. As of December 31, 2016, there was a total of $28 million of unamortized compensation related to PSUs which is expected to be recognized over a weighted-average period of 1.7 years.

The Company grants PSUs for a portion of any calculated bonus for a Section 16 officer of the Company that is in excess of such officer's base salary (the "Bonus PSU Policy"). Awards granted under the Bonus PSU Policy have the same terms as the other PSUs granted under the Omnibus Plan with the exception that as of the grant date the awards will not be subject to forfeiture in the event of the officer's termination. In March 2016, 2015 and 2014, the Company granted 0.3 million, 0.2 million and 0.3 million PSUs pursuant to the Bonus PSU Policy with a target price of $23.87, $25.91 and $31.72, respectively. Additionally, the Company granted PSUs for certain employees of the Company in connection with the Profit Growth Plan ("Profit Growth Plan PSUs"). Profit Growth Plan PSUs have the same terms as the other PSUs granted under the Omnibus Plan with the exception of an additional service and performance condition tied to the results of the Profit Growth Plan which must be achieved for the awards to vest. In October 2015, the Company granted 0.3 million Profit Growth Plan PSUs with a target price of $25.76. As of December 31, 2016, the performance condition associated with the Profit Growth Plan PSUs has been met. Awards granted under the Bonus PSU Policy and in connection with the Profit Growth Plan are excluded from the table above.

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | *(In thousands)* | | |
| Intrinsic value of share-based awards exercised or RSUs and PSUs vested | $ 86,216 | $ 67,420 | $ 31,613 |
| Income tax benefit from share-based awards exercised or RSUs and PSUs vested | 29,736 | 23,288 | 10,805 |

The Company net settles SAR exercises, whereby shares of common stock are issued equivalent to the intrinsic value of the SAR less applicable taxes.

**MGM Growth Properties 2016 Omnibus Incentive Plan.** The Company's subsidiary, MGP, adopted an omnibus incentive plan in 2016 for grants of share-based awards to eligible directors, officers and employees of MGP and its subsidiaries and affiliates, including the Company ("MGP Omnibus Plan"). The MGP Omnibus Plan is administered by MGP's Board of Directors, which has the discretion to determine the type of awards to grant, the vesting and service requirements, exercise price and other conditions, in all cases subject to certain limits, including:

- The MGP Omnibus Plan allows for the issuance of up to 2.5 million shares; and
- Limits the maximum amount of shares to be granted, in the aggregate, to any individual participant within any fiscal year as well as limits the maximum aggregate grant date value (regardless of type(s) of award granted) in any fiscal year to any non-employee director of MGP.

The majority of RSUs granted under the MGP Omnibus Plan vest ratably over four years with the exception of RSUs issued to MGM Resorts International employees in connection with the IPO, which vest ratably over one year. Expense is recognized on a straight-line basis over the vesting period of the awards, net of estimated forfeitures. Estimated forfeitures are updated periodically with actual forfeitures recognized currently to the extent they differ from the estimate. The RSUs are granted together with dividend equivalent rights that are subject to the same vesting and forfeiture terms as the underlying RSUs.

Outstanding PSUs granted under the MGP Omnibus Plan vest subject to a market condition, in which a percentage of the target award granted vests based on MGP's total shareholder return ("TSR") relative to a select group of peer companies at the end of a three year performance period. Depending on MGP's relative TSR at the end of the performance period, anywhere from 0% to 160% of the target award may vest. Should MGP's TSR be negative during the performance period, then the maximum portion of the target award eligible for vesting is capped at 100%. Expense is recognized on a graded basis over the performance period beginning on the date of grant. Estimated forfeitures are updated periodically with actual forfeitures recognized currently to the extent they differ from the estimate. The PSUs are granted together with dividend equivalent rights that are subject to the same vesting and forfeiture terms as the underlying PSUs.

As of December 31, 2016, MGP had an aggregate of 2 million shares of common stock available for grant as share-based awards under the MGP Omnibus Plan. A summary of the activity under the MGP Omnibus Plan for the period from April 19, 2016 (date of inception) to December 31, 2016 is presented below:

*Restricted share units and performance share units*

| | RSUs | | PSUs | |
|---|---|---|---|---|
| | Units (000's) | Weighted Average Grant-Date Fair Value | Target Units (000's) | Weighted Average Grant-Date Fair Value |
| Granted | 248 | $ 21.18 | 46 | $ 20.52 |
| Outstanding at December 31, 2016 | 248 | 21.18 | 46 | 20.52 |

Shares granted in the above table include dividend equivalent rights related to RSUs and PSUs.

As of December 31, 2016, there was a total of $1.8 million of unamortized compensatio n related to RSUs which is expected to be recognized over a weighted-average period of 0.8 years. As of December 31, 2016, there was a total of $0.7 million of unamortized compensation related to PSUs which is expected to be recognized over a weighted-aver age period of 2.3 years.

**MGM China Share Option Plan.** The Company's subsidiary, MGM China, adopted an equity award plan in 2011 for grants of stock options to purchase ordinary shares of MGM China to eligible directors, employees and non-employees of MGM China and its subsidiaries ("MGM China Plan"). The MGM China Plan is administered by MGM China's Board of Directors, which has the discretion to determine the exercise price and term of the award, as well as other conditions, in all cases subject to certain limits, including:

- The maximum number of shares which may be issued upon exercise of all options to be granted under the MGM China Plan shall not in aggregate exceed 10% of the total number of shares in issue as of the date of the shareholders' approval of the MGM China Plan; and
- The exercise price of the award must be the higher of the closing price of the stock on the offer date, or the average of the closing price for the five business days immediately preceding the offer date, and the maximum term of the award must not exceed ten years.

Stock options currently granted under the MGM China Plan have a term of ten years, and vest in four equal annual installments. Expense is recognized on a straight-line basis over the vesting period of the awards net of estimated forfeitures. Estimated forfeitures are updated periodically with actual forfeitures recognized currently to the extent they differ from the estimate.

As of December 31, 2016, MGM China had an aggregate of approximately 302 million shares of options available for grant as share-based awards. A summary of activity under the MGM China Plan for the year ended December 31, 2016 is presented below:

*Stock options*

| | Units (000's) | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term | Aggregate Intrinsic Value (000's) |
|---|---|---|---|---|
| Outstanding at January 1, 2016 | 49,211 | $ 2.54 | | |
| Granted | 30,156 | 1.45 | | |
| Exercised | (466) | 1.83 | | |
| Forfeited or expired | (5,325) | 2.31 | | |
| Outstanding at December 31, 2016 | 73,576 | 2.11 | 7.96 | $ 22,897 |
| Vested and expected to vest at December 31, 2016 | 69,577 | 2.14 | 7.90 | $ 20,954 |
| Exercisable at December 31, 2016 | 24,501 | 2.53 | 6.09 | $ 1,926 |

As of December 31, 2016, there was a total of $21 million of unamortized compensation related to stock options expected to vest, which is expected to be recognized over a weighted-average period of 2.7 years.

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| Compensation cost: | | *(In thousands)* | |
| Omnibus Plan | $ 43,661 | $ 33,742 | $ 29,662 |
| MGP Omnibus Plan | 3,401 | — | — |
| MGM China Plan | 8,545 | 9,260 | 8,706 |
| Total compensation cost | 55,607 | 43,002 | 38,368 |
| Less: Reimbursed costs and capitalized cost | (1,350) | (1,156) | (1,104) |
| Compensation cost after reimbursed costs and capitalized cost | 54,257 | 41,846 | 37,264 |
| Less: Related tax benefit | (16,782) | (11,230) | (9,822) |
| Compensation cost, net of tax benefit | $ 37,475 | $ 30,616 | $ 27,442 |

Compensation cost for SARs granted under the Omnibus Plan is based on the fair value of each award, measured by applying the Black-Scholes mode l on the date of grant, using the following weighted-average assumptions:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| Expected volatility | 33% | 38% | 40% |
| Expected term | 4.9 yrs. | 4.9 yrs. | 4.9 yrs. |
| Expected dividend yield | 0% | 0% | 0% |
| Risk-free interest rate | 1.9% | 1.8% | 1.6% |
| Weighted-average fair value of SARs granted | $ 8.35 | $ 7.27 | $ 8.18 |

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.

Compensation cost for PSUs granted under the Omnibus Plan is based on the fair value of each award, measured by applying a Monte Carlo simulation method on the date of grant, using the following weighted-average assumptions:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| Expected volatility | 33% | 39% | 31% |
| Expected term | 3.0 yrs. | 3.0 yrs. | 3.0 yrs. |
| Expected dividend yield | 0% | 0% | 0% |
| Risk-free interest rate | 0.9% | 0.9% | 1.0% |
| Weighted-average fair value of PSUs granted | $ 24.94 | $ 17.73 | $ 18.39 |

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 is equal to the three-year performance period. 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.

Compensation cost for RSUs granted under the MGP Omnibus plan is based on the fair value of MGP's Class A shares on the date of grant. Compensation cost for PSUs granted under the MGP Omnibus Plan is based on the fair value of each award, measured by applying a Monte Carlo simulation method on the date of grant, using the following weighted-average assumptions:

| | Year Ended December 31, |
|---|---|
| | 2016 |
| Expected volatility | 26% |
| Expected term | 3.0 yrs. |
| Expected dividend yield | 0% |
| Risk-free interest rate | 0.9% |
| Weighted-average fair value of PSUs granted | $ 20.52 |

Expected volatility is based in part on historical volatility and in part on implied volatility based on traded shares of MGP's Class A shares. The expected term is equal to the three-year performance period. 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.

Compensation cost for stock options granted under the MGM China Plan is based on the fair value of each award, measured by apply ing the Black-Scholes model on the date of grant, using the following weighted-average assumptions:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| Expected volatility | 45% | 43% | 39% |
| Expected term | 5.6 yrs. | 5.8 yrs. | 7.9 yrs. |
| Expected dividend yield | 3.1% | 2.4% | 1.6% |
| Risk-free interest rate | 0.9% | 1.3% | 1.8% |
| Weighted-average fair value of options granted | $ 0.44 | $ 0.55 | $ 1.06 |

Expected volatilities are based on the historical volatility of MGM China's stock price. Expected term considers the contractual term of the option as well as historical exercise and forfeiture behavior of previously granted options. Dividend yield is based on the estimate of annual dividends expected to be paid at the time of the grant. The risk-free interest rate is based on rates in effect at the valuation date for the Hong Kong Exchange Fund Notes with maturities matching the relevant expected term of the award.

**NOTE 16 — EMPLOYEE BENEFIT PLANS**

**Multi-employer benefit plans.** Employees of the Company who are members of various unions are covered by union-sponsored, collectively bargained, multiemployer health and welfare and defined benefit pension plans. Of these plans, the Company considers the Southern Nevada Culinary and Bartenders Pension Plan (the "Pension Plan"), under the terms of collective bargaining agreements with the Local Joint Executive Board of Las Vegas for and on behalf of Culinary Workers Union Local No. 226 and Bartenders Union Local No. 165, to be individually significant. The risk of participating in the Pension Plan differs from single-employer plans in the following aspects:

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

Pursuant to its collective bargaining agreements referenced above, the Company also contributes to UNITE HERE Health (the "Health Fund"), which provides healthcare benefits to its active and retired members. The Company's participation in the Pension Plan is outlined in the table below.

| Pension Fund | EIN/Pension Plan Number | Pension Protection Act Zone Status (1) | | Expiration Date of Collective Bargaining Agreements (2) |
|---|---|---|---|---|
| | | 2015 | 2014 | |
| Southern Nevada Culinary and Bartenders Pension Plan | 88-6016617/001 | Green | Green | 5/31/2018 |

(1) In 2014, the trustees of the Pension Plan elected to apply the extended amortization and the special ten-year asset smoothing rules under the Pension Relief Act of 2010.
(2) The Company is party to ten collective bargaining agreements that require contributions to the Pension Plan. The agreements between CityCenter Hotel Casino, LLC, Bellagio, Mandalay Corp., MGM Grand Hotel, LLC and the Local Joint Executive Board of Las Vegas are the most significant because more than half of the Company's employee participants in the Pension Plan are covered by those four agreements.

Contributions to the Company's multi-employer pension plans and other multi-employer benefit plans were as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| **Multi-employer Pension Plans** | *(In thousands)* | | |
| Southern Nevada Culinary and Bartenders Pension Plan | $ 44,001 | $ 41,904 | $ 33,927 |
| Other pension plans not individually significant | 8,592 | 9,680 | 7,323 |
| Total multi-employer pension plans | $ 52,593 | $ 51,584 | $ 41,250 |
| | | | |
| **Multi-employer Benefit Plans Other Than Pensions** | | | |
| UNITE HERE Health | $ 187,356 | $ 191,733 | $ 202,641 |
| Other | 11,513 | 12,840 | 12,746 |
| Total multi-employer benefit plans other than pensions | $ 198,869 | $ 204,573 | $ 215,387 |

Pension Plan contributions in 2016 increased when compared to 2015 due to the contribution rate to the Pension Plan increasing in mid-2016 as defined under the collective bargaining agreements, which was partially offset by a 3% decrease in hours worked in 2016 compared to 2015. During 2014 an amendment to the collective bargaining agreements to temporarily divert contributions from the Pension Plan to the Health Fund was in effect. As a result, contributions to the Pension Plan increased in 2015 compared to 2014 as the amendment ended in June of 2014. Bellagio, Aria, Mandalay Bay and MGM Grand Las Vegas were listed in the Pension Plan's Forms 5500 as providing more than 5% of the total contributions for the plan years ended December 31, 2015 and 2014. At the date the financial statements were issued, Form 5500 was not available for the plan year ending in 2016. No surcharges were imposed on the Company's contributions to any of the plans.

**Borgata.** The above disclosures exclude multi-employer defined benefit pension plans under terms of collective-bargaining agreements that cover union-represented employees at Borgata (acquired on August 1, 2016). These unions cover certain of its culinary, hotel and other trade workers. Borgata is obligated to make defined contributions under these plans and is also subject to the risks outlined above for the Company's other multi-employer pension plans. Contributions, based on wages paid to covered employees, totaled $4 million, for the period from acquisition through December 31, 2016. Borgata's most significant plan is the Legacy Plan of the National Retirement Fund, Former HEREIU and Local 54 (the "The Local 54 Pension Plan"), which has been listed in "critical status" (which means it is generally less than 65% funded) and a rehabilitation plan has been adopted. As a result, the Company is responsible for the payment of surcharges in addition to the contribution rate specified in the collective bargaining agreement. The Company estimates Borgata's share of unfunded vested liabilities related to certain multi-employer pension plans is approximately $288 million as of January 1, 2016, which amount primarily relates to The Local 54 Pension Plan, and which amount is subject to change each year depending on the applicable plan ' s employer contributions, investment performance and other factors. Borgata has no current intention to withdraw from these plans, which withdrawal could result in the incurrence of a contingent liability that would be payable in an amount and at such time (or over a period of time) that would vary based on a number of factors at the time of (and after) withdrawal.

**Self-insurance.** The Company is self-insured for most health care benefits and workers compensation for its non-union employees. The liability for health care claims filed and estimates of claims incurred but not reported was $30 million and $22 million at December 31, 2016 and 2015, respectively. The workers compensation liability for claims filed and estimates of claims incurred but not reported was $53 million and $43 million as of December 31, 2016 and 2015, respectively. Both liabilities are included in "Other accrued liabilities."

**Retirement savings plans.** The Company has retirement savings plans under Section 401(k) of the IRC for eligible employees. The plans allow employees to defer, within prescribed limits, up to 75% of their income on a pre-tax and/or after-tax basis through contributions to the plans. The Company matches 50% of the first 6% of eligible employee deferrals up to a specified annual maximum dollar amount. The Company recorded charges for 401(k) contributions of $20 million, $16 million and $17 million in 2016, 2015 and 2014, respectively.

The Company maintains nonqualified deferred retirement plans for certain key employees. The plans allow participants to defer, on a pre-tax basis, a portion of their salary and bonus and accumulate tax deferred earnings, plus investment earnings on the deferred balances, as a deferred tax savings. All employee deferrals vest immediately. The Company does not contribute to the plan.

The Company also maintains nonqualified supplemental executive retirement plans ("SERP") for certain key employees. Until September 2008, the Company made quarterly contributions intended to provide a retirement benefit that is a fixed percentage of a participant's estimated final five-year average annual salary, up to a maximum of 65%. The Company has indefinitely suspended these contributions. Employees do not make contributions under these plans. A portion of the Company contributions and investment

earn ings thereon vest after three years of SERP participation and the remaining portion vests after both five years of SERP participation and 10 years of continuous service.

**MGM China.** MGM China contributes to a retirement plan as part of an employee benefits package for eligible employees. The Company recorded charges related to contributions in the retirement plan of $7 million, $7 million and $5 million for the years ended December 31, 2016, 2015, and 2014, respectively.

**NOTE 17 — PROPERTY TRANSACTIONS, NET**

Property transactions, net consisted of the following:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | | *(In thousands)* | |
| Grand Victoria investment impairment | $ — | $ 17,050 | $ 28,789 |
| Gain on sale of Circus Circus Reno and Silver Legacy investment | — | (23,002) | — |
| Other property transactions, net | 17,078 | 41,903 | 12,213 |
| | $ 17,078 | $ 35,951 | $ 41,002 |

**Grand Victoria investment.** See Note 7 for additional information related to the Grand Victoria investment impairment charges in 2015 and 2014.

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

**Other.** Other property transactions, net includes miscellaneous asset disposals and demolition costs in the periods presented in the above table, as well as a loss of $18 million in connection with the trade-in of Company aircraft in 2015.

**NOTE 18 — SEGMENT INFORMATION**

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

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

The following tables present the Company's segment information:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | *(In thousands)* | | |
| **Net Revenues** | | | |
| Domestic resorts | $ 7,055,718 | $ 6,497,361 | $ 6,342,084 |
| MGM China | 1,920,487 | 2,214,767 | 3,282,329 |
| Reportable segment net revenues | 8,976,205 | 8,712,128 | 9,624,413 |
| Corporate and other | 478,918 | 477,940 | 457,571 |
| | $ 9,455,123 | $ 9,190,068 | $ 10,081,984 |
| **Adjusted Property EBITDA** | | | |
| Domestic resorts | $ 2,063,016 | $ 1,689,966 | $ 1,518,307 |
| MGM China | 520,736 | 539,881 | 850,471 |
| Reportable segment Adjusted Property EBITDA | 2,583,752 | 2,229,847 | 2,368,778 |
| | | | |
| **Other operating income (expense)** | | | |
| Corporate and other | 211,932 | 9,073 | (149,216) |
| NV Energy exit expense | (139,335) | — | — |
| Preopening and start-up expenses | (140,075) | (71,327) | (39,257) |
| Property transactions, net | (17,078) | (35,951) | (41,002) |
| Goodwill impairment | — | (1,467,991) | — |
| Gain on Borgata transaction | 430,118 | — | — |
| Depreciation and amortization | (849,527) | (819,883) | (815,765) |
| Operating income (loss) | 2,079,787 | (156,232) | 1,323,538 |
| **Non-operating income (expense)** | | | |
| Interest expense, net of amounts capitalized | (694,773) | (797,579) | (817,061) |
| Non-operating items from unconsolidated affiliates | (53,139) | (76,462) | (87,794) |
| Other, net | (72,698) | (15,970) | (7,797) |
| | (820,610) | (890,011) | (912,652) |
| **Income (loss) before income taxes** | 1,259,177 | (1,046,243) | 410,886 |
| Benefit (provision) for income taxes | (22,299) | 6,594 | (283,708) |
| **Net income (loss)** | 1,236,878 | (1,039,649) | 127,178 |
| Less: Net (income) loss attributable to noncontrolling interests | (135,438) | 591,929 | (277,051) |
| **Net income (loss) attributable to MGM Resorts International** | $ 1,101,440 | $ (447,720) | $ (149,873) |

| | December 31, | |
|---|---|---|
| | 2016 | 2015 |
| **Total assets:** | *(In thousands)* | |
| Domestic resorts | $ 16,451,461 | $ 13,261,882 |
| MGM China | 8,443,411 | 7,895,376 |
| Reportable segment total assets | 24,894,872 | 21,157,258 |
| Corporate and other | 3,333,625 | 4,099,837 |
| Eliminated in consolidation | (55,196) | (41,917) |
| | $ 28,173,301 | $ 25,215,178 |

| | December 31, | |
|---|---|---|
| | 2016 | 2015 |
| **Property and equipment, net:** | *(In thousands)* | |
| Domestic resorts | $ 14,353,971 | $ 11,853,802 |
| MGM China | 2,857,626 | 1,896,815 |
| Reportable segment property and equipment, net | 17,211,597 | 13,750,617 |
| Corporate and other | 1,268,622 | 1,663,095 |
| Eliminated in consolidation | (55,196) | (41,917) |
| | $ 18,425,023 | $ 15,371,795 |

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| **Capital expenditures:** | | *(In thousands)* | |
| Domestic resorts | $ 317,951 | $ 383,367 | $ 292,463 |
| MGM China | 984,355 | 590,968 | 347,338 |
| Reportable segment capital expenditures | 1,302,306 | 974,335 | 639,801 |
| Corporate and other | 973,446 | 504,398 | 233,173 |
| Eliminated in consolidation | (13,279) | (11,914) | (933) |
| | $ 2,262,473 | $ 1,466,819 | $ 872,041 |

**NOTE 19 — RELATED PARTY TRANSACTIONS**

*CityCenter*

**Management agreements.** The Company and CityCenter have entered into agreements whereby the Company is responsible for management of the operations of CityCenter for a fee of 2% of revenue and 5% of EBITDA (as defined) for Aria and Vdara and $3 million per year for Crystals. The Company earned fees of $43 million, $41 million and $38 million for the years ended December 31, 2016, 2015 and 2014. The Company is being reimbursed for certain costs in performing its development and management services. During the years ended December 31, 2016, 2015 and 2014, the Company incurred $387 million, $393 million and $380 million, respectively, of costs reimbursable by CityCenter, primarily for employee compensation and certain allocated costs. As of December 31, 2016 and 2015, CityCenter owed the Company $77 million and $55 million, respectively, for management services and reimbursable costs recorded in "Accounts receivable, net" in the accompanying consolidated balance sheets.

**Other agreements.** The Company entered into an agreement with CityCenter whereby the Company provides CityCenter the use of its aircraft on a time-sharing basis. CityCenter is charged a rate that is based on Federal Aviation Administration regulations, which provides for reimbursement for specific costs incurred by the Company. For the years ended December 31, 2016, 2015 and 2014, the Company was reimbursed $2 million, $2 million, and $3 million, respectively, for aircraft-related expenses. The Company has certain other arrangements with CityCenter for the provision of certain shared services, reimbursement of costs and other transactions undertaken in the ordinary course of business.

*MGM China*

Ms. Ho is a member of the Board of Directors of, and holds a minority ownership interest in, MGM China. Ms. Ho is also the managing director of Shun Tak Holdings Limited (together with its subsidiaries "Shun Tak"), a leading conglomerate in Hong Kong with core businesses in transportation, property, hospitality and investments. Shun Tak provides various services and products, including ferry tickets, travel products, rental of hotel rooms, laundry services, advertising services and property cleaning services to MGM China and MGM China provides rental of hotel rooms at wholesale room rates to Shun Tak and receives rebates for ferry tickets from Shun Tak. MGM China incurred expenses of $10 million, $16 million and $28 million for the years ended December 31, 2016, 2015 and 2014, respectively. MGM China recorded revenue of less than $1 million related to hotel rooms provided to Shun Tak for each of the years ended December 31, 2016, 2015 and 2014. As of December 31, 2016 and 2015, MGM China did not have a material payable to or receivable from Shun Tak.

MGM Branding and Development Holdings, Ltd. (together with its subsidiary MGM Development Services, Ltd., "MGM Branding and Development"), an entity included in the Company's consolidated financial statements in which Ms. Ho indirectly holds a noncontrolling interest, is party to a brand license agreement with MGM China. MGM China pays a license fee to MGM Branding and Development equal to 1.75% of MGM Macau's consolidated net revenue, subject to an annual cap of $62 million in 2016 with a

20% increase per annum for each subsequent calendar year during the term of the agreement. During the years ended December 31, 2016, 2015 and 2014, MGM China incurred total license fees of $34 million, $39 million and $43 million, respectively. Such amounts have been elimi nated in consolidation.

MGM China is party to a development services agreement with MGM Branding and Development to provide certain development services to MGM China in connection with future expansion of existing projects and development of future resort gaming projects. Such services are subject to a development fee which is calculated separately for each casino resort property upon commencement of development. For each such property, the fee is 2.625% of project costs, to be paid in installments as certain benchmarks are achieved. Project costs are the total costs incurred for the design, development and construction of the casino, casino hotel, integrated resort and other related sites associated with each project, including costs of construction, fixtures and fittings, signage, gaming and other supplies and equipment and all costs associated with the opening of the business to be conducted at each project but excluding the cost of land and gaming concessions and financing costs. The development fee is subject to an annual cap of $29 million in 2016, which will increase by 10% per annum for each year during the term of the agreement. For the years ended December 31, 2016 and 2015, MGM China incurred $12 million and $10 million of fees, respectively, to MGM Branding and Development related to development services. Such amount is eliminated in consolidation. No fee was paid for the year ended December 31, 2014.

An entity owned by Ms. Ho received distributions of $15 million, $15 million and $13 million during the years ended December 31, 2016, 2015 and 2014, respectively, in connection with the ownership of a noncontrolling interest in MGM Branding and Development Holdings, Ltd.

*MGP*

Pursuant to a master lease agreement by and between a subsidiary of the Company (the "Tenant") and a subsidiary of the Operating Partnership (the "Landlord"), the Tenant has leased the contributed real estate assets from the Landlord. The master lease has an initial lease term of ten years with the potential to extend the term for four additional five-year terms thereafter at the option of the Tenant. The master lease provides that any extension of its term must apply to all of the real estate under the master lease at the time of the extension. The master lease has a triple-net structure, which requires the Tenant to pay substantially all costs associated with the lease, including real estate taxes, insurance, utilities and routine maintenance, in addition to the base rent. Additionally, the master lease provides the Landlord with a right of first offer with respect to MGM National Harbor and the Company's development property located in Springfield, Massachusetts, which the Landlord may exercise should the Company elect to sell these properties in the future.

Subsequent to the Company completing its acquisition of Borgata on August 1, 2016, MGP acquired Borgata's real property from a subsidiary of the Company in exchange for MGP's assumption of $545 million of indebtedness and the issuance of 27.4 million Operating Partnership units to a subsidiary of the Company. In connection with this transaction, the Tenant and Landlord entered into an amendment to the master lease to include the Borgata real property.

The annual rent payments due under the master lease were $550 million prior to MGP's acquisition of Borgata's real property on August 1, 2016. Subsequent to the acquisition, annual rent payments under the master lease increased to $650 million, prorated for the remainder of the first lease year after the Borgata transaction. Rent under the master lease consists of a "base rent" component and a "percentage rent" component. For the first year, the base rent will represent 90% of the initial total rent payments due under the master lease and the percentage rent will represent 10% of the initial total rent payments due under the master lease. The base rent includes a fixed annual rent escalator of 2.0% for the second through the sixth lease years (as defined in the master lease). Thereafter, the annual escalator of 2.0% will be subject to the Tenant and, without duplication, the operating subsidiary sublessees of the Tenant, collectively meeting an adjusted net revenue to rent ratio of 6.25:1.00 based on their net revenue from the leased properties subject to the master lease (as determined in accordance with generally accepted accounting principles, adjusted to exclude net revenue attributable to certain scheduled subleases and, at the Company's option, reimbursed cost revenue). The percentage rent will initially be a fixed amount for approximately the first six years and will then be adjusted every five years based on the average actual annual net revenues of the Tenant and, without duplication, the operating subsidiary sublessees of the Tenant, from the leased properties subject to the master lease at such time for the trailing five calendar-year period (calculated by multiplying the average annual net revenues, excluding net revenue attributable to certain scheduled subleases and, at the Landlord's option, reimbursed cost revenue, for the trailing five calendar-year period by 1.4%). During the year ended December 31, 2016, the Company made rent payments to the Landlord in the amount of $418 million.

Pursuant to the master lease, upon an event of default the Landlord may, at its option (i) terminate the master lease, repossess any leased property, relet any leased property to a third party and require that the Tenant pay damages; (ii) require that the Tenant pay to the Landlord rent and other sums payable with interest calculated at the overdue rate provided for in the master lease or terminate the Tenant's right to possession of the leased property and seek damages; and/or (iii) seek any and all other rights and remedies

available under law or in equity. An event of default will b e deemed to occur upon certain events, including: (1) the failure by the Tenant to pay rent or other additional charges when due; (2) failure by the Tenant to comply with the covenants set forth in the master lease; (3) certain events of bankruptcy or inso lvency with respect to a Tenant or the guarantor; (4) the occurrence of a default under the guaranty of the master lease; (5) the loss or suspension of a material license that causes cessation of gaming activity that would reasonably be expected to have a material adverse effect on the Tenant, the facilities or the leased properties taken as a whole; and (6) the failure of the Company, on a consolidated basis with Tenant, to maintain an EBITDAR to rent ratio (as described in the master lease) of at least 1. 10:1.00 for two consecutive test periods, beginning with the test periods ending December 31, 2016 and March 31, 2017. The Company was in compliance with all applicable covenants as of December 31, 2016.

Pursuant to a corporate services agreement, the Company provides MGP and its subsidiaries with financial, administrative and operational support services, including accounting and finance support, human resources support, legal and regulatory compliance support, insurance advisory services, internal audit services, governmental affairs monitoring and reporting services, information technology support, construction services, and various other support services. The Company is reimbursed for all costs it incurs directly related to providing the services thereunder.

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

*T-Mobile Arena*

The Las Vegas Arena Company leases the land underlying the T-Mobile Arena from the Company under a 50 year operating lease, which commenced upon the opening of the Arena. In conjunction with Las Vegas Arena Company obtaining financing and beginning construction in 2014, the Company began accruing rental income. For the years ended December 31, 2016, 2015 and 2014, the Company recorded income of $3 million, $3 million and $1 million, respectively, for the T-Mobile Arena ground lease. The Company leases the MGM Grand Garden Arena to Las Vegas Arena Company. For the year ended December 31, 2016, the Company recorded income of $2 million.

**NOTE 20 — CONSOLIDATING CONDENSED FINANCIAL INFORMATION**

As of December 31, 2016, all of the Company's principal debt arrangements are guaranteed by each of its material domestic subsidiaries, other than MGP and the Operating Partnership, MGM Grand Detroit, LLC, MGM National Harbor, LLC and Blue Tarp reDevelopment, LLC (the company that will own and operate the Company's proposed casino in Springfield, Massachusetts), and each of their respective subsidiaries. The Company's international subsidiaries, including MGM China and its subsidiaries, are not guarantors of such indebtedness. Separate condensed financial statement information for the subsidiary guarantors and non-guarantors as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014, are presented below. Within the Condensed Consolidating Statements of Cash Flows for the periods ending December 31, 2016 and 2015, the Company has presented net changes in intercompany accounts as investing activities if the applicable entities have a net asset in intercompany accounts and as a financing activity if the applicable entities have a net intercompany liability balance.

Certain of the Company's subsidiaries ("OPCOs") collectively own 76.3% of the Operating Partnership units as of December 31, 2016, and each subsidiary accounts for its respective investment under the equity method within the condensed consolidating financial information presented below. At these subsidiaries, such investment constitutes continuing involvement, and accordingly, the contribution and leaseback of the real estate assets do not qualify for sale-leaseback accounting. The real estate assets that were contributed to and owned by the Operating Partnership in connection with the IPO, along with the related transactions, are reflected in the balance sheets of the MGM subsidiaries that contributed such assets. In addition, such subsidiaries recognized finance liabilities within "Other long-term obligations" related to rent payments due under the Master Lease and recognized the related interest expense component of such payments. These real estate assets are also reflected on the balance sheet of the MGP subsidiary that received such assets in connection with the contribution. The condensed consolidating financial information presented below therefore includes the accounting for such activity within the respective columns presented and in the elimination column. For all periods prior to the commencement of the Master Lease arrangement, the condensed consolidating financial information set forth herein has been retrospectively adjusted to conform prior periods to the current presentation, as the transactions occurred between entities, which are considered businesses under common control. Accordingly, the real estate assets and associated operations in all periods prior to the IPO date were reclassified to conform to the current organizational structure, and are reflected in the MGP subsidiary that currently has legal title to such assets.

**CONDENSED CONSOLIDATING BALANCE SHEET INFORMATION**

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

| | December 31, 2015 | | | | | |
|---|---|---|---|---|---|---|
| | | | Non-Guarantor Subsidiaries | | | |
| | Parent | Guarantor Subsidiaries | MGP | Other | Elimination | Consolidated |
| | *(In thousands)* | | | | | |
| Current assets | $ 561,310 | $ 932,374 | $ — | $ 915,979 | $ (914) | $ 2,408,749 |
| Property and equipment, net | — | 5,089,726 | 7,793,639 | 2,500,401 | (11,971) | 15,371,795 |
| Investments in subsidiaries | 18,491,578 | 2,956,404 | — | — | (21,447,982) | — |
| Investments in and advances to unconsolidated affiliates | — | 1,460,084 | — | 6,413 | 25,000 | 1,491,497 |
| Intercompany accounts | — | 3,234,271 | — | — | (3,234,271) | — |
| Other non-current assets | 38,577 | 444,333 | — | 5,460,227 | — | 5,943,137 |
| | $ 19,091,465 | $ 14,117,192 | $ 7,793,639 | $ 8,883,020 | $ (24,670,138) | $ 25,215,178 |
| Current liabilities | $ 536,165 | $ 994,570 | $ — | $ 708,130 | $ (914) | $ 2,237,951 |
| Intercompany accounts | 2,390,461 | — | — | 843,810 | (3,234,271) | — |
| Deferred income taxes, net | 631,763 | — | 1,734,680 | 314,133 | — | 2,680,576 |
| Long-term debt | 10,393,197 | 4,837 | — | 1,970,277 | — | 12,368,311 |
| Other long-term obligations | 19,952 | 67,212 | — | 70,499 | — | 157,663 |
| Total liabilities | 13,971,538 | 1,066,619 | 1,734,680 | 3,906,849 | (3,235,185) | 17,444,501 |
| Redeemable noncontrolling interests | — | — | — | 6,250 | — | 6,250 |
| MGM Resorts International stockholders' equity | 5,119,927 | 13,050,573 | 6,058,959 | 2,325,421 | (21,434,953) | 5,119,927 |
| Noncontrolling interests | — | — | — | 2,644,500 | — | 2,644,500 |
| Total stockholders' equity | 5,119,927 | 13,050,573 | 6,058,959 | 4,969,921 | (21,434,953) | 7,764,427 |
| | $ 19,091,465 | $ 14,117,192 | $ 7,793,639 | $ 8,883,020 | $ (24,670,138) | $ 25,215,178 |

**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME INFORMATION**

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

**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION**

| | Year Ended December 31, 2016 | | | | | |
|---|---|---|---|---|---|---|
| | | | Non-Guarantor Subsidiaries | | | |
| | Parent | Guarantor Subsidiaries | MGP | Other | Elimination | Consolidated |
| | | | *(In thousands)* | | | |
| **Cash flows from operating activities** | | | | | | |
| Net cash provided by (used in) operating activities | $ (603,136) | $ 1,312,165 | $ 297,781 | $ 527,162 | $ — | $ 1,533,972 |
| **Cash flows from investing activities** | | | | | | |
| Capital expenditures, net of construction payable | — | (290,455) | (138,987) | (1,833,031) | — | (2,262,473) |
| Dispositions of property and equipment | — | 1,940 | — | 2,004 | — | 3,944 |
| Proceeds from partial disposition of investment in unconsolidated affiliates | — | 15,000 | — | — | — | 15,000 |
| Acquisition of Borgata, net of cash acquired | — | (559,443) | — | — | — | (559,443) |
| Investments in and advances to unconsolidated affiliates | — | (3,633) | — | — | — | (3,633) |
| Distributions from unconsolidated affiliates in excess of cumulative earnings | — | 542,097 | — | — | — | 542,097 |
| Intercompany accounts | — | (1,562,442) | — | — | 1,562,442 | — |
| Other | — | (7,651) | — | (4,045) | — | (11,696) |
| Net cash provided by (used in) investing activities | — | (1,864,587) | (138,987) | (1,835,072) | 1,562,442 | (2,276,204) |
| **Cash flows from financing activities** | | | | | | |
| Net borrowings (repayments) under bank credit facilities - maturities of 90 days or less | (2,016,000) | 4,094,850 | (2,411,600) | 823,782 | — | 491,032 |
| Borrowings under bank credit facilities - maturities longer than 90 days | 1,845,375 | — | — | — | — | 1,845,375 |
| Repayments under bank credit facilities - maturities longer than 90 days | (1,845,375) | — | — | — | — | (1,845,375) |
| Issuance of long-term debt | 500,000 | — | 1,550,000 | — | — | 2,050,000 |
| Retirement of senior notes | (2,255,392) | (2,661) | — | — | — | (2,258,053) |
| Repayment of Borgata credit facility | — | (583,598) | — | — | — | (583,598) |
| Debt issuance costs | (29,871) | — | (77,163) | (32,550) | — | (139,584) |
| Issuance of MGM Growth Properties common stock in public offering | — | — | 1,207,500 | — | — | 1,207,500 |
| MGM Growth Properties Class A share issuance costs | — | — | (75,032) | — | — | (75,032) |
| Acquisition of MGM China shares | (100,000) | — | — | — | — | (100,000) |
| MGP dividends paid to consolidated subsidiaries | — | — | (113,414) | — | 113,414 | — |
| Distributions to noncontrolling interest owners | — | — | (37,415) | (65,952) | — | (103,367) |
| Excess tax benefit from exercise of stock options | 13,277 | — | — | — | — | 13,277 |
| Intercompany accounts | 4,082,303 | (2,952,624) | 158,822 | 387,355 | (1,675,856) | — |
| Proceeds from issuance of redeemable noncontrolling interests | — | — | — | 47,325 | — | 47,325 |
| Other | (30,042) | — | — | (36) | — | (30,078) |
| Net cash provided by (used in) financing activities | 164,275 | 555,967 | 201,698 | 1,159,924 | (1,562,442) | 519,422 |
| **Effect of exchange rate on cash** | — | — | — | (921) | — | (921) |
| **Cash and cash equivalents** | | | | | | |
| Net increase (decrease) for the period | (438,861) | 3,545 | 360,492 | (148,907) | — | (223,731) |
| Balance, beginning of period | 538,856 | 304,168 | — | 827,288 | — | 1,670,312 |
| Balance, end of period | $ 99,995 | $ 307,713 | $ 360,492 | $ 678,381 | $ — | $ 1,446,581 |

**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME INFORMATION**

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

**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION**

| | Year Ended December 31, 2015 | | | | | |
|---|---|---|---|---|---|---|
| | | | Non-Guarantor Subsidiaries | | | |
| | Parent | Guarantor Subsidiaries | MGP | Other | Elimination | Consolidated |
| | | | *(In thousands)* | | | |
| **Cash flows from operating activities** | | | | | | |
| Net cash provided by (used in) operating activities | $ (776,996) | $ 1,375,703 | $ (58,473) | $ 464,845 | $ — | $ 1,005,079 |
| **Cash flows from investing activities** | | | | | | |
| Capital expenditures, net of construction payable | — | (353,245) | (129,308) | (984,266) | — | (1,466,819) |
| Dispositions of property and equipment | — | 7,901 | — | 131 | — | 8,032 |
| Proceeds from sale of business units and investment in unconsolidated affiliates | — | 92,207 | — | — | — | 92,207 |
| Investments in and advances to unconsolidated affiliates | (141,390) | (54,672) | — | — | — | (196,062) |
| Distributions from unconsolidated affiliates in excess of cumulative earnings | — | 201,612 | — | — | — | 201,612 |
| Investments in cash deposits - maturities longer than 90 days | (200,205) | — | — | — | — | (200,205) |
| Proceeds from cash deposits - maturities longer than 90 days | 770,205 | — | — | — | — | 770,205 |
| Intercompany accounts | — | (1,059,181) | — | — | 1,059,181 | — |
| Other | — | (7,516) | — | 3,488 | — | (4,028) |
| Net cash provided by (used in) investing activities | 428,610 | (1,172,894) | (129,308) | (980,647) | 1,059,181 | (795,058) |
| **Cash flows from financing activities** | | | | | | |
| Net borrowings (repayments) under bank credit facilities - maturities of 90 days or less | (28,000) | — | — | 1,005,275 | — | 977,275 |
| Borrowings under bank credit facilities - maturities longer than 90 days | 3,768,750 | — | — | 1,350,000 | — | 5,118,750 |
| Repayments under bank credit facilities - maturities longer than 90 days | (3,768,750) | — | — | (1,350,000) | — | (5,118,750) |
| Retirement of senior notes | (875,504) | — | — | — | — | (875,504) |
| Debt issuance costs | — | — | — | (46,170) | — | (46,170) |
| Intercompany accounts | 1,003,750 | (157,958) | 187,781 | 25,608 | (1,059,181) | — |
| Distributions to noncontrolling interest owners | — | — | — | (307,227) | — | (307,227) |
| Excess tax benefits from exercise of stock options | 12,369 | — | — | — | — | 12,369 |
| Proceeds from issuance of redeemable noncontrolling interests | — | — | — | 6,250 | — | 6,250 |
| Other | (24,881) | — | — | 9 | — | (24,872) |
| Net cash provided by (used in) financing activities | 87,734 | (157,958) | 187,781 | 683,745 | (1,059,181) | (257,879) |
| **Effect of exchange rate on cash** | — | — | — | 793 | — | 793 |
| **Cash and cash equivalents** | | | | | | |
| Net increase (decrease) for the period | (260,652) | 44,851 | — | 168,736 | — | (47,065) |
| Change in cash related to assets held for sale | — | 3,662 | — | — | — | 3,662 |
| Balance, beginning of period | 799,508 | 255,655 | — | 658,552 | — | 1,713,715 |
| Balance, end of period | $ 538,856 | $ 304,168 | $ — | $ 827,288 | $ — | $ 1,670,312 |

**CONDENSED CONSOLIDATING STATEMEN T OF OPERATIONS AND COMPREHENSIVE INCOME INFORMATION**

| | Year Ended December 31, 2014 | | | | | |
|---|---|---|---|---|---|---|
| | | | Non-Guarantor Subsidiaries | | | |
| | Parent | Guarantor Subsidiaries | MGP | Other | Elimination | Consolidated |
| | *(In thousands)* | | | | | |
| Net revenues | $ — | $ 6,270,708 | $ — | $ 3,813,736 | $ (2,460) | $ 10,081,984 |
| Equity in subsidiaries' earnings | 938,712 | 339,312 | — | — | (1,278,024) | — |
| Expenses | | | | | | |
| Casino and hotel operations | 5,482 | 3,810,711 | — | 2,554,965 | (2,460) | 6,368,698 |
| General and administrative | 4,743 | 1,046,803 | 59,980 | 207,223 | — | 1,318,749 |
| Corporate expense | 72,116 | 150,938 | — | 15,757 | — | 238,811 |
| Preopening and start-up expenses | — | 5,384 | — | 33,873 | — | 39,257 |
| Property transactions, net | — | 36,612 | — | 4,390 | — | 41,002 |
| Depreciation and amortization | — | 329,589 | 186,262 | 299,914 | — | 815,765 |
| | 82,341 | 5,380,037 | 246,242 | 3,116,122 | (2,460) | 8,822,282 |
| Income (loss) from unconsolidated affiliates | — | 64,014 | — | (178) | — | 63,836 |
| Operating income (loss) | 856,371 | 1,293,997 | (246,242) | 697,436 | (1,278,024) | 1,323,538 |
| Interest expense, net of amounts capitalized | (794,826) | (574) | — | (21,661) | — | (817,061) |
| Other, net | 50,793 | (90,679) | — | (55,705) | — | (95,591) |
| Income (loss) before income taxes | 112,338 | 1,202,744 | (246,242) | 620,070 | (1,278,024) | 410,886 |
| Provision for income taxes | (262,211) | (20,735) | — | (762) | — | (283,708) |
| Net income (loss) | (149,873) | 1,182,009 | (246,242) | 619,308 | (1,278,024) | 127,178 |
| Less: Net income attributable to noncontrolling interests | — | — | — | (277,051) | — | (277,051) |
| Net income (loss) attributable to MGM Resorts International | $ (149,873) | $ 1,182,009 | $ (246,242) | $ 342,257 | $ (1,278,024) | $ (149,873) |
| Net income (loss) | $ (149,873) | $ 1,182,009 | $ (246,242) | $ 619,308 | $ (1,278,024) | $ 127,178 |
| Other comprehensive income (loss), net of tax: | | | | | | |
| Foreign currency translation adjustment | (762) | (762) | — | (1,293) | 1,524 | (1,293) |
| Other | 1,250 | 1,250 | — | — | (1,250) | 1,250 |
| Other comprehensive income (loss) | 488 | 488 | — | (1,293) | 274 | (43) |
| Comprehensive income (loss) | (149,385) | 1,182,497 | (246,242) | 618,015 | (1,277,750) | 127,135 |
| Less: Comprehensive income attributable to noncontrolling interests | — | — | — | (276,520) | — | (276,520) |
| Comprehensive income (loss) attributable to MGM Resorts International | $ (149,385) | $ 1,182,497 | $ (246,242) | $ 341,495 | $ (1,277,750) | $ (149,385) |

**CONDENSED CONSOLIDATING STATEMEN T OF CASH FLOWS INFORMATION**

| | Year Ended December 31, 2014 | | | | | |
|---|---|---|---|---|---|---|
| | | | Non-Guarantor Subsidiaries | | | |
| | Parent | Guarantor Subsidiaries | MGP | Other | Elimination | Consolidated |
| | | | *(In thousands)* | | | |
| **Cash flows from operating activities** | | | | | | |
| Net cash provided by (used in) operating activities | $ (718,756) | $ 1,163,402 | $ (59,980) | $ 721,004 | $ 25,000 | $ 1,130,670 |
| **Cash flows from investing activities** | | | | | | |
| Capital expenditures, net of construction payable | — | (289,431) | (90,504) | (492,106) | — | (872,041) |
| Dispositions of property and equipment | — | 6,631 | — | 1,020 | — | 7,651 |
| Investments in and advances to unconsolidated affiliates | (31,400) | (46,640) | — | — | (25,000) | (103,040) |
| Distributions from unconsolidated affiliates in excess of cumulative earnings | — | 132 | — | — | — | 132 |
| Investments in treasury securities - maturities longer than 90 days | — | (123,133) | — | — | — | (123,133) |
| Proceeds from treasury securities - maturities longer than 90 days | — | 210,300 | — | — | — | 210,300 |
| Investments in cash deposits - original maturities longer than 90 days | (570,000) | — | — | — | — | (570,000) |
| Intercompany accounts | — | (704,785) | — | — | 704,785 | — |
| Payments for gaming licenses | — | — | — | (85,000) | — | (85,000) |
| Other | — | 10,981 | — | — | — | 10,981 |
| Net cash provided by (used in) investing activities | (601,400) | (935,945) | (90,504) | (576,086) | 679,785 | (1,524,150) |
| **Cash flows from financing activities** | | | | | | |
| Net repayments under bank credit facilities - maturities of 90 days or less | (28,000) | — | — | — | — | (28,000) |
| Borrowings under bank credit facilities - maturities longer than 90 days | 3,821,250 | — | — | 1,350,000 | — | 5,171,250 |
| Repayments under bank credit facilities - maturities longer than 90 days | (3,821,250) | — | — | (1,350,000) | — | (5,171,250) |
| Issuance of long-term debt | 1,250,750 | — | — | — | — | 1,250,750 |
| Retirement of senior notes | (508,900) | — | — | — | — | (508,900) |
| Debt issuance costs | (13,681) | — | — | — | — | (13,681) |
| Intercompany accounts | 1,045,048 | (204,794) | 150,484 | (285,953) | (704,785) | — |
| Distributions to noncontrolling interest owners | — | — | — | (386,709) | — | (386,709) |
| Other | (4,213) | (803) | — | (367) | — | (5,383) |
| Net cash provided by (used in) financing activities | 1,741,004 | (205,597) | 150,484 | (673,029) | (704,785) | 308,077 |
| **Effect of exchange rate on cash** | — | — | — | (889) | — | (889) |
| **Cash and cash equivalents** | | | | | | — |
| Net increase (decrease) for the period | 420,848 | 21,860 | — | (529,000) | — | (86,292) |
| Change in cash related to assets held for sale | — | (3,662) | — | — | — | (3,662) |
| Balance, beginning of period | 378,660 | 237,457 | — | 1,187,552 | — | 1,803,669 |
| Balance, end of period | $ 799,508 | $ 255,655 | $ — | $ 658,552 | $ — | $ 1,713,715 |

**NOTE 21 — SELECTED QUARTERLY FINANCIAL RESULTS (UNAUDITED)**

| | Quarter | | | | |
|---|---|---|---|---|---|
| | First | Second | Third | Fourth | Total |
| **2016** | *(In thousands, except per share data)* | | | | |
| Net revenues | $ 2,209,686 | $ 2,269,502 | $ 2,515,115 | $ 2,460,820 | $ 9,455,123 |
| Operating income | 315,954 | 769,055 | 712,755 | 282,023 | 2,079,787 |
| Net income | 91,198 | 514,498 | 561,260 | 69,922 | 1,236,878 |
| Net income attributable to MGM Resorts International | 66,799 | 474,353 | 535,619 | 24,669 | 1,101,440 |
| Basic income per share | $ 0.12 | $ 0.84 | $ 0.94 | $ 0.04 | $ 1.94 |
| Diluted income per share | $ 0.12 | $ 0.83 | $ 0.93 | $ 0.04 | $ 1.92 |
| **2015** | | | | | |
| Net revenues | $ 2,332,244 | $ 2,385,135 | $ 2,280,816 | $ 2,191,873 | $ 9,190,068 |
| Operating income (loss) | 395,104 | 348,521 | 297,377 | (1,197,234) | (156,232) |
| Net income (loss) | 212,646 | 126,467 | 94,735 | (1,473,497) | (1,039,649) |
| Net income (loss) attributable to MGM Resorts International | 169,850 | 97,459 | 66,425 | (781,454) | (447,720) |
| Basic income (loss) per share | $ 0.35 | $ 0.18 | $ 0.12 | $ (1.38) | $ (0.82) |
| Diluted income (loss) per share | $ 0.33 | $ 0.17 | $ 0.12 | $ (1.38) | $ (0.82) |

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

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

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

Certain items affecting comparability for the year ended December 31, 2015 are as follows:

- **First Quarter.** The Company recorded an $80 million ($0.09 and $0.10 per share in the quarter and full year of 2015, respectively) gain for its share of CityCenter's gain resulting from the final resolution of its construction litigation and related settlements;
- **Second Quarter.** None;
- **Third Quarter.** None; and
- **Fourth Quarter.** The Company recorded a $1.5 billion ($1.33 and $1.38 loss per share in the quarter and full year of 2015, respectively) impairment charge related to goodwill of its MGM China reporting unit and a $17 million ($0.02 loss per share in the quarter and full year of 2015) impairment charge related to its investment in Grand Victoria. The Company recorded a $23 million ($0.03 per share in the quarter and full year of 2015) gain on sale of Circus Circus Reno , and the Company's 50% interest in Silver Legacy and associated real property .

**ITEM 16. FORM 10K SUMMARY**

None.

**SIGNATURES**

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

**MGM Resorts International**

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

Dated: March 1, 2017

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

| SIGNATURE | TITLE | DATE |
|---|---|---|
| / s / JAMES J. MURREN<br>James J. Murren | Chairman of the Board and Chief Executive Officer (Principal Executive Officer) | March 1, 2017 |
| / s / ROBERT H. BALDWIN<br>Robert H. Baldwin | Chief Customer Development Officer and Director | March 1, 2017 |
| / s / DANIEL J. D'ARRIGO<br>Daniel J. D'Arrigo | Executive Vice President and Chief Financial Officer (Principal Financial Officer) | March 1, 2017 |
| / s / ROBERT C. SELWOOD<br>Robert C. Selwood | Executive Vice President and Chief Accounting Officer (Principal Accounting Officer) | March 1, 2017 |
| / s / WILLIAM A. BIBLE<br>William A. Bible | Director | March 1, 2017 |
| / s / MARY CHRIS GAY<br>Mary Chris Gay | Director | March 1, 2017 |
| / s / WILLIAM W. GROUNDS<br>William W. Grounds | Director | March 1, 2017 |
| / s / ALEXIS M. HERMAN<br>Alexis M. Herman | Director | March 1, 2017 |
| / s / ROLAND HERNANDEZ<br>Roland Hernandez | Director | March 1, 2017 |

| Signature | Title | Date |
|---|---|---|
| / s / John B. Kilroy, Jr.<br>John B. Kilroy, Jr. | Director | March 1, 2017 |
| / s / Anthony Mandekic<br>Anthony Mandekic | Director | March 1, 2017 |
| / s / Rose McKinney-James<br>Rose McKinney-James | Director | March 1, 2017 |
| / s / Gregory M. Spierkel<br>Gregory M. Spierkel | Director | March 1, 2017 |
| / s / Daniel J. Taylor<br>Daniel J. Taylor | Director | March 1, 2017 |

**MGM RESORTS INTERNATIONAL**

**SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS**
***(In thousands)***

| | Balance at Beginning of Period | Provision for Doubtful Accounts | Write-offs, Net of Recoveries | Balance at End of Period |
|---|---|---|---|---|
| Allowance for doubtful accounts: | | | | |
| Year Ended December 31, 2016 | $ 89,789 | $ 10,863 | $ (2,732) | $ 97,920 |
| Year Ended December 31, 2015 | 89,602 | 54,691 | (54,504) | 89,789 |
| Year Ended December 31, 2014 | 81,713 | 46,698 | (38,809) | 89,602 |

| | Balance at Beginning of Period | Increase | Decrease | Balance at End of Period |
|---|---|---|---|---|
| Deferred income tax valuation allowance: | | | | |
| Year Ended December 31, 2016 | $ 2,807,131 | $ 2,975 | $ (226,832) | $ 2,583,274 |
| Year Ended December 31, 2015 | 2,558,767 | 248,504 | (140) | 2,807,131 |
| Year Ended December 31, 2014 | 1,721,917 | 836,850 | — | 2,558,767 |

**Exhibit 10.1(5)**

***Execution Version***

**FIRST AMENDMENT TO CREDIT AGREEMENT**

This **FIRST AMENDMENT TO CREDIT AGREEMENT** (this " First Amendment "), dated as of October 28, 2016, is made and entered into by and among **MGM NATIONAL HARBOR, LLC** , a Nevada limited liability company (the " Borrower ") and **BANK OF AMERICA, N.A.** , as administrative agent (in such capacity, the " Administrative Agent "), at the direction of and on behalf of the Lenders described below. Reference is made to that certain Credit Agreement dated as of January 28, 2016 (as amended prior to the date hereof, the " Credit Agreement "), by and among the Company, the Lenders and the Administrative Agent. Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Credit Agreement.

**Section 1. Amendment** .

A. Section 6.07 of the Credit Agreement is hereby amended by deleting the third sentence of Section 6.07 in its entirety and replacing it with the following text:

"All funds held in the Term A Loan Proceeds Account (including those funds transferred from the Term A Loan Proceeds Account to the Operating Account) shall be utilized prior to the utilization of any funds held in the Revolving Loan Proceeds Account (provided, however, that the Borrower may use the first $25,000,000 of funds deposited in the Revolving Loan Proceeds Account prior to the exhaustion of all funds held in the Term A Loan Proceeds Account)."

**Section 2. Representations and Warranties** . In order to induce the Administrative Agent, on behalf of the Lenders, to enter into this First Amendment, the Borrower represents and warrants to each Lender and the Administrative Agent that the following statements are true, correct and complete:

A. Corporate Power and Authority . The Borrower has all requisite corporate or other organizational power and authority to enter into this First Amendment and all requisite corporate or other organizational power and authority to carry out the transactions contemplated by, and perform its obligations under, the Credit Agreement as amended by this First Amendment (the " Amended Agreement ").

B. Authorization of Agreements. The Borrower has taken all necessary corporate or other organizational action to authorize the execution and delivery of this First Amendment and the Borrower has taken all necessary organizational action to authorize the performance of the Amended Agreement.

C. No Conflict . The execution and delivery of this First Amendment by each Loan Party and the performance of the Amended Agreement by the Borrower does not and will not:

(i) require any consent or approval not heretofore obtained of any member, partner, director, stockholder, security holder or creditor of such party;

(ii) violate or conflict with any provision of such party's charter, articles of incorporation, operating agreement or bylaws, as applicable;

(iii) result in or require the creation or imposition of any Lien upon or with respect to any Property of the Borrower and the Restricted Subsidiaries, other than Liens permitted by Section 8.03 of the Credit Agreement; and

(iv) violate any Requirement of Law applicable to such party except to the extent that such violation could not reasonably be expected to have a Material Adverse Effect.

D. Governmental Consents . Except as obtained or made on or prior to the date hereof, no authorization, consent, approval, order, license or permit from, or filing, registration or qualification with, any Governmental Authority is or will be required to authorize or permit under applicable Laws the execution or delivery of this First Amendment by the Borrower or the performance, validity or enforceability of the Amended Agreement by or against the Borrower.

E. Binding Obligation . This First Amendment has been duly executed and delivered by the Borrower and the Amended Agreement is the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforcement may be limited by Debtor Relief Laws, Gaming Laws or equitable principles relating to the granting of specific performance and other equitable remedies as a matter of judicial discretion.

F. Absence of Default . On the date hereof, no Default shall exist or will result from the execution of this First Amendment.

G. Representation and Warranties from Credit Agreement . The representations and warranties of the Borrower contained in Article V of the Credit Agreement are true and correct in all material respects on and as of the date hereof to the same extent as though made on and as of such date, except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true and correct in all material respects on and as of such earlier date; provided that any representation and warranty that is qualified by materiality, "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects.

**Section 3. Effectiveness of this First Amendment** . This First Amendment shall be effective (the " First Amendment Effective Date ") only if and when:

A. The Administrative Agent shall have received an executed written consent approving the amendments and consents set forth herein and authorizing the Administrative Agent to enter into this First Amendment from Lenders constituting the Required Lenders.

B. Pursuant to Subsection 11.04 of the Credit Agreement, the Borrower shall have paid to the Administrative Agent all reasonable and documented in reasonable detail costs and expenses incurred by the Administrative Agent in connection with the preparation, execution, delivery and administration of the Credit Agreement, the other Loan Documents and this First Amendment (including all reasonable and documented in reasonable detail fees, expenses and disbursements of counsel to the Administrative Agent to the extent invoiced at least three Business Days prior to the First Amendment Effective Date), together with all fees and other amounts due and payable to the Administrative Agent, the Lead Arrangers (including the reasonable and documented legal fees and expenses of counsel to the Lead Arrangers), in each case on or prior to the First Amendment Effective Date.

C. The representations and warranties contained in Section 2 hereof shall be true and correct in all material respects as of the First Amendment Effective Date, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date; provided that any representation and warranty that is qualified by materiality, "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects.

**Section 4. Miscellaneous** .

A. Applicable Law . THIS FIRST AMENDMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN ANY LOAN DOCUMENT WHICH EXPRESSLY STATES THAT IT SHALL BE GOVERNED BY THE LAW OF ANOTHER JURISDICTION) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS FIRST AMENDMENT OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL EACH BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

B. Loan Document . This First Amendment shall constitute a Loan Document for all purposes under the Credit Agreement and the other Loan Documents. Except as specifically amended by this First Amendment, the Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed. The execution, delivery and performance of this First Amendment shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of any Agent or Lender under, the Credit Agreement or any of the other Loan Documents.

C. Headings . Section and subsection headings in this First Amendment are included herein for convenience of reference only and shall not constitute a part of this First Amendment for any other purpose or be given any substantive effect.

D. Counterparts . This First Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Delivery of an executed counterpart of a signature page of this First Amendment by facsimile or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this First Amendment to be duly executed as of the day and year first above written, to be effective as of the Effective Date.

**Borrower:**

**MGM National Harbor, LLC**

| | |
|---|---|
| By: | /s/ Max Fisher |
| Name: | Max Fisher |
| Title: | Vice President and Chief Financial Officer |

**BANK OF AMERICA, N.A.,** as Administrative Agent

| | |
|---|---|
| By: | /s/ DeWayne D. Rosse |
| Name: | DeWayne D. Rosse |
| Title: | Assistant Vice President |

[Signature Page to First Amendment]

**Exhibit 10.4(3)**



# HOTEL & CASINO GROUND LEASE

**between**

**NATIONAL HARBOR BELTWAY L.C.**

**as landlord**

**and**

**MGM NATIONAL HARBOR, LLC**

**as tenant**

**Dated as of April 26, 2013**

TABLE OF CONTENTS

EXHIBITS



SCHEDULES

DEFINITIONS

The following terms are defined in this Lease at the Sections indicated below:

# HOTEL AND CASINO GROUND LEASE

This hotel and casino ground lease (the " Lease ") is entered into as of this 19 th day of April, 2013 (" Effective Date ") by and between NATIONAL HARBOR BELTWAY L.C., a Virginia limited liability company with a principal place of business at 12500 Fair Lakes Circle, Suite 400, Fairfax, Virginia 22033, as landlord (and its successor and assigns, the " Landlord "), and MGM NATIONAL HARBOR, LLC, a Nevada limited liability company, with a principal place of business at 3600 Las Vegas Boulevard South, Las Vegas, Nevada 89109, as tenant (and its successors and permitted assigns, the " Tenant ").

WITNESSETH

WHEREAS, the Landlord is the owner of an approximately 49.46 acre parcel of land in National Harbor in Prince George County, Maryland (the " Beltway Parcel ") as more particularly described on **Exhibit A** attached hereto.

WHEREAS, the Tenant desires to develop a first-class regional casino and a hotel under the MGM Resorts brand and in accordance with the world-class international luxury standards established by MGM for the brand on the Premises, which is a portion of the Beltway Parcel to be integrated with the National Harbor multi-use waterfront development on the shores of the Potomac River (" National Harbor ").

WHEREAS, MGM Resorts International, a Delaware corporation (" Guarantor ") is entering into the Guaranty (as defined in Article XVIII hereof) dated as of the Effective Date.

NOW THEREFORE, in consideration of the foregoing, the mutual covenants and agreements contained herein, and other valuable consideration, the Landlord and the Tenant agree as follows:

## ARTICLE I.
## PREMISES

**Section 1.01 Lease of Premises** . The Landlord, for and in consideration of the covenants and agreements hereinafter contained on the part of Tenant to be paid, kept and performed, hereby leases to Tenant, and Tenant hereby leases from the Landlord, for the Term upon the terms and conditions set forth herein, the parcel of land located on a portion of the Beltway Parcel (the " Land ") more particularly described in **Exhibit A** , hereto as the Premises, and, subject to Section 3.10 hereof, other improvements to be constructed on the Premises by Tenant (as further described in ARTICLE III), together with the benefit of the appurtenant rights and easements set forth in **Exhibit B** and subject to the encumbrances, reserved rights and other matters set forth in **Exhibit B** , and subject to the rights of the Landlord herein (hereinafter called the " Premises "). Tenant acknowledges that the boundaries of the Premises may be changed based on the Approved Master Plan and to accurately identify exclusively leased areas and common areas and in such event the rental payment set forth in ARTICLE IV shall be adjusted as set forth therein; provided, however, in no event shall the Premises contain less than 22.6 acres of land. The parties shall mutually agree on the final boundaries of the Premises and attach

a new **Exhibit A** and, if applicable, **Exhibit B** to this Lease, upon final determination of such boundaries by the Landlord.

**Section 1.02 Appurtenant Rights and Reserved Rights**. The Premises are subject to, and have the benefit of, the appurtenant rights and easements set forth in **Exhibit B**, and subject to the encumbrances (" Encumbrances "), rights reserved by the Landlord (" Reserved Rights "), and other matters set forth in **Exhibit B** and with the benefits and subject to the encumbrances to be set forth in the Declaration.

**Section 1.03 Condition of the Premises**. Tenant acknowledges that upon the Term Commencement Date Tenant will be deemed to have leased the Premises and agreed to construct the Tenant Improvements after a full and complete examination of the Premises, and the other land and improvements which are the subject of the Tenant Improvements, in their present " as-is " " where is " condition, including, without limitation, subsurface conditions, existing structures thereon, the presence of any asbestos or other hazardous waste or materials located on the Premises or within such structures, legal title, their present uses and non-uses, and laws, ordinances, and regulations affecting the same, and to have accepted the same in the same condition in which they or any part thereof now are, and to have assumed all risks in connection therewith, without any representation or warranty, express or implied, in fact or by law, on the part of the Landlord, and without recourse to the Landlord (other than as expressly otherwise provided herein). Landlord shall have no obligation to make any improvements to the Premises or the Beltway Parcel, including any offsite improvements.

**Section 1.04 Declaration of Covenants, Conditions and Restrictions**. Prior to the one hundred eightieth (180th) day following the Effective Date hereof, Landlord and Tenant shall negotiate in good faith and, upon completion, execute, acknowledge, deliver and record among the land records of Prince George's County, Maryland a Declaration of Covenants, Conditions and Restrictions or similar agreement (the " Declaration ") setting forth all easements, covenants, conditions, restrictions, permitted uses and prohibited uses agreed upon by the Landlord and Tenant for the Premises and the Beltway Parcel, including, without limitation the imposition and collection of assessments, and that shall bind the parties and their respective successors and assigns. In the event the parties are unable to reach an agreement on the terms of the Declaration, the parties agree that they shall continue to negotiate in good faith until such time as the parties have reached an agreement. Any tax attendant upon the recordation of the Declaration shall be shared equally between Landlord and Tenant. The basis for the form of Declaration shall be the declaration of covenants recorded with respect to the "Waterfront Parcel" of National Harbor.

## ARTICLE II.

## TERM

**Section 2.01 Term**. This Lease shall be effective as of the Effective Date hereof and the parties shall be fully obligated pursuant to the terms hereof. The term of this Lease shall begin on the Effective Date (the " Term Commencement Date ") and end at 11:59 P.M. on the day before the twenty-fifth (25 th ) anniversary of the Base Rent Commencement Date (the " Term "),

subject to all of the terms of this Lease, unless extended or earlier terminated as provided in this Lease.

**Section 2.02 Extension Option; Right of First Negotiation** .

(a) Tenant shall have the right to extend the Term (" Extension Option ") for up to thirteen (13) additional six (6) year periods (each, an " Extension Period ") and each such Extension Option shall be deemed automatically exercised unless Tenant provides written notice of its election not to exercise such Extension Option to Landlord not less than eighteen (18) months prior to the expiration of the then expiring Term (the " Termination Option "). If an Extension Option is deemed exercised, the Term shall automatically be extended for the additional Extension Period, without requirement of any further instrument, upon all the same terms, provisions and conditions set forth in this Lease. [***]

(b) Tenant shall have and is hereby granted the following right of first negotiation to further extend the Term of this Lease after the expiration of the last Extension Period set forth in Section 2.02(a), above (" Right of First Negotiation "). In the event that Tenant notifies Landlord in writing [***] that Tenant desires to exercise its Right of First Negotiation, then during the Negotiation Period (hereinafter defined), Landlord shall negotiate exclusively and in good faith with Tenant with respect to an extension of the Term of this Lease, and the terms and conditions that shall be operable during any further extension periods. During the Negotiation Period, Landlord shall not solicit or entertain offers or proposals from other parties concerning the leasing of the Premises. Landlord and Tenant agree to negotiate in good faith for a period of [***] from the date Tenant notifies Landlord that it is exercising this Right of First Negotiation (the " Negotiation Period "). In the event the parties are unable to reach agreement within the Negotiation Period, despite using good faith efforts to do so, this Right of First Negotiation shall expire.

**Section 2.03 Loss of Gaming License By Tenant** .

(a) After the issuance of the gaming license(s) required for the operation of the Hotel & Casino (the " Gaming License "), during the Term of the Lease, Tenant shall use its commercially reasonable efforts to maintain the Gaming License and all renewals necessary to keep the Gaming License valid, binding, enforceable and in full force and effect during the Term. Tenant shall promptly comply with or respond to any requests, inquiries, or mandates by the governmental authority with jurisdiction over the Gaming License. If at any time after the issuance of the Gaming License, any governmental authority with jurisdiction over the Gaming License notifies Tenant or its Affiliates that such authority has elected to revoke or not to renew the Gaming License then held by Tenant or its Affiliates for any reason other than an act or omission by Tenant or its Affiliates or any of their respective officers, directors or shareholders constituting fraud, an act of moral turpitude or criminal behavior or because of Tenant's failure to use commercially reasonable efforts to diligently pursue the retention, reinstatement or renewal of the Gaming License or Tenant's failure to comply with any applicable laws relating to the Gaming License (each " Misconduct by Tenant "), then Tenant shall immediately protest such revocation or failure to renew through all appropriate proceedings and shall use its commercially reasonable efforts to cause the Gaming License to be retained, reinstated or

renewed. If such revocation or non-renewal occurred other than because of Misconduct by Tenant, and Tenant has its used commercially reasonable efforts to cause the Gaming License to be retained, reinstated or renewed, and has exercised all appeal rights and all applicable appeals of the authority's decision to revoke or not renew the Gaming License shall be exhausted, then Tenant shall have the right to terminate this Lease upon not less than sixty (60) days prior written notice to Landlord and the terms of Section 15.01 shall apply.

(b) Notwithstanding the foregoing, in the event that, as a result of a change in applicable laws, it is no longer economically viable or permissible to use the Premises for the conduct of gaming by any Person capable of complying with the Brand Standards, then Tenant shall have the right to terminate this Lease upon not less than sixty (60) days' prior written notice to Landlord (or such shorter period as may be required by law). In the event Tenant terminates pursuant to this paragraph, Tenant shall pay to Landlord an amount equal to the Early Termination Fee (hereinafter defined) on or before the early termination date. The "Early Termination Fee" shall mean (i) if the early termination shall occur in the first thirty-five (35) Lease Years of the Term hereof, an amount equal to [***], (ii) if the early termination shall occur between the thirty-sixth (36 th ) and fiftieth (50 th ) Lease Years of the Term hereof, an amount equal to [***], or (iii) if the early termination shall occur after the fiftieth (50 th ) Lease Year of the Term hereof, an amount equal to [***].

## ARTICLE III.

## TENANT IMPROVEMENTS

**Section 3.01 Tenant Improvements** .

(a) Master Plan . Prior to the date hereof, Tenant provided to Landlord a preliminary master plan for the Premises, including the location of the Tenant Improvements. The parties shall work together in good faith to approve a master plan for the Premises (the " Approved Master Plan ") which may be amended, modified or changed solely with the consent of both parties. After approval of the Approved Master Plan, Tenant shall have the right to (1) increase the number of rooms in the Hotel from the number shown in the Approved Master Plan up to a total of 500, (2) increase the meeting space at the Hotel & Casino (which area shall include all prefunction and meeting space, but shall exclude all back-of-house space) to a total not to exceed 50,000 square feet, (3) increase the amount of retail space at the Hotel & Casino by [***] square feet in addition to the amount shown in the Approved Master Plan, (4) increase the number of slot machines in the Casino as shown in the Approved Master Plan by no more than [***] so long as the total number of slot machines is no more than [***], (5) increase the floor area at the Hotel & Casino used for entertainment by [***] square feet in addition to the amount shown in the Approved Master Plan, (6) increase the number of table games in the Casino as shown in the Approved Master Plan by no more than [***], and (7) increase the number of food and beverage outlets by no more than [***] square feet and back-of-house space shown in the Approved Master Plan to the extent necessary to accommodate any expansions of the Hotel & Casino pursuant to (1) through (6), above, provided, however, the total air-conditioned floor area of the Hotel & Casino shall not exceed [***] square feet without the consent of both parties as required in the second sentence of this Section 3.01(a). Except as specifically permitted in subsections (1)

– (7) above, after the Approved Master Plan has been approved, Tenant shall not increase the floor area of the Tenant Improvements to an amount greater than the floor area shown on the Approved Master Plan. Tenant shall be responsible for obtaining any necessary entitlements, including any additional trips needed in excess of the number of trips approved by the applicable governmental authority based on the traffic report prepared by The Traffic Group, required if Tenant exercises any such expansion rights, without reducing the current entitlements available for the remainder of the Beltway Parcel and all of National Harbor. Landlord, without cost to it, shall cooperate with Tenant's efforts to obtain such entitlements as Tenant may from time to time reasonably request, so long as the requests do not create any adverse effect on Landlord's property or any property owned by Landlord's Affiliates. Tenant shall be solely responsible for all roadway improvements, common area improvements or other improvements required in connection with the expansion and all costs incurred in connection with such improvements and the expansion. Tenant shall provide all plans, specifications and other documents and materials relating to the expansion of the Tenant Improvements (collectively, the " Expansion Materials ") to Landlord for review and approval as described below. Landlord acknowledges and agrees that its review shall be limited to confirming that the expansion (i) complies with the limitations set forth in this Section 3.01(a), and (ii) will not have an adverse effect on the Beltway Parcel nor limit the availability of any entitlements, including trips and/or floor area to the rest of the Beltway Parcel.

Landlord covenants and agrees that it shall cause the Beltway Parcel to be developed in an integrated fashion with the Premises, and to be operated for uses that complement Tenant's use of the Premises and to provide Tenant periodic updates regarding the development of the master plan for the Beltway Parcel. Landlord further covenants and agrees that Tenant shall, throughout the term of this Lease, have not less than one (1) seat on the architectural review board for the Beltway Parcel. In no event shall any portion of the Beltway Parcel outside the Premises be used for any of the prohibited uses described in Section 7.1(e) of the Amended, Restated and Replaced National Harbor Community Declaration, recorded in the land records of Prince George's County, Maryland on October 25, 2006 at Book 26270, Page 21 (the " National Harbor Declaration "), or such other prohibited uses as are incorporated into the Declaration after the date hereof, other than (i) car washes as part of a service station, (ii) a single gourmet or specialty grocery store, and (iii) auto specialty stores or boutiques. Landlord shall, or shall cause the declarant or founder under the National Harbor Declaration, to grant Tenant the non-exclusive right to enforce the terms of the National Harbor Declaration against other owners or occupants who violate the prohibited uses set forth in the National Harbor Declaration in the event Landlord, declarant or founder fails to enforce the terms of the National Harbor Declaration.

(b) Letter of Credit . Tenant shall deliver to Landlord a letter of credit from Bank of America, N.A. or another institutional lender reasonably acceptable to Landlord in an amount equal to $16,000,000.00 (" Letter of Credit "), upon the Approval Date. Landlord shall hold the Letter of Credit as security for Tenant's obligations hereunder until the Final Completion Date. Landlord may draw on the Letter of Credit in accordance with Section 3.02 below.

(c) Timelines for Delivery of Plans and Specifications . Tenant shall provide the following documents, materials and information to Landlord as follows:

(i) Initial development budget for the Tenant Improvements shall be delivered to Landlord at least thirty (30) days prior to the deadline for submitting a response to the Request for Proposal from the Maryland Video Lottery Facility Location Commission (" RFP ") (as amended, the " Development Budget ");

(ii) Conceptual plans and specifications showing general layout and design of the Tenant Improvements shall be delivered to Landlord at least thirty (30) days prior to the deadline for submitting a response to the RFP; and

(iii) Final plans and specifications showing general layout and design of the Tenant Improvements shall be delivered to Landlord no later than nine (9) months following the award of the Gaming License.

(d) Review of Plans and Specifications . Tenant shall provide the Development Budget and all plans, specifications and other documents and materials relating to the Tenant Improvements (collectively, the " Review Materials ") to Landlord for review and approval as described below in order to achieve final plans and specifications. Landlord acknowledges and agrees that its review and approval rights over the Review Materials to achieve the final plans and specifications shall be limited to confirming that (i) such Review Materials show that the Tenant Improvements will be consistent with the Approved Master Plan, and (ii) the total construction costs set forth in the Development Budget will be no less than $800,000,000.00. If Landlord has any comments on the Review Materials as a result of its review, Landlord shall provide written comments or corrections to Tenant for re-submittal to Landlord within the time periods set forth in Landlord's comments. If Landlord does not provide notice of approval or rejection within 15 business days, the Review Materials submitted shall be deemed to be approved. Tenant shall revise all Review Materials to incorporate Landlord's comments and shall resubmit such Review Materials to Landlord for Landlord's review and approval as provided herein. Landlord and Tenant shall work together in good faith to approve the plans and specifications for the Premises, subject to Landlord's review and approval rights under this Section 3.01(d), and once approved such plans and specifications shall be the " Final Plans ". Tenant represents, warrants and covenants that the Final Plans and any future alterations of the Tenant Improvements shall comply with the Brand Standards and that the Hotel & Casino shall continuously operate in accordance with Brand Standards during the Term of this Lease.

(e) Construction Schedule . Tenant shall provide to the Landlord a construction schedule for each phase of construction of the Tenant Improvements (the " Construction Schedule "), for use in scheduling and controlling the construction of the Tenant Improvements. Tenant shall keep the Landlord's construction representative informed on a periodic basis, as to actual progress made, pursuant to the terms of Section 3.17 hereof. In addition, Tenant shall inform Landlord's construction representative of any deviation from the construction schedule which, in such party's good faith determination, is likely to cause a material delay in the Final Completion (as shown on the then current Construction Schedule), reasonably promptly after such deviation becomes apparent. For purposes of this Section 3.01(e) a material delay shall mean a delay in excess of sixty (60) days after the date set forth in the Construction Schedule.

(f) Use of Premises Prior to Construction . The parties agree that prior to the Tenant commencing construction of the Tenant Improvements, Landlord, its Affiliates, employees, agents, guests and invitees shall have the right to utilize the Premises for parking and other temporary uses. In no event shall such use involve constructing any permanent improvements upon the Premises, or any other improvements whether permanent or temporary in nature, or performing any alterations to the existing condition of the Premises, in each case which could reasonably be expected to impair the condition of the Premises and/or Tenant's ability to construct the Hotel & Casino thereon as a result thereof; provided, however, that erecting tents on the Premises shall not constitute a violation of this Section 3.01(f). Landlord covenants and agrees to promptly notify Tenant of any temporary uses (other than parking) for which Landlord desires to utilize the Premises. Tenant agrees to provide Landlord sixty (60) days advance written notice prior to the commencement of construction at which time Landlord shall no longer permit such parties to utilize the Premises for parking or such other temporary uses. Landlord shall indemnify and save the Tenant, harmless against and from all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including reasonable attorneys' and other consultants' fees, which may be imposed upon or reasonably incurred by or asserted against the Tenant by reason of the use of the Premises for parking by Landlord, its Affiliates, employees, agents, guests and invitees in accordance with the terms of this Section 3.01(f), except to the extent resulting from Tenant's negligence or willful misconduct.

(g) Licenses and Permits . Tenant shall diligently pursue all approvals, licenses and permits required for Tenant to complete the Tenant Improvements in accordance with the terms of this Lease and with applicable law. Tenant shall provide to Landlord, for Landlord's review, Tenant's preliminary proposed response to the RFP for issuance of the Gaming License on or before the date which is twenty (20) days prior to the date the RFP response is due for submission. The sole purpose of Landlord's review of the RFP response shall be to provide input as to anything in the response that Landlord believes would better position Tenant's response to the RFP for success based on its local experience, to confirm factual data or information about the Premises, the Beltway Parcel or Landlord, and to confirm that nothing set forth therein shall violate the terms of this Lease and not adversely affect the obligations of the Landlord or the Premises, and such review shall not constitute an approval right with respect to the RFP response. Tenant shall submit the approved RFP to the appropriate authority on or before the final response date set forth in the RFP. Tenant shall keep Landlord informed of the RFP process and shall provide copies of all substantive and material correspondence sent or received regarding the RFP, excluding any correspondence involving personal or confidential information with regard to the Tenant and its parents, subsidiaries and affiliates or their officers, directors or principals. Tenant covenants to diligently pursue the issuance of the Gaming License and to promptly respond to any inquiries or questions relating to the RFP. It is understood that agencies of the State of Maryland (the " State ") will conduct a comprehensive confidential investigation of Tenant and related parties in connection with its application for the Gaming License which will include numerous meetings, interviews, inspections and telephone calls. Tenant covenants to promptly provide reasonable and customary cooperation with respect to requests from appropriate State officials in connection with its application for the Gaming License. To the extent practicable, and to the extent that State officials agree to permit such participation, Tenant shall make commercially reasonable efforts to notify Landlord, in writing when possible, of any planned visits to the Premises in connection with the investigation of

Tenant's application for the Gaming License or as part of the RFP process, and to facilitate Landlord's invitation to participate in such visits. Tenant shall provide Landlord with periodic written reports, not less frequently than monthly, generally describing the status of the State's investigation and identifying issues raised by the State that are of significant concern and could jeopardize Tenant's standing to be found suitable to be awarded the Gaming License. Should Tenant learn of any material concern raised by State officials which is likely to lead to an objection to a finding of suitability of Tenant or the Premises to receive the Gaming License, Tenant shall notify Landlord of this occurrence within forty-eight (48) hours of discovery and shall reasonably apprise Landlord of the facts and circumstances related to any such issue. Upon written request from Landlord for a meeting with appropriate State officials, Tenant shall use commercially reasonable efforts to facilitate a meeting between Landlord and the appropriate State officials to permit them to discuss the issues concerning the State's investigation of Tenant and related parties and the potential impact areas of concern on Tenant's suitability. All reports, written or verbal, provided by Tenant to Landlord and meetings facilitated by Tenant concerning this investigation process shall be held strictly confidential by Landlord and be afforded all protections afforded to confidential information pursuant to Section 18.22 herein.

(h) Milestones for Tenant Improvements. Each of the milestones set forth below shall be completed by Tenant, at Tenant's sole cost and expense and in accordance with and subject to this ARTICLE III and the Approved Master Plan, by the milestone dates set forth below:

(i) Tenant shall, within sixty (60) days after (y) Tenant shall have been awarded the Gaming License and (z) Landlord shall have received all Land Use Entitlements required for the construction and operation of the Hotel & Casino, in each case with no appeals thereof pending and all periods for appeal shall have expired (the date both the Gaming License shall have been awarded and the Land Use Entitlements shall have been received is referred to herein as the " Approval Date "), obtain construction financing from an Institutional Lender or notify Landlord in writing that Tenant has elected to fund the Tenant Improvements without financing from an Institutional Lender.

(ii) In addition to Guarantor providing the Guaranty, Tenant shall, prior to commencement of construction, provide Landlord evidence and documentation, reasonably satisfactory to Landlord, evidencing the debt and equity sources to be utilized by Tenant to complete the Tenant Improvements in accordance with this Lease, including evidence of (A) a binding, unconditional financing commitment from an Institutional Lender, (B) a binding, unconditional equity commitment from Guarantor or other evidence of the Tenant's sufficient liquidity or other binding, unconditional access to equity capital, or (C) any combination thereof.

(iii) Tenant shall, within nine (9) months after the Approval Date, subject to any delays from Force Majeure Events (provided, such delay for Force Majeure Events shall not exceed six (6) months in the aggregate), commence and diligently and continuously prosecute all site work in preparation for vertical construction of the Tenant Improvements;

(iv) Tenant shall, within twenty-three (23) months after the Approval Date, subject to any delays from Force Majeure Events (provided, such delay for Force Majeure Events shall not exceed six (6) months in the aggregate), complete the topping out of the Hotel tower; and

(v) Tenant shall, within thirty-nine (39) months after the Approval Date or such earlier date as may be specified for completion in the RFP (the " Outside Completion Date "), subject to any delays from Force Majeure Events (provided, such delay for Force Majeure Events shall not exceed six (6) months in the aggregate), achieve Final Completion.

For purposes of this Lease, the term " Tenant Improvements " shall mean the following:

(a) the construction, of a centrally air-conditioned, first-class, high quality casino and hotel containing no more than 500 keyed hotel guest rooms, containing no more than 50,000 square feet of meeting space (which area shall include all prefunction and meeting space, but shall exclude all back-of-house space) and containing only the amenities in the type and quantity set forth in Approved Master Plan and Final Plans, at a cost no less than $800,000,000.00 (which includes the following: site costs, hard construction costs, FF&E for the Hotel & Casino and ancillary uses, and all soft costs, including architectural and engineering, construction period interest, construction period taxes and assessments), with the amenities and components set forth on Schedule 1 attached hereto, which hotel and casino shall be constructed in accordance with the Approved Master Plan and the Final Plans and which will be constructed and operated in accordance with the Brand Standards, and site work and related improvements on the Premises including, but not limited to, food and beverage outlets; meeting rooms and ballroom space and other amenities appropriate for and consistent with the Brand Standards; and ancillary retail space as set forth in the Approved Master Plan (the "Hotel & Casino");

(b) all site improvements, parking, landscaping, signage and lighting to the Premises necessary for the use, ownership and operation of the Hotel & Casino;

(c) and all mitigation measures, contributions, proffers, etc. required by any governmental authority issuing any Required Approval (other than any mitigation measures such as tree or wetland mitigation required to be performed by Landlord as part of the Land Use Entitlement process) or any other permits or approvals required in conjunction with the construction of the Tenant Improvements including without limitation any Adequate Public Facilities deemed necessary by Prince George's County; and

(d) all building systems and facilities, structural elements and personal property necessary for the construction, maintenance and operation of such Hotel & Casino and ancillary retail and entertainment space as herein contemplated.

(i) Failure to Obtain Gaming License . In the event Tenant shall fail to obtain the award of the initial Gaming License on or before June 1, 2014, as such date may be extended by (A) any appeals being prosecuted by Tenant in connection with the award of the Gaming License, (B) any other legal challenges to the award of the Gaming License, and/or (C) any delay by the State in awarding the Gaming License, despite using commercially reasonable efforts then Tenant shall have the right, as its sole and exclusive remedy, to terminate this Lease upon ten (10) days' prior written notice to Landlord. Failure of the State to award the Gaming License as described in (C) above shall constitute a Force Majeure Event. In the event Tenant shall fail to obtain the award of the initial Gaming License after all appeals or legal challenges described in (A) and (B) above have become final, Landlord shall have the right to terminate this Lease upon ten (10) days' prior written notice to Tenant. So long as Tenant's failure to obtain the award of the Gaming License was not the result of Misconduct by Tenant, the Letter of Credit shall be returned to Tenant upon such termination.

(j) Construction of Tenant Improvements .

(i) Prior to executing a construction contract for the construction of the Tenant Improvements (" Construction Contract "), Tenant shall deliver to Landlord the proposed Construction Contract for Landlord's review. The sole purpose of Landlord's review of the Construction Contract shall be to confirm that nothing set forth therein shall violate the terms of this Lease, and such review shall not constitute an approval right with respect to the Construction Contract. Tenant shall give Landlord a period of five (5) business days to review the Construction Contract prior to executing same.

(ii) Except as otherwise provided in the Declaration and the Approved Master Plan, the Tenant Improvements shall be constructed wholly within the lot lines of the Premises and shall be a complete self-contained unit with independent facilities of its own and shall not be tied into or have any physical connection with any structure located on other property. For the purposes of this Lease, construction of the Tenant Improvements shall be deemed to have " commenced " upon the commencement of actual physical work (including, without limitation, site work) on the Tenant Improvements pursuant to a permit for foundation construction, and, for the purposes of this Lease, " Final Completion " will be deemed to have occurred when the earlier to occur of: (i) a permanent, full and unconditional certificate of occupancy (or such temporary certificate as is obtainable which permits the Hotel & Casino to open for business) for the Tenant Improvements has been issued and (ii) the Hotel & Casino are open for business.

(iii) Tenant shall provide Landlord periodic progress reports on the construction of the Tenant Improvements. Each report shall include a comparison against the Construction Schedule and an estimated date for Final Completion.

(k) Lien Waivers . Tenant shall provide Landlord final lien waivers from all subcontractors, vendors and suppliers furnishing labor, supplies or materials to the Tenant Improvements together with a final lien waiver summary spreadsheet within one hundred eighty (180) days of Final Completion, or, to the extent any claims or liens are disputed by Tenant in good faith, Tenant is contesting such claims or liens in accordance with Section 3.14.

(l) FF&E . Throughout the Term of the Lease, Tenant shall provide (i) all furnishings, fixtures and equipment, operating equipment and other personal property to be installed in the Hotel & Casino, (the " FF&E "), (ii) all Building Equipment, and (iii) all Hotel Property in each case the quality of which shall be consistent with the Brand Standards.

**Section 3.02 Failure to Meet Milestones** . In the event that, at any time, Tenant fails to achieve any of the milestones set forth in Section 3.01(h) above within the milestone dates set forth in Section 3.01(h) above, Landlord shall have the right to terminate this Lease at any time and, in connection therewith, Landlord shall have the right to draw on the Letter of Credit as liquidated damages for Tenant's failure to meet the milestones set forth in Section 3.01(h) above. IF THIS LEASE IS TERMINATED BY LANDLORD PURSUANT TO THIS SECTION 3.02, THE PARTIES ACKNOWLEDGE AND AGREE THAT THE DAMAGES THAT LANDLORD WOULD SUSTAIN AS A RESULT OF TENANT'S FAILURE TO MEET THE MILESTONES SET FORTH IN SECTION 3.01(h) WOULD BE DIFFICULT IF NOT IMPOSSIBLE TO ASCERTAIN. ACCORDINGLY, THE PARTIES AGREE THAT LANDLORD SHALL HAVE THE RIGHT TO DRAW ON THE LETTER OF CREDIT AS ITS FULL AND COMPLETE LIQUIDATED DAMAGES (AND NOT AS A PENALTY). Tenant's failure to meet the performance obligations set forth in Section 3.01(h) above shall not be considered an Event of Default hereunder.

**Section 3.03 Obligations of the Landlord** . At its sole cost and expense, Landlord shall diligently pursue all land use entitlements for the Premises required by applicable law for Tenant to lawfully cause the construction of the Tenant Improvements, but expressly excluding approvals for excavation, construction, building, signage, gaming license and similar specific work to be performed by Tenant (" Land Use Entitlements "). Landlord shall develop a strategy for obtaining the Land Use Entitlements. Once such strategy has been determined, Landlord shall present the strategy to Tenant for its review and approval, which approval shall not be unreasonably withheld, conditioned or delayed. Landlord shall reasonably involve Tenant in all stages of pursuing such Land Use Entitlements, as well as in the preparation and development of any plans and specifications, proposals or applications (collectively, " Submissions ") to be provided by Landlord in the course of obtaining such Land Use Entitlements, and shall provide copies to Tenant of all official written correspondence with governmental agencies sent or received regarding the Land Use Entitlements. Landlord shall provide a monthly update conference call with Tenant regarding the status of the Land Use Entitlements. If Landlord is unable to obtain the Land Use Entitlements on or before January 1, 2015, as such date shall be extended for any appeals prosecuted by Landlord with respect to such Land Use Entitlements, Tenant shall have the right, as its sole and exclusive remedy, to terminate this Lease upon ten (10) days' prior written notice to Landlord. Except as otherwise expressly provided herein (or as required by any governmental authority issuing any permit or approval in connection with the operation of the Hotel & Casino, if any, with respect to offsite improvements only), Landlord

shall in no event be required to maintain or repair or to make any alterations, rebuildings, replacements, changes, additions or improvements on or off the Premises during the Term of this Lease. Without limitation of the foregoing, except to the extent arising out of the Landlord's gross negligence or willful misconduct and except as otherwise set forth in Section 3.01(f), above, the Landlord shall not be liable for any loss, damage or injury of whatever kind caused to the Premises.

**Section 3.04 Modification of Final Plans**. If Tenant desires to modify the Final Plans in any material respect, Tenant shall submit any such proposed modifications to the Landlord for the Landlord's approval limited to for confirming the matters described in Section 3.01(d), Section 8.01 and Section 8.02 , which approval shall not be unreasonably withheld, conditioned or delayed. Within twenty (20) days of its receipt of the proposed modifications, the Landlord shall notify Tenant in writing with specificity of any material inconsistencies to which the Landlord reasonably objects between such modification and the Final Plans previously approved by the Landlord. Tenant shall submit to the Landlord revised modifications to the Final Plans to meet the Landlord's reasonable objections consistent with the foregoing (which revised modifications shall be reviewed as hereinabove provided). If Landlord does not provide notice of approval or rejection within 15 business days, the modifications to the Final Plans submitted shall be deemed to be approved. Landlord and Tenant shall work together good faith to approve any modifications to the Final Plans.

**Section 3.05 Construction Representatives**. The Landlord and Tenant shall each designate a construction representative for the construction of the Tenant Improvements and, after notice thereof to the other and until such designation is changed or withdrawn, such construction representative shall deliver and receive all notices, approvals, communications, plans, specifications or other materials required or permitted to be delivered or received under this ARTICLE III.

**Section 3.06 Intentionally Omitted**.

**Section 3.07 Required Approval**. Subject only to the provisions of Section 8.08 with respect to permits and licenses required for the operation of the Hotel & Casino in accordance with this Lease, Tenant shall use commercially reasonable efforts to obtain all permits and licenses from governmental authorities (the " Required Permits ") required on account of the demolition of structures to be demolished by Tenant, for the construction and use of the Tenant Improvements, and for any other alterations, additions, changes or improvements to the Hotel & Casino or the Premises (collectively, " Tenant Work "), and Tenant shall, upon request, provide the Landlord with a copy of each before beginning any Tenant Work. Upon full or partial completion of Tenant Work, and prior to occupying any part of the Premises for any purpose other than performing Tenant's Work, and upon completion of any other Tenant Work, Tenant shall obtain from each authority granting the Required Permits such evidence of approval (" Evidence of Approval " and together with Required Permits, collectively, " Required Approval ") and any additional licenses and permits as may be necessary to permit such part of the Premises to be used and occupied for the Permitted Uses, including but not limited to the licenses and permits required pursuant to Section 8.08.

(a) The Landlord, without cost to it, shall execute and deliver any appropriate papers which may be necessary to obtain or maintain any Required Approval and shall further cooperate with and support Tenant in obtaining or maintaining any Required Approval for the construction and operation of the Hotel & Casino (including without limitation in appearances before government bodies), as Tenant may from time to time reasonably request.

(b) Tenant may contest, in good faith and on the same terms and conditions as provided in Section 8.09, the validity or applicability of any law, rule, ordinance, order, regulation or code which is the basis for any Required Approval.

**Section 3.08 Construction Compliance**. All Tenant Work, including but not limited to Tenant's use of the Tenant Improvements in accordance with ARTICLE VIII, shall be performed in compliance with ARTICLE XVI hereof and all requirements of law and with all applicable Requirements.

**Section 3.09 General Contractor**. Tenant's general contractors (collectively, the " Contractor ") shall have significant experience in construction of the improvements of the type contemplated by the Approved Master Plan. Landlord reserves the right to approve such Contractors, such approval not to be unreasonably withheld, conditioned or delayed.

**Section 3.10 Ownership**. During the Term, title to the Tenant Improvements shall be vested in Tenant, and Tenant shall be entitled to any depreciation deductions and investment tax credits thereon for income tax purposes. In the event of the expiration or earlier termination of this Lease, title to the Tenant Improvements and the Gaming License if permitted by applicable laws shall immediately vest in the Landlord and shall be surrendered at that time in accordance with Section 15.01. During the Term, title to the FF&E, Building Equipment and Hotel Property owned by Tenant shall be vested in Tenant; provided that, except as set forth in Section 15.01, upon expiration or earlier termination of this Lease, and subject to the following sentence, title to such Building Equipment, Hotel Property and that portion of the FF&E located within the Hotel shall immediately vest in the Landlord and possession thereof shall be surrendered to the Landlord at that time in accordance with Section 15.01. Landlord and Tenant acknowledge that certain FF&E shall be leased by Tenant to the extent customary and usual in the hotel industry and title to such leased FF&E shall be subject to the respective lease agreements.

**Section 3.11 Force Majeure**. A delay in or a failure of performance by either Landlord or Tenant in the performance of its respective non-monetary obligations to the other under Section 4.04, Section 6.01, Section 8.01(a), Section 9.01 and Section 9.02 and any other provision hereunder which specifically refers to a Force Majeure Event, shall not constitute a default under this Lease to the extent that such delay or failure of performance (i) could not be prevented by such party's exercise of reasonable diligence, (ii) results from acts of God or strikes or other labor disturbances not attributable to the failure of such party to perform its obligations under any applicable labor contract or law and directly and adversely affecting Tenant's or Landlord's, as applicable, ability to perform under such provisions or (iii) results from Tenant's inability to obtain permits and approval despite Tenant using commercially reasonable efforts to so obtain (a " Force Majeure Event "). The following shall, in no event, be deemed to be Force Majeure Events: Tenant's inability to obtain financing; and delays due to soil conditions. Each

party agrees to use commercially reasonable efforts to minimize the delay and other adverse effects of any Force Majeure Event.

**Section 3.12 Notice of Force Majeure Event**. Tenant and the Landlord shall each provide the other with prompt written notice in accordance with the provisions of Section 18.04 of any Force Majeure Event affecting the Hotel & Casino. Each shall keep the other reasonably informed of any development pertaining to such Force Majeure Event.

**Section 3.13 Reproducible Drawings**. Upon Final Completion of the Tenant Improvements, or any portion thereof, Tenant shall prepare at its expense and deliver to the Landlord one mylar reproducible set of plans showing the Tenant Improvements, or such portion thereof, as built and one mylar reproducible ALTA/ACSM Survey by a State of Maryland registered land surveyor showing the location of the Tenant Improvements on the Premises (which shall be located in accordance with the Approved Master Plan).

**Section 3.14 Tenant's Responsibility to Discharge Liens**. If any mechanic's, laborer's or materialman's lien shall at any time be filed against the Premises, the Beltway Parcel, or any part thereof with respect to the performance of any labor or the furnishing of any materials to, by or for Tenant or anyone claiming by, for or under Tenant, Tenant, within thirty (30) days after notice of the filing thereof, shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If Tenant shall fail to cause such lien to be discharged within the period aforesaid, then, in addition to any other right or remedy, the Landlord may, if such lien shall continue for fifteen (15) days after notice from the Landlord to Tenant that Tenant has failed to cure within the required thirty (30) day period, but shall not be obligated to, discharge the same by deposit or by bonding or otherwise and in any such event the Landlord shall be entitled, if the Landlord so elects upon another fifteen (15) days' notice from the Landlord to Tenant, to compel the prosecution of an action for the foreclosure of such lien by the lienor and to pay the amount of the judgment in favor of the lienor with interest, costs and allowances. Any amount so paid by the Landlord and all costs and expenses incurred by the Landlord in connection therewith, together with interest at the Default Rate from the respective dates of the Landlord's making of the payment or incurring of the cost and expense, shall constitute Additional Rent payable by Tenant under this Lease and shall be paid by Tenant to the Landlord on demand. Notwithstanding the foregoing, Tenant may contest, in good faith by appropriate proceedings, at Tenant's sole expense, the amount or validity in whole or in part of any mechanic's, laborer's or materialman's lien, and may defer the discharge of record thereof, provided that:

(a) Tenant shall provide the Landlord (and, if applicable, the Permitted Leasehold Mortgagee) with security reasonably satisfactory to the Landlord to assure payment of contested items (unless Tenant provides evidence to Landlord that Tenant has provided payment or other security to the court in connection with such proceedings, in which event no security shall be provided to Landlord);

(b) Tenant shall immediately pay such contested item or items if the protection of the Premises or of the Landlord's interest therein from any lien or claim shall, in the reasonable judgment of the Landlord, require such payment (unless Tenant provides evidence to Landlord

that Tenant has provided payment or other security to the court in connection with such proceedings, in which event no payment of contested items shall be required hereunder); and

(c) the Landlord shall not be required to join in any proceedings referred to herein unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the name of the Landlord. The Landlord shall not be subjected to any liability for the payment of any costs or expenses in connection with any such proceedings, and Tenant shall indemnify and save harmless the Landlord from any such costs and expenses.

Subject to the foregoing, and without cost to it, the Landlord shall execute and deliver any appropriate papers which may be necessary to permit Tenant to contest any such lien and shall further cooperate with Tenant in such contest, as Tenant may from time to time reasonably request.

Notwithstanding anything to the contrary set forth herein, the following matters shall be deemed to be permitted liens and encumbrances for all purposes of this Lease: (a) those pertaining to Tenant's leasehold interest in the Premises under this Lease; (b) those pertaining to the fee interest in the Premises which is burdened by the Lease, including those which are created in favor of any Person providing debt financing to Landlord provided that the holder of such lien shall agree in writing that Tenant shall not be disturbed in its possession of the Premises or have its rights hereunder terminated or amended by such Person or any other party claiming under or through such Person so long as there has not then occurred and is continuing an Event of Default by Tenant under this Lease continuing beyond any applicable notice or cure period and, further provided, that the subordination set forth herein shall be contingent upon Tenant and any such Person executing a subordination, non-disturbance and attornment agreement evidencing the same in form and substance reasonably acceptable to Landlord, Tenant, Permitted Leasehold Mortgagee and such Person; (c) those matters that arise by operation of law, but which has not yet matured, or if matured, (i) for which a bond or other adequate security has been posted as required by applicable law or (ii) where the obligations secured thereby are being diligently contested in good faith by appropriate proceedings and have been paid under protest if required by applicable law and for which adequate reserves have been established in accordance with GAAP; (d) taxes (i) which are not yet due or if due (ii) (i) for which a bond or other adequate security has been posted as required by applicable law or (ii) where the obligations secured thereby are being diligently contested in good faith by appropriate proceedings and have been paid under protest if required by applicable law and for which adequate reserves have been established in accordance with GAAP; (e) the Declaration and (f) any other lien, license, easement or servitude to the extent (i) created under the terms of this Lease, (ii) in existence as of the Effective Date, or (iii) otherwise consented to by the parties.

**Section 3.15 No Consent**. Nothing contained in this Lease shall be deemed or construed in any way as constituting the consent or request of the Landlord, express or implied, by inference or otherwise, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to, or repair of the Premises or any part thereof.

**Section 3.16 Landlord's Right to Use Field Personnel**. Notwithstanding the provisions of Section 3.05 hereof, the Landlord reserves the right, at its sole cost and expense, to maintain one or more on-site representatives (from the Landlord or another entity designated by the Landlord) at the Premises to observe the construction of the Tenant Improvements on the Premises and Tenant agrees to provide safe access to the Premises, including, without limitation, the preparation work and work in progress wherever located, subject to the Access Restrictions. No such observation by the Landlord's on-site representatives shall impose upon the Landlord responsibility or liability for any failure by Tenant to observe any Requirements or safety practices in connection with such work, or constitute an acceptance of any work which does not comply with the provisions of this Lease, and no such observation shall constitute an assumption by Landlord of any responsibility or liability for the performance of Tenant's obligations hereunder, nor any liability arising from the improper performance thereof.

**Section 3.17 Landlord's Right to Notice, Access and Review**. Tenant agrees that the Landlord, and its authorized representatives, shall have such rights of notice, access and review with respect to the construction site and the Tenant Improvements as is reasonably necessary to ensure compliance with the provisions of this ARTICLE III and the Brand Standards, including, without limitation, the following:

(a) the opportunity for attendance by the Landlord at regularly scheduled construction work meetings and at any special meetings which Tenant deems necessary in its reasonable discretion as to change orders, delays and other material issues concerning Tenant Improvements;

(b) the delivery by Tenant to the Landlord a copy of the following:

(i) all insurance certificates required by ARTICLE VII of this Lease (including those of Tenant, Contractor, Architect and all contractors and subcontractors);

(ii) all periodic updates to the applicable Construction Schedule, which updates shall show all variances;

(iii) all minutes of weekly and on site construction meetings, if any;

(iv) any claims of any sort or nature whatsoever related to Tenant Improvements; and

(v) any accident reports or reports related to safety incidents at the Premises during the construction of the Tenant Improvements.

Tenant's failure to deliver the items described in subsection (iii) above shall not constitute an Event of Default hereunder unless Tenant shall have failed to deliver such items to Landlord within ten (10) business days after written request from Landlord.

To the extent the exercise of the Landlord's rights hereunder requires the opportunity for review of any documents or the opportunity for participation in any meetings, Tenant agrees, without request therefor by the Landlord, to promptly provide copies of such documents or notice of such

meetings to the Landlord after receipt of the same by Tenant and reasonably in advance of any meetings to allow a representative of the Landlord to make arrangements to attend such meetings. If a representative of the Landlord is not in attendance, the meeting may proceed and Tenant will promptly provide Landlord with any minutes of the meeting. Neither party shall interfere with any meetings nor any construction work being performed by or on behalf of the other and shall comply with all safety standards and other job-site rules and regulations of the other.

Notwithstanding anything to the contrary contained in this Section 3.17 or elsewhere in this Lease, all access to the Premises by Landlord and its authorized representatives after the Opening Date shall be subject to Tenant's gaming security protocols and the terms and restrictions of the Gaming License and applicable law (collectively, the " Access Restrictions ").

**Section 3.18 Cost of Tenant Improvements** . Within thirty (30) days following Final Completion, Tenant shall deliver to Landlord a certification of the costs spent on the Tenant Improvements and a comparison to the Development Budget.

## ARTICLE IV.

## RENT

**Section 4.01 Definitions** . The terms set forth below shall be defined as follows (it being understood that such definitions shall not necessarily apply for any other purposes, including for tax and financial accounting purposes):

(a) " Affiliate " shall mean, with respect to any Person, (i) in the case of any such Person which is an Entity, any partner, shareholder, member or other owner of such Entity, provided that such partner, shareholder, member or other owner owns at least twenty percent (20%) of the Equity Interests of such Entity, (ii) any other Person which is a Parent, a Subsidiary, a Subsidiary of a Parent or Owner with respect to such Person or with respect to one or more of the Persons referred to in the preceding clause (i), and (iii) any Person that, directly or indirectly, controls, is controlled by, or is under common control with, such Person. For purposes hereof, the term "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of any Person, or the power to veto major policy decisions of any Person, whether through the ownership of voting securities, by agreement, or otherwise.

(b) " Approved Debt " means, at any time, the amount of debt secured by a Permitted Leasehold Mortgage(s) in an original principal amount not in excess of seventy-five percent (75%) of the fair market value of Guarantor's or Tenant's interest under this Lease (taking into account the value, and assuming completion, of all Tenant Improvements reflected in the Final Plans), as of the date of such financing. Any appraisal of the fair market value of Guarantor's or Tenant's interest under this Lease and of such ratios either prepared by or prepared for and accepted by a third-party Permitted Leasehold Mortgagee shall constitute conclusive evidence of such matters for the purposes of determining debt to value set forth above, absent manifest error. Notwithstanding the foregoing, the Approved Debt may be refinanced with up to an equal

amount of debt secured by a Permitted Leasehold Mortgage and such equal amount of debt shall be Approved Debt.

(c) " Entity " shall mean any general partnership, limited partnership, limited liability company, limited liability partnership, corporation, joint venture, trust, business trust, cooperative or association.

(d) " Equity Interest " shall mean with respect to any Entity, (1) the legal (other than as a nominee) or beneficial ownership of outstanding voting or non-voting stock of such entity if such Entity is a business corporation, a real estate investment trust or a similar entity, (2) the legal (other than as a nominee) or beneficial ownership of any partnership, membership or other voting or non-voting ownership interest in a partnership, joint venture, limited liability company or similar entity, (3) a legal (other than as a nominee) or beneficial voting or non-voting interest in a trust if such Entity is a trust and (4) any other voting or nonvoting interest that is the functional equivalent of any of the foregoing.

(e) " Financial Statements " shall mean financial statements prepared in accordance with generally accepted accounting principles as established by the standards of the American Institute of Certified Public Accountants (" GAAP "), audited by a nationally recognized CPA firm and containing at a minimum, but not limited to, a balance sheet, profit and loss statement, statement of cash flow, and auditor's accompanying notes.

(f) " Index " shall mean the Consumer Price Index for All Urban Consumers (CPI-U) (U.S. City Average), as published by the Bureau of Labor Statistics, Department of Labor. If such Index shall be discontinued, then the parties shall mutually agree upon any successor Consumer Price Index of the United States Bureau of Labor Statistics, or successor agency thereto, and if there is no successor Consumer Price Index, the parties hereto shall mutually agree upon a substitute index or formula.

(g) " Opening Date " shall mean the date which the Hotel & Casino or any portion thereof is open to the public for business.

(h) " Owner " shall mean, with respect to any Entity, any Person which owns fifty percent (50%) or more of the Equity Interest in such Entity.

(i) " Parent " shall mean, with respect to any Subsidiary, any Person which owns directly, or indirectly through one or more Subsidiaries, fifty percent (50%) or more of the Equity Interest in such Subsidiary.

(j) " Person " shall mean any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

(k) " Rent " shall mean Base Rent and Additional Rent.

(l) " Rent Year " shall mean for (i) the initial rent year, the period commencing on the Approval Date (the " Base Rent Commencement Date "), and ending on the earlier of (A) the

Opening Date and (B) the date that is thirty (30) months after the Approval Date (the " Initial Rent Period "), and (ii) each subsequent rent year, the period of twelve (12) consecutive months commencing on the expiration of the Initial Rent Period and each successive twelve (12) month period.

(m) " Subsidiary " shall mean, with respect to any Parent, any Entity in which a Person owns, directly or indirectly through one or more Subsidiaries, fifty percent (50%) or more of the Equity Interest in such Subsidiary.

**Section 4.02 Base Rent** . Commencing on the Base Rent Commencement Date and, except as otherwise expressly provided herein in Section 8.01(a), continuing thereafter for the Term of the Lease, Tenant shall pay to the Landlord, as base rent (" Base Rent ") the following amounts per annum [***] :

| Rent Year | Annual Base Rent [***] | Additional Annual Base Rent [***] |
|---|---|---|
| Rent Year 1 – (i.e., Base Rent Commencement Date through end of Initial Rent Period) | [***] | [***] |
| Rent Year 2 | [***] | [***] |
| Rent Year 3 | [***] | [***] |
| Rent Year 4 | [***] | [***] |
| Rent Year 5 | [***] | [***] |
| Rent Year 6 | [***] | [***] |
| Rent Year 7 through each remaining Rent Year during the Term and Extension Options | The annual Base Rent for the immediately preceding Rent Year, adjusted by the change in the Index for the immediate twelve month period using the Index formula as set out herein. | |

Upon the approval of the Approved Master Plan, the parties shall calculate the annual Base Rent [***] . An example of the calculation for determining the annual Base Rent based on the foregoing chart [***] is attached hereto as **Exhibit D** . At the end of Rent Year 6, (i.e., prior to the beginning of Rent Year 7) and at the end of each Rent Year thereafter, the annual Base Rent for the next succeeding Rent Year shall be calculated by multiplying the annual Base Rent for the just ended Rent Year by the quotient obtained by dividing the Index for the most recent month available (" Base Month ") by the Index for the month one year prior to that most recent

Index, provided, however, that such adjusted annual Base Rent shall not in any event be less than the annual Base Rent in effect on the day before the commencement of such next succeeding Rent Year. If, in any year, the Index is not yet available for the Base Month, the adjusted annual Base Rent shall be calculated using the Index of the most recent month available and subsequently adjusted and trued up when the Index for the Base Month is available.

Base Rent shall be paid by electronic funds transfer in equal monthly installments in advance on the first day of each and every month except that the first installment shall be made on the Base Rent Commencement Date. Payments of Base Rent shall be prorated as appropriate for a partial month at the beginning of and the end of the Term. For any month in which the annual Base Rent changes based on the chart above, Tenant shall pay Base Rent for the prior Rent Year ending during such month prorated based on the number of days of such prior Rent Year occurring in such month and shall pay Base Rent for the current Rent Year starting in such month based on the number of days of such current Rent Year occurring in such month.

**Section 4.03 Additional Rent**. From and after the Term Commencement Date, Tenant shall also pay, as additional rent, all sums, Impositions, costs, expenses, late charges, and payments of every kind and nature which Tenant in any of the provisions of this Lease assumes or agrees to pay whether payable initially to the Landlord or a third party pursuant to the terms of this Lease (collectively, " Additional Rent "), and, in the event of any non-payment thereof, the Landlord shall have all of the rights and remedies provided for herein or by law in the case of non-payment of all other types of Rent.

**Section 4.04 Books and Records**.

(a) Financial Statements Provided to Landlord .

(i) As long as Tenant or Guarantor is a public company with Securities and Exchange Commission (SEC) reporting requirements, owning multiple hotels and casinos in the United States, and Tenant's or Guarantor's Financial Statements, and other filings are of public record, then Tenant shall have no separate obligation to provide Landlord with copies of such financial statements and information.

(ii) In the event Tenant or Guarantor shall no longer be a public company or owns fewer than 10 casinos and 10 hotels containing a total of at least 15,000 rooms then Tenant shall at all times during the Term of this Lease keep and maintain accurate and complete books, records and Financial Statements and as soon as available, but in no event later than the date which is one hundred twenty (120) days after the end of each fiscal year (" Fiscal Year ") (it being agreed that the Fiscal Year shall be the calendar year or such other tax year as Tenant may establish for the conduct of its business), Tenant shall deliver to the Landlord, a copy of its Financial Statements for each year accurately reflecting the financial condition of Tenant.

(iii) In the event that (a) there is the existence or continuance of an Event of Default or (b) this Lease is transferred in accordance with Article XI herein to an entity other than an Affiliate of Tenant, then subject to the confidentiality provisions in Section

18.21, Landlord, in its reasonable discretion, may require Tenant (or Tenant's assignee) to provide annual (or more frequent) Financial Statements or other reporting information for the Hotel & Casino or such other Tenant Improvements that exist on the Premises at the time.

(b) End of Term Financial Statements. Notwithstanding other provisions of this Section 4.04 and subject to the confidentiality provisions in Section 18.21, commencing in the 90 th Rent Year, as soon as available, but in no event later than ninety (90) days after the end of each Fiscal Year of Tenant, Tenant shall deliver to the Landlord Financial Statements for the Hotel & Casino or such other Tenant Improvements that exist on the Premises at that time. The intended purpose of submitting these statements is to provide for an orderly transition of the Tenant Improvements to Landlord on the last day of the Term.

**Section 4.05 The Landlord's Right To Perform Tenant's Covenants.**

(a) Performance by the Landlord. During the continuance of any default by Tenant extending beyond any applicable cure periods, the Landlord may (but need not):

(i) pay any Imposition payable by Tenant pursuant to the provisions of ARTICLE V hereof, or

(ii) take out, pay for and maintain any of the insurance policies provided for in ARTICLE VII hereof, or

(iii) make any other payment or perform any other act on Tenant's part to be made or performed as in this Lease provided.

Subject to the Access Restrictions, Landlord may enter upon the Premises (after five (5) days' prior written notice to Tenant and the Permitted Leasehold Mortgagee(s) except in the event of emergency) for any such purpose, and take all such action thereon, as may be necessary.

(b) Reimbursement. All sums so paid by the Landlord and all reasonable costs and expenses incurred by the Landlord, including reasonable attorneys' fees and expenses, in connection with the performance of any such act following an Event of Default, together with interest at the Default Rate from the date of such payment or incurrence by the Landlord of such cost and expense, shall constitute Additional Rent payable by Tenant under this Lease and shall be paid by Tenant to the Landlord on demand. If the Landlord shall exercise its rights under paragraph (a) to cure an Event of Default of Tenant, Tenant shall not be relieved from the obligation to make such payment or perform such act in the future, and the Landlord shall be entitled to exercise any remedy contained in this Lease if Tenant shall fail to pay such Additional Rent to the Landlord upon demand. All costs incurred by the Landlord under this Section shall be presumed to be reasonable in the absence of a showing of bad faith, clear error, negligence or fraud.

(c) Entry. During the progress of any work on the Premises which may under the provisions of this Section 4.05 be performed by the Landlord, the Landlord may keep and store

in the areas in which such work is being conducted all necessary materials, tools, supplies and equipment. The Landlord shall not be liable for inconvenience, annoyance, disturbance, loss of business or other damage to Tenant or any subtenant, guest, licensee or operator by reason of making such repairs or the performance of any such work in a proper manner, or on account of bringing materials, tools, supplies and equipment onto the Premises during the course thereof in a proper manner, and the obligations of Tenant under this Lease shall not be affected thereby.

**Section 4.06 Net Lease**. It is the purpose and intent of the Landlord and Tenant that this is a net lease and that all Rent shall, except as herein explicitly otherwise provided, be absolutely net to the Landlord. Tenant agrees that, except as herein otherwise expressly provided, Tenant shall pay all costs, charges and expenses of every kind and nature whatsoever against or in connection with the use and operation of the Premises which may arise or become due during the Term, including all of those which, except for the execution and delivery hereof, would or could have been payable by the Landlord, including, without limitation, CAM, real estate taxes, special assessments, Special Taxes and insurance.

**Section 4.07 Payments; Late Charges**. Until Tenant shall have been given notice otherwise by the Landlord, Tenant shall pay all Rent to the Landlord by electronic funds transfer. All Rent shall be paid by Tenant to the Landlord without notice, demand, abatement, deduction or offset, except as expressly provided herein. No abatement, diminution or reduction of Rent or charges shall be claimed by or allowed to Tenant, or any person claiming under Tenant, under any circumstances, whether for inconvenience, discomfort, interruption of business, or otherwise, arising from any other cause or reason. Tenant's Default in the due and punctual payment of Rent or other sums due and payable under this Lease, when and as the same shall become due and payable, shall obligate Tenant, upon the Landlord's demand, to pay interest on such amounts at the greater of five percent (5%) over Wall Street Journal Prime Rate and ten percent (10%) per annum (the " Default Rate ") from the date such payment was due and payable.

**Section 4.08 No Partnership or Joint Venture**. Nothing contained under this Lease shall be construed to create a partnership or joint venture between the Landlord and Tenant or to make the Landlord an associate in any way of Tenant in the conduct of Tenant's business, nor shall the Landlord be liable for any debts incurred by Tenant in the conduct of Tenant's business, and it is understood by the parties hereto that this relationship is and at all times shall remain that of landlord and tenant.

## ARTICLE V.

## TAXES AND UTILITIES

**Section 5.01 Impositions**. Commencing on the Effective Date and thereafter throughout the Term, Tenant shall pay or cause to be paid as Additional Rent, before any fine, penalty, interest or cost may be added thereto for the non-payment thereof, all taxes, payments in lieu of taxes, assessments, water and sewer rents, rates and charges, levies, license and permit fees and other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever which at any time during the Term of this Lease may be assessed, levied, confirmed, imposed upon, or grow or become due and payable out of or

in respect of, or become a lien upon, the Premises or the leasehold, or any part thereof or any appurtenance thereto, whether such charges are made directly to Tenant or through or in the name of the Landlord, including, without limitation, all Special Taxes (all such taxes, Special Taxes, payments in lieu of taxes, assessments, water and sewer rents, rates and charges, levies, license and permit fees and other governmental charges being hereafter referred to as " Impositions "); provided, however, that

(a) Tenant shall pay the water and sewer tap charges imposed as a condition to Tenant's obtaining a building permit and Tenant hereby irrevocably assigns to Landlord all credits available by reason of the construction by Landlord's Affiliates of the infrastructure improvements to National Harbor.

(b) If, by law, any Imposition may at the option of the taxpayer be paid in installments, Tenant may pay the same in such installments over such period as the law allows and Tenant shall only be liable for such installments as shall become due during the Term of this Lease; and

(c) All Impositions for the fiscal years in which the Term of this Lease shall begin and end shall be apportioned so that Tenant shall pay only those portions thereof which correspond with the portion of said year as is within the Term hereby demised.

Tenant and its Affiliates shall not institute any judicial or administrative proceedings or actions challenging (w) the validity, due authorization or adoption or enforceability of CR-25-2004, CB-23-2004, CR 26-2004 and CB-24-2004 (the " Legislation ") or CR-23-2008 or similar bond or financial incentive enacted in lieu thereof (the " SHOT Legislation "), (x) the creation of districts thereunder, (y) the imposition, levy, collection or enforcement of any Special Tax, the Hotel Tax, Special Hotel Rental Tax or other taxes, except to the extent permitted under the Legislation or the SHOT Legislation (collectively " Special Taxes "), (z) the extension, expansion or increase of the Special Taxes, so long as the rate of such Special Taxes is not more than five percent (5%) in the aggregate; provided that in no event shall Tenant or any of its Affiliates be prohibited or restricted from objecting to or contesting the amount of any Special Taxes, assessment or any other levy imposed under the Legislation or SHOT Legislation.

**Section 5.02 Receipts**. Tenant shall furnish to the Landlord no later than ten (10) days prior to the date when any Imposition would become delinquent, official receipts of the appropriate taxing authority, or other evidence reasonably satisfactory to the Landlord, evidencing the payment thereof, subject to any rights of Tenant to contest the same pursuant to the terms hereof.

**Section 5.03 Abatements; Contests by Tenant**. Tenant may seek a reduction in the valuation of the Premises or its leasehold interest therein assessed for tax purposes, and may contest in good faith by appropriate proceedings, at Tenant's expense, the amount or validity in whole or in part of any Imposition, and may defer payment thereof if allowed by law, provided that

(a) Tenant shall provide the Landlord with security reasonably satisfactory to the Landlord to assure payment of contested items;

(b) Tenant shall immediately pay such contested item or items if required in order to proceed with such contest or if the protection of the Premises or of the Landlord's interest therein from any lien or claim shall, in the reasonable judgment of the Landlord, require such payment; and

(c) The Landlord shall not be required to join in any proceedings referred to herein unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the name of the Landlord. The Landlord shall not be subjected to any liability for the payment of any costs or expenses in connection with any such proceedings, and Tenant shall indemnify, defend and save harmless the Landlord from any such costs and expenses.

Subject to the foregoing, and without cost to it, the Landlord shall execute and deliver any appropriate papers which may be necessary to permit Tenant to contest any valuation or Imposition and shall further cooperate with Tenant in such contest at no cost to Landlord, as Tenant may from time to time reasonably request.

**Section 5.04 Imposition Deposits**. If Tenant fails to pay any Impositions as and when due, or if Landlord's lender requires Tenant to escrow Impositions then:

(a) Tenant shall deposit with Landlord, or Landlord's lender, if applicable, an amount equal to one twelfth (1/12) of the Impositions to become due with respect to the Premises between one (1) and thirteen (13) months after the date of such deposit; provided that in the case of the first such deposit, Tenant shall deposit in addition, an amount which, when added to the aggregate amount of monthly deposits to be made here under with respect to Impositions to become due within thirteen (13) months after such first deposit, will provide (without interest) sufficient funds to pay such Impositions, one (1) month prior to the date when they are due. The amounts of such deposits (herein generally called " Imposition Deposits ") shall be based upon Landlord's estimate of the amount of Impositions. Tenant shall promptly upon the demand of Landlord make additional Imposition Deposits as Landlord, or Landlord's lender may from time to time require due to (i) failure of Tenant to make, Imposition Deposits in previous months, (ii) underestimation of the amounts of Impositions, due dates and amounts of Imposition, or (iii) application of the Imposition Deposits pursuant to Section 5.04(c).

(b) Landlord shall, out of the Imposition Deposits, upon receipt by Landlord of the bills therefor, pay the Impositions or shall upon the presentation of receipted bills therefor, reimburse Tenant for such payments made by Tenant. If the total Imposition Deposits on hand shall not be sufficient to pay all of the Impositions when the same shall become due, then Tenant shall immediately pay to Landlord on demand the amount necessary to make up the deficiency.

(c) Upon an Event of Default, Landlord may, at its option, apply any Imposition Deposits on hand to the obligations under this Lease. All Imposition Deposits are hereby pledged as additional security for the Lease, and shall be held by Landlord irrevocably to be

applied for the purposes for which made as herein provided, and shall not be subject to the direction or control of Tenant.

(d) Notwithstanding anything herein contained to the contrary, Landlord shall not be liable for any failure to apply the Imposition Deposits unless Tenant, while no Event of Default exists here under, shall have (i) requested Landlord in writing to make application of such Deposits to the payment of the Impositions and (ii) presented Landlord with bills for such Impositions.

(e) The provisions of this Section are for the benefit of Landlord, Landlord's lender, if any, and Tenant alone. No provision of this Lease shall be construed as creating in any other party any rights in and to the Imposition Deposits or any rights to have the Deposits applied to payment of Impositions. Landlord shall have no obligation or duty to any third party, to collect Imposition Deposits.

(f) If Tenant's lender requires that Imposition Deposits be held by Tenant's lender, then Landlord and Landlord's lender shall not require that Imposition Deposits be held by Landlord or Landlord's lender at any time that Tenant's lender is holding such Imposition Deposits provided, that Tenant's lender agrees that it shall only be permitted to use the funds in the Imposition Deposits to pay Impositions and for no other purpose.

**Section 5.05 Utilities**. Commencing on the Effective Date, Tenant shall pay, as Additional Rent, directly to the utility provider, all charges by any public authority (including the Landlord, as the case may be) or public utility for water, electricity, telephone, gas, sewer and other services supplied or rendered to the Premises, and service inspections made therefor, whether called charge, rate, tax, betterment, assessment, fee or otherwise and whether such charges are made directly to Tenant or through or in the name of the Landlord (" Utility Charges ").

**Section 5.06 No Liability of the Landlord**.

(a) The Landlord shall not be required to furnish to Tenant any facilities or services of any kind whatsoever during the Term, such as, but not limited to, water, steam, heat, gas, hot water, electricity, light and power. The Landlord hereby grants Tenant the right and easement to tie into the existing sources of such facilities and services in their existing locations to the extent located in adjacent streets and ways owned or controlled by the Landlord and to the extent necessary to operate the Tenant Improvements, it being understood, however, that the Landlord makes no representation or warranty that existing sources of supply, distribution points or utilities are adequate or sufficient to supply the Tenant Improvements.

(b) In the event that Tenant determines that the enlargement, improvement or expansion of existing sources of supply, distribution points or utilities is necessary to supply Tenant Improvements, such enlargement, improvement or expansion shall be the obligation, and the expense, of Tenant and shall be undertaken in accordance with plans and specifications reasonably approved by the Landlord, it being understood (x) that the Landlord shall cooperate with Tenant in obtaining such utilities for Tenant Improvements as Tenant may from time to

time reasonably request (which cooperation shall include, without limitation, the granting, without further expense, of easements over the Landlord's adjoining streets in locations reasonably approved by the Landlord), and (y) that the Landlord shall not unreasonably withhold, delay or condition its approval of the plans and specifications for any such utilities or, provided that the location of the same will not adversely impact the planned development of the Landlord's adjacent property, any easement over the Landlord's streets required in connection therewith.

## ARTICLE VI.

## MAINTENANCE AND ALTERATIONS

**Section 6.01 Maintenance of Premises** .

(a) Maintenance and Repair . Tenant shall care for, keep and maintain the Premises in good and safe order and condition in accordance with the Brand Standards and the Approved Master Plan and shall make all repairs therein and thereon, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, necessary to keep the Premises in good and safe order and condition in accordance with the Brand Standards, however the necessity or desirability therefor may arise. All repairs made by Tenant shall be performed in accordance with the standards set forth in ARTICLE III.

(i) Tenant shall not commit, and shall use all commercially reasonable efforts to prevent, waste, damage or injury to the Premises.

(ii) All repairs made by Tenant shall be substantially equal or better in quality and class to the original quality of the Tenant Improvements being repaired and shall be made in compliance with the Requirements.

(b) Cleaning of Premises . Tenant shall keep clean and free from dirt, mud, standing water, rubbish, snow, ice, obstructions and physical encumbrances all areas of the Premises, and shall properly dispose of all such dirt, rubbish, snow and ice.

(c) Excavation and Shoring . If Tenant shall make or contemplate any excavation upon property or streets adjacent to or nearby the Premises, Tenant shall do or cause to be done all such work as may be necessary to preserve any of the walls or structures of any improvement on the Premises from injury or damage and to support the same by proper foundations. All such work done by Tenant shall be at Tenant's sole cost and expense. Tenant shall not, by reason of any such excavation or work, have any claim against the Landlord for damages or indemnity or for suspension, diminution, abatement or reduction of Rent under this Lease.

**Section 6.02 Intentionally Omitted**

**Section 6.03 Waste Disposal** .

Tenant shall dispose of waste from all areas of the Premises in accordance with Requirements, the Declaration and any other agreement affecting the Premises and in a prompt and sanitary manner.

**Section 6.04 Intentionally Omitted** .

**Section 6.05 Alterations** .

(a) Subject to the terms and conditions of this ARTICLE VI, ARTICLE III hereof and the other applicable provisions of this Lease, Tenant may, at any time and from time to time, at its sole cost and expense, make alterations, additional installations, substitutions, improvements, renovations or betterments in accordance with the Brand Standards (collectively, " Alterations "; but Alterations shall not encompass the addition, renewal and replacement of FF&E) in and to the Premises or any portion thereof provided that:

(i) the Alterations do not add additional floor area, amenities or services not described in the Approved Master Plan;

(ii) in connection with the performance of any Alterations (or series of related Alterations) (a) materially affecting the appearance or character of the exterior or major common areas of the Hotel & Casino (including without limitation, meeting and banquet facilities but excluding interior alteration of retail areas) (a " Major Alteration "), Tenant shall provide broad form Builders Risk insurance, on a completed value form which insurance shall be effected by policies complying with all of the provisions of ARTICLE VII;

(iii) no Alteration shall be undertaken except under the supervision of a licensed architect or licensed professional engineer, duly licensed in the State of Maryland;

(iv) the Alterations will not result in a violation of any Requirements;

(v) the proper functioning of any of the heating, air conditioning, elevator, plumbing, electrical, sanitary, mechanical and other service or utility systems of the Premises shall not be materially adversely affected;

(vi) no Alteration that is a Material Alteration shall be undertaken without the prior written consent of the Landlord in accordance with the provisions of Section 6.5(d) below; and

(vii) the design, construction and completion of any Alteration shall be in accordance with the provisions of ARTICLE III hereof to the extent applicable.

(b) Reimbursement of the Landlord's Expenses . Tenant shall reimburse the Landlord for all actual out-of-pocket architectural and engineering expenses for architectural and engineering review reasonably incurred by the Landlord in connection with its review of a proposed Major Alteration. Any Major Alteration for which consent has been received shall be performed substantially in accordance with the approved plans and specifications, and no material amendments or material additions to the plans and specifications shall be made without the prior reasonable consent of the Landlord in accordance with the terms hereof.

(c) Approvals . Tenant, at its expense, shall obtain all necessary licenses, approvals, permits and certificates from governmental authorities for the commencement and prosecution of any Alterations and, if required, final approval from governmental authorities upon completion, promptly deliver copies of the same to the Landlord and cause the Alterations to be performed in compliance with all applicable Requirements and requirements of Permitted Leasehold Mortgages and insurers of the Premises, and any Board of Fire Underwriters, Fire Insurance Rating Organization, or other body having similar functions, and in good and workmanlike manner, using materials and equipment at least equal in quality and class to the original quality of the installations at the Premises that are being replaced.

(d) Submission and Review of Alterations .

(i) Tenant shall submit to the Landlord plans and specifications showing in reasonable detail any proposed Major Alteration. Within twenty (20) days after the Landlord's receipt of such plans and specifications, the Landlord shall notify Tenant of its approval or disapproval thereof, such approval not be unreasonably withheld, conditioned or delayed so long as such Major Alteration satisfies the requirements of this Section 6.05, and if the same is disapproved such notice shall state in reasonable detail the reasons therefor.

(ii) If Tenant desires to modify in any material respect previously approved plans and specifications (as such may have been previously modified by approved plans and specifications), Tenant shall submit any such proposed modifications to the Landlord for the Landlord's reasonable approval. Within twenty (20) days of its receipt of the proposed modifications, the Landlord shall notify Tenant in writing with specificity of any material inconsistencies of which the Landlord disapproves between the plans and specifications as modified and the plans and specifications previously approved by the Landlord, provided that the Landlord shall not unreasonably withhold, condition or delay its approval of proposed modifications.

(iii) Upon completion of any Major Alteration, Tenant shall prepare at its expense and deliver to Landlord one mylar reproducible set of plans showing the Major Alteration as built, and if applicable one mylar reproducible ALTA/ACSM Survey by a State of Maryland registered land surveyor showing any changes to the Tenant Improvements on the Premises.

(e) Costs of Alterations . All costs associated with all Alterations shall be borne by Tenant.

**Section 6.06 Signs**. Tenant shall submit to Landlord, as part of the Approved Master Plan, a plan showing the proposed exterior signage for the Premises. Tenant shall submit to the Landlord for approval, which approval shall not be unreasonably withheld, conditioned or delayed, any change or alteration to the exterior signage previously approved as part of the Approved Master Plan or otherwise as approved by Landlord. Landlord's approval shall not be required for signs erected in the interior of the Hotel & Casino that are not generally visible outside the Hotel & Casino.

## ARTICLE VII.

## INSURANCE AND INDEMNITY

**Section 7.01 Property Insurance**.

(a) Property Insurance. Tenant, at its sole cost and expense, shall keep in full force and effect property insurance on the Tenant Improvements, the Hotel & Casino and other improvements located on the Premises, and on the FF&E and other property installed or used in, on or about the Hotel & Casino, in amounts sufficient at all times to prevent the Landlord or Tenant from becoming a co-insurer under the provisions of applicable policies of insurance, but, in any event, at least equal to the full replacement cost thereof, without deduction for depreciation, against all risks of direct physical loss or damage as may from time to time be included within the definition of an " All Risk Insurance Policy " and, provided such is available from time to time on commercially reasonable terms, extended to include coverage against earthquake, earth movement, flood (including back-up of sewers and drains), terrorism, sprinkler leakage, breakdown of boilers, machinery and electrical equipment, and such other risks (to the extent obtainable on commercially reasonable terms) as the Landlord may reasonably designate. The All Risk Insurance Policy shall contain a waiver of subrogation for the benefit of Landlord and all of its Affiliates, including National Harbor Beltway LC, MVP Management LLC, Peterson Management LC, and National Harbor Owners Association Inc., and an Agreed Amount Endorsement. The All Risk Insurance Policy shall not have a deductible greater than $5,000,000.00 or a self-insurance retention guarantee greater than $5,000,000.00.

(b) Increased Costs. The insurance also shall cover increased cost of construction, demolition and debris removal coverage, arising out of the enforcement of building laws and ordinances governing repair and reconstruction and shall include an agreed amount provision or not contain a coinsurance clause. The replacement cost of the Hotel & Casino and such other improvements as are located on the Land, and of the FF&E and other property installed or used in, on or about the Hotel & Casino, shall be determined at least once every thirty-six (36) months by agreement of the Landlord and Tenant.

(c) Loss of Rent / Business Income. The insurance shall also include, at Tenant's sole cost and expense, a rent endorsement protecting the Landlord, for all lost Rent for the full period of reconstruction or repair following the casualty and an endorsement for an "extended period of indemnity" for an additional twelve (12) months.

(d) Stored FF&E. Tenant shall also keep in effect, at its sole cost and expense, insurance on the FF&E and other property intended for installation or use in the Hotel & Casino on the Premises while in temporary storage away from the Premises, against all risk of loss or damage as would typically be included within an "All Risk Policy" as then available, in an amount not less than the full replacement cost thereof.

**Section 7.02 Liability Insurance**. Tenant shall maintain:

(a) for the mutual benefit of the Landlord and Tenant, and identifying the Landlord, and all of its Affiliates, including National Harbor Beltway LC, MVP Management LLC, Peterson Management LC, and National Harbor Owners Association Inc., as an additional insured, commercial general liability insurance against claims for personal injury, death, and property damage occurring upon, in or about the Premises or Tenant Improvements, and on, in or about the adjoining sidewalks and passageways (including, without limitation, personal injury, death, and property damage resulting directly or indirectly from any change, alteration, improvement or repair thereof), or arising out of or in connection with the ownership, management, maintenance or operation of the Hotel & Casino, for at least $200,000,000.00 (subject to Section 18.19 at the time such insurance is obtained) each occurrence limit, including bodily injury and property damage. If Tenant's liability policies do not contain the standard separation of insureds provision or a substantially similar clause, they shall be endorsed to provide cross-liability coverage. Tenant's liability insurance policies must provide the following coverages with minimum limits as indicated (if available at commercially reasonable rates):

(i) Liquor Liability covering claims arising from the providing, serving or sale of alcoholic beverages with a limit of $200,000,000.00 (subject to Section 18.19 at the time such insurance is obtained);

(ii) Modification of the care, custody and control exclusion to provide coverage for bailments, including innkeepers legal liability and safe-deposit legal liability to the extent required under the Maryland Rights and Responsibilities of Innkeepers statute; and

(iii) Per project, per location aggregate limit in an amount not less than $200,000,000.00 (subject to Section 18.19 at the time such insurance is obtained).

(b) Comprehensive blanket crime insurance, in an amount not less than $10,000,000.00 (subject to Section 18.19 at the time such insurance is obtained), which shall include coverage and fidelity insurance with respect to employees of the Hotel & Casino.

(c) Commercial automobile liability covering all owned, hired, and non-owned vehicles in the amount not less than $200,000,000.00 (subject to Section 18.19 at the time such insurance is obtained) each accident, including all statutory coverages for all states of operation.

(d) Workers compensation insurance in accordance with Maryland statutory limits with waivers of subrogation for Landlord and all its Affiliates, including National Harbor Beltway LC, MVP Management LLC, Peterson Management LC and National Harbor Owners Associations Inc. Tenant shall cause all contractors and subcontractors to maintain workers

compensation insurance in accordance with Maryland statutory limits with waivers of subrogation for Landlord and all its Affiliates, including National Harbor Beltway LC, MVP Management LLC, Peterson Management LC and National Harbor Owners Associations Inc.

(e) If Tenant is using its employees as armed or unarmed security for the Hotel & Casino, then the general liability insurance above shall provide coverage for assault and battery, false arrests, libel and/or slander and any other related events that would be typically insured by a prudent Person. In the event a third party is used for security at the Hotel & Casino, then such third party's liability coverage shall cover the same risks and have a limit of not less than $5,000,000.00 and name the Landlord and all of its Affiliates, including National Harbor Beltway LC, MVP Management LLC, Peterson Management LC, and National Harbor Owners Association Inc., as additional insureds in the general liability policy. Third party or contractors shall have workers compensation coverage with a waiver of subrogation for the benefit of the additional insured referenced above.

(f) If Tenant operates, with its employees, a valet service or parking garage then its general liability shall include garage keepers liability and insurance for self-park garages covering all damage to vehicles under the control of Tenant or its Affiliates. In the event a third party is used to operate the valet or the parking garage, then such third party's liability coverage shall cover the same risks and have a limit of not less than $5,000,000.00 and name the Landlord and all of its Affiliates, including National Harbor Beltway LC, MVP Management LLC, Peterson Management LC, and National Harbor Owners Association Inc., as additional insureds in the general liability policy. Third party or contractors shall have workers compensation coverage with a waiver of subrogation for the benefit of the additional insured referenced above.

(g) Premise and Operation insurance covering those exposures to loss that fall outside the defined "products-completed operations hazard," including liability for injury or damage arising outside of the Premises or outside of the Tenant's business operations while such operations are in progress.

(h) Products and Completed Operations insurance covering liability arising out of Tenant's products or business operations.

(i) Such other insurance in an amount as Tenant in its reasonable judgment deems advisable for protection against claims, liabilities and losses arising out of or connected with the operation of the Hotel & Casino.

(j) The minimum coverage stated herein shall be reviewed annually by the Landlord and Tenant and shall be adjusted at such intervals if such adjustments are reasonably necessary to reflect inflation or changes in the nature or degree of risks insured or to protect against judgments from time to time being awarded in Maryland for injury, death and property damage, in all cases consistent with such limits as are from time to time customarily carried with respect to hotel and casino properties in the State of Maryland. The Landlord, and all of its Affiliates including National Harbor Beltway LC, MVP Management LLC, Peterson Management LC and National Harbor Owners Association Inc. shall be named as additional insureds.

**Section 7.03 Construction Insurance Requirements** .

Prior to commencement of construction of the Tenant Improvements or any other Tenant Work permitted under this Lease, including without limitation, any Major Alteration, Tenant shall procure or cause to be procured, and after such dates, shall carry or cause to be carried, until final completion of such work at least the following:

(a) Builder's Risk Insurance (standard "All Risk" or equivalent coverage) including terrorism, flood and earthquake coverage, in an amount not less than the cost of reconstruction, written on a completed value basis or a reporting basis, for property damage protecting Tenant, the Landlord, the general contractor, and any Permitted Leasehold Mortgagee, with a deductible determined by Tenant of not more than $5,000,000.00, (subject to Section 18.19 at the time such insurance is acquired) to include rental payment coverage from the date of projected completion and extending the full period of reconstruction or repair following the casualty and an endorsement for an "extended period of indemnity" for an additional twelve (12) months. The Builder's Risk Insurance shall also include a Permission to Complete and Occupy endorsement as well as coverage for materials stored on-site, off-site and in-transit and Business Interruption / Extra Expense coverage.

(b) Commercial general liability insurance against claims for personal injury, death, and property damage occurring upon, in or about the Premises or Tenant Improvements, and on, in or about the adjoining sidewalks and passageways (including, without limitation, personal injury, death, and property damage resulting directly or indirectly from any change, alteration, improvement or repair thereof), or arising out of or in connection with the construction of the Hotel & Casino, for at least $200,000,000.00 (subject to Section 18.19 at the time such insurance is obtained) each occurrence limit, including bodily injury and property damage. If Tenant's liability policies do not contain the standard separation of insureds provision or a substantially similar clause, they shall be endorsed to provide cross-liability coverage. Landlord, and all of its Affiliates, including National Harbor Beltway LC, MVP Management LLC, Peterson Management LC, and National Harbor Owners Association Inc., shall be listed as an additional insured on the commercial general liability insurance policy.

(c) Automobile liability insurance covering any automobile or other motor vehicle used in connection with work being performed on or for the Premises in an amount not less than $200,000,000.00, (subject to Section 18.19 at the time such insurance is obtained) per occurrence, with a deductible determined by Tenant of not more than $100,000.00 (subject to Section 18.19 at the time such insurance is obtained).

(d) Tenant shall cause each contractor and subcontractor employed by Tenant to purchase and maintain insurance as commonly carried by subcontractors performing similar work at similar facilities. The general contractor shall carry General Liability Insurance in an amount at least equal to $25,000,000.00 (subject to Section 18.19 at the time such insurance is obtained), including premise and operations, products and completed operations, and automobile liability coverage and Workers Compensation Insurance as set forth in Section 7.02(d) above. Each subcontractor shall carry General Liability Insurance in an amount at least equal to $3,000,000.00 (subject to Section 18.19 at the time such insurance is obtained) and Workers

Compensation Insurance as set forth in Section 7.02(d) above. Such contractor's and subcontractor's insurance shall name Tenant and the Landlord, National Beltway LC, MVP Management LLC, and National Harbor Owners Association Inc. as an additional insureds and each policy shall contain a waiver of subrogation in favor of the foregoing entities. When requested by either Tenant or the Landlord, the respective party shall furnish the other with copies of certificates of insurance evidencing coverage for each subcontractor.

(e) Tenant and Landlord must obtain each other's permission to waive any of the requirements of this Section 7.03. Tenant or Landlord may reasonably require additional coverage if the work to be performed is in Tenant's and Landlord's reasonable judgment sufficiently hazardous. Tenant shall obtain, keep on file, and provide copies to the Landlord, not later than thirty (30) days after the date of hiring of each subcontractor performing work at the Hotel & Casino, if such work directly or indirectly affects the Hotel & Casino, certificates of insurance evidencing compliance with these requirements for each subcontractor. The certificates of insurance must provide at least thirty (30) days' prior written notice of cancellation of coverage to Tenant and Landlord.

(f) All primary policies obtained by the contractor and subcontractors shall be on an occurrence basis and issued by insurers with A.M. Best Rating of "A-VII" and a rating equivalent to A.M. Best Rating of "A-VII" from Standard & Poor's and Moody's. Tenant shall provide Landlord evidence of all insurance required by this Section 7.03 prior to the commencement of work and upon any renewal of such policy until the Tenant Improvements are complete.

(g) Tenant shall endeavor to require that any subcontractor, vendor or other supplier hired to perform work at the Hotel & Casino will agree to indemnify, defend and hold harmless Tenant and the Landlord from and against any and all claims, allegations, lawsuits, or other causes of action arising out of such subcontractor's, vendor's or supplier's work done at the Hotel & Casino on behalf of Tenant due to such party's negligent acts, errors or omissions.

**Section 7.04 Supplemental Insurance**. Tenant shall also maintain such other insurance and in such amounts as may from time to time be reasonably required by the Landlord against other insurable hazards which at the time are customarily insured against in the case of hotels and casinos in the State of Maryland, due regard being, or to be given, to the height and type of the Hotel & Casino, and its construction and location.

**Section 7.05 Insurance Carriers, Policies**. All insurance provided for in this ARTICLE VII shall be effected under valid and enforceable policies, issued by insurers of recognized responsibility and having an A.M. Best Rating of "A-VII" or higher and a rating equivalent to A.M. Best Rating of "A-VII" from Standard & Poor's and Moody's, or, if such rating is no longer issued, an equal or better rating by a successor insurance carrier rating service reasonably acceptable to the Landlord. Prior to the execution of this Lease, and thereafter not less than ten (10) days prior to the expiration dates from time to time of the policies required pursuant to this ARTICLE VII, certificates of such insurance.

Nothing in this ARTICLE VII shall prevent Tenant from taking out insurance of the kind and in the amounts provided for under this Article under a blanket insurance policy or policies covering other properties as well as the Premises, provided, however, that any such policy or policies of blanket insurance shall be sufficient to prevent any of the insureds from becoming a co-insurer within the terms of the applicable policy or policies, and provided further, however, that any such policy or policies of blanket insurance shall, as to the Premises, otherwise comply as to endorsements and coverage with the provisions of this ARTICLE VII.

**Section 7.06 No Separate Insurance**. Neither the Landlord nor Tenant shall take out separate insurance concurrent in form or contributing in the event of loss with that required in this ARTICLE VII to be furnished by, or which may reasonably be required to be furnished by, Tenant unless the Landlord and Tenant are included therein as the insured, with loss payable as in this Lease provided. Each party shall immediately notify the other of the placing of any such separate insurance and shall cause the same to be delivered as required in Section 7.05 hereof.

**Section 7.07 Landlord's Lender As Additional Insured**. If Landlord's lender requires, Tenant shall identify such lender as an additional insured on all of the policies set forth in this ARTICLE VII.

**Section 7.08 Non-cancellation**. Each policy or certificate issued by an insurer shall, to the extent obtainable and consistent with applicable law, contain an agreement by the insurer that such policy shall not be canceled, non-renewed or substantially modified without at least thirty (30) days' prior written notice to the Landlord and to any mortgagee named therein.

**Section 7.09 Insurance Trustee**. The following provisions shall apply from and after the time that there shall be (i) any insured damage to the Premises in excess of $100,000,000.00 (subject to Section 18.19), or (ii) a Taking of all or a portion thereof:

(a) A bank or trust company which is among the three largest in terms of its net assets among those bank and trust companies in Washington, D.C. Metro Area, designated by Tenant (subject to the Landlord's reasonable approval), shall act as Trustee (the " Trustee ") to receive and disburse insurance proceeds and taking awards in accordance with ARTICLE IX and ARTICLE X hereof, and the Landlord and Tenant shall promptly enter into an agreement with said bank or trust company appropriately covering assumptions of the duties of the Trustee hereunder and containing such provisions as may be reasonably required by said bank or trust company, provided that the Landlord shall not be required thereby to assume any obligations or liabilities other than as provided in this Lease. The foregoing notwithstanding, a Permitted Leasehold Mortgagee may at its written request be designated Trustee provided that such Permitted Leasehold Mortgagee (i) shall have net assets in excess of $10,000,000,000.00 (subject to Section 18.19); (ii) shall have consented, for the purpose of performing its duties as Trustee, to the jurisdiction of the courts of the State of Maryland; and (iii) shall have otherwise agreed to be subject to and to comply with the terms and conditions of this Section 7.09.

(b) In the event of the refusal to act or the resignation of said bank, trust company, or Permitted Leasehold Mortgagee, or of any successor or substituted bank, trust company, or Permitted Leasehold Mortgagee designated to act or acting as Trustee hereunder, then, in lieu of

such bank, trust company, or Permitted Leasehold Mortgagee, Tenant shall have the right (subject to the Landlord's reasonable approval) to designate any other bank or trust company which satisfies the requirements of subparagraph (a) above to act as Trustee.

(c) Each such designation or substitution of any such entity to act as Trustee hereunder shall be effected by Tenant and any Permitted Leasehold Mortgagee giving to the Landlord written notice of such designation or substitution, as the case may be, and as soon thereafter as may be practicable after the giving of such notice (i) the Landlord and Tenant shall enter into an agreement with the entity so designated or so being substituted appropriately covering the assumption by it of the duties of the Trustee hereunder and containing such provisions as may reasonably be required by such entity, provided that the Landlord is not required thereby to assume any obligations or liabilities other than as provided in this Lease, and (ii) the entity which shall have resigned as Trustee or for which another entity shall have been so substituted as Trustee shall turn over to the new Trustee all insurance proceeds or taking awards remaining on hand with it.

(d) The reasonable fees and charges of every entity acting as Trustee hereunder shall constitute an expense of maintenance and disposition of the proceeds deposited with such Trustee and shall be paid periodically from such proceeds.

(e) Anything contained in this Section to the contrary notwithstanding, any agreement which the Landlord and Tenant shall enter into with any entity acting as Trustee hereunder shall include as a party thereto any Permitted Leasehold Mortgagee, in its capacity as such, when requested by either party or such mortgagee, provided that the applicable mortgage shall provide, or the holder thereof shall agree in writing, that all proceeds are to be applied in the same manner as provided in this Lease.

**Section 7.10 Waiver of Subrogation**. If, and only if, permitted by the policies of insurance relating to the Premises maintained by the Landlord and Tenant, the Landlord and Tenant hereby each waive all rights of recovery against the other or against the officers, employees, agents and representatives of the other, on account of loss or damage occasioned to such waiving party or its property or the property of others under its control to the extent that such loss or damage is insured against under any insurance policies which either may have in force at the time of such loss or damage. Each party shall, upon obtaining policies of insurance relating to the Premises, or portions thereof, which permit the aforesaid waiver, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease, and each party shall endeavor to cause each such insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either the Landlord or Tenant in connection with any damage covered by any such policy, at the sole cost of the party for whose benefit such waiver is sought.

**Section 7.11 Indemnification by Tenant**. Tenant shall indemnify and save the Landlord and all of its Affiliates, including National Harbor Beltway LC, MVP Management LLC, and National Harbor Owners Association, Inc., harmless against and from all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including reasonable architects', attorneys' and other consultants' fees, which may be imposed upon or reasonably incurred by or

asserted against the Landlord by reason of any of the following occurrences during the Term of this Lease:

(a) any work done in or on the Premises or any part thereof, any use, non-use, possession, occupation, condition, operation, maintenance or management of the Premises or any part thereof, any accident, injury or damage to any person or property occurring in, on or about the Premises or any part thereof, including any sidewalk or curb appurtenant to the Premises, except to the extent resulting from the negligence or wrongful act of the Landlord, its employees, contractors, agents, servants, or licensees;

(b) any negligence on the part of Tenant or any party for whom Tenant is legally liable, including, without limitation, guests, visitors and invitees; and

(c) any failure on the part of Tenant to perform or comply with any of the covenants, agreements, terms, provisions, conditions or limitations contained in this Lease on its part to be performed or complied with constituting an Event of Default which results in any bodily injury or property damage for which the Landlord is responsible.

In case any action or proceeding is brought against the Landlord by reason of any claim arising out of any of the occurrences which Tenant is required, pursuant to the preceding paragraph, to indemnify and save the Landlord harmless against and from, the Landlord shall give prompt notice thereof to Tenant and shall cooperate with Tenant in the defense thereof; and Tenant upon written notice from the Landlord shall at Tenant's expense defend such action or proceeding using legal counsel selected by Tenant in its reasonable business judgment.

The foregoing express obligation of indemnification shall not be construed to negate or abridge any other obligation of indemnification running to the Landlord which would exist at common law or under any other provision of this Lease, and the extent of the obligation of indemnification shall not be limited by any provision of insurance undertaken in accordance with this ARTICLE VII. The provisions of this Section 7.11 shall survive termination or expiration of this Lease.

## ARTICLE VIII.

## USE OF PREMISES

**Section 8.01 Use**.

(a) Continuous Legal Use. Subject to Articles 9 and 10, Tenant shall continuously use and operate the Premises for the maximum days and hours permitted pursuant to the terms of the Gaming License and applicable law, provided, however, in the event the Gaming License is silent with regard to the days and hours of required operation, Tenant shall use and operate the Premises twenty-four (24) hours a day, three hundred sixty-five (365) or three hundred sixty-six (366) days a year, as applicable, throughout the Term as required by this Lease, subject in all cases to Force Majeure Events and any restrictions imposed on the Premises by applicable law. In any event, the Premises shall be used only in accordance with the Permitted Uses.

(b) Permitted Uses . Subject to the restrictions and conditions stated in this Lease, Tenant shall use the Premises only for the construction, development, and operation of the Hotel & Casino as provided for herein for (i) a first-class, high quality hotel and casino that meets the Brand Standards, and (ii) ancillary lobby level retail use, all in accordance with the standards set forth in this ARTICLE VIII and such other activities in connection therewith and related thereto as are set forth in the Approved Master Plan (collectively, the " Permitted Uses "), and for no other uses. In addition to the foregoing, at all times Tenant's use of the Premises shall comply with the Brand Standards and the Declaration. Tenant shall not, under any circumstances (y) have more than 500 hotel rooms on the Premises or (z) have more than 50,000 square feet of meeting space on the Premises (inclusive of all prefunction and meeting space, but excluding all back-of-house space). Immediately upon its discovery of any use which is not a Permitted Use, Tenant shall take all reasonably necessary steps, legal and equitable, to immediately discontinue such business or use, or compel discontinuance of such business or use, including, if necessary, the removal from the Premises of any subtenants, licensees, invitees or concessionaires.

**Section 8.02 Prohibited Uses .**

(a) Without limiting the provisions of Section 8.01, Tenant shall not use or occupy the Premises or any part of the Premises, and neither permit nor suffer the Premises to be used or occupied, for any of the following (" Prohibited Uses "):

(i) for any unlawful or illegal business, use or purpose or any other use that would violate the Declaration;

(ii) for any use which is a public nuisance or constitutes a safety or security concern in Landlord's reasonable discretion;

(iii) in such manner as may make void or voidable any insurance then in force with respect to the Premises; or

(iv) for any cell towers, roof antennas, or similar devices or equipment, except for transmissions necessary for the operation of the Premises.

(b) Without limiting the provisions of Section 8.01 or any other provision of this Lease, the use of any ownership structure such as time share, time interval, cooperative or condominium shall not be permitted.

**Section 8.03 Prohibition of Competing Projects.**

(a) Operating Restrictions . Tenant hereby covenants for itself and its Affiliates, not to operate, manage or license without the prior consent of the Landlord, a casino within fifty (50) miles of the front door of the Hotel & Casino. Landlord hereby covenants for itself and its Affiliates, not to operate, manage or license without the prior consent of the Tenant, a casino within fifty (50) miles of the front door of the Hotel & Casino, and not to permit the operation of a casino on any land owned or controlled by Landlord and its Affiliates within fifty (50) miles of the front door of the Hotel & Casino. The foregoing restrictions shall not apply to (i) any hotels under any brand of Tenant or its Affiliates, (b) any condominium or other residential product, (c)

any serviced apartment facility, or (d) any timeshare, estate or license, fractional ownership, vacation club or any other form of interest in any vacation or interval ownership program.

(b) Enforcement . Landlord and Tenant each acknowledges that the other party will be irreparably harmed in the event either Landlord or Tenant violates the restriction set forth in Section 8.03(a) and that money damages would be inadequate to compensate the non-breaching party for such harm. Consequently, the parties agree that the non-breaching party, in addition to all of its rights and remedies contained herein, shall have the right to apply for, seek and demand injunctive relief to compel the cure of such violation.

**Section 8.04 Operation of Hotel & Casino** .

(a) First-Class Hotel & Casino . Tenant shall, at all times during the Term, operate, maintain and manage, or shall cause the operation, maintenance and management of, the Hotel & Casino as a first-class hotel and casino in accordance with the Brand Standards and the terms and provisions of this Lease. As used herein, the term " Brand Standards " shall mean the standards in effect from time to time of (a) design, construction, furnishing, equipping, maintenance and repairing of the Hotel & Casino, and (b) operating, guest service and marketing of the Hotel & Casino, all of which shall be: (i) at the first-class standard established from time to time by the Guarantor for the MGM brand (the " Brand "), but in no event shall such standard be of lesser quality than the greater of quality of the MGM Grand Detroit as of the Effective Date and the quality of the Hotel & Casino as of Final Completion; and (ii) in accordance with policies, procedures, instructions, specifications, manuals and programs in effect from time to time which are applicable to the operation of the Brand hotels and casinos. If at any time, the MGM Grand Detroit is no longer owned by an Affiliate of Tenant, then the parties will agree on a replacement facility for the standard. The Brand Standards include any one or more (as the context requires) of the following three categories of standards: (A) operational standards (e.g., services offered to guests, quality of food and beverages, cleanliness, staffing and employee compensation and benefits, centralized services, frequent traveler programs and other similar programs, etc.); (B) physical standards (e.g., quality of the improvements, FF&E and supplies, frequency of FF&E replacements) and fire and life safety standards; and (C) technology standards (e.g., those relating to software, hardware, telecommunications, high speed internet access, systems security and information technology). Tenant has granted to Landlord prior to the Effective Date hereof access to an internet portal containing the Brand Standards, and shall provide such access to Landlord throughout the Term hereof.

(b) Application of Operation, Maintenance and Management Standards . In the event that the Landlord determines in its discretion that the Hotel & Casino are not operating, being maintained or managed in compliance with the standards required in this Lease, the Landlord shall give notice of its specific objection and the requested correction. The parties shall negotiate in good faith on a resolution of the objection. In the event that a resolution satisfactory to the Landlord is not achieved within fifteen (15) days, the Landlord may elect to refer the issue to the Dispute Resolution Process for determination of whether there has been a failure to operate, maintain or manage in compliance with the specified standards.

**Section 8.05 Franchise Affiliation**. Unless assigned in a manner compliant with Section 11.01, t he brand name of the Hotel & Casino shall be MGM, or such other brand as is approved by Landlord in its sole and absolute discretion. Tenant represents and warrants that it has and will continue to have the right to use the MGM brand and the business names, trade names, corporate names, domain names, domain name registrations, website names and worldwide web addresses and other communication addresses necessary and desirable for the conduct of the Hotel & Casino in accordance with the Brand Standards.

**Section 8.06 No Dedication**. Tenant shall not suffer or permit the Premises or any portion thereof to be used by the public without restriction or in such manner as might impair the Landlord's title to the Premises, or any portion thereof, or in such manner as might constitute a basis for a claim or claims of adverse usage, adverse possession or prescription by the public, or of implied dedication of the Premises or any portion thereof. Tenant hereby acknowledges that the Landlord does not hereby consent, expressly or by implication, to the unrestricted use or possession of the whole or any portion of the Premises by the public.

**Section 8.07 No Waste**. Tenant shall not injure, overload, deface or strip, or cause physical waste or damage to, the Premises or the underlying fee or any part thereof, nor commit any nuisance or unlawful conduct; nor permit the emission of any objectionable noise or odor; nor permit any flashing or neon lights which cast light outside the Hotel & Casino; nor knowingly permit any fireworks displays; nor make any use of the Premises or Tenant Improvements which is legally improper; nor permit or suffer any subtenant, guest, licensee, operator, occupant, invitee or others to do any of the foregoing.

**Section 8.08 Legal Requirements**.

(a) Throughout the Term of this Lease, Tenant, at its expense, shall promptly comply with and shall cause all subtenants, licensees, operators and managers, if any, to promptly comply with all present and future laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, departments, commissions, boards and officers, foreseen or unforeseen, ordinary as well as extraordinary, which may be applicable to the Premises and the roads, sidewalks and curbs adjoining the same, or to the use or manner of use of the same or the owners, tenants, licensees, operators, or occupants thereof, whether or not such law, ordinance, rule, regulation or requirement is specifically applicable or related to the conduct of the Permitted Uses, or shall affect the interior or exterior of the Hotel & Casino, or shall necessitate structural changes or improvements, or shall interfere with the use and enjoyment of the Premises (collectively, the " Requirements "). Tenant shall, in the event of any violation or any attempted violation of this Section by any subtenant, licensee, operator, or manager take steps, immediately upon knowledge of such violation, as Tenant determines to be reasonably necessary to remedy or prevent the same as the case may be.

(b) Tenant covenants and agrees that Tenant, prior to Opening Date, shall (i) apply for and use commercially reasonable efforts to secure, and (ii) continuously maintain, as necessary, all hotel, casino, restaurant and alcoholic beverage licenses and any other permits or licenses required for the operation of the Hotel & Casino on the Premises. The cost incurred in

securing and maintaining any such licenses and permits shall be borne solely by Tenant as an expense of the operation of the Hotel & Casino.

**Section 8.09 Contests**. Tenant shall have the right, after ten (10) days' prior written notice to the Landlord, to contest by appropriate legal proceedings diligently conducted in good faith, in the name of Tenant, without cost or expense to the Landlord, the validity or application of any law, ordinance, order, rule, regulation or requirement of the nature referred to in Section 8.08 hereof, subject to the following:

(a) If, by the terms of any such law, ordinance, order, rule, regulation or requirement, compliance therewith pending the prosecution of any such proceeding may legally be delayed without the incurrence of any lien, charge or liability of any kind against the Premises or any part thereof and without subjecting Tenant or the Landlord to any liability, civil or criminal, for failure so to comply therewith, Tenant may delay compliance therewith until the final determination of such proceeding; and

(b) If any lien, charge or civil liability would be incurred by reason of any such delay, Tenant nevertheless may contest as aforesaid and delay as aforesaid, provided that such delay would not subject the Landlord to civil or criminal liability or fine, and provided that Tenant (i) furnishes to the Landlord security, reasonably satisfactory to the Landlord, against any loss or injury by reason of such contest or delay, and (ii) prosecutes the contest with due diligence; and

(c) The Landlord, without cost or diminution of value to it, shall execute and deliver any appropriate papers which may be necessary to obtain or maintain any such proceeding and shall further cooperate with and support Tenant in any such contest (including without limitation in appearances before government bodies), as Tenant may from time to time reasonably request.

**Section 8.10 Compliance with Insurance Requirements**. Throughout the Term of this Lease, Tenant, at its expense, shall observe and comply with the requirements of all policies of public liability, casualty and all other policies of insurance required to be supplied by Tenant at any time in force with respect to the Premises if such observance or compliance is required by reason of any condition, event or circumstance arising after the commencement of the Term of this Lease, and Tenant shall, without limiting any other requirements of this Lease, in the event of any violation or any attempted violation of the provisions of this Section by any subtenant, licensee, operator or guest, take all reasonable steps, immediately upon knowledge of such violation or attempted violation, to remedy or prevent the same as the case may be.

**Section 8.11 Notification of Certain Events**. As soon as practicable after obtaining knowledge or notice thereof, Tenant shall deliver to Landlord, together with copies of all relevant documentation with respect thereto:

(a) Notice of any matured event of default under the Permitted Leasehold Mortgage and any other financing related to the Premises.

(b) Notice of all summons, citations, directives, complaints, notices of violation or deficiency, and other communications from any governmental authority asserting a material violation of governmental requirements applicable to the Premises.

(c) Notice of any litigation or proceeding in which Tenant is a party if an adverse decision therein would have a material adverse effect on Tenant's ability to perform its obligations hereunder.

(d) Notices received by Tenant from the entity with authority over the Gaming License asserting a violation of the Gaming License or any related rules or regulations.

## ARTICLE IX.

## DAMAGE OR DESTRUCTION

**Section 9.01 Restoration Required**. In case of damage to or destruction of the Tenant Improvements or any part thereof or the FF&E or other property installed or used in, on, or about the Tenant Improvements by fire or otherwise, Tenant shall promptly give written notice thereof to the Landlord, and Tenant shall, at Tenant's sole cost and expense, but subject to any Requirements, and without regard to the coverage, amount or availability of proceeds of any insurance, restore, repair, replace, rebuild or alter the same as nearly as possible to its condition immediately prior to such damage or destruction all in conformity with and subject to the construction conditions of ARTICLE III hereof. Such restorations, repairs, replacements, rebuilding or alterations shall be commenced as soon as practicable following the occurrence of such damage or destruction and shall thereafter be prosecuted continuously to completion with diligence. Notwithstanding anything to the contrary herein, the parties acknowledge that in light of the length of the Lease Term, in the event of damage to or destruction of a significant portion of the Hotel & Casino, it may be appropriate to redesign or otherwise construct the Hotel & Casino at variance with the Final Plans, so long as the Hotel & Casino remains of at least of substantially equal quality and, as permitted by the Requirements, guest capacity. The parties agree to cooperate and to reasonably agree upon any modifications to the Final Plans pursuant to the foregoing. There shall be no reduction or abatement of Rent during restoration, Tenant shall continue to pay all Rent due to Landlord. Tenant agrees that any insurance money paid on account of such damage or destruction that is not required to be delivered to the Trustee shall be used to rebuild or repair such damage or destruction and for no other purpose.

**Section 9.02 Restoration Procedures**. In the event of damage to or destruction of the Tenant Improvements or the FF&E or other property installed or used in, on, or about the Tenant Improvements in excess of $100,000,000.00 (subject to Section 18.19) all insurance money paid on account of such damage or destruction shall be paid to the Trustee to be appointed pursuant to the provisions of Section 7.09 hereof, less the reasonable cost, if any, incurred in connection with adjustment of the loss and the collection thereof, and shall be applied by such Trustee to the payment of the cost of the aforesaid restoration, repairs, replacement, rebuilding or alterations, including the cost of temporary repairs for the protection of property pending the completion of permanent restoration, repairs, replacements, rebuilding or alterations (all of which temporary repairs, protection of property and permanent restoration, repairs, replacement, rebuilding or alterations are hereinafter collectively referred to as the " restoration "), and shall be paid out to Tenant, or at the direction of Tenant, from time to time, as such restoration progresses, upon compliance by Tenant with all conditions precedent to payment which are usual in construction loan agreements for construction of the size and complexity of the restoration. If the Trustee is

customarily engaged in the business of construction lending, its regular conditions precedent to payment of such loans shall be presumed to be reasonable, absent a showing by the Landlord or Tenant that such conditions are not generally consistent with the lending requirements then customarily employed by major Maryland banks in similar loans. There shall be withheld from payments on account of work completed and materials furnished such amounts as are then so customarily being withheld in connection with construction of the size and complexity of the restoration. All payments shall be received by Tenant for the purposes of paying the cost of such restoration upon receipt by the Trustee of the written request of Tenant accompanied by suitable documentation including the following:

(a) Satisfactory evidence that the insurance proceeds remaining to be disbursed are sufficient to pay all anticipated costs of completing the restoration. (If at any time prior to or during the course of restoration the insurance proceeds remaining to be disbursed are not sufficient to pay the entire cost of completing the restoration, Tenant shall pay the deficiency to the Trustee before requesting the disbursement of additional proceeds from the Trustee);

(b) Bills from contractors and subcontractors for work and materials in place, describing in reasonable detail such work and materials, and bills for the reasonable fees of any lawyer, architect or engineer for services relating to the restoration;

(c) A certificate signed by Tenant stating that the amount of each such bill does not exceed the cost of such work, materials, or services described on such bill, and that no part of such cost has previously been made the basis of the withdrawal of insurance proceeds;

(d) A certificate of the architect or engineer in charge of the restoration, or of a third party not in the regular employ of any of the parties hereto, which architect, engineer or third party is reasonably satisfactory to the Trustee (and against whom the Landlord has no reasonable objection), stating that (i) the work, materials or services described in the bills were necessary or appropriate and are in place or have been performed, (ii) the amount specified in the bills does not exceed the reasonable cost of such work, materials, or services, (iii) the work or materials described in each bill, to the knowledge of such architect, engineer or third party, has been supplied by the contractor or subcontractor submitting such bill or by a person who has supplied materials to such contractor or subcontractor, and (iv) to the knowledge of such architect, engineer or third party, the additional amount, if any, is required to complete the restoration;

(e) A title search by a title company or licensed abstractor or other evidence satisfactory to the Trustee that there has not been filed with respect to Tenant Improvements or the Premises any mechanic's or other lien or instrument for the retention of title with respect to any part of the work performed which has not been discharged of record, except liens which will be discharged by payment of the amount then requested or liens with respect to which Tenant has furnished a satisfactory bond;

(f) If applicable, satisfactory evidence that any license or franchise agreement approved by the Landlord in accordance with Section 8.05 remains in full force and effect notwithstanding the damage or destruction, and that the respective licensor or franchisor or their

respective successors shall have no continuing right to terminate said agreement as a result of such damage or destruction; and

(g) For any payment after the restoration has been substantially completed, a copy of any certificate required by law to render occupancy and use of Tenant Improvements legal.

Upon receipt by such Trustee of satisfactory evidence that the restoration has been completed and paid for in full and that there are no liens of the character referred to above, any balance at the time held by such Trustee shall be paid to Tenant. If this Lease is terminated by the Landlord following an Event of Default by reason of Tenant's failure to repair or restore as provided in this Lease or for any other reason, any balance at the time held by such Trustee shall be paid to the Landlord (subject always to the rights of Permitted Leasehold Mortgagees).

**Section 9.03 No Surrender or Abatement**. No destruction of or damage to the improvements on the Premises or any part thereof, or upon any portion of the Land upon which the Tenant Improvements or any part thereof are located, nor any damage to the FF&E or other property installed or used in, on or about Tenant Improvements, by fire or any other casualty, whether or not insured, shall permit Tenant to surrender this Lease or shall relieve Tenant from its liability to pay the full Rent and other charges payable under this Lease or from any of its other obligations under this Lease, and Tenant waives any rights now or hereafter conferred upon it by statute or otherwise to quit or surrender this Lease or the Premises, or any part thereof, or to any suspension, diminution, abatement or reduction of rent on account of any such destruction or damage.

**Section 9.04 Damage During Last Lease Years**. Notwithstanding any other provision of this Article IX, if any damage or casualty to the Tenant Improvements shall occur at a time when the remainder of the then-existing Term plus any remaining Extension Periods (collectively, "Remaining Term"), is equal to or less than (10) Lease Years, and the cost of restoring the Tenant Improvements shall exceed fifty percent (50%) of the replacement cost of the entire Tenant Improvements (or thirty percent during the five (5) Lease Years prior to the end of the Remaining Term), then Tenant shall be granted as many additional Extension Periods as may be required to cause the Remaining Term to have not fewer than twenty (20) Lease Years remaining as of the estimated date that Tenant's restoration work would be complete. Tenant shall notify Landlord in writing of the occurrence of damage or casualty that meets the criteria of this Section 9.04 within sixty (60) days after the occurrence of the damage or casualty, and the parties shall promptly thereafter enter into an amendment to this Lease to memorialize the addition of the additional Extension Periods.

## ARTICLE X.

## TAKING

**Section 10.01 Award**. In the event that the Premises, or any part thereof, shall be taken in condemnation proceedings or by exercise of any right of eminent domain or by agreement between the Landlord, Tenant and those authorized to exercise such right (any such matters being herein referred as a " Taking "), the Landlord, Tenant and any Permitted Leasehold

Mortgagee shall have the right to participate in any Taking proceedings or agreement for the purpose of protecting their interests hereunder. Each party so participating shall pay its own expenses therein .

**Section 10.02 Termination** . If at any time during the Term of this Lease there shall be a Taking of the whole or substantially all of the Premises, this Lease shall terminate and expire on the date of such Taking and the Rent hereunder shall be paid to the date of such Taking. For the purpose of this Article, " substantially all of the Premises " shall be deemed to have been taken if the untaken part of the Premises shall be insufficient for the restoration of the Hotel & Casino such as to allow the economic and feasible operation thereof by Tenant. If there is a Taking resulting in the termination of this Lease as above provided, the rights of the Landlord and Tenant with respect to the award shall be as follows:

(a) First, to the payment of the reasonable costs, fees and expenses incurred by the Landlord and Tenant in connection with the collection of the award;

(b) Second, the Landlord shall receive any separate award made by the Taking authority for the consequential damages to the Landlord on account of any diminution in value of the portion of the Land and other adjacent land of the Landlord which is not taken;

(c) Third, Tenant shall receive any separate award made by the Taking authority for Tenant's relocation;

(d) Fourth, the Landlord shall receive an amount (the " Landlord's Award ") equal to the value of Landlord's interests in the Premises taken as burdened and benefited by this Lease, and the Tenant shall receive an amount (the " Tenant's Award ") equal to the value of the leasehold interest taken as burdened and benefited by this Lease; and if the proceeds are insufficient for both such Awards, then the proceeds shall be shared in a manner agreed to by Landlord and Tenant that fairly allocates the proceeds to each of them for their respective interests taken. If the parties cannot agree upon such allocation, either party may seek a determination by a Mediator in accordance with Article XVII; and

(e) Fifth, if the then highest and best use is other than a Permitted Use resulting in the fair market value of the Land taken, considered without regard to the burdens and benefits of the Lease, being greater than the combined value of the Landlord's Award and the Tenant's Award, then such excess in fair market value shall be paid to the Landlord.

No such termination of this Lease under this Section 10.02 shall release Tenant from any obligation hereunder for Rent accrued or payable for or during any period prior to the effective date of such termination, and any prepaid rent, taxes and insurance premiums beyond the effective date of such termination shall be adjusted.

**Section 10.03 Restoration** . In the event of a Taking which does not result in the termination of this Lease pursuant to Section 10.02:

(a) Tenant shall continue to pay all Rent due to Landlord, and there shall be no reduction or abatement of Rent.

(b) Tenant shall, promptly after such Taking and at its expense, restore the Tenant Improvements to complete architectural units.

(c) The Landlord shall be entitled to the Landlord's Award.

(d) Tenant shall be entitled to the Tenant's Award and all remaining proceeds (the " Remaining Proceeds ") and shall apply the same to the cost of restoration required by paragraph (b) hereof (which sum is hereinafter sometimes referred to as the " cost of restoration "). The Tenant's Award and the Remaining Proceeds shall be paid to Tenant in progress payments as the work progresses in the same manner as provided in Section 7.09 hereof with respect to the application of insurance proceeds. If the Tenant's Award and the Remaining Proceeds shall be insufficient to defray the cost of restoration, Tenant shall pay any deficiency.

(e) After restoration, any portion of the Tenant's Award and the Remaining Proceeds in excess of the cost of restoration shall be divided between the Landlord and Tenant such that the Tenant receives the remaining portion, if any, of the Tenant's Award and Landlord receives the Remaining Proceeds.

**Section 10.04 Temporary Taking**. If the whole or any part of the Premises shall be the subject of a temporary Taking, this Lease shall remain in full force and Tenant shall continue to pay in full the Rent payable by Tenant hereunder without reduction or abatement, and Tenant shall be entitled to receive any award so made for the period of the temporary Taking which is within the Term. If such temporary Taking shall extend beyond the expiration or earlier termination of this Lease, the Landlord shall be entitled to such portion of such award.

**Section 10.05 Trustee**. In case of any Taking mentioned in this ARTICLE X, the entire award shall be paid to a Trustee to be appointed in the manner provided in Section 7.09 hereof for distribution to the parties entitled thereto pursuant to the provisions of this ARTICLE X.

**Section 10.06 Taking During Last Lease Years**. Notwithstanding any other provision of this Article X, if any Taking shall occur at a time when the Remaining Term is equal to or less than (10) Lease Years, and the cost of restoring the Tenant Improvements shall exceed fifty percent (50%) of the replacement cost of the entire Tenant Improvements (or thirty percent during the five (5) Lease Years prior to the end of the Remaining Term), then Tenant shall be granted as many additional Extension Periods as may be required to cause the Remaining Term to have not fewer than twenty (20) Lease Years remaining as of the estimated date that Tenant's restoration work would be complete. Tenant shall notify Landlord in writing of the occurrence of Taking that meets the criteria of this Section 10.06 within sixty (60) days after the occurrence of the Taking, and the parties shall promptly thereafter enter into an amendment to this Lease to memorialize the addition of the additional Extension Periods.

## ARTICLE XI.

## TRANSFERS

**Section 11.01 Assignment**. Tenant, subject to the provisions of Section 11.03 and Section 11.04 may not assign this Lease or any of its leasehold interest under this Lease without

Landlord's prior written consent, which may be given or withheld in Landlord's sole discretion. Notwithstanding the foregoing, after the Opening Date, Tenant may assign this Lease and its leasehold interests therein without Landlord's prior written consent provided that (i) the assignee is a nationally-recognized operator of first class luxury hotels and casinos not less than the level of quality and service as the Tenant Improvements and Brand Standards, and (ii) the assignee has sufficient financial resources and liquidity to meet the ongoing financial obligations of the Tenant under this Lease and to maintain and operate the Hotel & Casino in accordance with the Brand Standards. Prior to the Opening Date of the Tenant Improvements, Guarantor shall be released from its obligations under the Guaranty in connection with any assignment, so long as the new tenant has financial resources and liquidity acceptable to Landlord in its sole and absolute discretion or a replacement guarantor with financial resources and liquidity acceptable to Landlord in its sole and absolute discretion provides a replacement guaranty acceptable to Landlord. After the Opening Date of the Tenant Improvements, Guarantor shall be released from its obligations under the Guaranty in connection with any assignment, so long as the new tenant has financial resources and liquidity acceptable to Landlord in its reasonable discretion or a replacement guarantor with financial resources and liquidity acceptable to Landlord in its reasonable discretion provides a replacement guaranty acceptable to Landlord. Tenant may not convert the Premises or any portion thereof to a leasehold condominium or a leasehold cooperative timeshare or to any use that is not a Permitted Use. In conjunction with any assignment or proposed assignment pursuant to this Section 11.01, Tenant shall provide the Landlord with banking and financial information with respect to the proposed assignee reasonably sufficient to enable the Landlord to determine the financial responsibility of the proposed assignee and such other additional information as the Landlord shall reasonably request in connection with its evaluation of the proposed assignee. In furtherance but not in limitation of the foregoing, it shall be reasonable for the Landlord to withhold its consent if the proposed assignee is a Disqualified Person or not qualified to obtain/hold the Gaming License.

Upon making an assignment in accordance with this Section 11.01, Tenant shall furnish the Landlord promptly with an executed copy of the instrument of assignment and with an agreement in proper form for recording, executed by the assignee, in a form approved by the Landlord, in which such assignee assumes and agrees for the benefit of the Landlord, to observe and perform all of the covenants, conditions and agreements in this Lease on the part of Tenant to be observed or performed. Upon the execution and delivery of such assumption agreement consistent with the conditions contained herein, Tenant and Guarantor shall be relieved from all further liabilities and obligations hereunder arising from and after the date of the assignment.

The foregoing provisions concerning assignments and transfers shall apply to voluntary and involuntary and direct and indirect assignments and transfers, and to assignments and transfers by operation of law. Notwithstanding the provisions contained in the first paragraph of this Section 11.01, Tenant shall not be required to obtain the consent of the Landlord to an assignment in connection with (i) a foreclosure by a Permitted Leasehold Mortgagee (or deed or assignment in lieu thereof), including, without limitation, a purchase of Tenant's interest in a foreclosure sale or from a foreclosing Permitted Leasehold Mortgagee, (ii) a transfer by reason of death or incapacity of an individual holding an Equity Interest in Tenant, (iii) transfers of the publicly traded stock in Tenant or in any direct or indirect owner of Tenant, (iv) transfers of any Equity Interest in Tenant provided that not more than forty-nine percent (49%) of the Equity

Interests in Tenant have been transferred in any single or related series of transactions, in the aggregate, or (v) an assignment to any Affiliate of Tenant (provided that with respect to this clause (v) the assignor shall not be released and shall remain liable for any breaches or Events of Default by such Affiliate under this Lease). Tenant shall provide written notice to the Landlord of any and all changes or transfers in the holders of the Equity Interests in Tenant within thirty (30) days of such change or transfer, regardless of whether the Landlord's consent is required under this Section 11.01.

Any attempted assignment or transfer in violation of this Section shall be void.

**Section 11.02 Subleases**. Tenant may sublet portions of the Premises for hotel-related business purposes including but not limited to as barber and beauty shops, airline ticket counters, car rental agencies, newsstands, restaurants, lounges, bars, gift shops and health clubs or spas, in each case which constitute a Permitted Use and do not constitute a Prohibited Use and so long as Tenant shall remain primarily liable for all of the obligations under this Lease. Landlord's consent to any sublease shall not be required unless such sublease constitutes a sublease for all or substantially all of the Premises.

Any such sublease shall be subordinate to this Lease and shall recognize the Landlord's option to terminate such sublease in the event this Lease is terminated following an Event of Default. If Tenant delivers a sublease to the Landlord and requests that the Landlord enter into a non-disturbance and attornment agreement with the subtenant, the Landlord will not refuse to execute such an agreement, provided that (i) at the time of the granting of such non-disturbance agreement no Event of Default is continuing, (ii) the sublease complies with all other requirements of this Section 11.02, and (iii) the form is reasonably acceptable to Landlord in form and substance.

**Section 11.03 Leasehold Mortgages**. Tenant shall have the right to mortgage, pledge or conditionally assign this Lease to a Permitted Leasehold Mortgagee subject to the provisions of this Section and ARTICLE XII, and the payment to the Landlord of any amounts due, if any on account thereof, under ARTICLE IV above. In no event shall the fee interest in the Premises or, unless specifically set forth herein or in any instrument given by the Landlord in connection therewith, any Rent be subordinate to any leasehold mortgage. Regardless of whether any such leasehold mortgage requires the Landlord's consent, Tenant shall provide the Landlord with written notice of any such leasehold mortgage at least thirty (30) days prior to the closing of any such transaction.

The making of a mortgage under the prior paragraph shall not be deemed to constitute an assignment, nor shall any mortgagee under such a mortgage not in actual possession of the Premises be deemed an assignee of the leasehold estate created hereby, so as to require such mortgagee to assume the obligations of Tenant hereunder. However, a mortgagee in actual possession and the purchaser at any sale of the leasehold estate created hereby upon foreclosure of a mortgage given in accordance with the prior paragraph, or the assignee of Tenant's interest under this Lease pursuant to an assignment in lieu of such foreclosure, shall be deemed to be an assignee of Tenant (but no consent by the Landlord to such assignment or transfer shall be required) and subject to the terms and conditions of Section 12.02 hereof, shall be deemed to

have assumed the obligations of Tenant hereunder arising from and after the date of taking actual possession or of such purchase or assignment. Prior to taking possession of the Premises following a foreclosure by any mortgagee, such mortgagee shall cure all monetary defaults and non-monetary defaults that are not Incurable Lease Defaults. If a mortgagee (or nominee) who has so assumed the obligations of Tenant hereunder thereafter assigns its interests in this Lease to an assignee who assumes the obligations of Tenant hereunder, such mortgagee (or nominee), upon compliance by such assignee with Maryland laws, shall be relieved of the obligations of Tenant arising after such assignment and assumption. A conditional assignment of Tenant's interest in this Lease to a mortgagee as security for a mortgage granted in accordance with the prior paragraph shall not constitute an assumption of liability by the mortgagee of Tenant's obligations hereunder until the date of such mortgagee's taking of actual possession pursuant to the exercise of its rights under such conditional assignment; provided, however, that such mortgagee shall cure all monetary defaults and non-monetary defaults that are not Incurable Lease Defaults in existence as of the time of such foreclosure.

**Section 11.04 Prohibited Transfers**. Notwithstanding any other provision contained herein to the contrary, Tenant shall not knowingly, after making reasonable inquiry, assign, sublease or otherwise transfer any of Tenant's interest in the Hotel & Casino or other Tenant Improvements or any of Tenant's interest in the leasehold created hereby (collectively, " Tenant's Interest in the Premises ") or any Equity Interest in Tenant to any Disqualified Person. The term " Disqualified Person " shall mean:

(a) Any Person (or any Person whose operations are directed or controlled by a Person) that has been convicted of or has pleaded guilty in a criminal proceeding for a felony or that is an on-going target of a grand jury investigation convened pursuant to applicable Requirements concerning organized crime; or

(b) Any Person organized in or controlled from a country, the effects of the activities with respect to which are regulated or controlled pursuant to the following United States laws and the regulations or executive orders promulgated thereunder: (x) the Trading with the Enemy Act of 1917, 50 U.S.C. App. §1, et seq., as amended; (y) the International Emergency Economic Powers Act of 1976, 50 U.S.C. § 1701, et seq., as amended; and (z) the Anti-Terrorism and Arms Export Amendments Act of 1989, codified at Section 6(j) of the Export Administration Act of 1979, 50 U.S.C. App. § 2405, as amended; or

(c) Any Person with whom the Landlord is restricted from doing business under the regulations of the Office of Foreign Asset Control of The Department of the Treasury of the United States of America (" OFAC ") (including, those Persons named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order (including the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action;

(d) Any Person that would cause the loss of any approvals under any laws governing the ownership or operation of casinos, legal gaming or gambling or otherwise violate any such laws; or

(e) Any Affiliate of any of the Persons described in paragraphs (a), (b), (c) (d) above.

**Section 11.05 Assignment of Gaming License**. Tenant shall not assign, grant, or otherwise transfer or encumber the Gaming License, except as set forth herein.

**Section 11.06 Transfers That May Jeopardize Gaming License**. Landlord acknowledges that Tenant, its Parent and their respective Affiliates are engaged in businesses that are or may be subject to and exist because of privileged licenses issued by governmental authorities, including under applicable laws with respect to gaming (" Gaming Laws "). If (A) Tenant, its Parent or any of their respective Affiliates is directed to cease doing business with Landlord by any such authority, or (B) if Tenant determines, in Tenant's sole and exclusive judgment, that (i) because of the relationship with Landlord, the continued operation of the Hotel & Casino could subject Tenant, its Parent or any of their respective Affiliates to the loss of the Gaming License or any approvals under any Gaming Laws in any jurisdiction then held or proposed by Tenant, its Parent or any of their respective Affiliates, or (ii) Landlord or any of its Affiliates, or any of their respective officers, directors, key employees, agents or representatives, (a) is or might be engaged in, or is about to be engaged in, any activity or (b) was or is involved in any relationship, either of which could or does jeopardize such approvals or applications for such approvals, or (c) was or is a Disqualified Person, or if any such approval is threatened to be or is denied, suspended or revoked, then Tenant shall deliver notice to Landlord of such issue and permit Landlord one hundred twenty (120) days to cure the violation or potential violation of Gaming Laws due to any matter under Section 11.06(ii) immediately above, and if Landlord is diligently pursuing such cure such longer time as may be reasonably necessary to cure. Notwithstanding the foregoing, no cure right shall be afforded in the event Tenant, its Parent or any of their respective Affiliates is directed to immediately cease doing business with Landlord by any governmental authorities with jurisdiction over the Gaming License or any approvals under any Gaming Laws in any jurisdiction then held or proposed by Tenant, its Parent or any of their respective Affiliates. If Landlord is unable or unwilling to cure the issue, Tenant may (y) terminate this Lease without liability to either party except for such liabilities that expressly survive termination, or (z) elect to purchase Landlord's fee interest in the Premises (the " Purchase Option ") by so notifying Landlord in writing. In the event Tenant elects the Purchase Option, the parties shall negotiate for a period of thirty (30) days to determine the purchase price, which shall be the fair market value of the fee simple interest in the Premises, including the value of the Tenant Improvements as of the expiration of the Term, and taking into account the value of the future Rent payments under this Lease. If the parties cannot agree upon the fair market value, the purchase price shall be determined by the appraisal process set forth in Section 11.07 below.

**Section 11.07 Appraisal Process**. Landlord and Tenant shall each appoint an appraiser within twenty (20) days following the expiration of the thirty (30) day negotiation period (the " Appointment Deadline "). All appraisers shall be members of the Appraisal Institute or any successor organization thereto, and give notice of such appointment to the other party. If either party fails to appoint its appraiser before the Appointment Deadline, then the one appraiser appointed shall proceed to make his/her appraisal of the of the fair market value of the Premises, and the purchase price shall be the amount determined by such appraiser. If each party timely appoints its appraiser then each appraiser shall make an independent written appraisal within

thirty (30) days of the Appointment Deadline, the expenses of such appraisals shall be borne by the party selecting the appraiser. If the two appraisers so appointed agree on the purchase price then the purchase price shall be the amount determined by them. If the two appraisers so appointed do not agree on the purchase price, and if the difference between the purchase price determined by each appraiser is not more than five percent (5%) of the lower of the two appraisals, then the purchase price shall be an amount equal to the quotient obtained by dividing (A) the sum of the purchase prices by each appraiser, by (B) two. If the two appraisers so appointed do not agree on the purchase price, and if the difference between the Appraised Values determined by each appraiser is more than five percent (5%) of the lower of the two appraisals, then the two appraisers shall jointly appoint a third appraiser, the expense of any third appraisal shall be divided equally between the parties. If the first two appraisers so appointed shall be unable to agree on the appointment of a third appraiser within ten (10) days after their respective determinations of the purchase price, then they shall give written notice of such failure to agree to the parties. If the parties fail to agree on the selection of a third appraiser within ten (10) days after the first two appraisers give such notice, then within fifteen (15) days thereafter any party, upon written notice to the other party, may request such appointment by the then-existing President of the Appraisal Institute (or any other organization successor thereto), or in his/her failure to act, may apply for such appointment to the United States District Court for Maryland. If a third appraiser is appointed as provided herein, he/she shall make his/her determination of the purchase price within fifteen (15) days after his/her appointment and the purchase price shall be the purchase price determined by whichever of the first two appraisers is (in the opinion of the third appraiser) closest in amount to the purchase price as determined by the third appraiser. Each appraiser appointed pursuant to this Section shall be a disinterested person of nationally recognized competence who has had a minimum of ten (10) years' experience, ending on the date of appointment, in appraising full-service hotel and casino properties. Each appraiser shall determine the purchase price on the basis of all relevant factors affecting fair market value of the Premises with reference to the value of the Tenant Improvements as of the expiration of the Term and including the value of the future Rent payments under this Lease. The party appointing each appraiser shall be obligated, promptly after receipt of the valuation report prepared by the appraiser appointed by such party, to deliver a copy of such valuation report to the other party in the manner provided in Section 18.04. If a third appraiser is appointed, the third appraiser shall be directed, at the time of his/her appointment, to deliver copies of his/her valuation report, promptly after its completion, to all parties in the manner provided in Section 18.04.

**Section 11.08 Purchase Option Closing** .

(a) Within one (1) business days after determination of the purchase price, Tenant shall deposit in cash an amount equal to ten percent (10%) of the purchase price (the " Earnest Money ") in a strict joint order escrow with a nationally recognized title insurance company selected by the Landlord, pursuant to the standard form of strict joint order escrow trust instructions for such title insurance company, with any modifications thereto which are necessary to conform such instructions to the terms of this Lease. The Earnest Money shall be deposited in a federally insured interest-bearing account reasonably acceptable to the parties, and all interest earned thereon shall be deemed additional Earnest Money.

(b) The sale of the Preemies from Landlord to Tenant (the " Closing ") shall take place on the date which is fifteen days (15) days after the deposit of the Earnest Money (the " Closing Date "). The conveyance of the Premises shall be on an AS-IS WHERE-AS basis without any representation or warranty from Landlord. The Closing shall take place on the Closing Date by Landlord delivering Tenant a quitclaim deed along with any documentation required to record the deed. Tenant shall pay all transfer taxes, recording fees or other fees in connection with the exercise of the Purchase Option. Tenant may designate an Affiliate to purchase all or any portion of the Premises; provided, however, that Tenant shall remain liable for its obligations under this Lease. If Tenant fails to close for any reason, Landlord shall retain the Earnest Money as liquidated damages and Tenant's right to exercise the Purchase Option under Section 11.06 above shall be null and void.

(c) If Landlord cures the event that permitted tenant to exercise the Purchase Option under Section 11.06 above, prior to the Closing, the parties agree that the Purchase Option shall cease, the Earnest Money shall be returned to Tenant, and Landlord shall no longer have the obligation to sell, and Tenant shall no longer have the right to purchase the Premises as a result of such event.

## ARTICLE XII.

## RIGHTS OF PERMITTED LEASEHOLD MORTGAGEES

**Section 12.01 Definitions**. For the purposes of this Lease, the following terms shall have the following meanings:

(a) " Permitted Leasehold Mortgage " means one or more leasehold mortgages securing Approved Debt, and, where the context permits, the obligations secured thereby, provided that:

(i) A copy of such mortgage has been delivered to the Landlord, accompanied by appropriate recording data and the name and address of the holder thereof (a " Permitted Leasehold Mortgagee "), which holder shall be a bank, trust company, savings and loan association, pension fund or endowment, or insurance company or a governmental authority empowered to make loans or issue bonds or certificates or any other lender or syndicate of lenders or investors engaged in the making of loans or equity investments or, to the extent not meeting the above criteria, otherwise approved by the Landlord in advance, which approval shall not be unreasonably withheld, conditioned or delayed (an " Institutional Lender ");

(ii) Such mortgage is a first lien on Tenant's interest under this Lease when granted and the holder thereof does not voluntarily subordinate its lien to any other lien (or Approved Debt to any other indebtedness);

(iii) Such mortgage is held by a holder who has delivered to the Landlord an executed subordination, non-disturbance and attornment agreement evidencing the same

in form and substance reasonably acceptable to Landlord, Tenant, and Permitted Leasehold Mortgagee;

(iv) Such mortgage becomes due prior to the expiration of the Term, and does not contain or secure obligations unrelated to the Premises or obligations other than those to pay the Approved Debt;

(v) Such mortgage does not require any so-called " equity participation " or " kicker " payment; and

(vi) Such mortgage permits the disbursement of casualty insurance proceeds and payments made in connection with partial eminent domain takings, or conveyances under threat thereof, to be used for the repair and restoration of the Premises on the terms and conditions set forth in this Lease.

The Landlord shall have the right to reasonably approve such evidence as is reasonably necessary for it to determine that the Permitted Leasehold Mortgage and the Permitted Leasehold Mortgagee satisfy the requirements of this Article. Any Permitted Leasehold Mortgagee may request in connection with the granting of any such Mortgage or from time to time, that the Landlord acknowledge such status; and upon receiving reasonable documentation of the aforesaid clauses (i) through (vi), the Landlord shall so acknowledge such status in form reasonably satisfactory to such Mortgagee.

**Section 12.02 Rights of Permitted Leasehold Mortgagee .**

(a) Notices . Simultaneously with the giving to Tenant of any process in any action or proceeding brought to terminate or otherwise in any way affect this Lease, or any notice of (i) default, (ii) a matter on which a default may be predicated or claimed, (iii) a termination hereof, or (iv) a condition which if continued may lead to a termination hereof, the Landlord will give duplicate copies thereof to the Permitted Leasehold Mortgagee by registered mail, return receipt requested, and no such notice to Tenant or process shall be effective unless a copy of the notice or process is so sent to the Permitted Leasehold Mortgagee.

(b) Right to Cure . The Permitted Leasehold Mortgagee shall have the same period after the sending of a notice to it for remedying the default as is given Tenant after notice to it under this Lease plus (a) an additional fifteen (15) days for a default referred to in Section 15.02(a) or (b) an additional thirty (30) days for any other default referred to in Section 15.02 below, and the Landlord agrees to accept performance on the part of the Permitted Leasehold Mortgagee as though it had been done or performed by Tenant. No payment made to the Landlord by the Permitted Leasehold Mortgagee shall constitute agreement that such payment was, in fact, due under the terms of this Lease.

(c) Time to Obtain Possession . The Landlord agrees that, in the event of a non-monetary default which cannot be cured by the Permitted Leasehold Mortgagee pursuant to paragraph (b), above, without obtaining possession of the Premises, the Landlord will not terminate this Lease pursuant to Section 15.02 without first giving to the Permitted Leasehold Mortgagee reasonable time within which to obtain possession of the Premises, including

possession by a receiver, or to institute and complete foreclosure proceedings or otherwise acquire Tenant's interest under this Lease with diligence and without unreasonable delay. A reasonable time shall mean not in excess of three months as to obtaining possession or commencing foreclosure proceedings (or such longer period if and so long as such proceedings are enjoined or stayed), and not in excess of such reasonable time as with due diligence is required to prosecute and complete foreclosure proceedings. The Landlord agrees that upon acquisition of Tenant's interest under this Lease by a Permitted Leasehold Mortgagee and performance by the Permitted Leasehold Mortgagee of all covenants and agreements of Tenant, except those which by their nature cannot be performed or cured by any person other than the then Tenant which has defaulted (" Incurable Lease Defaults "), the Landlord's right to terminate this Lease shall be waived with respect to the matters which have been cured by the Permitted Leasehold Mortgagee and with respect to the Incurable Lease Defaults.

(d) New Lease . If this Lease (a) is terminated as a result of a default on the part of Tenant, (b) rejected by a trustee or debtor-in-possession in any bankruptcy or insolvency proceeding involving Tenant (such proceeding, a " Bankruptcy Proceeding "), or (c) terminated as a result of any Bankruptcy Proceeding and, if within sixty (60) days after such rejection or termination, the Permitted Leasehold Mortgagee or its nominee(s) shall request and certify in writing to Landlord that it intends to perform the obligations of Tenant as and to the extent required hereunder, the Landlord shall, subject to the satisfaction of the conditions provided below, on written request of the Permitted Leasehold Mortgagee made at any time within sixty (60) days after the Landlord has given notice of such termination to the Permitted Leasehold Mortgagee (specifying in reasonable detail the nature of such default), enter into a new lease of the Premises with the Permitted Leasehold Mortgagee (or nominee) within sixty (60) days after receipt of such request. Until the expiration of such period, Landlord shall not enter into any new lease, license or occupancy or operation agreement with any Person which would conflict with the rights afforded the Permitted Leasehold Mortgagee hereunder. Any such new lease for a Permitted Leasehold Mortgagee (or nominee) shall be effective as of the date of termination of this Lease, and, except as provided below, shall be upon all the same terms and conditions of this Lease which would have been in effect had the Permitted Leasehold Mortgagee (or nominee) taken an assignment of the leasehold estate under this Lease from Tenant, including any rights of renewal. The initial term of any such lease shall be the remainder of the then current Term of this Lease. The Landlord shall not be obligated to enter into such a new lease with the Permitted Leasehold Mortgagee (or nominee) unless (i) the Permitted Leasehold Mortgagee (or nominee) shall, contemporaneously with the delivery of such request for a new lease, pay to the Landlord all Rent and other charges owed by Tenant to the Landlord which then remain unpaid and the Rent and other charges for the period after termination of this Lease and until commencement of the new lease which would have become due under this Lease (less any Rent or other charges for such periods actually collected by the Landlord from subtenants or other occupants of the Premises), together with all expenses, including reasonable attorney's fees, incurred by the Landlord in connection with the termination of this Lease and the execution and delivery of such new lease, and (ii) the Permitted Leasehold Mortgagee (or nominee) shall have performed all unfulfilled covenants and agreements required to be performed by Tenant under this Lease other than Incurable Lease Defaults. The Landlord shall have no obligation to deliver physical possession of the Premises to the Permitted Leasehold Mortgagee (or nominee) at the time of entering into such new lease unless the Landlord, at the time of execution and delivery of such

new lease, shall have obtained the right to otherwise obtain physical possession of the Premises pursuant its remedies. Any new lease granted the Permitted Leasehold Mortgagee (or nominee) pursuant to this Section 11.02(d) shall enjoy the same priority as this Lease over any lien, encumbrance, or other interest created by the Landlord prior to the execution of such new lease. The provisions of this Section 11.02(d) shall survive the termination of this Lease. References herein as to this "Lease" shall be deemed also to refer to such new ground lease.

(e) Effect of Assumption on Assuming Party . In the event that the Permitted Leasehold Mortgagee or its nominees, or any permitted purchaser, transferee, grantee or assignee of the interests of the Permitted Leasehold Mortgagee (any such person, an " Assuming Party "), assumes any liability hereunder, liability and recourse in respect of any and all obligations of any such Assuming Party hereunder shall be limited solely to such Assuming Party's interest in this Lease (and no officer, director, employee, shareholder or agent thereof shall have any liability with respect thereto).

**Section 12.03 Undertakings of Permitted Leasehold Mortgagee .**

(a) Notices . Simultaneously with the giving to Tenant of any process in any action or proceeding brought for foreclosure of a Permitted Leasehold Mortgage or any notice of (i) default or acceleration under a Permitted Leasehold Mortgage, (ii) a matter on which such a default or acceleration may be predicated or claimed, (iii) a foreclosure of a Permitted Leasehold Mortgage, or (iv) a condition which if continued may lead to such foreclosure, the Permitted Leasehold Mortgagee will endeavor to give duplicate copies thereof to the Landlord by registered mail, return receipt requested; however; failure to so to give such notice shall never affect the rights of such Mortgagee.

(b) Right to Cure . The Landlord, may, during the same period as is given Tenant for remedying the default, cure for and on behalf of Tenant plus (a) an additional fifteen (15) days for a monetary default, and (b) an additional thirty (30) days for any non-monetary default. The Permitted Leasehold Mortgagee agrees to accept performance on the part of the Landlord as though it had been done or performed by Tenant. No payment made to the Permitted Leasehold Mortgagee by the Landlord shall constitute agreement that such payment was, in fact, due under the terms of the Permitted Leasehold Mortgage.

(c) Amendment . The Permitted Leasehold Mortgage shall not be amended in any manner that would cause it to no longer qualify as a Permitted Leasehold Mortgage without the prior written consent of the Landlord.

## ARTICLE XIII.

## MANAGEMENT OF HOTEL & CASINO

Tenant shall act as the operator or manager of the Hotel & Casino. Tenant shall have the right, without the consent of the Landlord, to assign the management of the Hotel & Casino to an Affiliate which Affiliate shall expressly assume its obligations with respect to the management of the Hotel and Casino, provided that such assignment shall not relieve Tenant of any of its

obligations under this Lease. In the event Tenant desires to retain a replacement manager during the Term hereof with a Person that is not an Affiliate of Tenant, then such replacement manager shall be subject to the prior written approval of Landlord, which approval shall be made in Landlord's sole and absolute discretion. No manager may take over the management of the Hotel & Casino unless such manager (i) has the skill, experience, professional resources and financial ability to perform the management of the Hotel & Casino and can provide the operating, management and financial reporting functions required under this Agreement, consistent with the Brand Standards, (ii) itself is, or is wholly owned directly or indirectly by a Parent which is, (A) routinely engaged in the operation or management of hotels and casinos for at least five years prior to the date of the initial assignment by Tenant, (B) has substantial experience in the management of hotels and casinos substantially similar to Hotel & Casino, and (C) is affiliated with an international marketing operation under common ownership with its Parent and providing for marketing under a brand approved by Landlord pursuant to Section 8.05. The terms of any management agreement with such manager shall be subject to Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

## ARTICLE XIV.

## THE LANDLORD'S SECURITY INTEREST

**Section 14.01 Waiver of Security Interest**. Solely for the purpose of securing Tenant's obligations to perform its obligations under this Lease, Tenant hereby grants to the Landlord a security interest in all Building Equipment, FF&E and other personal property of Tenant with respect to the Hotel & Casino and in all products and proceeds thereof; provided, however, that the Landlord's security interest shall be automatically fully subordinate and subject to any purchase money financing permitted hereunder and the Permitted Leasehold Mortgagees' security interest in the assets of the Tenant. Notwithstanding the foregoing, the assets pledged to Landlord shall not include any license, permit, or authorization issued by any of the gaming authorities, or any other governmental authority or any other assets solely to the extent a security interest therein is prohibited under gaming laws, or other applicable law, or under the terms of any such license, permit, or authorization, or which would require a finding of suitability or other similar approval or procedure by any of the gaming authorities, or any other governmental authority prior to being pledged, hypothecated, or given as collateral security (to the extent such finding or approval has not been obtained) other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including any Debtor Relief Law) or principles of equity (the "Excluded Assets"). Notwithstanding the foregoing, all proceeds of the Excluded Assets shall constitute assets and shall be included within the property and assets over which a security interest is granted pursuant to this Lease. Upon the expiration or earlier termination of the Term, the Landlord shall be entitled to all of the rights, remedies, powers and privileges available to a secured party under (and subject to the provisions of) the Uniform Commercial Code enacted by the State of Maryland. Tenant shall execute and deliver all such instruments and take all such action as the Landlord, from time to time, may reasonably request in order to obtain the full benefits of the security interest described in this Section and of the rights and powers herein created and to maintain and perfect the security interest granted above. To the extent permitted by

Requirements, Tenant irrevocably authorizes the Landlord to file financing statements and continuation statements with respect to the foregoing collateral without the signature of Tenant. The Landlord shall execute and deliver all such instruments as the Permitted Leasehold Mortgagee(s) shall reasonably require in order to confirm the Landlord's subordination of its security interest as aforesaid. Tenant may, during the Term, remove, replace and otherwise deal with the FF&E in the ordinary course of the operation of the Hotel & Casino. The Landlord hereby waives any statutory lien for rent provided to the Landlord pursuant to applicable law.

## ARTICLE XV.

## TERMINATION AND DEFAULT

**Section 15.01 Surrender**. Tenant shall on the last day of the Term, or upon any earlier termination of this Lease, quit and peacefully surrender and deliver up the Premises, including the Tenant Improvements and all other improvements to the Premises, to the possession and use of the Landlord without delay and in good order, condition and repair (excepting only reasonable wear and tear and damage from a Taking or from a fire or other casualty after the last repair, replacement, restoration or renewal required to be made by Tenant, all as provided under this Lease) and in accordance with the Brand Standards. The Premises shall at that time be free and clear of all leases and occupancies, except as may be permitted under this Lease. The Premises shall be surrendered free and clear of all liens and encumbrances other than those existing at the commencement of the Term, or created or suffered by the Landlord or permitted hereunder and shall be surrendered without any payment by the Landlord on account of Tenant Improvements or any other improvements which may be on the Premises. Upon or at any time after the expiration or earlier termination of this Lease, subject to the rights of any subtenant or other occupant under a non-disturbance and attornment agreement executed by the Landlord and such subtenant or occupant pursuant to Section 11.02, the Landlord may, without further notice, enter upon and re-enter the Premises and possess and repossess itself thereof, by force, summary proceedings, ejectment or otherwise, and may dispossess Tenant and remove Tenant and all other persons and property from the Premises, and may have, hold and enjoy the Premises and the right to receive all income from the same.

Upon termination of this Lease, whether at the end of the Term or upon any earlier termination, all Building Equipment, and the portion of the FF&E located on the Hotel portion of the Premises and other personal property then located on the Hotel portion of the Premises shall be surrendered to and become the property of the Landlord. Notwithstanding the foregoing, upon the expiration of the Term or upon an earlier termination of the Lease for any reason other than an Event of Default, FF&E in the Casino and other movable personal property and trade fixtures installed at the expense of Tenant or any sublessee, but excluding any Building Equipment or Hotel Property, may be removed by Tenant or such sublessee, and shall not be deemed to be attached to the freehold nor the property of, nor surrendered to, Landlord, provided that the removal of any such property does not structurally injure the Tenant Improvements, necessitate changes in the Tenant Improvements or render the Tenant Improvements or any part thereof unfit for use and occupancy. Tenant shall pay the cost of repairing any damage to the Premises or Tenant Improvements arising from the removal of such property, and such obligation shall survive the Term. All such property not so removed by the expiration or earlier

termination of the Term shall be deemed abandoned by Tenant and sublessees, and may be retained by Landlord as its property or disposed of in such manner as Landlord sees fit with the right to retain any proceeds therefrom as its own. Within one (1) year prior to the end of the Term. Tenant shall provide Landlord with a list of FF&E and other movable personal property and trade fixtures that Tenant intends to remove upon expiration or earlier termination of this Lease for any reason other than an Event of Default.

For purposes of this Lease, " Building Equipment " shall mean all installations incorporated in, located at or attached to and used or usable in the operation of, or in connection with, the Premises and shall include, but shall not be limited to, machinery, apparatus, devices, motors, engines, generators, transformers, dynamos, compressors, pumps, boilers and burners, heating, lighting, plumbing, ventilating, air cooling and air conditioning equipment; chutes, ducts, pipes, tanks, fittings, conduits and wiring; incinerating equipment; elevators, escalators and hoists; washroom, toilet and lavatory plumbing equipment; window washing hoists and equipment; and all additions or replacements thereof, excluding, however, any personal property which is owned by Subtenants, licensees, concessionaires or contractors. " Hotel Property " shall mean all personal property, inventory, movable furniture, and fixtures located in or used in the Hotel, but excluding any Hotel Property branded with the MGM brand.

Upon termination of this Lease, whether at the end of the Term or upon any earlier termination, Tenant shall reasonably cooperate with Landlord in connection with the transition of the gaming license to the new operator of the Hotel & Casino (to the extent permitted by applicable law) and shall use commercially reasonable efforts to assist Landlord in a smooth transition of the Premises so that operation of the Hotel & Casino is not interrupted; provided, however, in no event shall Tenant be required to share confidential or proprietary information of Tenant with either Landlord or the new operator of the Hotel & Casino.

**Section 15.02 Events of Default** . If any one or more of the following events (herein called " Events of Default ") shall happen:

(a) If default shall be made in the due and punctual payment of any Base Rent or Additional Rent when and as the same shall become due and payable, and such default shall continue for a period of five (5) days after notice from the Landlord to Tenant specifying the items in default (provided that such notice need not be given on more than two (2) occasions in any twelve (12) consecutive months); or

(b) If default shall be made in the due and punctual payment of any other Rent or sums payable under this Lease or any part thereof when and as the same shall become due and payable, and such default shall continue for a period of fifteen (15) days after notice from the Landlord to Tenant specifying the items in default; or

(c) If Tenant shall fail to maintain insurance as required by ARTICLE VII and such default shall continue for a period of five (5) business days after notice from the Landlord to Tenant; or

(d) If Tenant loses its right to the Gaming License or any other licenses, permits or approvals necessary for the operation of the Hotel & Casino in accordance with the terms of this Lease, beyond any applicable appeals, as a result of Misconduct by Tenant; or

(e) If the Premises shall be abandoned, deserted, or vacated by Tenant, it being understood that the Premises shall be deemed abandoned, deserted, or vacated if, after the Opening Date, a hotel and casino is not operated on the Premises in accordance with Section 8.01 and Section 8.02 for a period of thirty (30) consecutive days for any reason other than (i) the process of restoration following a casualty or taking (which restoration requires more than thirty (30) days to be completed) or (ii) renovations which require more than thirty (30) days to complete; or

(f) If default shall be made by Tenant in the performance of or compliance with any of the agreements, terms, covenants or conditions in this Lease, other than those referred to in paragraphs (a) - (c) of this Section, for a period of thirty (30) days after notice from the Landlord to Tenant specifying the items in default and Tenant fails to proceed within such thirty (30) day period to commence to cure the same and thereafter to prosecute the curing of such default with diligence (it being intended in connection with a default not reasonably susceptible of being cured with diligence within such thirty (30) day period that the time of Tenant within which to cure the same shall be extended for such period not to exceed ninety (90) days as may be necessary to complete the same with all diligence), provided, however, if any such default under this clause (f) is of a nature that is not susceptible of being cured and, in the sole and absolute judgment of Landlord, the existence of such default would not (i) have a material adverse effect on the value of the Premises or Tenant's ability to operate the Hotel & Casino in accordance with the Brand Standards, (ii) have an adverse effect on Tenant's obligations to pay Rent under this Lease, and (iii) constitute a default under any loan documents evidencing Approved Debt, then Tenant shall not be deemed to be in default under this lease; or

(g) If a default on the part of Tenant occurs under the Declaration beyond all applicable grace and cure periods; or

(h) If Tenant shall initiate the appointment of a receiver to take possession of all or any portion of the Premises or Tenant's leasehold estate for whatever reason, or Tenant shall make a general assignment for the benefit of creditors, or Tenant shall initiate voluntary proceedings under any bankruptcy or insolvency law or law for the relief of debtors; or if there shall be initiated against Tenant any such proceedings which are not dismissed within ninety (90) days;

then this Lease and the Term hereby demised shall expire and terminate on the date set forth in such Event of Default notice, and Tenant shall remain liable as hereinafter provided and the Hotel & Casino and improvements located on the Premises shall become the property of the Landlord without the necessity of any deed or conveyance from Tenant to the Landlord. Tenant agrees upon request of the Landlord to immediately execute and deliver to the Landlord any deeds, releases or other documents deemed necessary by the Landlord to evidence the vesting in the Landlord of the ownership of all structures, alterations, additions, improvements, licenses and permits.

Notwithstanding anything to the contrary herein, including, without limitation, Tenant's right to dispute certain alleged defaults under subjection (i) above, and without limiting any of Landlord's other rights and remedies hereunder, if Tenant is in default under this Lease and the Landlord has given any notice of such default hereunder, and Tenant has failed to cure such default within any applicable cure period, then the Landlord may cure such default for the account of and at the cost and expense of Tenant, and the sums so expended by the Landlord, including reasonable legal fees, shall be deemed to be payable by Tenant as Additional Rent.

Nothing contained herein shall affect Tenant's right, following Tenant's payment of any Rent claimed to be due and payable by the Landlord, to dispute, the validity of the Landlord's claim with respect to such Rent. Any such dispute shall be subject to the Dispute Resolution Process.

**Section 15.03 Relet**. At any time or from time to time after any such expiration or termination, but subject to any rights of any Permitted Leasehold Mortgagee hereunder who cures any Event of Default, the Landlord may relet the Premises or any part thereof for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term of this Lease), on such conditions (which may include concessions or free rent and alterations of the Premises) and for such uses as the Landlord, in its good faith discretion, may determine, and may collect and receive the rents therefor. The Landlord shall in no way be responsible or liable for any failure to relet the Premises or any part thereof, or for any failure to collect any rent due upon any such reletting.

**Section 15.04 Remedies**. No such expiration or termination of this Lease shall relieve Tenant of its liability and obligations under this Lease, and such liability and obligations shall survive any such expiration or termination. In the event of any such expiration or termination, whether or not the Premises or any part thereof shall have been relet, Tenant shall pay to the Landlord the Rent and all other charges required to be paid by Tenant up to the time of such expiration or termination of this Lease. Thereafter, Tenant, until the end of what would have been the Term of this Lease in the absence of such expiration or termination, shall be liable to the Landlord for, and shall pay to the Landlord, as and for liquidated and agreed current damages for Tenant's default, the equivalent of the amount of the Rent and charges which would be payable under this Lease taking into account all future Extension Periods (even if such Extension Periods have not yet been exercised, but expressly taking into account any termination fee that would otherwise be payable for Tenant's failure to extend the Term) of the Term by Tenant if this Lease were still in effect, less the net proceeds of any reletting after deducting all the Landlord's expenses incurred in good faith in connection with such reletting, including, without limitation, all repossession costs, brokerage and management commissions, operating expenses, legal expenses, reasonable attorney's fees, alteration costs, and expenses of preparation for such reletting, and less the value of any FF&E, Building Equipment and other personal property that is surrendered to and becomes the property of Landlord pursuant to the terms of Section 15.01.

Tenant shall pay such current damages (herein called " deficiency ") to the Landlord on the date(s) on which the Rent would have been payable under this Lease if this Lease were still in effect, and the Landlord shall be entitled to recover from Tenant each deficiency as the same shall arise.

At any time after such expiration or termination, in lieu of collecting any further deficiencies as aforesaid, the Landlord shall be entitled to recover from Tenant and Tenant shall pay to the Landlord, on demand, as and for liquidated and agreed final damages for Tenant's default, an amount equal to the present value of the excess of the Rent reserved hereunder for the unexpired portion of the Term over the then fair and reasonable rental value of the Premises for the same period, minus any such deficiencies for such period previously recovered from Tenant.

If at any time, Tenant receives a notice of default from Landlord relating to Tenant's failure to comply with the Brand Standards, Tenant shall deposit two percent (2%) of gross revenue generated from the Hotel & Casino into a separate interest-bearing account established in Tenant's name and for the benefit of Tenant (the " Capital Reserve Account ") solely for the purpose of funding expenditures for capital improvements (but not including the initial cost of constructing the Tenant Improvements) and replacements in accordance with the terms of this Lease from and after the date of such notice. Tenant shall deposit the amounts required to be deposited into the Capital Reserve Account within thirty (30) days after the end of each month from and after receiving such notice for the remaining Term of the Lease; provided, however, if no default by Tenant in complying with the Brand Standards shall occur for a five (5) year period after the establishment of the Capital Reserve Account, Tenant shall be permitted to cease funding the Capital Reserve Account. In the event the use of the Capital Reserve Account has been triggered more than two (2) times during the Term hereof, then thereafter Tenant shall not have the right to cease funding the Capital Reserve Account after a five (5) year period without defaults. Tenant hereby grants to the Landlord a security interest in the Capital Reserve Account, and all profits and proceeds thereof, in order to secure Tenant's obligations under this Section 15.04 (provided that such security interest shall be automatically subordinated to any security interest granted to a Permitted Leasehold Mortgagee provided such Permitted Leasehold Mortgagee shall obtain the Landlord's prior written consent to apply the proceeds of such Capital Reserve Account to pay Approved Debt), and Tenant hereby agrees not to grant a security interest in the Capital Reserve Account to any Person other than the Permitted Leasehold Mortgagees. Tenant shall maintain control over the Capital Reserve Account at all times, and shall be entitled to make all decisions with respect to the use of the funds in such Capital Reserve Account; provided that such funds shall be used solely for the purpose of funding expenditures for capital improvements and replacements as set forth above.

**Section 15.05 No Waiver** . No failure by either the Landlord or Tenant to insist upon the strict performance of any agreement, term, covenant or condition hereof or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial Rent during the continuance of any such breach, shall constitute a waiver of any such breach or of such agreement, term, covenant or condition. No agreement, term, covenant or condition hereof to be performed or complied with by either the Landlord or Tenant, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by the other party. No waiver by the Landlord or Tenant of any breach shall affect or alter this Lease, but each and every agreement, term, covenant and condition hereof shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

**Section 15.06 Remedies Cumulative** . Unless stated expressly to the contrary in this Lease, each right and remedy provided for in this Lease shall be cumulative and shall be in

addition to every other right or remedy provided for in this Lease, but shall, as to any rights of the Landlord to terminate this Lease, be exclusive, and the exercise or beginning of the exercise by the Landlord or Tenant of any one or more of the rights or remedies provided for in this Lease shall not preclude the simultaneous or later exercise by the party in question of any or all other rights or remedies provided for in this Lease.

## ARTICLE XVI.

## NON-DISCRIMINATION AND AFFIRMATIVE ACTION COVENANTS

**Section 16.01 Non-Discrimination and Affirmative Action**. With respect to its exercise of all rights and privileges granted herein, Tenant agrees that Tenant, sublessees, licensees, operators, and assigns shall:

(a) not discriminate against any person, employee, or applicant for employment because of race, color, religion, national origin, age, sex, sexual orientation, handicap, or veteran status in Tenant's use of the Premises, including the hiring and discharging of employees, the provision or use of services, and the selection of suppliers and contractors;

(b) during construction of the Tenant Improvements, take any necessary steps required by the laws of Prince George's County and/or the State of Maryland;

(c) undertake affirmative action as required by federal and state laws, rules and regulations pertaining to Civil Rights and Equal Opportunity, including but not limited to Executive Orders 11246 and 11478 as amended, and as applicable, unless otherwise exempt therein;

(d) give notice of its obligations under this ARTICLE XVI to any labor union or association with which it has a collective bargaining or other agreement. In all solicitations for bids proposals made by Tenant, it shall notify each potential contractor and supplier of goods and services of Tenant's obligations under this ARTICLE XVI and that each contractor and supplier shall be bound by the same;

(e) at the request of the Landlord, co-operate with the Landlord in forming a Liaison Committee consisting of representatives of the Landlord and Tenant and establishing a continuing working relationship with the Liaison Committee for purposes of consultation on all matters relating to non-discrimination and affirmative action; and

(f) comply with all applicable minority owned business requirements and any other governmental imposed requirements.

**Section 16.02 Non-Compliance**. Tenant shall indemnify, defend and hold harmless the Landlord from any claims and demands of third persons resulting from non-compliance with any of the provisions of this Article.

## ARTICLE XVII.

## DISPUTE RESOLUTION PROCESS

**Section 17.01 Dispute Resolution Process**. The procedures in this Section are the " Dispute Resolution Process. "

(a) The parties will attempt in good faith to resolve any controversy with respect to (i) approvals of the Approved Master Plan and any additions or modifications of the Approved Master Plan; (ii) disputes as to the operating standards established by Section 8.04; (iii) disputes regarding the reasonableness of either party's actions, provided such party agreed to act reasonably in this Lease; (iv) disputes regarding whether a Force Majeure Event has occurred and the delays attributable to a Force Majeure Event; (v) disputes regarding payment of Rent, but only if Tenant has paid the amount of disputed Rent to the Landlord and is not otherwise in default under this Lease beyond any applicable cure period; and (vi) matters referred to and made subject to this Dispute Resolution Process, all of which are specifically made subject to this Dispute Resolution Process. The Dispute Resolution Process is as follows:

(b) The disputing party shall give the other party written notice of the dispute requesting resolution under this Section, submitting a concise written statement of such party's position with such notice. Within ten (10) days after receipt of said notice, the receiving party shall submit to the disputing party a concise written statement of the receiving party's position. Each party shall authorize a senior officer to negotiate the dispute on behalf of that party, and in its notice shall identify such party by name and title and specifically confirm that such identified party has full authority to negotiate and settle such dispute. The senior officer designated by the Landlord and Tenant are referred to hereinafter as the " Principals ". The Principals shall meet at a mutually acceptable time and place within fifteen (15) days of the date of the disputing party's notice to attempt to resolve the dispute. If the matter has not been resolved within thirty (30) days of the disputing party's notice, then any unresolved controversy or claim shall be settled as set forth below.

(c) If the parties are unable to resolve a dispute by meeting as described in Section 17.01(b) above within such thirty (30) day period, or such longer time period as may be agreed by the parties, the parties shall then attempt to resolve such dispute through a process of mediation administered by the Judicial Arbitration and Mediation Service, Inc. (" JAMS ") or its successors. If, at the time such a dispute arises and is not resolved by Section 17.01(b) above, JAMS does not exist or is unable to administer the mediation of the dispute in accordance with the terms of this Section 17.01(c), and the parties cannot agree on the identity of a substitute service provider, then the complaining party shall petition to a court of competent jurisdiction located in Maryland to identify a substitute service provider, who will administer the dispute resolution process in accordance with the terms of this Section. The service provider identified in accordance with the provisions of this Section 17.01(c) shall be referred to as the " Mediator ".

(d) The parties shall attempt to settle any dispute by participating in at least ten (10) hours of nonbinding mediation at the offices of the Mediator. The complaining party must notify the other party that a dispute that cannot be resolved by Section 17.01(a) above exists and then

contact the Mediator to schedule the mediation conference. A designated individual mediator will then be selected in accordance with the rules of the Mediator to conduct the mediation; provided , however , that such Mediator must have experience in the hotel and casino industry (or in the event of a dispute with respect to a Taking, must have experience in condemnation proceedings) and must not have any conflict of interest. The mediation will be a nonbinding conference between the parties conducted in accordance with the applicable rules and procedures of the Mediator. Neither party may initiate litigation or arbitration proceedings with respect to any dispute until the mediation of such dispute is complete with the sole exception of seeking emergency relief from a court of competent jurisdiction, as described below. Any mediation will be considered complete: (i) if the parties enter into an agreement to resolve the dispute; (ii) with respect to the party submitting the dispute to mediation, if the other party fails to appear at or participate in a reasonably scheduled mediation conference; or (iii) if the dispute is not resolved within seven (7) days after the mediation is commenced.

(e) If any dispute remains between the parties after the mediation is complete, then either party shall have the right to commence litigation or other legal proceedings with respect to any claims.

(f) Any litigation of a dispute must be initiated within one (1) year from the date on which either party first gave written notice to the other of the existence of such dispute, and any party who fails to commence litigation within such one-year period shall be deemed to have waived any of its affirmative rights and claims in connection with such dispute and shall be barred from asserting such rights and claims at any time thereafter.

## ARTICLE XVIII.

## MISCELLANEOUS

**Section 18.01 Quiet Enjoyment** . Tenant, upon paying the Rent and other charges herein provided for and observing and keeping all covenants, agreements and conditions of this Lease on its part to be kept, shall quietly have and enjoy the Premises during the Term of this Lease without hindrance by anyone claiming by, through or under the Landlord as such, subject, however, to the exceptions, reservations and conditions of this Lease, and title matters existing on the Effective Date.

**Section 18.02 Entry on Premises by the Landlord** . Subject to the Access Restrictions, Tenant shall permit the Landlord and its authorized representatives, upon two (2) days' notice to Tenant except in the case of emergency (in which case no notice shall be necessary), to enter the Premises at all reasonable times and in a reasonable manner for the purpose of inspecting the same for compliance with the covenants and obligations of this Lease, provided that such inspections shall be conducted so as not to materially interfere with the conduct of business therein by Tenant or any subtenant or other occupant.

**Section 18.03 Trademarks and Trade Names** . Except as may be permitted pursuant to the terms of a trademark license agreement by and between Landlord and Tenant and any applicable Affiliates, Landlord shall not have the right to use the Tenant's trademarks, trade

names, and copyrights in the marketing of National Harbor without the prior written consent of Tenant in each instance, which consent shall be given or withheld in Tenant's sole discretion.

**Section 18.04 Notices**. Any and all notices, demands, requests, submissions, approvals, consents, disapprovals, objections, offers or other communications or documents required to be given, delivered or served, or which may be given, delivered or served, under or by the terms and provisions of this Lease or pursuant to law or otherwise, shall be in writing and shall be delivered by hand, sent by overnight delivery, delivery confirmation requested, or sent by registered or certified mail, return receipt requested, addressed if to Tenant to:

MGM National Harbor, LLC
c/o MGM Resorts International
3600 Las Vegas Blvd. South
Las Vegas, NV 89109
Attention: General Counsel

and

Greenberg Traurig, LLP
2101 L Street NW, Suite 1000
Washington, D.C. 20037
Attention: Nelson F. Migdal, Esq.

or to such other address as Tenant may from time to time designate by written notice to the Landlord, or if to the Landlord addressed to:

National Harbor Beltway L.C.
c/o The Peterson Companies
12500 Fair Lakes Circle, Suite 400
Fairfax, VA 22033
Attention: General Counsel

with a copy:

Latham & Watkins LLP
233 S. Wacker Drive, Suite 5800
Chicago, IL 60606
Attention: Gary E. Axelrod

or to such other address as the Landlord may from time to time designate by written notice to Tenant, or to such other agent or agents as may be designated in writing by either party. The earlier of: (i) the date of delivery by hand, (ii) the date after being deposited with any overnight delivery service, or (iii) the date of delivery or upon which delivery was refused as indicated on the registered or certified mail return receipt shall be deemed to be the date such notice or other submission was given.

**Section 18.05 Severability**. If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

**Section 18.06 Estoppel Certificates**. The Landlord and Tenant shall, without charge, at any time and from time to time, within ten (10) business days after request by the other, certify by written instrument, duly executed, acknowledged and delivered to the party making such request, or any other person, firm or corporation specified by such party:

(a) that this Lease is unmodified and in full force and effect, or, if there have been any modifications, that the same is in full force and effect as modified and stating the modifications;

(b) whether or not, to the best knowledge of the person executing the certificate on behalf of the Landlord or Tenant, there are then existing any claimed set-offs or defenses against the enforcement of any of the agreements, terms, covenants or conditions hereof and any modifications hereof upon the part of the other party hereto to be performed or complied with, and, if so, specifying the same;

(c) the dates, if any, to which the Rent and other charges hereunder have been paid;

(d) the date of expiration of the current Term; and

(e) the Rent then payable under this Lease.

Said certificate shall be substantially in the form of that attached hereto as **Exhibit C**.

**Section 18.07 Waiver**. The parties hereto waive a trial by jury of any and all issues arising in any action or proceeding between them or their successors or assigns under or connected with this Lease or any of its provisions, any negotiations in connection therewith, or Tenant's use or occupation of the Premises.

**Section 18.08 No Brokers**. The Landlord and Tenant mutually represent that they have dealt with no broker in connection with this Lease. The Landlord and Tenant agree to indemnify and save the other harmless from any and all loss, cost, damage or expense incurred arising from their respective dealing with a broker.

**Section 18.09 Consents**. Notwithstanding anything to the contrary herein, where this Lease gives either party a right of reasonable approval, consent, or the like, regardless of how such right is expressed, the same shall be exercised in good faith, promptly and in a commercially reasonable manner in light of practices that are customary in the development of projects of the kind and nature of the project described herein. In no event shall either party exercise any approval right in a manner that changes or is materially inconsistent with any prior approval or with this Lease or any Exhibit to this Lease. With respect to any reviews or

approvals of contracts or other agreements with third parties, the scope of review and basis of approval, if an approval right is expressly given, shall be limited to the reasonable consistency of such contracts or other agreements with the provisions of this Lease. If either party requests an approval for which no specific time period for response is provided in this Lease, and such party prominently and conspicuously notes in the request that the same is needed within a given period (of never less than ten (10) business days), then, the party entitled to give such approval shall respond in writing within such period declaring either (i) its consent to such request, (ii) its denial of such request indicating such party's reasonable basis for such denial, or (iii) such declaration that additional information and/or additional time (in no event more than thirty (30) days) is required by such party to reasonably evaluate such request for consent. In the event the party entitled to give such consent provides the other party with the notice set forth in clause (iii) above, the party requesting such consent shall promptly (A) submit the additional information reasonably requested by the party entitled to give such consent, and (B) extend the time period within which the party entitled to give such consent must respond as indicated in such party's notice.

**Section 18.10 Accord and Satisfaction**. No acceptance by the Landlord of a lesser sum than the Rent then due shall be deemed to be other than on account of the earliest installment of such Rent due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment of Rent be deemed an accord and satisfaction, and the Landlord may accept such check or payment without prejudice to the Landlord's right to recover the balance of such installment or pursue any other remedies provided in this Lease.

**Section 18.11 Integration**. All prior understandings and agreements between the parties are merged within this Lease, which alone fully and completely sets forth the understanding of the parties; and this Lease may not be changed or terminated orally or in any manner other than by an agreement in writing and signed by the party against whom enforcement of the change or termination is sought.

**Section 18.12 Bind and Inure**. The covenants and agreements herein contained shall bind and inure to the benefit of the Landlord, its successors and assigns, and Tenant, its successors and permitted assigns.

**Section 18.13 Transfer of Landlord's Interest; Enforcement of the Landlord's Liability**

1.1 . The term "Landlord" shall mean only the owner at the time in question of the present landlord's interest in the Premises, and in the event of a transfer or transfers (by assignment, operation of law or otherwise) of such estate (or portion thereof) held by the present landlord, the transferor shall be and hereby is (to the extent of the interest or portion of the estate transferred) automatically and entirely released and discharged, from and after the date of such transfer, of all liability in respect of the performance of any of the terms of this Lease on the part of Landlord thereafter to be performed; and the transferee shall be deemed to have assumed and agreed to perform, subject to the limitations of this Section, all of the terms of this Lease on the part of Landlord to be performed during such period of ownership, which terms shall be deemed to "run with the land," it being intended that Landlord's obligations hereunder shall be binding

on Landlord, its successors and assigns, only during and in respect of their respective successive periods of ownership. Landlord shall have the right, at any time during the Term hereof and without the prior consent of Tenant, to sell, mortgage, convey or transfer the Land, the Premises or any part of the Beltway Parcel; provided that this Lease will not be considered subordinate to any such mortgage unless the holder of any such mortgage or deed of trust shall agree in writing that Tenant shall not be disturbed in its possession of the Premises pursuant to a subordination, non-disturbance and attornment agreement as provided in Section 3.14. Additionally, in the event of any sale of the Land or Premises by Landlord, any new owner shall specifically assume in writing any and all obligations of Landlord under the Lease first arising following such transfer and deliver a copy of the same to Tenant no less than ten (10) days after the closing of such transaction. Anything contained in this Lease to the contrary notwithstanding, but without limitation of Tenant's equitable rights and remedies, the Landlord's liability under this Lease shall be enforceable only out of the Landlord's interest in the Premises and the rents, issues and profits therefrom from whatever source and however characterized; and there shall be no recourse against, nor shall there be any personal liability on the part of any member of its board of directors, or any officer, employee, agent or representative of the Landlord, with respect to any obligations to be performed hereunder.

**Section 18.14 No Merger**. There shall be no merger of this Lease or of the leasehold estate hereby created with the fee estate in the Premises by reason of the fact that the Landlord may acquire or hold, directly or indirectly, the leasehold estate hereby created or an interest herein or in such leasehold estate, unless the Landlord executes and records an instrument affirmatively electing otherwise.

**Section 18.15 Captions**. The captions of this Lease are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease nor in any way affect this Lease.

**Section 18.16 Table of Contents**. The Table of Contents preceding this Lease but under the same cover is for the purpose of convenience and reference only and is not to be deemed or construed in any way as part of this Lease, nor as supplemental thereto or amendatory thereof.

**Section 18.17 Maryland Law Governs**. This Lease shall be governed exclusively by, and construed in accordance with, the laws of the State of Maryland. The Landlord and Tenant agree that any court action to be brought by either party in connection with this Lease shall be brought in a court of competent jurisdiction located within the State of Maryland and each party consents to the jurisdiction of such court and hereby waives any right to remove any such action to any other forum.

**Section 18.18 Time of the Essence**. Time shall be of the essence hereof.

**Section 18.19 Increases in the Index**. Except as otherwise expressly provided in this Lease, each dollar threshold included in this Lease shall be automatically adjusted (but never decreased) each Rent Year by the percentage change in the Index for the Base Month as compared to the Index for the month one year prior to that most recent Index. If, in any year, the Index is not yet available for the Base Month, the dollar thresholds shall be calculated using the

Index of the most recent month available and subsequently adjusted and trued up when the Index for the Base Month is available, consistent with the calculation of Base Rent pursuant to Section 4.02.

**Section 18.20 Tenant Cooperation With Other Development**. Tenant agrees to cooperate reasonably with the Landlord and any other party seeking to develop any portion of the remaining land in the Beltway Parcel by supporting applications for governmental permits and approvals relating to such development, provided that, except as otherwise provided herein and in the Declaration, such cooperation shall not require Tenant to incur any expense or other obligation unless the Landlord or such other party is willing to pay such expense or fulfill such obligation. Tenant agrees to cooperate reasonably with the Landlord or any other party in order to create a consistent marketing image and approach for the hotel and the remaining development adjacent thereto provided the same do not have a material adverse effect on the hotel or its operations, or require Tenant to incur any expense or impose any obligation on Tenant unless the Landlord or such other party is willing to pay such expense or fulfill such obligation.

**Section 18.21 Holding Over**. If Tenant occupies the Premises after the expiration or earlier termination hereof, Tenant shall be a tenant-at-sufferance subject to all of the terms and provisions of this Lease except that Base Rent shall be the greater of (y) twice the Base Rent in effect immediately prior to the expiration or termination hereof and (z) one hundred and fifty percent (150%) of the fair market rent for the Premises as determined by Landlord in its sole and absolute discretion. Tenant shall be liable for all damages incurred by the Landlord as a result of such holding over. Such a holding over, even if with the consent of the Landlord, shall not constitute an extension or renewal of this Lease.

**Section 18.22 Confidentiality**. Except as provided in Section 18.22, Landlord and Tenant agree to keep the financial terms of this Lease confidential to themselves and their Affiliates, and not to disclose same, except to their respective attorneys, accountants, existing or prospective partners of the parties, any prospective transferees of all or any portion of a party's interest in the Premises (including, without limitation, subtenants), any existing or prospective lenders (and their rating agencies), any existing or prospective insurers of the parties, agents, consultants and advisors involved in the transaction and architects, engineers and other professionals or independent contractors who may be engaged to assist in or perform due diligence activities with respect to the Premises, or otherwise as required by applicable law, regulation or stock exchange rule or pursuant to a subpoena, court order or other legal proceeding. Tenant shall treat any due diligence materials as confidential and not disclose information from same, except as aforesaid. Landlord agrees to keep the terms of any subleases of the Premises confidential and not disclose the terms of such subleases except as aforesaid. Notwithstanding anything to the contrary in this Lease, the sole remedy by a party for a breach of the provisions of this Section 18.22 shall be to recover the provable damages resulting from such breach from the breaching party.

**Section 18.23 Memorandum of Lease**. Either party may record a memorandum of this Lease substantially in the form of **Exhibit F** hereto. Any tax attendant upon such recordation, or the entering into of this Lease shall be the sole expense of the party causing the same to be recorded.

**Section 18.24 Cooperation**. Landlord, upon request, shall cooperate with, and comply with the reasonable requests of, Tenant, from time to time, in connection with Tenant's efforts to obtain any financing, consents, permits, licenses and/or other approvals that Tenant intends to seek and acquire under and pursuant to this Lease.

**Section 18.25 Guaranty**. Tenant warrants and represents that MGM RESORTS INTERNATIONAL, a Delaware corporation (the "Guarantor"), shall provide a guaranty of this Lease (the "Guaranty") to Landlord in the form attached hereto as **Exhibit E** simultaneously with Tenant's execution of this Lease.

EXECUTED as of the date first set forth above.

LANDLORD :

NATIONAL HARBOR BELTWAY L.C.

By: MVP Management LLC
its manager

By: /s/ Milton V. Peterson
Name: Milton V. Peterson
Title: Manager

TENANT :

MGM NATIONAL HARBOR, LLC

By: /s/ James J. Murrren
Name: James J. Murren
Title: President

# SCHEDULE 1

# AMENITIES AND COMPONENTS

[see attached]


National Harbor, MarylandVersion: 4.30February 26, 2013

## MGM Hotel and Casino Program Summary

KEY INDICES

| | Description | Qty. | Unit | f 2 | f 2 Extension | f 2 Per Position | f 2 Per Key |
|---|---|---|---|---|---|---|---|
| **Hotel Area Summary:** | | | | | | | |
| **1** | **Guestroom Areas Total:** | | | | **224,054** | **46** | **747** |
| | **Guestrooms:** | | | | | | |
| | Standard Guestrooms: | 225 | Each | 431 | 96,875 | | |
| | Executive Suites: | 27 | Each | 646 | 17,438 | | |
| | One Bedroom Standard Suites: | 20 | Each | 861 | 17,222 | | |
| | One Bedroom Deluxe Suites: | 15 | Each | 1,292 | 19,375 | | |
| | Luxury Suites: | 8 | Each | 2,153 | 17,222 | | |
| | Presidential Suites: | 1 | Each | 3,444 | 3,444 | | |
| | **Subtotal:** | **300** | | | **175,021** | | |
| | **Guestroom Support** | | | | | | |
| | Guestroom Public Areas: | | | | 30,486 | | |
| | Guestroom Back of House: | | | | 9,342 | | |
| | Guestroom Allowances: | | | | 9,204 | | |
| | **Subtotal:** | | | | **49,032** | | |
| **2** | **Public Areas Total:** | | | | **9,198** | **2** | **31** |
| **3** | **Food and Beverage Outlet Areas Total:** | | | | **72,782** | **15** | **243** |
| **4** | **Meeting and Assembly Areas Total:** | | | | **62,331** | **13** | **208** |
| **5** | **Retail Areas Total:** | | | | **49,248** | **10** | **164** |
| **6** | **Recreation Areas Total:** | | | | **20,827** | **4** | **69** |
| **7** | **Back of House Areas Total:** | | | | **255,861** | **52** | **853** |
| **8** | **Gaming Areas Total:** | | | | **188,678** | **39** | **629** |
| **9** | **Entertainment Areas Total:** | | | | **32,917** | **7** | **110** |
| | **HOTEL/ CASINO TOTAL (excluding structure):** | | | | **915,896** | **188** | **3,053** |
| **10** | **Exterior Areas Total:** | | | | **172,810** | **35** | **576** |
| | **Parking:5,000Spaces** | | | | **1,668,406** | **342** | **5,561** |

# EXHIBIT A

## BELTWAY PARCEL AND PREMISES

[see attached]

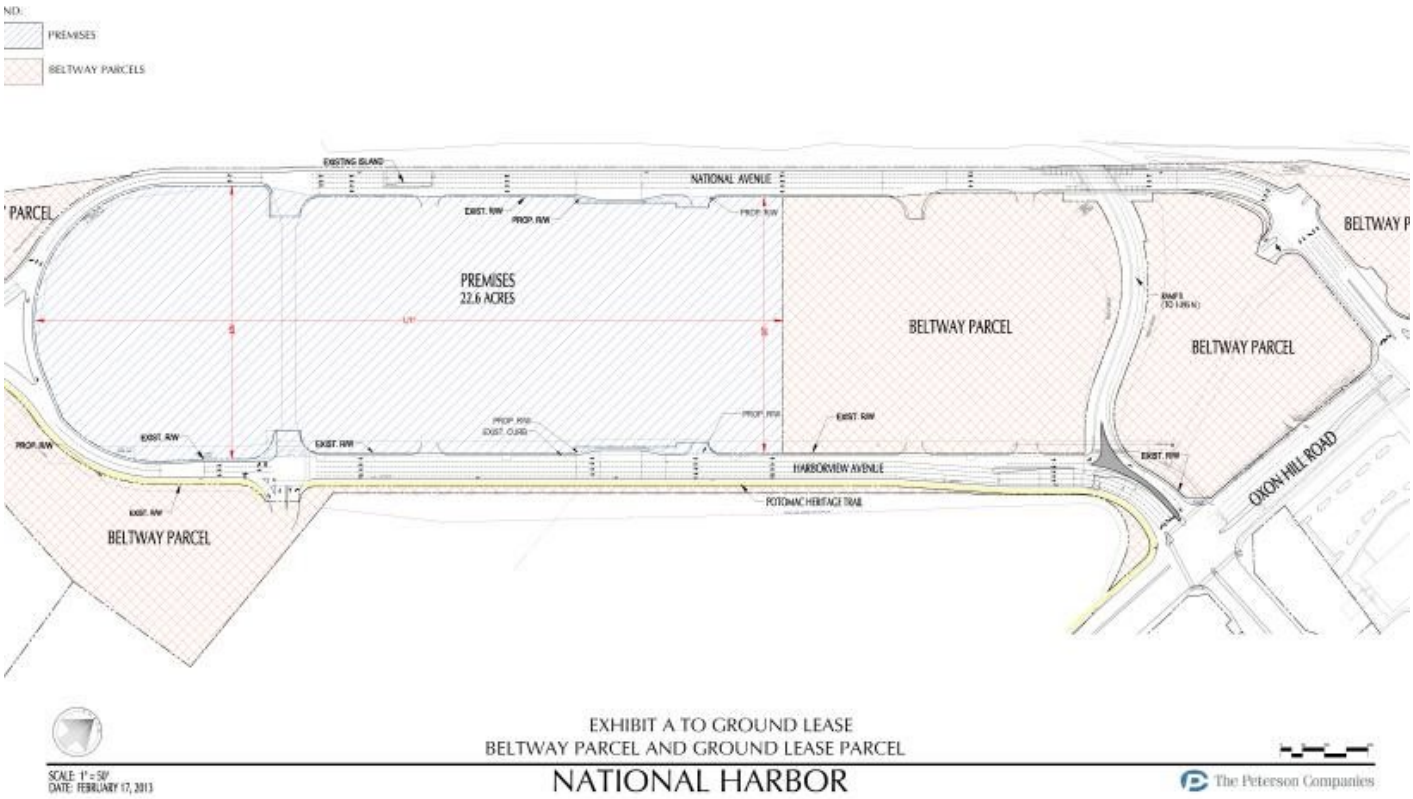



EXHIBIT A TO GROUND LEASE
BELTWAY PARCEL AND GROUND LEASE PARCEL
NATIONAL HARBOR

SCALE: 1" = 50'
DATE: FEBRUARY 17, 2013

The Peterson Companies

## EXHIBIT B

**EXCLUSIONS, RESERVED RIGHTS AND MATTERS TO WHICH PREMISES SUBJECT**

1. Agreement recorded in Liber 1773 at folio 578 pertaining to the dedication of the "burial ground of the Addison Family now upon the premises where John Hanson, the President of the First Continental Congress, is believed to be buried." And also subject to any restrictions existing or purposed, that governing agencies have placed upon this historical site including said burial grounds, the foundation of the Addison House and a Mausoleum. Subject to the rights of Walter Dulaney Addison, his heirs, successors and assigns, relative to the reservation of the aforesaid burial ground recited in Liber J.A.M. 13 at folio 627.

2. Rights of ingress to and egress from the "present burying ground" reserved in deed dated March 17, 1810, and recorded in Liber J.A.M. 13 at folio 27, and any other portion of the insured premises constituting a burial ground or mausoleum.

3. Plats One through Four, PORTAMERICA, which plats are recorded in Plat Book NLP 153 at Plat Nos. 56 through 59, inclusive, including all rights of others to the use of the dedicated roads shown thereon and the rights of Maryland-National Capital Park and Planning Commission to the areas dedicated and designated for future designation to said Commission.

4. Possible rights of others in and to the use of Outlot "A", Block "A" PORTAMERICA, and Outlot "A", Block "B" PORTAMERICA, both lots designated with a plat notation stating "To Be Dedicated to Homeowner's Association" as shown on Plat Five, PORTAMERICA, and Plat Six, PORTAMERICA, said plats recorded in Plat Book NLP 153, at plats numbered 60 and 61.

5. Ten (10) ft. public utility easements dedicated to the Chesapeake and Potomac Telephone Company of Maryland, Potomac Electric Power Company and Washington Gas Light Company and shown on Plat Five and Plat Six, PORTAMERICA, said plats recorded in Plat Book NLP 153 at plat numbers 60 and 61, respectively. A document entitled "Declaration of Terms and Provisions of Public Utility Easements" recorded in Liber 3703 at folio 748.

6. Fifteen (15) ft. easement for public walkway/bikeway and forty (40) ft. easement for public plaza across Parcel "B", Block "C", Plat Six, PORTAMERICA, recorded in Plat Book NLP 153 at Plat No. 61.

7. Matters set forth in NOTES shown on dedication plats of Plat Five and Plat Six, PORTAMERICA, recorded in Plat Book NLP 153 at Plat Nos. 60 and 61.

8. Permanent Declaration of Covenants recorded in Liber 13598 at folio 257.

9. Conservation Agreements recorded in Liber 14299 at folio 001 and Liber 14383 at folio 116.

10. Recreation Facilities Agreement - National Harbor recorded in Liber 21482 at folio 140.

11. Rights of others in and to the use of the existing thirty-three (33) ft. right of way set forth in the instrument recorded in Liber 204 at folio 365.

12. Reservation of the use of a roadway from Old Ferry Road to the land of Smoot Sand & Gravel Company, for the purposes of ingress and egress as described in Deed recorded in Liber 365 at folio 461.

13. Easements for private roadways described in Deed recorded in Liber 337 at folio 99.

14. Forty (40) ft. private roadway as described in Deed recorded in Liber 1554 at folio 565.

15. Easement(s) granted to the Board of County Commissioners for Prince George's County by instrument(s) recorded in Liber 3109 at folio 104 and Liber 3875 at folio 661.

16. Easements and rights of way granted Washington Suburban Sanitary Commission by instruments recorded in Liber 3001 at folio 352, Liber 4049 at folio 628, Liber 4049 at folio 632, Liber 7244 at folio 980, Liber 7244 at folio 987 and Liber 22832 at folio 209.

17. Easement(s) granted to Prince George's County, Maryland, by instrument(s) recorded in Liber 420 at folio 211, Liber 4351 at folio 646, Liber 4701 at folio 806 and Liber 4701 at folio 809.

18. Easements granted to Chesapeake & Potomac Telephone Company by instruments recorded in Liber 90 at folio 11.

19. Rights and easements reserved unto the State Roads Commission of Maryland in Deed(s) recorded in Liber 1554 at folio 565, Liber 1554 at folio 569 and Liber 27314 at folio 139.

20. Agreement for Exchange of Real Estate Property recorded in Liber 6247 at folio 789.

21. Easement and Declaration of Covenants recorded in Liber 7329 at folio 911.

22. Deed of Dedication and Easement granted to Prince George's County, Maryland, recorded in Liber 7624 at page 165.

23. Access is denied to Interstate Route 495 (Capital Beltway) as established by a Deed to the State of Maryland to the use of the State Highway Administration of the Department of Transportation recorded in Liber 7194 at folio 237.

24. Future right of way line shown on State Highway Administration Plats Nos. 48560, 48559, 48563 and 48564.

25. Stormwater Management Easement granted to Prince George's County, Maryland, recorded in Liber 20814 at folio 60.

26. Easement(s) granted Washington Suburban Sanitary Commission by instrument(s) recorded in Liber 28199 at folio 300 and Liber 30387 at folio 189.

27. Declaration of Covenants for Storm and Surface Water Facility and System Maintenance recorded in Liber 29603 at folio 518.

28. Declaration of Restrictive Covenants recorded in Liber 30700 at folio 328.

29. Terms, provisions and condition as set forth in Woodland Conservation/Offsite Mitigation Program Acreage Transfer Certificate recorded in Liber 34079 at folio 342.

# EXHIBIT C

## FORM OF ESTOPPEL

**Lender:** _____
_____
_____("Lender")

**Landlord:** _____
_____
_____("Landlord")

**Tenant:** _____
_____
_____("Tenant")

**Premises:** _____,_____
as more particularly described in the Lease (the "Premises").

**Lease:** The lease of the Premises, dated April 26, 2013, between Landlord and Tenant [as amended by _____, dated _____, _____] ([as so amended,] the "Lease").

**Date:** _____ , 20 ____.

[Landlord/Tenant] hereby certifies to [Landlord/Tenant/Lender] and agrees as follows, recognizing that [Landlord/Tenant/Lender] will rely on the information contained herein:

1. The Lease is in full force and effect and has not been amended, modified or supplemented, and constitutes the entire agreement between Landlord and Tenant with respect to the Premises.

2. To the best of [Landlord's/Tenant's] knowledge, neither Landlord nor Tenant is in default under the Lease, except as follows [ *State "none" if none* ]: _____ _____. To the best of [Landlord's/Tenant's] knowledge, there are no defenses, offsets, claims or counterclaims by or in favor of either party against the other under the Lease.

3. The monthly base or minimum rent due under the Lease is $_____ and has been paid through _____, 20___, and all additional rent due under the Lease has been paid through _____, 20___.

4. The current expiration date of the Term is _____, 20___.

**LANDLORD/TENANT:**

_____

By _____
Name _____
Title _____

# EXHIBIT D

## EXAMPLE OF ANNUAL BASE RENT CALCULATION

[see attached]

# EXHIBIT D

## Casino and Hotel Ground Lease
## Base Rent Example [***]

| **Base rent for first 13 acres of Premises:** | | | **Base rent** [***] | |
|---|---|---|---|---|
| **Lease Year** | **Base Rent [***]** | [***] | **Lease Year** | [***] |
| 1 | $[***] | $[***] | 1 | $[***] |
| 2 | [***] | [***] | 2 | [***] |
| 3 | [***] | [***] | 3 | [***] |
| 4 | [***] | [***] | 4 | [***] |
| 5 | [***] | [***] | 5 | [***] |
| 6 | [***] | [***] | 6 | [***] |

| **Example [***]:** | | | |
|---|---|---|---|
| **Lease Year** | **Base rent [***]** | **Base rent [***]** | **Total Base Rent [***]** |
| 1 | $[***] | $[***] | $[***] |
| 2 | [***] | [***] | [***] |
| 3 | [***] | [***] | [***] |
| 4 | [***] | [***] | [***] |
| 5 | [***] | [***] | [***] |
| 6 | [***] | [***] | [***] |
| thereafter, annual escalation at CPI-U | | | |

# EXHIBIT E

## FORM OF GUARANTY

## GUARANTY OF LEASE

**THIS GUARANTY OF LEASE** (this " **Guaranty** ") is made as of _____, 2013 by MGM Resorts International, a Delaware corporation (" **Guarantor** "), to and for the benefit of National Harbor Beltway L.C. , a Virginia limited liability company (" **Landlord** ").

## BACKGROUND:

**WHEREAS** , Landlord is "Landlord" under that certain Hotel and Casino Ground Lease made effective as of _____ (as the same may be amended, modified or supplemented from time to time, the " **Lease** ") naming MGM National Harbor, LLC as "Tenant" (" **Tenant** ") with respect to a portion of the Beltway Parcel located in Prince George County in the State of Maryland; and

**WHEREAS** , Guarantor is a direct or indirect owner of Tenant and shall directly benefit from the execution of the Lease by Tenant; and

**WHEREAS** , Guarantor acknowledges and confirms that: (a) the Lease by Landlord constitutes valuable consideration to Guarantor, and (c) this Guaranty is intended to be an inducement to Landlord to consent to the transactions described above.

**NOW, THEREFORE** , in consideration of the foregoing and of the covenants and agreements hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged, and as an inducement for Landlord to consent to the transactions contemplated above, the Guarantor, intending to be legally bound hereby, agrees as follows:

1. All capitalized terms in this Guaranty and not defined herein shall have the defined meanings provided in the Lease. Whenever the context so requires, each reference to gender includes the masculine and feminine, the singular number includes the plural and vice versa. The words "hereof" "herein" and "hereunder" and words of similar import when used in this Guaranty shall refer to this Guaranty as a whole and not to any particular provision of this Guaranty, and references to section, article, annex, schedule, exhibit and like references are references to this Guaranty unless otherwise specified. A Default or Event of Default shall "continue" or be "continuing" until such Default or Event of Default has been cured by Tenant or waived by Landlord. References in this Guaranty to any Person shall include such Person and its successors and permitted assigns.

2. Guarantor irrevocably, unconditionally and absolutely guarantees the punctual payment when due of all Rent or any other amounts which may become due under the Lease as and when the same shall become due and payable, in any case whether according to the

present terms thereof or pursuant to any extension of time or to any change in the terms, covenants, agreements and conditions thereof now or at any time hereafter made or granted pursuant to a signed agreement between Landlord and Tenant and (ii) all costs, expenses and liabilities (including, without limitation, reasonable attorneys' fees and expenses) that may be incurred or advanced by Landlord in the enforcement of this Guaranty as the result of any violation of Guarantor's obligations hereunder (collectively, the " **Payment Obligations** ").

3. Guarantor unconditionally and absolutely guarantees the completion of the Tenant Improvements, and the performance by Tenant of all the terms and provisions of the Lease pertaining to Tenant's obligations with respect to the lien free completion of the Tenant Improvements. Without limiting the generality of the foregoing, Guarantor guarantees that: (a) the Tenant Improvements shall be completed no later than the Outside Completion Date; (b) the Tenant Improvements shall be completed in accordance with the Approved Master Plan, the plans and specifications (and, to the extent necessary, Guarantor shall use commercially reasonable efforts to enforce any construction agreements and related warranties), the Brand Standards, applicable laws, and the other provisions of the Lease, without substantial deviation therefrom unless approved by Landlord in writing or as otherwise permitted under the Lease (collectively, the " **Completion Obligations** ").

4. Guarantor unconditionally and absolutely guarantees all other obligations and performance of Tenant under the Lease that are not Payment Obligations or Completion Obligations until the last date that any of Guarantor's obligations expire under any guaranty provided in connection with the Gaming License (collectively, the " **Performance Obligations** ", together with the Completion Obligations and Payment Obligations, the " **Guaranteed Obligations** "). In no event shall this Guaranty cover consequential, unforeseeable or punitive damages of Landlord unless such damages are brought in connection with a third-party claim for which Tenant or Guarantor is obligated to indemnify Landlord.

5. This Guaranty is a guaranty of payment and not a guaranty of collection. If any Guaranteed Obligation is not satisfied when due, whether by acceleration or otherwise, the Guarantor shall forthwith satisfy such Guaranteed Obligation, upon demand, and no such satisfaction shall discharge the obligations of the Guarantor hereunder until all Guaranteed Obligations have been indefeasibly paid in cash and performed and satisfied in full except to the extent provided in Section 25 hereof. The liability of Guarantor under this Guaranty shall be primary and direct and not conditional or contingent upon the solvency of Tenant or any other Person, any obligation or circumstance which might otherwise constitute a legal or equitable discharge or defense of a surety or guaranty or the pursuit by Landlord of any remedies it may have against Tenant or any other guarantor of the Guaranteed Obligations or any other Person. The obligations of Guarantor hereunder shall not in any way be affected by any lawful action taken or not taken by Landlord or by the partial or complete unenforceability or invalidity of any other guaranty or surety agreement, pledge, assignment, lien or other security interest or security for any of the Guaranteed Obligations or of the value, genuineness, validity or

enforceability of the Guaranteed Obligations. The Guaranteed Obligations shall not be reduced by the retention or receipt of any collateral, letter of credit or bond securing or otherwise supporting the Guaranteed Obligations, or the receipt of any proceeds thereof or other offsets or consideration except to the extent such proceeds are actually received in cash by Landlord.

6. If Guarantor fails to promptly perform its Completion Obligations under this Guaranty, Landlord, at its option may:

    a. proceed to perform on behalf of Guarantor any or all of the Completion Obligations hereunder and Guarantor shall, upon demand and whether or not construction is actually completed by Landlord, pay to Landlord all sums expended by Landlord in performing Guarantor's Completion Obligations hereunder together with interest at a rate ten percent (10%) per annum; and

    b. from time to time and without exhausting any or all other remedies bring any action at law or in equity or both to compel Guarantor to perform its Completion Obligations hereunder, and to collect in any such action compensation for all losses actually incurred by Landlord as a consequence of the failure of Guarantor to perform its Completion Obligations together with interest at a rate of ten percent (10%) per annum.

7. As of the date of this Guaranty, Guarantor hereby represents and warrants to Landlord as follows:

    a. The Guarantor is a corporation duly incorporated, validly existing and in good standing under the laws of its state of incorporation. The Guarantor has all requisite corporate power and authority to enter into this Guaranty. This Guaranty has been duly executed and delivered by Guarantor and constitutes the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms, subject to the effect of any applicable bankruptcy, moratorium, insolvency, reorganization or other similar law affecting the enforceability of creditors' rights generally and to the effect of general principles of equity which may limit the availability of equitable remedies (whether in a proceeding at law or in equity). No corporate action or proceedings on the part of such Guarantor is necessary to consummate such transactions.

    b. The execution, delivery and performance by Guarantor of this Guaranty and the consummation of the transactions contemplated hereby and thereby do not and will not conflict with or violate any provision of Guarantor's organizational documents, any applicable law, statute, rule, regulation, ordinance, license or tariff or any judgment, decree or order of any court or other Governmental Authority binding on or applicable to Guarantor or any of its properties or assets.

    c. In executing and delivering this Guaranty, Guarantor is fully aware of the financial condition of Tenant and the requirements for the completion of

construction of the Tenant Improvements and is executing and delivering this Guaranty based solely upon Guarantor's own independent investigation of all matters pertinent hereto and is not relying in any manner upon any representation or statement of Landlord. Guarantor further represents and warrants that Guarantor is in a position to obtain, and Guarantor hereby assumes full responsibility for obtaining, any additional information concerning Tenant's financial condition, the construction of the Tenant Improvements, and any other matter pertinent hereto as Guarantor may desire, and Guarantor is not relying upon or expecting Landlord, nor shall Landlord have any duty, to furnish to Guarantor any information now or hereafter in the possession of Landlord concerning the same or any other matter. By executing this Agreement, Guarantor knowingly acknowledges and accepts the full range of risks encompassed herein.

d. No litigation, investigation or proceeding of or before any arbitrator or governmental authority or creditor is pending or, to Guarantor's best knowledge, threatened by or against Guarantor or against any of Guarantor's assets or revenues which is likely to be adversely determined and which, if adversely determined, either individually or in the aggregate, could reasonably be expected to prohibit Guarantor from performing its obligations under this Guaranty.

8. Guarantor acknowledges and agrees that (a) it will benefit from the execution, delivery and performance by Landlord of the Lease and that the Lease constitutes valuable consideration to Guarantor, (b) this Guaranty is intended to be an inducement to Landlord to execute, deliver and perform the Lease, and (c) Landlord is relying upon this Guaranty in execution of the Lease.

9. Guarantor acknowledges and agrees that its obligations as Guarantor shall not be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Tenant or any other guarantor of the Guaranteed Obligations or any other Person or its estate in bankruptcy resulting from the operation of any present or future provision of the bankruptcy laws or other similar statute, or from the decision of any court.

10. Guarantor acknowledges and agrees that Landlord shall have the full right and power, in its sole and absolute discretion and without any notice to or consent from Guarantor and without affecting or discharging, in whole or in part, the liability of Guarantor hereunder to deal in any lawful manner with the Guaranteed Obligations and any security or guaranties therefor, including, without limitation, to (A) release any guarantor of the Guaranteed Obligations, (B) extend the time for payment of the Guaranteed Obligations or any part thereof, (C) accelerate the Guaranteed Obligations to the extent Landlord may lawfully do so with respect to the Guaranteed Obligations, (D) make any change, amendment or modification whatsoever to the terms or conditions of the Lease which are agreed in writing by the Tenant, (E) extend, in whole or in part, on one or any number of occasions, the time for the payment of Rent or any other amount pursuant to the Lease, (F) settle, compromise, release, substitute, impair, enforce or exercise, or fail or refuse to

enforce or exercise, any claims, rights, or remedies, of any kind or nature, which Landlord may at any time have against Tenant or any other guarantor of the Guaranteed Obligations or any other Person, or with respect to any security interest of any kind held by Landlord at any time, whether under the Lease or otherwise, (G) release or substitute any security interest of any kind held by Landlord at any time, (H) collect and retain or liquidate any collateral subject to such security interest, (I) grant waivers or indulgences, (J) obtain any additional guarantors or (K) take or fail to take any other lawful action whatsoever with respect to the Guaranteed Obligations. Guarantor hereby waives and agrees not to assert against Landlord any rights which a guarantor or surety could exercise. Notwithstanding any other provision of this Guaranty, Guarantor agrees that Landlord has no duties of any nature whatsoever to Guarantor, whether express or implied, by virtue of this Guaranty, operation of law or otherwise.

11. Guarantor waives: (a) any defense based upon any legal disability or other defense of Tenant, any other guarantor or other Person, or by reason of the cessation or limitation of the liability of Tenant from any cause other than full payment of all sums payable under the Lease and performance by Tenant of all of the Guaranteed Obligations; (b) any defense based upon any lack of authority of the officers, directors, partners or agents acting or purporting to act on behalf of Tenant or any principal of Tenant or any defect in the formation of Tenant any principal of Tenant; (c) any right and defense arising out of an election of remedies by Landlord; (d) any defense based upon Landlord's failure to disclose to Guarantor any information concerning Tenant's financial condition or any other circumstances bearing on Tenant's ability to pay all sums payable or comply with all obligations under the Lease; (e) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (f) any right of subrogation, any right to enforce any remedy which Landlord may have against Tenant and any right to participate in, or benefit from, any security for the Lease now or hereafter held by Landlord; (g) presentment, demand, protest and notice of any kind; and (h) notices of proof of nonpayment, default under the Lease, and notices and demands of any kind. Without limiting the generality of the foregoing or any other provision hereof, Guarantor further expressly waives to the extent permitted by law any and all rights against Tenant, including without limitation any rights of subrogation, reimbursement, indemnification and contribution, which might otherwise be available to Guarantor. Finally, Guarantor agrees that the performance of any act or any payment which tolls any statute of limitations applicable to Lease shall similarly operate to toll the statute of limitations applicable to Guarantor's liability hereunder.

12. Without limiting Landlord's rights under any other agreement, any liabilities owed by Tenant to Guarantor in connection with any extension of credit or financial accommodation by Guarantor to or for the account of Tenant, including but not limited to interest accruing at the agreed contract rate after the commencement of a bankruptcy or similar proceeding, are hereby subordinated to the Guaranteed Obligations, and such liabilities of Tenant to Guarantor, if Landlord so requests, shall be collected, enforced and received by Guarantor as trustee for the Landlord and shall be paid over to Landlord, on

account of the Guaranteed Obligations but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty.

13. Guarantor agrees that this Guaranty shall inure to the benefit of, and may be enforced by, Landlord, its successors or assigns and shall be binding upon and enforceable against Guarantor and Guarantor's assigns and successors. Guarantor agrees that it may not assign, delegate or transfer this Guaranty or any of its rights or obligations under this Guaranty without the prior written consent of Landlord in its sole and absolute discretion, except as otherwise provided in Section 25 hereof. Nothing contained in this Guaranty shall be construed as a delegation to Landlord of Guarantor's duty of performance.

14. Any notice or request under this Agreement shall be given to Guarantor or to Landlord at their respective addresses set forth below or beneath its signature on the signature page to this Agreement below or at such other address as such Person may hereafter specify in a notice given in the manner required under this Section 14 . Any notice or request hereunder shall be given only by, and shall be deemed to have been received upon (each a " **Receipt** "): (i) registered or certified mail, return receipt requested, on the date on which such is received as indicated in such return receipt, (ii) delivery by a nationally recognized overnight courier, one (1) Business Day after deposit with such courier.

If to Guarantor:

MGM Resorts International
3600 Las Vegas Blvd. South
Las Vegas, NV 89109
Attention: General Counsel

with a copy:

Greenberg Traurig, LLP
2101 L Street NW, Suite 1000
Washington, D.C. 20037
Attention: Nelson F. Migdal, Esq.

If to Landlord:

National Harbor Beltway L.C.
c/o The Peterson Companies
12500 Fair Lakes Circle, Suite 400
Fairfax, VA 22033
Attention: General Counsel

with a copy:

Latham & Watkins LLP
233 S. Wacker Drive, Suite 5800
Chicago, IL 60606
Attention: Gary E. Axelrod, Esq.

15. No course of action or delay, renewal or extension of this Guaranty or any rights or obligations hereunder, or any of the foregoing, or delay, failure or omission on Landlord's part in enforcing this Guaranty or in exercising any right, remedy, option or power hereunder or thereunder shall affect the liability of Guarantor or operate as a waiver of such or of any other right, remedy, power or option or of any default, nor shall any single or partial exercise of any right, remedy, option or power hereunder or thereunder affect the liability of Guarantor or preclude any other or further exercise of such or any other right, remedy, power or option. No waiver by Landlord of any one or more defaults by Guarantor in the performance of any of the provisions of this Guaranty shall operate or be construed as a waiver of any future default or defaults, whether of a like or different nature. Notwithstanding any other provision of this Guaranty, Landlord does not waive a breach of any representation or warranty of Guarantor under this Guaranty, and all of Landlord's claims and rights resulting from any breach or misrepresentation by Guarantor are specifically reserved by Landlord.

16. If any term or provision of this Guaranty is adjudicated to be invalid under applicable laws or regulations, such provision shall be inapplicable to the extent of such invalidity or unenforceability without affecting the validity or enforceability of, the remainder of this Guaranty which shall be given effect so far as possible.

17. Landlord shall have the right in its sole and absolute discretion to determine which rights, powers, liens, security interests or remedies Landlord may at any time pursue, relinquish, subordinate or modify or to take any other action with respect thereto and such determination will not in any way modify or affect any of Landlord's rights, powers, liens, security interests or remedies hereunder or under applicable law or at equity. The enumeration of the rights and remedies herein is not intended to be exhaustive. The rights and remedies of Landlord described herein are cumulative and are not alternative to or exclusive of any other rights or remedies which Landlord otherwise may have by contract or at law or in equity, and the partial or complete exercise of any right or remedy shall not preclude any other further exercise of such or any other right or remedy.

18. This Guaranty shall be governed by and construed in accordance with the internal laws of the State of Maryland without giving effect to its choice of law provisions. Any judicial proceeding brought by or against Guarantor with respect to any of the Guaranteed Obligations or any of the rights or obligations hereunder, this Guaranty or any related agreement may be brought in any federal or state court of competent jurisdiction located in the State of Maryland, and, by execution and delivery of this Guaranty, Guarantor consents to the exclusive jurisdiction of the aforesaid courts and irrevocably agrees to be

bound by any judgment rendered thereby in connection with this Guaranty. Nothing herein shall affect the right to serve process in any manner permitted by law or shall limit the right of Landlord to bring proceedings against Guarantor in the above-referenced courts of Maryland. Guarantor waives any objection to jurisdiction and venue of any action instituted hereunder to the extent brought in Maryland and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens* . Any judicial proceeding by Guarantor against Landlord involving, directly or indirectly, any matter or claim in any way arising out of, related to or connected with the Guaranteed Obligations or this Guaranty shall be brought only in a federal or state court located in the State of Maryland

19. This Guaranty may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument. This Guaranty may be executed by facsimile transmission or other electronic transfer, which facsimile or electronic signatures shall be considered original executed counterparts for purposes of this Section 19 , and Guarantor agrees that it will be bound by its own facsimile or electronic signature and that it accepts the facsimile or electronic signature of each other party to this Guaranty.

20. GUARANTOR AND LANDLORD BY ITS ACCEPTANCE OF THIS GUARANTY HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION (I) ARISING UNDER THIS GUARANTY OR ANY RELATED AGREEMENT OR (II) IN ANY WAY RELATING TO THIS GUARANTY OR THE TRANSACTIONS EVIDENCED HEREBY OR THEREBY, IN EITHER CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND EACH OF GUARANTOR AND LANDLORD HEREBY AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT EITHER GUARANTOR OR LANDLORD MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 20 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF GUARANTOR AND OF LANDLORD TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

21. This Guaranty constitutes the entire agreement between Guarantor and Landlord with respect to the subject matter hereof and thereof, and supersedes all prior agreements and understandings, if any, relating to the subject matter hereof or thereof. Neither this Guaranty nor any provision hereof may be changed, modified, amended, waived, restated, supplemented, canceled or terminated other than by an agreement in writing signed by both Landlord and Guarantor. Guarantor acknowledges that Guarantor has been advised by counsel in connection with the negotiation and execution of this Guaranty and is not relying upon oral representations or statements inconsistent with the terms and/or provisions of this Guaranty. Any waiver of this Guaranty by Landlord shall be limited solely to the express terms and provisions of such waiver.

22. This Guaranty is not intended to benefit or confer any rights upon Tenant or upon any third party other than Landlord, who is an intended beneficiary hereof and for whose benefit this Guaranty is explicitly made.

23. Landlord shall have no responsibility for or obligation or duty with respect to all or any part of the Tenant Improvements or any matter or proceeding arising out of or relating thereto or to this Guaranty, including without limitation, any obligation or duty to collect any sums due in respect thereof or to protect or preserve any rights pertaining thereto

24. If any attorney is engaged by Landlord to enforce or defend any provision of this Guaranty, Guarantor shall pay to Landlord, within ten (10) days following Landlord's written demand, all attorneys' fees and costs incurred by Landlord in connection therewith. If any such amounts are not paid within such ten (10) day period, interest shall thereafter accrue on such unpaid amounts at a rate of ten percent (10%) per annum.

25. Notwithstanding any contrary provision in this Guaranty, upon the occurrence of an assignment permitted by Section 11.01 of the Lease and the assignee or a replacement guarantor has been approved by Landlord pursuant thereto, this Guaranty shall automatically terminate and cease to be effective with respect to obligations first becoming due from and after the effective date of such assignment. This Guaranty shall remain in effect only with respect to unsatisfied obligations that became due prior to the effective date of the assignment, it being acknowledged that Guarantor shall remain responsible for events, facts or circumstances that occurred prior to the effective date of the assignment for which liability becomes known after such effective date to the extent that the same would have constituted a Guaranteed Obligation had the same been discovered prior to the effective date of the assignment.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the day and year first above written.

**GUARANTOR: MGM RESORTS INTERNATIONAL, a Delaware corporation**

By: _____
Name: _____
Title: _____

# EXHIBIT F

## FORM OF MEMORANDUM OF LEASE

## MEMORANDUM OF GROUND LEASE

THIS MEMORANDUM OF GROUND LEASE (the " **Memorandum** ") is made as of the _____ day of _____, 2013 by and between **NATIONAL HARBOR BELTWAY L.C.** , a Virginia limited liability company with a principal place of business at 12500 Fair Lakes Circle, Suite 400, Fairfax, Virginia 22033, as landlord (and its successor and assigns, the " **Landlord** "), and **MGM NATIONAL HARBOR, LLC** , a Nevada limited liability company, with a principal place of business at 3600 Las Vegas Boulevard South, Las Vegas, Nevada 89109, as tenant (and its successors and permitted assigns, the " **Tenant** ").

**RECITALS:**

A. Landlord and Tenant are parties to a Ground Lease dated as of _____, 2013 (the " **Lease** "), relating to certain real property consisting of that certain parcel of land of approximately 22.6 acres located in Prince George's County, Maryland, more specifically described in Exhibit A attached hereto and made a part hereof, together with all improvements thereon and other rights related thereto as set forth in the Lease (the " **Premises** "), which Premises are a part of that certain project titled in Landlord commonly known as National Harbor.

B. Landlord and Tenant have executed and delivered this Memorandum pursuant to the terms of the Lease and in accordance with Sections 3-101(e) and 3-101(f) of the Real Property Article of the Maryland Code for the purpose of submitting it to be recorded among the Land Records of Prince George's County, Maryland in order to give notice of the existence of the Lease and certain of its material terms and conditions in the public record. This Memorandum does not purport to, nor does it, provide a complete summary of the Lease and in no way modifies the provisions of the Lease.

NOW THEREFORE, in consideration of the execution and delivery of the Lease by Landlord and Tenant and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Landlord and Tenant, the parties hereby acknowledge and agree as follows:

1. Names of the parties :

| | |
|---|---|
| Landlord: | **NATIONAL HARBOR BELTWAY L.C.** , a Virginia limited liability company |
| Tenant | **MGM NATIONAL HARBOR, LLC** , a Nevada limited liability company |

2. The addresses of the parties set forth in the Lease :

| | |
|---|---|
| Landlord's Address: | National Harbor Beltway L.C.<br>c/o The Peterson Companies<br>12500 Fair Lakes Circle, Suite 400<br>Fairfax, VA 22033<br>Attention: General Counsel<br><br>With a copy to:<br>Latham & Watkins LLP<br>233 S. Wacker Drive, Suite 5800<br>Chicago, IL 60606<br>Attention: Gary E. Axelrod |
| Tenant's Address | MGM National Harbor, LLC<br>c/o MGM Resorts International<br>3600 Las Vegas Blvd. South<br>Las Vegas, NV 89109<br>Attention: General Counsel<br><br>With a copy to:<br>Greenberg Traurig, LLP<br>2101 L Street NW, Suite 1000<br>Washington, D.C. 20037<br>Attention: Nelson F. Migdal, Esq. |

3. Reference to the Lease :

Ground Lease executed as of April 26, 2013.

4. Description of the Leased Premises as contained in the Lease :

See Exhibit A attached hereto and made a part hereof.

5. Term of the Lease : The term of the Lease shall commence on April 26, 2013 and shall expire at 11:59 P.M. on the day before the twenty-fifth (25 th ) anniversary of the Base Rent Commencement Date, which shall mean the date that (i) Tenant shall have been awarded the Gaming License and (ii) Landlord shall have received all Land Use Entitlements required for the construction and operation of the Hotel & Casino, in each case subject to there being no appeals thereof pending and all periods for appeal having expired, and any delays from Force Majeure Events (provided, such delay for Force Majeure Events shall not exceed six (6)

months). Tenant shall have the right to extend the term of the Lease for up to thirteen (13) additional six (6) year periods.

6. Right of First Negotiation . Tenant shall have a right of first negotiation to further extend the Term of this Lease after the expiration of the last extension period granted to Tenant under the Lease. In the event that Tenant notifies Landlord in writing [***] that Tenant desires to exercise its Right of First Negotiation, then for a period of [***] from the date Tenant notifies Landlord that it is exercising its Right of First Negotiation ("Negotiation Period"), Landlord shall negotiate exclusively and in good faith with Tenant with respect to an extension of the Term of the Lease. In the event the parties are unable to reach agreement within the Negotiation Period, despite using commercially reasonable efforts to do so, this Right of First Negotiation shall expire.

7. Gaming Restriction . Tenant covenants for itself and its Affiliates (as defined in the Lease), not to operate, manage or license without the prior consent of the Landlord, a casino within fifty (50) miles of the front door of the Hotel & Casino (as defined in the Lease). Landlord covenants for itself and its Affiliates, not to operate, manage or license without the prior consent of the Tenant, a casino within fifty (50) miles of the front door of the Hotel & Casino, and not to permit the operation of a casino on any land owned or controlled by Landlord and its Affiliates within fifty (50) miles of the front door of the Hotel & Casino. The foregoing restrictions shall not apply to (a) any hotels under any brand of Tenant or its Affiliates, (b) any condominium or other residential product, (c) any serviced apartment facility, or (d) any timeshare, estate or license, fractional ownership, vacation club or any other form of interest in any vacation or interval ownership program.

8. Lease Controls : In the event of an inconsistency between the terms of this Memorandum and the terms of this Lease, the Lease shall prevail.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have executed and delivered this Memorandum as of the date first above written.

LANDLORD :
**NATIONAL HARBOR BELTWAY L.C.,**
a Virginia limited liability company

By: MVP Management LLC
its manager

By: _____
Name:
Title:

TENANT :
**MGM NATIONAL HARBOR, LLC,**
a Nevada limited liability company

By: _____
Name: _____
Date: _____

Exhibit A – Legal Description of Premises

**Exhibit 10.4(4)**

**CONFIDENTIAL TREATMENT HAS BEEN REQUESTED BY MGM RESORTS INTERNATIONAL. THIS REDACTED VERSION OMITS CONFIDENTIAL INFORMATION, DENOTED BY ASTERISKS: [***]. A REFERENCE COPY, INCLUDING THE TEXT OMITTED FROM THIS REDACTED VERSION, HAS BEEN DELIVERED TO THE SECURITIES AND EXCHANGE COMMISSION.**

# FIRST AMENDMENT TO HOTEL AND CASINO GROUND LEASE

THIS FIRST AMENDMENT TO HOTEL AND CASINO GROUND LEASE (the " First Amendment ") is made this 23rd day of July, 2014 (the " Effective Date ") by and between **NATIONAL HARBOR BELTWAY L.C.** , a Virginia limited liability company (the " Landlord ") and **MGM NATIONAL HARBOR, LLC,** a Nevada limited liability company (the " Tenant "), with reference to the following:

RECITALS :

WHEREAS, Landlord and Tenant entered into that certain Hotel and Casino Ground Lease dated April 26, 2013 (the " Lease "), for the lease of certain real property more particularly described in the Lease (the " Premises "); and

WHEREAS, Landlord and Tenant desire to amend the terms of the Lease as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant agree as follows:

1. Recitals. The Recitals set forth above are incorporated herein and made a part hereof by this reference as if fully set forth herein.

2. Defined Terms . All capitalized terms used herein, unless specifically defined herein, shall have the same meanings and definitions as used in the Lease.

3. Final Parcel Determination . Landlord and Tenant acknowledge and agree that they have agreed upon a revised lease line on the Easterly border of the Premises as shown on **Exhibit A** attached hereto. As a result, Exhibit "A" attached to the Lease shall be deleted and replaced by **Exhibit A** attached hereto. **Exhibit A** shall be further amended and replaced by Landlord and Tenant in a mutually acceptable future amendment to the Lease once the process with the Maryland State Highway Administration (the " MSHA ") has been completed with respect to (i) the dedication by Landlord of certain easements/rights-of-way/areas (the " Dedication Areas ") affecting the Premises as needed in connection with the roadways adjacent to the Premises, (ii) the abandonment of certain storm water management easements (the " Abandonment Areas "), and (iii) the creation by MSHA of permanent easements for the benefit of Landlord, Tenant and the Premises (the " Permanent Easement Areas "). A depiction of the Dedication Areas, the Abandonment Areas, and the Permanent Easement Areas is attached to this First Amendment as **Exhibit B** (the " MSHA Site Plan "). Landlord has caused the Premises to be legally separated as a distinct, separate tax parcel and legal lot, in accordance with all applicable laws. Tenant shall be responsible for any Impositions imposed upon the Permanent Easement Areas; provided, however, that Tenant shall not be required to pay any cost or expense associated with the acquisition of the Permanent Easement Areas from the MSHA. **[***]** Exhibit D attached to the Lease shall be deleted and replaced with the Example of Annual Base

Rent Calculation attached hereto as **Exhibit H**. Upon Landlord's written request, Tenant shall withhold the payment of Base Rent to Landlord for a period of time designated by Landlord and instead provide to Landlord a credit against amounts owed to Tenant by Landlord under the Circle Road Declaration (as hereinafter defined) equal to the amount of Base Rent withheld by Tenant.

4. Detailed Site Plan. Landlord has agreed to allow Tenant to act as the applicant for modifications needed to the Beltway Parcel Detailed Site Plan 07073 (the "Beltway Parcel DSP") to allow Tenant to construct the Tenant Improvements on the Premises. Tenant is currently processing certain modifications known as DSP 07073-01 ("Tenant's DSP Modification"). No modifications to the Beltway Parcel DSP (including without limitation any future modifications or conditions proposed to Tenant's DSP Modification) shall be made by Tenant without Landlord's consent (which consent may be given or withheld in Landlord's sole discretion, but Landlord shall act in a commercially reasonable manner in exercising its sole discretion) that will: (i) have an adverse effect (which shall include an adverse impact on traffic or trips) on the development of the portion of the Beltway Parcel that is not the Premises (the "Remaining Beltway Parcel"), (ii) impose additional obligations (other than those of a de minimis nature) on the Remaining Beltway Parcel, the Landlord or the owner of the Remaining Beltway Parcel, or (iii) increase the cost to develop the Remaining Beltway Parcel (unless Tenant agrees in writing to pay all such costs); provided, however, that notwithstanding the foregoing, Tenant may undertake any modifications of the Beltway Parcel DSP, without Landlord's consent, to the extent such modifications are consistent with the expansion rights granted to Tenant (or are otherwise contemplated or permitted) under the Lease (the "Permitted DSP Modifications"). As a result, and except for the Permitted DSP Modifications, Tenant shall submit all of Tenant's proposed modifications to the Beltway Parcel DSP and/or Tenant's DSP Modification and/or the conditions proposed in connection with such modifications to Landlord at least five (5) business days prior to submitting the same for approval by the applicable governmental authorities. For those modifications that require Landlord's approval, Landlord agrees to respond in writing to any written request from Tenant for approval (which request shall specifically state the desired modification and the reason for such modification) no later than five (5) business days after Landlord's receipt of Tenant's written request for approval, and to provide Tenant with a reasonably-detailed explanation for any Landlord disapproval. Any failure of Landlord to respond within such 5-day period shall be deemed to be Landlord's approval of the same.

5. License for Staging Area and Parking Area. Landlord represents and warrants to Tenant that Landlord is the owner of the land comprising the Staging Area and the Parking Area and the holder of the RGP. Landlord does hereby grant to Tenant (at no charge or cost to Tenant, except as otherwise set forth herein) a license to use and utilize those portions of the Beltway Parcel that are not included within the Premises (which areas are identified as the Parcel "B" Staging Area containing approximately 7.479 acres (the "Staging Area") and as the Parcel "C" Parking Area containing approximately 5.99 acres (the "Parking Area") on **Exhibit C** attached to this First Amendment). The Staging Area may be used as a construction staging area for Tenant's construction staging and for other related construction purposes, including, without limitation, transport and storage of equipment, goods and materials, parking (including overnight parking) of temporary construction trailers and vehicles, including passenger vehicles for

employees and contractors, assembly and repair of equipment, goods and materials, and other similar or related activities and undertakings. The Parking Area may be used as a parking area only for the parking by employees and contractors of automobiles, motorcycles, SUVs, pick-up trucks, and other similar vehicles, and for the placement of no more than four (4) construction office trailers and temporary utilities to serve such trailers in the area measuring 100 feet by 100 feet as shown on **Exhibit C-1**, provided that no storage trailers or outside storage of materials shall be permitted on the Parking Area. Tenant agrees to accommodate (which accommodation shall not effect a termination of this license) any request by Landlord for Tenant to temporarily reduce or cease parking on the Parking Area to allow overflow parking on the Parking Area for customers and employees of the nearby Tanger Outlet Center (" Tanger Customers") (i) during the seasonal peak shopping periods described below and (ii) upon no less than thirty (30) days prior written notice from Landlord (which notice period shall be reduced to ten (10) days if Landlord can provide an alternative parking area within the National Harbor development at no cost to Tenant) on up to five additional periods per year (which additional periods shall not exceed a total of 15 days per year). For purposes hereof, the seasonal peak shopping periods are as follows: Thanksgiving day through and including January 3; Saturdays and Sundays during the month of August; and Maryland Tax-Free dates. Tenant shall not be responsible or liable for that portion of the Parking Area that is in use by the customers or employees or others of the Tanger Outlet Center, including any events, occurrences, injuries, deaths, damages, losses or other matters arising from, or in connection with, the use of the Parking Area by invitees, employees or customers of the Tanger Outlet Center. In addition, upon not less than thirty (30) days prior written notice from Landlord, Landlord shall have the right to suspend for a reasonable period of time Tenant's right to use the Parking Area for up to five (5) business days in order for Landlord to install certain improvements to the parking facilities on the Parking Area, provided that Landlord's right to suspend Tenant's use right shall not be exercised more than two (2) times in any 12-month period. The parties recognize that the Parcel "B" portion of the Staging Area surrounds the Addison Family Cemetery Historic Site, as shown on **Exhibit C**. Landlord and TPC (as defined below) agree to promptly and timely address and resolve (at no cost to Tenant) any issues relating to the Addison Family Cemetery Historic Site (including access to the site and installation of "Jersey barriers") that are required or necessary to be resolved in order to permit Tenant and its contractors, subcontractors, employees and designees to use the Staging Area for the purposes permitted under this First Amendment. Tenant's right to use the Staging Area and the Parking Area shall commence on the Effective Date and shall terminate on the date which is eighteen (18) months after the Effective Date if not sooner terminated pursuant to the terms hereof. If Landlord needs any portion of the Staging Area or the Parking Area to begin development or construction on a portion of the Beltway Parcel that is not part of the Premises, Landlord may terminate the license (as to that portion of the Staging Area or the Parking Area that is needed by Landlord to begin development or construction) effective any time after the date which is twelve (12) months after the Effective Date by providing Tenant at least ninety (90) days prior written notice of the termination. Tenant may install (at Tenant's cost) temporary improvements, including, but not limited to, trailers, fencing and gravel parking on the Staging Area and Parking Area. Tenant's use of the Staging Area and the Parking Area must be in compliance at all times with (i) the Staging Area and Parking Area Requirements attached hereto as **Exhibit E** and (ii) all applicable laws and governmental regulations. Tenant shall be required to obtain all necessary permits and approvals for Tenant's

use of the Staging Area and the Parking Area. Upon termination of the license for the Staging Area and the Parking Area, Tenant shall cease using the Staging Area and the Parking Area, remove (at Tenant's cost) its temporary fencing or other temporary improvements (including, without limitation, any storm water improvements previously made to divert storm water, unless and to the extent Landlord and Tenant agree otherwise), and return the Staging Area and the Parking Area to substantially the same condition it was in prior to the commencement of Tenant's use of the Staging Area and the Parking Area. Tenant shall indemnify, defend and hold Landlord and its affiliates harmless against any and all claims, actions, liabilities, damages, losses, costs and expenses, including without limitation, reasonable legal fees and expenses (collectively, " Claims or Losses "), arising out of or resulting from entry on and use of the Staging Area and Parking Area and the Parking Area by Tenant, Tenant's contractors, employees, representatives, and others claiming by and through Tenant.

6. Rough Grading Permit . Landlord does hereby grant to Tenant the right (at no charge or cost to Tenant except as otherwise set forth herein) to use and utilize Landlord's Beltway Parcel Rough Grading Permit (Permit #31822-2011-00), as the same is or may be modified, amended and or upgraded from time to time (the " RGP "). Landlord shall promptly deliver to Tenant a copy of any notice of violation from the issuer of the RGP, including any governmental or quasi-governmental authority, received by Landlord or its affiliates, that relate to the RGP. As of the date of this First Amendment, the RGP shall be deemed available for use and utilization by Tenant (the " Permit Use Date "), and Landlord shall cooperate with Tenant, at Tenant's request, to take such commercially reasonable steps as may be necessary or appropriate for the RGP to be available for Tenant's use and utilization as of the Permit Use Date. Landlord shall notify Tenant promptly in the event it becomes aware of any additional governmental costs associated with ensuring that the RGP is available for Tenant's use. Unless Tenant notifies Landlord that it no longer desires to utilize the RGP, the additional governmental costs shall be paid by Tenant, unless Landlord is utilizing the RGP at such time in which case such costs shall be allocated equitably between Landlord and Tenant in a manner to be determined by Landlord in its reasonable discretion.

Landlord hereby grants permission to Tenant to use and utilize the RGP for any and all activities undertaken on or at the Premises and the Staging Area and the Parking Area (as may be needed in connection with Tenant's permitted use of the Staging Area and the Parking Area) as may be permitted pursuant to the terms of the RGP, including, but not limited to, the following:

a. Installation of all Erosion and Sediment Control Devices as shown on the Beltway Parcel Soil Conservation District plan #378-06 (" SCD Plan ");
b. Excavation and grading;
c. Sheeting and shoring;
d. Deep foundations (piles and caps, grade beams or other below grade foundation elements);
e. Stabilization of disturbed areas;
f. Mitigation efforts; and
g. Other preparation and construction related activities.

Tenant's right to use and utilize the RGP shall commence on the Permit Use Date and shall terminate on the earlier to occur of the following (the " Permit Termination Date "): (i) the date that Tenant's Improvements, including buildings and structures, on the Premises have been substantially completed, and subsequent punch list items have been corrected and completed, and Tenant has been issued all required certificates of completion and or certificates of occupancy relative to Tenant's Improvements, (ii) the date Tenant opens Tenant's Improvements to the public for business, (iii) such time as Tenant advises Landlord in writing that the RGP is no longer required by Tenant, or (iv) the date on which the applicable governmental authorities declare that the RGP is no longer valid or permitted to be used by Tenant, subject to Tenant's right to reasonably contest or appeal any governmental declaration that the RGP is not valid or may not be used by Tenant, so long as such contest or appeal: (x) does not impose any costs on Landlord or its affiliates (unless Tenant agrees in writing to pay such costs), and (y) could not reasonably be expected to have an adverse effect on Landlord or its affiliates (to be determined in Landlord's reasonable discretion), and (iii) does not interfere with the ability of Landlord or its affiliates to develop the Remaining Beltway Parcel (to be determined in Landlord's reasonable discretion).

Tenant shall not be permitted to make any amendments, revisions, modifications or other changes to the RGP without obtaining Landlord's prior written consent. If Tenant desires to make any amendments, revisions, modifications or other changes to the RGP, Tenant shall deliver to Landlord the proposed amendment, revision, modification or other change prior to submitting the same to the applicable governmental authorities for approval. Landlord shall approve, disapprove or request additional information regarding such proposed amendment, revision, modification or other change within ten (10) days of receipt of the same from Tenant. Landlord's consent shall not be unreasonably withheld, conditioned or delayed, and may be withheld if such amendment, revision, modification or change has a detrimental effect on Landlord or the other property covered by the RGP or there is an additional cost to Landlord or its affiliates for which Tenant is unwilling to reimburse Landlord.

7. Bonds. Landlord, and or its affiliates, including The Peterson Companies L.C. (hereinafter called " TPC "), have posted the following bonds in connection with the RGP (collectively, the " Bonds "):

a. $165,850.00 bond posted with Department of Public Works and Transportation (Reforestation/Afforestation);
b. $324,100.00 bond posted with DPW&T (Restoration/Sediment Control);
c. $3,136.00 bond posted with Department of Permits, Inspections and Enforcement (DPIE) (Betty Blume Pond);
d. $517,400.00 bond posted with Department of Environmental Resources (DER) to be replaced by a $76,700 bond with DPIE for Betty Blume Pond; and
e. $19,825.00 bond posted with PEPCO.

Landlord agrees to promptly post any new bonds required in connection with the RGP after the date of this First Amendment, which new bonds shall be included in the definition of "Bonds." Landlord and TPC (for themselves and their affiliates) each agree to maintain all Bonds while Tenant is entitled to utilize the RGP. Commencing on the Effective Date and

ending on the Permit Termination Date, Tenant agrees to reimburse Landlord (or TPC, as the case may be) for 73.44% of the fees, premiums or other costs paid by Landlord (or TPC, as the case may be) to maintain the Bonds that correspond to the RGP. Landlord (or TPC, as the case may be) shall deliver an invoice to Tenant setting forth Tenant's 73.44% share of the fees, premiums or other costs. Tenant shall pay to Landlord (or TPC, as the case may be) Tenant's share of the fees within fifteen (15) days after Tenant's receipt of such invoice. Any amounts remaining unpaid after the expiration of such fifteen (15) day period shall bear interest at the rate of 10% per annum, and Landlord (or TPC, as the case may be) may, in addition, and without notice, impose on Tenant a late charge equal to 10% of the unpaid amount, which Tenant agrees to promptly pay. In the event Landlord and or TPC seek to obtain the release or reduction of the Bonds while Tenant is entitled to utilize the RGP, Tenant agrees to cooperate with Landlord (at no cost to Tenant) in a timely manner to obtain such release or reduction, but in no event shall Landlord and or TPC undertake any release or reduction that could reasonably be expected to have an adverse effect on Tenant's work under the RGP.

8. Reporting and Compliance. Tenant shall timely file all reports, if any, required by the Maryland Department of the Environment National Pollutant Discharge Elimination System NPDES General Permit #09 PG0077, as may be modified, amended and or upgraded from time to time (the " NPDES Permit ") in connection with Tenant's construction activities on the Premises, the Staging Area, and the Parking Area. Tenant shall deliver a copy of all such reports to Landlord within one day after Tenant's filing of such reports. Any violations of the NPDES Permit by Tenant or its contractors, agents, employees or representatives, or any fines or fees imposed or remedial work required to be performed, as a result of activities on the Premises, the Staging Area or the Parking Area by Tenant or its contractors, agents, employees or representatives shall be the sole responsibility of Tenant, and Tenant shall comply with such obligations in the time frame required by the applicable governmental authorities, subject to Tenant's right to reasonably contest or appeal any governmental orders, so long as such contest or appeal (i) does not impose any costs on Landlord or its affiliates and (ii) cannot reasonably be expected to jeopardize the good standing status of the RGP or otherwise have a detrimental effect on Landlord or the properties subject to the RGP.

Tenant shall comply with all rules, regulations, requirements and conditions of the applicable governmental authorities issuing the RGP and the NPDES Permit (the RGP and NPDES Permit are sometimes collectively referred to herein as the " Permits "). Any violations arising under the RGP or the NPDES Permit resulting from Tenant's use of the Permits shall be addressed and corrected immediately by Tenant, subject to Tenant's right to reasonably contest or appeal any alleged violations, so long as such contest or appeal (i) does not impose any costs on Landlord or its affiliates (unless Tenant agrees in writing to pay such costs), (ii) cannot reasonably be expected to jeopardize the good standing status of the RGP or the NPDES Permit, or (iii) does not otherwise have a detrimental effect on the ability of Landlord or its affiliates to develop the properties subject to the RGP or the NPDES Permit. In the event Tenant fails to remedy any violation (or pay any fine) within the time frame imposed by governmental regulations or authorities, but subject to Tenant's right to reasonably contest or appeal any alleged violations (so long as such contest or appeal does not impose any costs on Landlord or its affiliates unless Tenant agrees in writing to pay such costs and cannot reasonably be expected to jeopardize the good standing status of the RGP or the NPDES Permit or otherwise have a

material adverse effect on Landlord, its affiliates or the properties subject to the RGP or the NPDES Permit), Landlord shall have the right to pay such fine and/or enter onto the Premises to rectify such violation after providing Tenant with prior written notice of its intent to do so. In such event, Tenant shall reimburse Landlord for all reasonable costs incurred by Landlord or its affiliates in connection with such fine and work plus 10% of such costs within fifteen (15) days of receipt by Tenant of an invoice for such costs detailing the amounts actually paid by Landlord or its affiliates. Any amounts remaining unpaid after the expiration of such fifteen (15) day period shall bear interest at the rate of 10% per annum, and Landlord may, in addition, and without notice, impose on Tenant a late charge equal to 10% of the unpaid amount, which Tenant agrees to promptly pay.

9. Betty Blume Pond. Tenant has performed a volume survey dated May 20, 2014, of Betty Blume Pond (the " Pond ") that shows the volume of the Pond (the " Initial Volume Survey "). Within sixty (60) days after completion of construction by Tenant of the Tenant Improvements on the Premises: (i) Tenant shall conduct a final volume survey of the Pond (the " Final Volume Survey "), and (ii) Landlord and Tenant shall jointly inspect the Pond. If the Final Volume Survey shows a decrease in the volume of the Pond from the volume shown in the Initial Volume Survey, Tenant shall be obligated to clean out the Pond and return it to the volume shown in the Initial Volume Survey within 120 days after the earlier to occur of the issuance to Tenant of all required certificates of completion and or certificates of occupancy relative to Tenant's Improvements on the Premises, and the date on which Tenant opens the Tenant Improvements to the public for business. If Landlord or any Landlord affiliate commences or allows another party to commence construction on the Beltway Parcel prior to completion of construction by Tenant and such construction activities contribute to the decrease in volume of the Pond, then Landlord shall share in a portion of the costs to clean out the Pond which amount shall be agreed upon by Landlord and Tenant in their reasonable discretion. After inspection of the Pond by Landlord and Tenant, if Landlord believes in its reasonable discretion that there are other damages to the Pond or its surroundings caused solely by Tenant's construction activities, Landlord shall notify Tenant in writing, which writing shall specifically explain and describe any such other damages to the Pond, and Tenant shall commence any necessary remediation or repairs to the Pond or other affected areas within fifteen (15) days of the date of Tenant's receipt of Landlord's written notice. In the event Tenant fails to commence such repairs within the applicable fifteen (15) day period or thereafter fails to diligently pursue completion of the repairs, Landlord may, at its option, following written notice to Tenant and the expiration of a period of ten (10) days after such notice, as Tenant's opportunity to cure, proceed to repair the damages to the Pond or other affected areas. Landlord shall deliver an invoice to Tenant for reimbursement of all reasonable costs paid by Landlord for such repairs including without limitation reasonable attorney's fees and costs (the " Repair Costs "). Tenant shall reimburse Landlord within fifteen (15) days after the date of such invoice. The Repair Costs shall constitute Additional Rent under the Lease, subject to late charges as set forth in Section 4.07 of the Lease.

If, prior to the completion of Tenant's construction activities on the Premises, Landlord or its affiliates receive a notice of violation regarding the Pond or are otherwise required by the applicable governmental authorities to clean out the Pond or perform other work to the Pond as a result of Tenant's construction activities, Landlord shall provide written notice to Tenant and Tenant shall commence any necessary remediation or repairs to the Pond or other affected areas within fifteen (15) days of the date of Tenant's receipt of Landlord's written notice. In the event Tenant fails to commence such work or repairs within the applicable fifteen (15) day period or thereafter fails to diligently pursue completion of the repairs, Landlord may, at its option, following written notice to Tenant and the expiration of a period of ten (10) days after such notice, as Tenant's opportunity to cure, proceed to repair the damages to the Pond or other affected areas. Landlord shall deliver an invoice to Tenant for reimbursement of all reasonable costs paid by Landlord for such repairs (the " Pond Remediation Costs "). Tenant shall reimburse Landlord within fifteen (15) days after the date of such invoice. The Pond Remediation Costs shall constitute Additional Rent under the Lease, subject to late charges as set forth in Section 4.07 of the Lease.

With the cooperation of Landlord and TPC, Tenant agrees to consult and coordinate with TPC's affiliate, who has responsibility for maintaining the Pond, any of Tenant's work on the Pond. TPC's affiliate may not charge Tenant for such consultation and or coordination.

Tenant shall indemnify, defend and hold Landlord and its affiliates harmless against any and all Claims or Losses, resulting from Tenant's use of the Pond, entry onto the Pond and the land adjacent thereto and Tenant's performance of work thereon.

10. Pre-Approval Fee; Construction Commencement Side Letter. Commencing on July 23, 2014, and continuing on the first day of each month thereafter until such time as the Base Rent Commencement Date (as defined in the Lease) occurs, Tenant shall pay to Landlord or Landlord's designee a fee (the " Pre-Approval Fee ") in the amount of [***] (such Pre-Approval Fee to be prorated for any partial month). The Pre-Approval Fee shall be due in advance on the first day of each month until the Base Rent Commencement Date. Upon the occurrence of the Base Rent Commencement Date, the Pre-Approval Fee shall terminate. In the event Tenant is required by the applicable governmental authorities to stop construction on the Premises as a result of Landlord's failure to perform Landlord's Matters (as that term is defined below), the obligation of Tenant to pay the Pre-Approval Fee shall cease until such date that Tenant is permitted and able to recommence construction activities on the Premises. In lieu of the payment of the Pre-Approval Fee by Tenant, Landlord may request in writing that Tenant provide to Landlord a credit equal to the total Pre-Approval Fee due hereunder against amounts owed to Tenant by Landlord under the Circle Road Declaration (as hereinafter defined). The parties acknowledge that Landlord and Tenant entered into a 2-page construction commencement side letter agreement on TPC letterhead dated June 4, 2014, as amended by letter agreement dated June 20, 2014, and as further amended by letter agreement dated June 27, 2014, and as further amended by letter agreement dated July 17, 2014 (collectively, the " Construction Commencement Side Letter "). Upon execution of this First Amendment by Landlord and Tenant, the Construction Commencement Side Letter shall be deemed terminated, and shall be superseded in its entirety by the terms in this First Amendment.

11. Approval Date; Landlord Matters. Under the Lease Landlord agreed to pursue the Land Use Entitlements. However, Tenant has elected to assume responsibility for Tenant's DSP Modification and Landlord agrees to such assumption of responsibility subject to the terms and conditions set forth herein. As a result, Tenant's right to terminate the Lease as set forth in Section 3.03 of the Lease is hereby waived by Tenant. As of the Effective Date, the remaining Land Use Entitlements to be satisfied by Landlord are the following: (i) the creation of the Permanent Easement Areas, the Dedication Areas, and the Abandonment Areas which the Landlord is pursuing as set forth in Paragraph 3 above, as depicted on the MSHA Site Plan, to be resolved by and with MSHA relative to the Premises in such a manner as to allow Tenant the unconditional right to construct the Tenant Improvements and to operate Tenant's business activities within the Tenant's Improvements on such property during the Term of the Lease, including providing Tenant with immediate and full access, entry and construction rights until such resolutions have occurred, or such other resolution of the MSHA easement and right of way areas as Landlord shall reasonably determine so long as such resolution provides to Tenant the unconditional, perpetual right to construct the Tenant Improvements, to operate Tenant's business activities within the Tenant's Improvements, and to fully access the Premises in such a manner as to permit Tenant's title company to insure Tenant's perpetual rights under Tenant's title insurance policy; (ii) any and all Archaeological and or Historical Preservation issues and matters associated with or related to The Addison Family Cemetery Historic Site located on the Remaining Beltway Parcel, including the satisfaction of condition no. 12 of Tenant's Detailed Site Plan, which requires that evidence be provided that the six interpretive plaques required by Stipulation II.C of the Memorandum of Agreement executed between the Maryland Department of the Environment, the Maryland Historic Trust and the Peterson Companies, and by Condition No. 30 of SP-98012, have been installed by the end of 2014; and (iii) any and all TCP II (aka tree mitigation/preservation/conservation) issues and matters. Upon completion and satisfaction by Landlord of the foregoing Land Use Entitlements, and provided that no other matters remain outstanding or unfulfilled that (y) constitute Land Use Entitlements under the Lease and (z) are not associated with Tenant's DSP Modification or any future modifications or any other commitments made by Tenant, the "Approval Date," as that term is defined and used in the Lease, shall be deemed to have occurred.

In addition, Landlord also agrees to be responsible for the following obligations (collectively referred to, along with the Land Use Entitlements, as the " Landlord Matters "):

a. any and all issues and matters relating in any manner to sidewalks and walkways on the Remaining Beltway Parcel as required by the applicable governmental authorities as more particularly set forth in Section 15 hereof (excluding any sidewalks and walkways on the Premises, any other sidewalk or walkways required by governmental authorities for Tenant to open the Tenant Improvements, and any sidewalks or walkways requiring repair or replacement as a result of Tenant's construction activities);
b. any and all issues and matters relating in any manner to directional or wayfinding signs and signage on and throughout the Beltway Parcel that are Landlord's obligation as set forth in Section 16 hereof; and
c. any and all other duties and obligations of Landlord (and TPC, as the case may be) with regard to the Bonds and the RGP as set forth herein.

Landlord agrees to promptly and diligently pursue the resolution, performance and satisfaction of all of the Landlord Matters (at Landlord's cost) in compliance with all Laws. Landlord agrees to keep Tenant informed on a regular basis (at least monthly or more often if requested by Tenant) of Landlord's efforts to resolve, perform and satisfy the Landlord Matters.

In the event that Landlord fails to perform any of its obligations that relate to the Landlord Matters, and such failure could reasonably be expected to have a material adverse effect on Tenant's construction or the opening of the Tenant Improvements to the public or Tenant's ongoing operations (to be determined in Tenant's reasonable judgment), Tenant shall notify Landlord in writing, which writing shall specifically explain and describe such failures by Landlord and the material adverse effect that such failure will have on Tenant's construction or the opening of the Tenant Improvements to the public or ongoing operations, and Landlord shall commence to cure the failure within fifteen (15) days of the date of Landlord's receipt of Tenant's written notice. In the event Landlord fails to commence such cure within the applicable fifteen (15) day period or thereafter fails to diligently pursue completion of the cure, Tenant may, at its option, following written notice to Landlord and the expiration of a period of ten (10) days after such notice, as Landlord's opportunity to cure, proceed to perform such obligations on Landlord's behalf. Tenant shall deliver an invoice to Landlord for reimbursement of all reasonable costs paid by Tenant in connection with such performance or performance attempted in good faith, including reasonable attorneys' fees and court costs, if any. Landlord shall reimburse Tenant within fifteen (15) days after the date of such invoice. Any amounts remaining unpaid after the expiration of such fifteen (15) day period shall bear interest at the rate of 10% per annum.

12. Street Naming . Landlord and Tenant shall, in good faith, from time to time, mutually agree upon the names of all of the roads, roadways and streets located within the overall development for the Beltway Parcel that are major access roads to the Beltway Parcel, including those immediately adjacent to or fronting the Premises (including the road that Landlord and Tenant tentatively refer to as Circle Road), or any portion thereof, and any changes thereto and shall work together to obtain MSHA approval of such names. The parties shall execute and deliver any appropriate papers that may be necessary and shall further cooperate as necessary in connection thereto. The parties further agree on the following names:

a) Harborview Boulevard shall be named, known as, and identified at all times as "MGM Boulevard" or if "MGM Boulevard" is not acceptable to the governmental authorities another name containing the letters "MGM" to be agreed upon by Landlord and Tenant;
b) North Road shall be named, known as, and identified at all times as "Monument Boulevard"; and
c) West Road shall be named, known as, and identified at all times as "Vista Way".

Notwithstanding any of the foregoing to the contrary, if the name Vista Way is not available, Landlord and Tenant shall mutually agree upon an alternative name.

13. Circle Road Declaration. From and after the Effective Date, Landlord and Tenant shall diligently and in good faith negotiate cause to be executed and recorded a Declaration of Easements, Covenants, Conditions and Restrictions (the " Circle Road Declaration ") that addresses the construction and maintenance of the Circle Road to be constructed by Tenant on the easterly boundary of the Premises and the westerly boundary of the property adjacent to the Premises.

14. Road Improvements. Landlord and Tenant hereby acknowledge that certain improvements must be made to:

a) West Road ("West Road Improvements");
b) that portion of existing Oxon Hill Road south of Bald Eagle Road and north of Harborview Avenue which improvements have been conceptually approved by MSHA and are currently under design by Soltesz and do not include any improvements required as a result of Tenant's detailed site plan (the "Oxon Hill Road Improvements");
c) the traffic signalization at the intersection of Oxon Hill Road and National Avenue ("Traffic Signal Improvements"); and
d) the National Avenue/Harbor View one-way reconfiguration ("One-Way Reconfiguration"). (The West Road Improvements, the Oxon Hill Road Improvements, the Traffic Signal Improvements and the One-Way Reconfiguration are sometimes referred to herein collectively as the " Road Improvements ").

Landlord and Tenant agree to work together in good faith, and to coordinate the timing, for the construction, completion and opening of the Road Improvements to the public on or before the scheduled opening to the public of the Tenant Improvements (it being the intent and agreement of the parties to coordinate the timing of the construction of the Road Improvements in order to avoid the early completion of Road Improvements so that Tenant does not risk damaging the Road Improvements during the construction of Tenant's Improvements).

The cost of the design and construction of the West Road Improvements shall be shared equally between Landlord and Tenant. The design and construction of the Oxon Hill Road Improvements shall be at the sole cost and expense of Landlord or TPC provided that any improvements to Oxon Hill Road required as a result of Tenant's detailed site plan shall be the sole responsibility of Tenant. The cost of Traffic Signal Improvements (if required by governmental authorities in connection with the opening of Tenant's Hotel & Casino (" Tenant's Opening Date ")) and the One-Way Reconfiguration including design, construction and installation shall be the sole cost and expense of Tenant. If the Traffic Signal Improvements are not required prior to Tenant's Opening Date but are required within five (5) years after Tenant's Opening Date, then Tenant shall pay one-half of the cost of the Traffic Signal Improvements. Tenant shall design the West Road Improvements and shall obtain the approval of Landlord (which approval may not be unreasonably withheld, delayed or conditioned) for such design prior to submission to the applicable governmental authorities for approval. Tenant shall provide Landlord with periodic updates (no less frequently than monthly) regarding the West Road Improvements and the design, approval and cost thereof. Provided that Landlord has approved

the design and cost of the West Road Improvements, Landlord shall provide the land needed for the construction of the West Road Improvements. Landlord and Tenant agree that the West Road Improvements shall be designed to public road standards but the parties' goal is retain West Road as a private road if permitted by the applicable governmental authorities and Landlord and Tenant shall work together to achieve such goal. Landlord and Tenant shall each provide the other with sufficient advance notice of any meetings between either party or its representatives and the governmental authorities regarding any of the Road Improvements so that the other party may attend such meetings. Any additional improvements required by governmental authorities as a result of the Traffic Management Plan dated May 7, 2014, and the Traffic Impact Study (version 6) dated April 30, 2014, to the roadways in and around the Beltway Parcel shall be made by Tenant at Tenant's sole cost and expense. Tenant shall have the right to reasonably contest or appeal any changes or improvements required to be made by governmental authorities, so long as such contest or appeal (i) does not impose any costs on Landlord or its affiliates (unless Tenant agrees in writing to pay such costs), and (ii) cannot reasonably be expected to have an adverse effect on Landlord.

15. Sidewalks and Walkways. Tenant agrees to pay for (i) the costs of designing, constructing and maintaining all sidewalks and walkways on the Premises and the Permanent Easement Areas (including those required by Tenant's detailed site plan and/or by MSHA), and (ii) the costs of designing and constructing all sidewalks and walkways on the remainder of the Beltway Parcel required by governmental authorities for the opening of the Tenant Improvements to the public, including those required by condition item no. 1(u) of the Tenant's Detailed Site Plan DSP-07073-01. Landlord agrees to pay for the costs of designing, constructing and, in the event not designated as a Common Area of Responsibility (as hereinafter defined), maintaining all sidewalks and walkways required by applicable governmental authorities on the Remaining Beltway Parcel as required by Landlord's detailed site plan. Sidewalks designated as Common Areas of Responsibility in the Declaration (as hereinafter defined) shall be maintained by the association established as part of the Declaration. Landlord and Tenant agree to work together in good faith, and to coordinate the timing, for the construction and completion of sidewalks and walkways (it being the intent and agreement of the parties to coordinate the timing of the construction of the sidewalks and walkways in order to avoid the early completion of the sidewalks and walkways so that Tenant does not risk damaging them during the construction of Tenant's Improvements). Notwithstanding the foregoing, any existing sidewalks located on or adjacent to the Beltway Parcel that are damaged or destroyed by Tenant or its contractors during Tenant's construction activities shall be expeditiously repaired and/or replaced by Tenant at Tenant's sole cost. If Tenant fails to so repair or replace such existing sidewalks, then Landlord shall have the right, after providing thirty (30) days prior written notice to Tenant regarding Tenant's failure to repair or replace such existing sidewalk and Tenant's failure to commence and diligently pursue such repair or replacement, to repair or replace such sidewalk and send an invoice to Tenant for reimbursement of all reasonable costs paid by Landlord to repair of replace the sidewalk including reasonable attorneys' fees and court costs, if any (the " Sidewalk Costs "). Tenant shall reimburse Landlord within fifteen (15) days after the date of such invoice. The Sidewalk Costs shall constitute Additional Rent under the Lease, subject to late charges as set forth in Section 4.07 of the Lease.

16. Wayfinding Signage. Landlord and Tenant agree to cooperate and consult with one another, in good faith, on all issues and matters relating to directional and/or wayfinding signs and signage on the Beltway Parcel (including reasonable signs and signage to be located on the Remaining Beltway Parcel that relate directly to the Premises and to Tenant's businesses and Tenant's Improvements, parking, and events), including the cost and quality of signs and signage, and in satisfying all applicable laws and requirements relating thereto, and obtaining all necessary or desirable permits, consents and authorizations. Landlord agrees to allow the placement, construction, and installation of signs and signage on the remainder of the Beltway Parcel, and the maintenance, repair and replacement (as reasonably necessary) thereof, of such directional and or wayfinding signs and signage as may be required by applicable laws and as may reasonably be determined by Landlord and Tenant, including reasonable signs and signage that relate directly to the Premises and to Tenant's businesses and Tenant's Improvements, parking, and events. Landlord and Tenant shall agree upon final design, materials, location and cost for such signs and signage, and Landlord and Tenant shall work together, in good faith, to determine a cost-sharing arrangement between Landlord and Tenant for payment of the costs of the signs and signage that relates directly to the Premises on the remainder of the Beltway Parcel, based on a fair and equitable allocation of such costs provided that all signs and signage to be located on the Premises shall be at the sole cost and expense of Tenant, and Tenant's share of the signage that relates directly to the Premises on the Remaining Beltway Parcel shall be at least 50%.

17. Declaration. Landlord and Tenant shall continue to negotiate the terms and conditions of the National Harbor Beltway Community Declaration (the " Declaration "), including, but not limited to, terms negotiated within, and including, the following parameters: (i) the definition of the property to be included within the Beltway Parcel shall be in alignment with the common area of responsibility exhibit as set forth in **Exhibit D** attached to this First Amendment, with limitations and prohibitions on the addition or removal of property in excess of 20% of the Beltway Parcel that is not part of the Premises, in any single event or in the aggregate at any time, without Tenant's prior written consent which consent shall not be unreasonably withheld, conditioned or delayed; (ii) achieving an allocation of costs under the Declaration to the owner of the Ground Lease Parcel (as defined in the Declaration and intended to be the same land as the Premises) that is mutually acceptable to Landlord and Tenant; (iii) agreement on initial budget for first year of construction activities of the Association (as defined in the Declaration) and an initial budget of the Association for the first year of operations with Tenant having reasonable approval rights in the event of more than a 5% increase year over year; (iv) the establishment of prior reasonable approval rights for Tenant in the event that Tenant is required to pay for or contribute to costs of services provided by the Association or contributions to other Associations (including but not limited to transportation, marketing, trolley, and other similar shared services); (v) the establishment of restrictions prohibiting gaming activities on all parcels within the Beltway Parcel, except for the Premises, without the written consent of Landlord and Tenant; (vi) the establishment of a distinct membership class for any tenant under the Gaming Ground Lease (as defined in the Declaration) or the holder of fee simple title to the Ground Lease Parcel in the event that there is no Lease then in effect due to the lessee's acquisition of the fee or merger of the Ground Lease estate with the fee simple estate provided that the Ground Lease Parcel continues to be utilized for gaming purposes, and (vii) in the event

any portion of the initial Beltway Parcel is de-annexed or removed from the Declaration, or from the effects of the Declaration, such de-annexed or removed portion(s) shall, nevertheless, continue to be subject to the use restrictions contained in the Declaration and subject to the rights and remedies available to any party as a result of any breach of such restrictions.

18. Landscaping . Prior to the Opening Date, and at Landlord's sole cost and expense, Landlord shall install landscaping and/or upgrade the areas of landscaping previously installed (which area is circled in red on **Exhibit F** ), as necessary, on the areas of common responsibility as shown in green on the plat attached hereto as **Exhibit F** , such that these landscaped areas shall be to a standard and condition equivalent to the landscaping on the development known as the National Harbor Waterfront. The landscaping to be installed in the areas that have not been previously landscaped shall be installed in accordance with landscaping plans to be prepared by Landlord and reasonably approved by Tenant (such approval not to be unreasonably withheld, conditioned or delayed). After installation of such landscaping to the standard set forth in this Section 18, Landlord agrees to maintain, or to cause the association under the Declaration to maintain, the landscaped areas.

19. Plans. Attached hereto as **Exhibit G** is a letter setting forth the description of the plans that constitute the Approved Master Plan as well as a chart showing square footages of the components of Tenant's Improvements which chart shall constitute part of the Approved Master Plan. The parties acknowledge and agree that the Approved Master Plan and the Beltway Parcel DSP will need to be amended or modified, as necessary, in order to address and accommodate the final Circle Road configuration or other road configuration for the road to be constructed on the easterly boundary of the Premises and the westerly boundary of the property adjacent to the Premises (or any portion thereof) and the specific entry and exit street and road locations. The parties agree to work together in good faith to facilitate and complete such amendment or modification to the Beltway Parcel DSP in accordance with Paragraph 4 of this First Amendment.

20. [Intentionally Omitted].

21. Reservation of Rights . Tenant reserves all rights and remedies in the event Landlord breaches its duties or obligations relating to the completion and satisfaction of the Landlord Matters, including, without limitation, the right to seek specific performance, the right to petition the court for injunctive relief, and the right to perform such unperformed obligations on Landlord's behalf, as provided in this First Amendment, and to seek reimbursement from Landlord for Tenant's reasonable costs. Landlord reserves all rights and remedies in the event Tenant breaches its duties or obligations set forth in this First Amendment, including, without limitation, the right to seek specific performance, the right to petition the court for injunctive relief, and the right to perform such unperformed obligations on Tenant's behalf, as provided in this First Amendment, and to seek reimbursement from Tenant for Landlord's reasonable costs.

22. Cooperation. Landlord, at no cost to Landlord, shall cooperate with, and promptly comply with the reasonable requests of, Tenant, from time to time, in connection with Tenant's efforts to obtain approval of its Detailed Site Plan approval and permits, consents, licenses and/or any Required Approvals or other approvals that Tenant intends to seek and acquire, or is required to obtain, under and pursuant to the Lease and or applicable law, provided that such cooperation and/or compliance shall not have a detrimental effect on Landlord, any of Landlord's affiliates or the remainder of the Beltway Parcel. This provision shall not diminish or alter any of the duties and obligations of Landlord under the Lease to cooperate in various matters with Tenant. Furthermore, in connection with Tenant's construction and construction related activities, Landlord and TPC agree to cooperate with Tenant (at no cost to Landlord and at no charge to Tenant other than Tenant's reimbursement of Landlord's actual third-party costs) in the event Tenant desires to use other permits, licenses, approvals and/or authorizations issued to or for the benefit of Landlord or TPC or their affiliates (including any other permits, licenses, approvals and authorizations readily available to Landlord, TPC and/or their affiliates) provided that Tenant pays the costs associated with such other permits, licenses, approvals and authorizations and Tenant's use thereof shall not have a detrimental effect on Landlord, any of Landlord's affiliates, including TPC, or the remainder of the Beltway Parcel.

23. Counterparts and Execution. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, all of which together, shall constitute one and the same instrument. This First Amendment may be executed and delivered by electronic mail in pdf format or by facsimile transmission. Any such transmission shall bind the party so executing and delivering this First Amendment.

24. Integration. This First Amendment, together with the Lease, is intended by the parties hereto to be an integration of all prior contemporaneous terms, provisions, conditions and covenants between the parties hereto, and contains all of the agreements of the parties with respect to the matters contained herein. There are no terms, provisions, conditions, covenants, understandings, warranties or representations pertaining to any such matters, neither oral nor written, nor express nor implied, between the parties other than those specifically set forth herein which shall be effective for any purpose. In addition, no amendment, modification, addition or alleged or contended waiver of any of the provisions of the Lease or this First Amendment shall be binding unless it is made in writing and signed by all parties hereto.

25. Binding Effect. This First Amendment shall be binding upon and shall inure to the benefit of the parties hereto (including The Peterson Companies, as applicable) and their respective heirs, personal representatives, successors and assigns.

26. Construction. Except as expressly modified by this First Amendment, all other terms, provisions, conditions and covenants of the Lease (x) shall be and remain unmodified and in full force and effect, enforceable in accordance with their terms, and (y) shall govern the conduct of the parties hereto; provided, however, the provisions of this First Amendment or the application thereof shall supersede any provisions of the Lease or the application thereof that are contrary to or inconsistent with the provisions contained herein. All references to the Lease shall hereafter refer to the Lease and amended by this First Amendment.

[Signature Pages to follow]

WITNESS the following signatures of Landlord and Tenant are made as of the date first above written.

LANDLORD :

**NATIONAL HARBOR BELTWAY L.C.**
a Virginia limited liability company

By: MVP Management, LLC
a Virginia limited liability company
Its: Manager

By: /s/ Jon M. Peterson
Print Name: /s/ Jon M. Peterson
Title: Manager

TENANT :

**MGM NATIONAL HARBOR, LLC**
a Nevada limited liability company

By: /s/ Lorenzo D. Creighton
Print Name: Lorenzo D. Creighton
Title: President & COO

[Signatures continue on following page]

## ACKNOWLEDGEMENT AND AGREEMENT

ACKNOWLEDGED AND AGREED TO BY THE PETERSON COMPANIES, ONLY WITH RESPECT TO THE DUTIES AND OBLIGATIONS OF THE PETERSON COMPANIES CONTAINED IN THE FIRST AMENDMENT TO HOTEL AND CASINO GROUND LEASE, TO WHICH THIS ACKNOWLEDGEMENT AND AGREEMENT IS ATTACHED.

THE PETERSON COMPANIES:

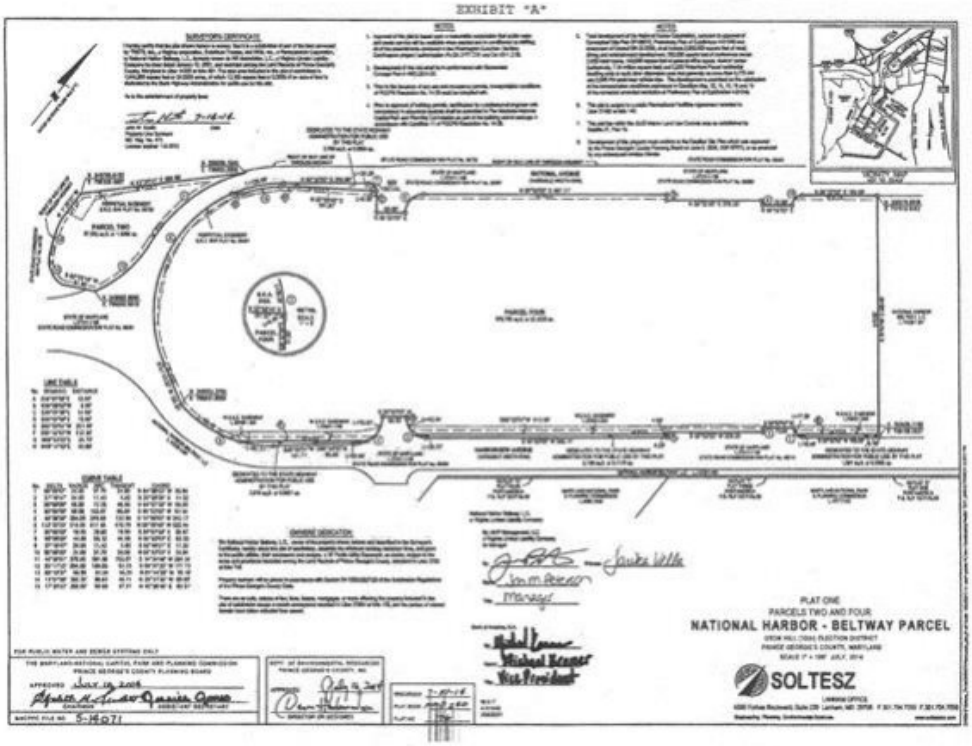
**THE PETERSON COMPANIES,** L.C., a Virginia limited liability company

By: MVP Management, LLC
a Virginia limited liability company
Its: Manager

By: /s/ Jon M. Peterson
Print Name: Jon M. Peterson
Title: Manager

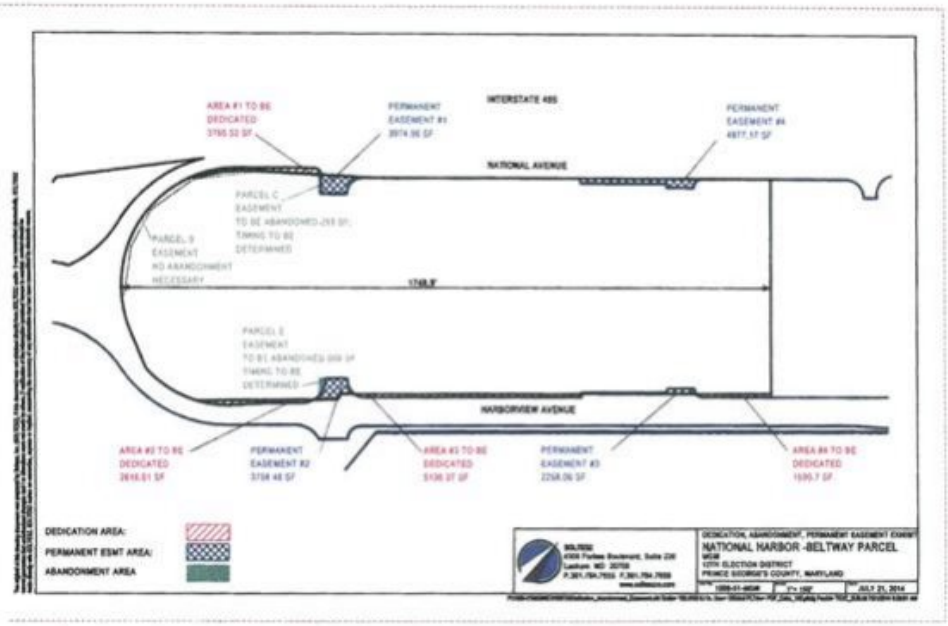
## EXHIBIT A

New Leased Premises Parcel—See Section 3



# EXHIBIT B

MSHA Site Plan--see Section 3



# EXHIBIT C

Staging Area and Parking Area--Parcel B and Parcel C -- see Section 5

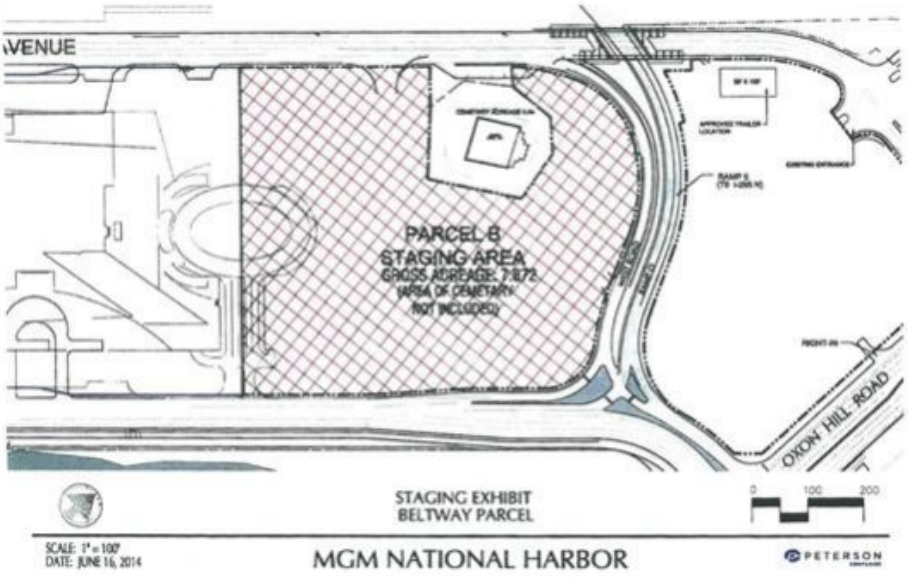


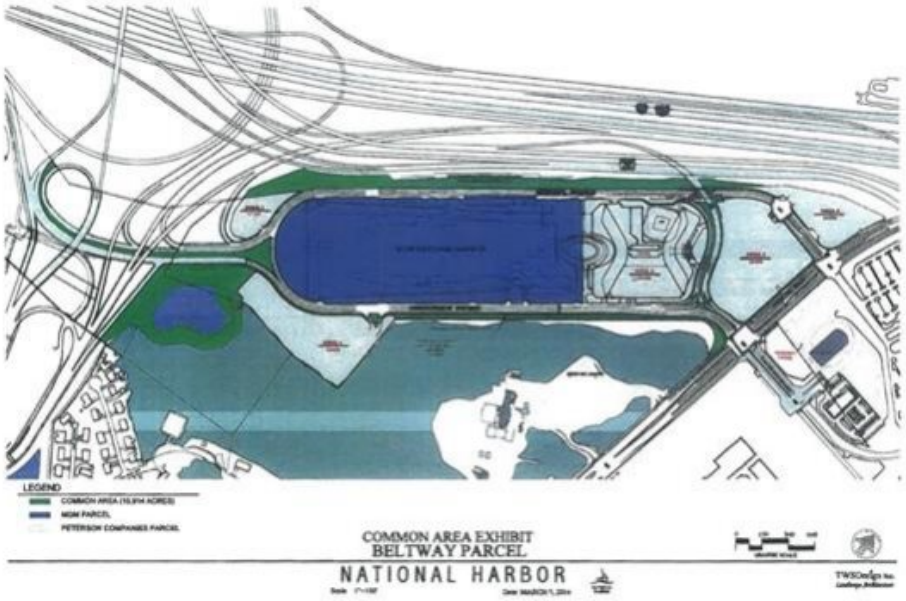
**EXHIBIT C -1**

Location of Office Trailers on Parking Area-- see Section 5

**Include 100' x 100' Area**

# EXHIBIT D

Common area of responsibility exhibit--see Section 17(i)



# EXHIBIT E

## STAGING AREA AND PARKING AREA REQUIREMENTS

1. Tenant shall, or Tenant shall cause the Tenant contractor(s) to, design, obtain approvals for, construct, and pay for any improvements required to be made to the Staging Area and Parking Area in order to allow Tenant to use the Staging Area and Parking Area for Tenant's intended and permitted purposes. The fencing and any grading plans and other improvement plans for the Staging Area and Parking Area shall be subject to the reasonable review and written approval of Landlord, which may not be unreasonably withheld, delayed or conditioned prior to the commencement of any construction or other work on the Staging Area and Parking Area by Tenant or any Tenant contractors. Grading to the Staging Area to be performed by Tenant and/or any Tenant contractors must coordinate with the grades of future work to be done by Landlord on the land adjacent to the Staging Area, to the extent such future grades are known to Tenant. Copies of all plans and drawings and any amendments thereto prepared by or for Tenant or any Tenant contractor regarding the Staging Area and Parking Area shall be provided to Landlord without cost. Prior to commencement of construction, Tenant shall erect, or shall cause Tenant's contractors to erect, at its sole cost, temporary six (6') feet high chain link fencing to enclose the areas under construction on the Premises and the Staging Area and the areas enclosing Tenant's construction office trailers on the Parking Area or erect or implement other suitable measures reasonably approved by the Landlord. Upon commencement of construction and throughout the entire construction period, Tenant shall attach an opaque scrim fabric cover to the fencing. Fencing and scrim shall be subject to reasonable approval of Landlord.

2. Tenant, on its own or through its contractor, at its sole cost, shall obtain and abide by any and all necessary federal, state and local permits, licenses, bonds and governmental approvals required for the construction on and lawful use of, and conduct of any and all of Tenant's activities on, the Staging Area and Parking Area (the " Permits and Approvals "). Tenant shall cause all contractors to abide by any and all Permits and Approvals. No Permits or Approvals shall permanently or adversely encumber or affect the National Harbor project (including the Beltway Parcel).

3. Uses of the Staging Area and Parking Area by Tenant and its contractors shall comply and be in accordance with (i) any and all applicable Permits and Approvals, and any other applicable plans, development conditions and other applicable laws, regulations and conditions and (ii) the environmental restrictions, permits and approvals which apply to the property comprising National Harbor (including the Beltway Parcel).

4. Tenant shall cause its contractors to keep all roads in and around National Harbor clean from mud and debris created by the use of such roads by Tenant and Tenant's contractors consistent with the requirements of the applicable governmental authorities. Tenant agrees to use reasonably diligent efforts to cause Tenant's contractors to (i) conform to these Staging Requirements, and (ii) limit construction traffic to the roads and routes approved by the governmental authorities.

5. Any extensions of water, sanitary sewer, electric, gas, and telephone service or other temporary utilities required for Tenant's use during construction shall be installed by and at the cost of Tenant or a Tenant 's c ontractor. Such extensions shall be subject to prior written approval of Landlord, which may not be unreasonably withheld, delayed or conditioned . Temporary utilities must be installed in locations reasonably acceptable to Landlord and shall be subject to the prior review and reasonable written approval of the Landlord . Unless otherwise directed by the Landlord , all such utilities shall be removed and the land returned to substantially the same condition as existed on the commencement date of Tenant's use thereof, within the earlier to occur of (i) 30 days after completion of construction , and (ii) when no longer needed by Tenant .

6. Neither the Staging Area nor the Parking Area may be used as a dumping ground for waste material and/or debris or for storage of materials that are not related to the construction of Tenant's project. No materials, including without limitation hazardous materials or substances, as defined or regulated by applicable federal, state or local laws (collectively, " Hazardous Materials "), shall be stored on (except in reasonable amounts in connection with Tenant's construction activity and in accordance with all applicable laws and regulations) or buried within the Staging Area or the Parking Area. Tenant shall be responsible for the prompt removal of all trash, debris and Hazardous Materials from the Staging Area and the Parking Area. Tenant shall use, and shall cause the Tenant's contractors to use, the Staging Area and the Parking Area in such a manner as to not commit waste or environmental damage to the National Harbor land or any adjacent land or waters.

7. Tenant acknowledges that other owners may be constructing roads and other improvements adjacent to and in the vicinity of the Staging Area and Parking Area. Tenant shall, and shall cause any of Tenant's contractors to, coordinate its work with such other owners to facilitate the efficient construction of this work and to avoid unreasonable delay and interruption of such work. The placement of any crane on the Staging Area and Parking Area must be coordinated with and approved by Landlord, which approval may not be unreasonably withheld, conditioned or delayed. No air rights easements are granted hereby to Tenant.

8. Tenant shall provide, at its sole cost, security to its employees and contractors and their vehicles and equipment and shall cooperate with all reasonable security precautions and measures instituted for the National Harbor project.

9. Tenant shall, and shall cause any of Tenant's contractors to, work with the Landlord to mitigate any significant aesthetic concerns relative to the Staging Area and the Parking Area, and to minimize any public nuisances caused by Tenant or the Tenant's contractors during use of and construction on the Staging Area and the Parking Area. Tenant shall, and shall cause any of Tenant's contractors to, use reasonable efforts to mitigate construction related noise emitted from the Staging Area and the Parking Area and to shield the surrounding properties and the National Harbor project from excessive noise emanating from the Staging Area and the Parking Area.

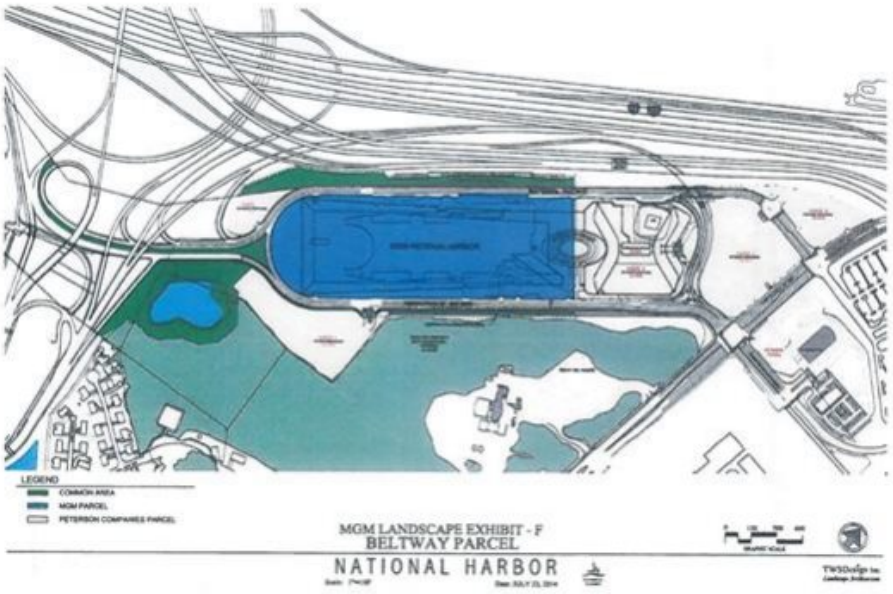
10. Tenant shall maintain all temporary facilities, storage trailers, office trailers and other facilities and improvements placed on the Staging Area and the Parking Area in a good and orderly manner. The Staging Area and Parking Area shall not be used as a dump or junkyard. Nothing herein shall prohibit Tenant and the Tenant's contractors from storing on the Staging Area equipment and materials related to the Tenant's project on the Premises.

11. Tenant shall use, and shall cause all of Tenant's contractors to use, reasonable efforts to mitigate any other nuisance on the Staging Area and the Parking Area which might arise during Tenant's use of the Staging Area and Parking Area. A nuisance would include anything illegal, objectionable, or incompatible with the operating portions of the National Harbor project or adjacent areas, if any, including without limitation, odors, noise, open fires, graffiti, hazards, unreasonable delays to traffic entering or exiting the completed portions of the National Harbor project or adjacent areas including the National Harbor Waterfront project, or anything that would render any areas of the National Harbor Beltway and Waterfront project, whether interior or exterior, unpleasant or impossible to use and enjoy as intended. Construction activity as permitted under the Lease on the Premises and as supported by use of the Staging Area and Parking Area shall not be deemed a nuisance for the purposes of this provision.

12. Tenant shall at all times be responsible for construction traffic control associated with the Premises, the Staging Area and the Parking Areas and for supervising, coordinating, and policing Tenant's contractor(s) and for ensuring that all of Tenant's contractors comply with all of the terms and conditions set forth herein.

## EXHIBIT F

Landscaping of the Areas of Common Responsibility – see Section 18



## EXHIBIT G

June 12, 2014 Transmittal Letter of plans to Jon Peterson from Hunter Clayton and square footage chart- see Section 19 above


**MGM RESORTS DEVELOPMENT, LLC**

June 12, 2014

Jon Peterson
Principal
Peterson Companies
12500 Fair Lakes Circle, Ste. 400
Fairfax, VA 22033

Dear Jon,

Enclosed, please find the Executive Drawing Update Package at 50% DD as well as a Signage Package. The packages are subject to change, but we believe them to be sufficient to serve as the "Approved Master Plan" referenced in the lease, specifically for the purposes of determining the expansion limitations set forth in Section 3.01(a) of the lease.

Also, please note that the plans show the Circle Road between the MGM/TPC properties which of course will be subject to agreement on the easement, build-out and maintenance of the Circle Road.

I plan to be in National Harbor next week and look forward to reviewing these in person with you and your team.

Sincerely,

/s/ Hunter Clayton

Hunter Clayton
Executive Vice President
MGM Resorts Development, LLC

| MGM NH Program Summary Update | Qty. | Gross Area (SF) | | |
|---|---|---|---|---|
| | | Program (Version 4.30) | Qty. | Updated Masterplan Areas Approximate |
| **1Guestroom Area Total** | | **224,053** | | **232,037** |
| **Guestrooms** | | | | |
| Standard Guestrooms | 225 | 96,875 | 228 | 93,708 |
| Executive Suites | 27 | 17,438 | 34 | 21,862 |
| One Bedroom Standard Suites | 20 | 17,222 | 24 | 24,552 |
| One Bedroom Delux Suites | 15 | 19,375 | 10 | 14,460 |
| Luxury Suites | 4 | 17,222 | 5 | 10,400 |
| Hospitality Suites | 8 | 3,445 | 0 | 0 |
| Presidential Suites | 1 | 3,444 | 1 | 3,444 |
| **Subtotal** | **300** | **175,021** | **302** | **168,426** |
| **Guestroom Support** | | | | |
| Guestroom Public Areas | | 30,486 | | 41,694 |
| Guestroom Back of House | | 9,342 | | 14,541 |
| Guestroom Allowances | | 9,204 | | 7,376 |
| **Subtotal** | | **49,032** | | **63,611** |
| **2Public Areas Total** | | 9,198 | | 29,839 |
| **3Food and Beverage Outlets Total** | | 72,782 | | 70,481 |
| **4Meeting and Prefunction Total** | | 36,919 | | 36,317 |
| **5Meeting BOH/MEP** | | 25,412 | | 51,145 |
| **6Retail Areas Total** | | 49,248 | | 44,981 |
| **7Recreation Areas Total** | | 20,827 | | 26,079 |
| **8Back of House Areas Total** | | 255,861 | | 320,530 |
| **9Gaming Areas Total** | | 188,678 | | 169,316 |
| **10Theater Total** | | 32,917 | | 135,942 |
| **Hotel / Casino Total** | | **915,895** | | **1,116,667** |
| **11 Exterior Areas Total** | | 172,810 | | 219,810 |
| **Parking** | **5.000** | 1,668,406 | **4,765** | 2,088,506 |

# EXHIBIT H

## EXAMPLE OF ANNUAL BASE RENT CALCULATION-- see Section 3

# EXHIBIT D

**Casino and Hotel Ground Lease**
**Base Rent Example** [***]

| **Base rent** [***] **:** | | | **Base rent** [***] | |
|---|---|---|---|---|
| **Lease Year** | **Base Rent** [***] | [***] | **Lease Year** | [***] |
| 1 | $[***] | $[***] | 1 | $[***] |
| 2 | [***] | [***] | 2 | [***] |
| 3 | [***] | [***] | 3 | [***] |
| 4 | [***] | [***] | 4 | [***] |
| 5 | [***] | [***] | 5 | [***] |
| 6 | [***] | [***] | 6 | [***] |

| **Example** [***] **:** | | | |
|---|---|---|---|
| **Lease Year** | **Base rent** [***] | **Base rent** [***] | **Total Base Rent** [***] |
| 1 | $[***] | $[***] | $[***] |
| 2 | [***] | [***] | [***] |
| 3 | [***] | [***] | [***] |
| 4 | [***] | [***] | [***] |
| 5 | [***] | [***] | [***] |
| 6 | [***] | [***] | [***] |
| thereafter, annual escalation at CPI-U | | | |

**Exhibit 10.4(5)**



# SECOND AMENDMENT TO HOTEL AND CASINO GROUND LEASE

THIS SECOND AMENDMENT TO HOTEL AND CASINO GROUND LEASE (the " Second Amendment ") is made this 24th day of November, 2015 (the " Effective Date ") by and between **NATIONAL HARBOR GRAND LLC** , a Maryland limited liability company (the " Landlord ") and **MGM NATIONAL HARBOR, LLC,** a Nevada limited liability company (the " Tenant "), with reference to the following:

RECITALS :

WHEREAS, Landlord and Tenant entered into that certain Hotel and Casino Ground Lease dated April 26, 2013, as amended by a First Amendment to Hotel and Casino Ground Lease dated July 23, 2014 and an Assignment and Assumption of Ground Lease dated December 19, 2014 (collectively, the " Lease "), for the lease of certain real property more particularly described in the Lease (the " Premises "); and

WHEREAS, Landlord and Tenant desire to amend the terms of the Lease as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant agree as follows:

1. Recitals . The Recitals set forth above are incorporated herein and made a part hereof by this reference as if fully set forth herein.

2. Defined Terms . All capitalized terms used herein, unless specifically defined herein, shall have the same meanings and definitions as used in the Lease.

3. Final Parcel Determination . Landlord and Tenant acknowledge and agree that the Premises have been revised and Exhibit "A" attached to the Lease shall be deleted and replaced by **Exhibit A** attached hereto. [***]

4. Approval Date. The "Approval Date," as that term is defined and used in the Lease, shall be the date set forth the in a separate Approval Date Notice attached hereto as **Exhibit B** to be entered into by the parties.

5. Exclusions, Reserved Rights and Matters to Which Premises Subject . An updated title commitment has been issued for the Premises. As a result, Exhibit "B" attached to the Lease shall be deleted and replaced by **Exhibit C** attached hereto.

6. Counterparts and Execution. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together,

shall constitute one and the same instrument. This Second Amendment may be executed and delivered by electronic mail in pdf format or by facsimile transmission. Any such transmission shall bind the party so executing and delivering this Second Amendment.

7. Integration. This Second Amendment , together with the Lease, is intended by the parties hereto to be an integration of all prior and contemporaneous terms, provisions, conditions and covenants between the parties hereto, and contains all of the agreements of the parties with respect to the matters contained herein. There are no terms, provisions, conditions, covenants , understandings, warranties or representations pertaining to any such matters, neither oral nor written, nor express nor implied, between the parties other than those specifically set forth herein which shall be effective for any purpose. In addition, no amendment, modification, addition or alleged or contended waiver of any of the provisions of the Lease or this Second Amendment shall be binding unless it is made in writing and signed by all parties hereto.

8. Binding Effect. This Second Amendment shall be binding upon and shall inure to the benefit of the parties hereto (including The Peterson Companies, as applicable) and their respective heirs, personal representatives, successors and assigns.

9. Construction. Except as expressly modified by this Second Amendment , all other terms, provisions, conditions and covenants of the Lease (x) shall be and remain unmodified, in full force and effect , and enforceable in accordance with their terms , and (y) shall govern the conduct of the parties hereto; provided, however, the provisions of this Second Amendment or the application thereof shall supersede any provisions of the Lease or the application thereof that are contrary to or inconsistent with the provisions contained herein. All references to the Lease shall hereafter refer to the Lease and amended by this Second Amendment.

[Signature Pages to follow]

WITNESS the following signatures of Landlord and Tenant are made as of the date first above written.

LANDLORD :

**NATIONAL HARBOR GRAND LLC,**
a Maryland limited liability company

By: MVP Management, LLC
a Virginia limited liability company
Its: Manager

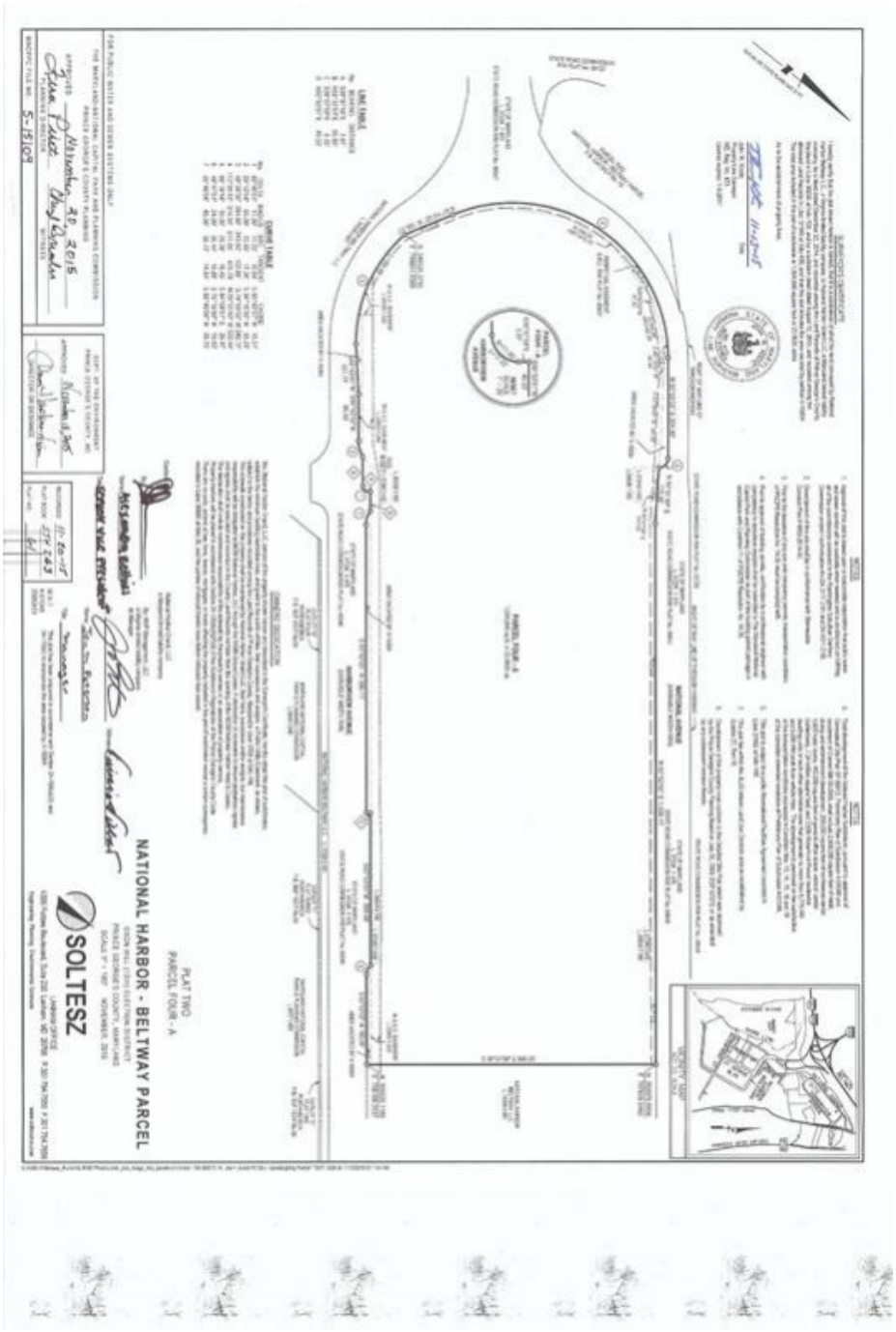
By: /s/ Jon M. Peterson
Print Name: Jon M. Peterson
Title: Manager

TENANT :

**MGM NATIONAL HARBOR, LLC**
a Nevada limited liability company

By: /s/ John M. McManus
Print Name: John M. McManus
Title: Secretary

# EXHIBIT A



# EXHIBIT B

## APPROVAL DATE NOTICE

THIS APPROVAL DATE NOTICE (the " Approval Date Notice ") is made and entered into as of the 24th day of November, 2015 by and between NATIONAL HARBOR GRAND LLC, a Maryland limited liability company (" Landlord ") and MGM NATIONAL HARBOR, LLC, a Nevada limited liability company (" Tenant ").

WITNESSETH :

WHEREAS, Landlord and Tenant have entered into that certain Hotel and Casino Ground Lease dated April 26, 2013, as amended by a First Amendment to Hotel and Casino Ground Lease dated July 23, 2014, and an Assignment and Assumption of Ground Lease dated December 19, 2014 (collectively, the " Lease ").

WHEREAS, Landlord and Tenant wish to confirm, memorialize and agree upon the Approval Date referenced in the Lease.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant agree as follows:

1. The foregoing recitals are incorporated herein by this reference. Capitalized terms used herein have the meaning ascribed to those terms by the Lease.

2. The Approval Date referenced in the Lease is established to be November 24, 2015.

Except as described herein, all terms and conditions of the Lease are and shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Approval Date Notice as of the date first set forth above.

LANDLORD :

**NATIONAL HARBOR GRAND LLC,**
a Maryland limited liability company

By: MVP Management, LLC
a Virginia limited liability company
Its: Manager

By: /s/ Jon M. Peterson
Print Name: Jon M. Peterson
Title: Manager

TENANT:

**MGM NATIONAL HARBOR, LLC**
a Nevada limited liability company

By: /s/ John M. McManus
Print Name: John M. McManus
Title: Secretary

# EXHIBIT C

## EXCLUSIONS, RESERVED RIGHTS AND MATTERS TO WHICH PREMISES SUBJECT

1. Permanent Declaration of Covenants recorded in Liber 13598 at folio 257.

2. Conservation Agreements recorded in Liber 14299 at folio 001 and Liber 14383 at folio 116.

3. Recreation Facilities Agreement - National Harbor recorded in Liber 21482 at folio 140.

4. Easements and rights of way granted Washington Suburban Sanitary Commission by instruments recorded in Liber 22832 at folio 209.

5. Rights and easements reserved unto the State Roads Commission of Maryland in Deed(s) recorded in Liber 27314 at folio 139.

6. Easement and Declaration of Covenants recorded in Liber 7329 at folio 911.

7. Access is denied to Interstate Route 495 (Capital Beltway) as established by a Deed to the State of Maryland to the use of the State Highway Administration of the Department of Transportation recorded in Liber 7194 at folio 237.

8. Easement(s) granted Washington Suburban Sanitary Commission by instrument(s) recorded in Liber 28199 at folio 300.

9. Declaration of Covenants for Storm and Surface Water Facility and System Maintenance recorded in Liber 29603 at folio 518 and in Liber 36213, at folio 521

10. Terms, provisions and condition as set forth in Woodland Conservation/Offsite Mitigation Program Acreage Transfer Certificate recorded in Liber 34079 at folio 342.

11. Plat of survey prepared by Loiederman Soltesz Associates, Inc, dated July 2013, last revised September 9, 2013 and entitled "ALTA/ACSM Land Title Survey, Property of National Harbor Beltway, L.C. (Part of Beltway Parcel), Oxon Hill (12 th ) Election District, Prince George's County, Maryland", (herein the "Survey") shows the following: a) light pole(s, telephone pole(s) and guy wire(s); b) overhead electric and telephone wire(s); c) electric box and electric manhole(s); d) rip rap(s); e) storm drain inlet(s), and f) rights of others, if any, in and to the use of the concrete sidewalk(s) along property line(s). NOTE: A revised current ALTA survey must be provided that includes the additional acreage added to the Land as described in the Quitclaim Deed from National Harbor Beltway L.C., a Virginia limited liability company, to National Harbor Grand LLC, a Maryland limited liability company, dated August 12, 2015 and recorded August 20, 2015 among the land records of Prince George’s County, Maryland. This exception will be revised upon receipt and review of the revised survey. If no revised survey is

provided, an additional exception will be raised for all changes that have occurred since the date of the above described survey for the portion of the Land included on the survey, and a full survey exception will appear for the additional parcels added to the Land that are not included in the Survey.

12. Plat Notes, 10 foot public utility easement granted pursuant to the terms and provisions of instrument recorded in Liber 3703 at folio 748, minimum building restriction lines and all matters shown on the Land dedicated and platted on plat of subdivision entitled "Plat One, Parcels Two and Four, National Harbor – Beltway Parcel, Oxon Hill (12th) Election District, Prince George's County, Maryland", and recorded in Plat Book MMB 240 as Plat No. 76 (the "Dedication Plat"); and Plat of Correction of the Dedication Plat recorded in Plat Book SJH 241 as Plat No. 76; and additional Plat of Correction to Dedication Plat entitled "Plat of Correction –PLAT ONE, PARCELS TWO AND FOUR, NATIONAL HARBOR – BELTWAY PARCEL, Oxon Hill (12th) Election District, Prince George's County, Maryland", dated May, 2015 and recorded August 11, 2015 among the land records of Prince George's County, Maryland in Plat Book SJH 243 at Plat No. 13.

13. Easements, rights and/or controls granted to the State of Maryland to the use of the State Highway Administration of the Maryland Department of Transportation set forth in Correction of Deed of Donation and Substitution of Plats from National Harbor Beltway L.C., dated July 7, 2015 and recorded July 21, 2015 in Liber 37234 at folio 475.

14. Mechanics' and materialmen's liens filed subsequent to Date of Policy for labor, material and/or services contracted by the Insured for improvements to the Land.

15. Declaration of Hotel Development Restrictive Covenant (Beltway Parcel) recorded in Liber 36388 at folio 577.

16. Matters of survey that would be shown on a current ALTA survey showing changes occurring subsequent to September 9, 2013, the date of the ALTA/ACSM Land Title Survey prepared by Loiederman Soltesz Associates, Inc.

17. Easement(s) granted to the Washington Suburban Sanitary Commission as set forth in the instrument(s) recorded in Liber 37056 at folio 566 and Liber 37056 at folio 597.

18. Utility Easement granted to Potomac Electric Power Company, Verizon Maryland Inc. and Comcast Corporation by instrument recorded in Liber 37526 at folio 1.

19. Easement(s) granted to the Washington Gas Light Company as set forth in the Easement recorded in Liber 37526 at folio 20.

**Exhibit 12**

**MGM RESORTS INTERNATIONAL**

**COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES**
***(In thousands, except ratio data)***

| | Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| | **2016** | **2015** | **2014** | **2013** | **2012** |
| | | | ***(In thousands)*** | | |
| **Earnings:** | | | | | |
| Income (loss) from continuing operations before income taxes and (income) loss from unconsolidated affiliates | $ 787,868 | $ (1,224,189) | $ 435,761 | $ 202,550 | $ (1,585,912) |
| Fixed charges (see below) | 814,731 | 862,377 | 846,321 | 862,417 | 1,117,327 |
| Distributed income from unconsolidated affiliates | 559,002 | 230,945 | 15,700 | 17,038 | 23,000 |
| | 2,161,601 | (130,867) | 1,297,782 | 1,082,005 | (445,585) |
| Capitalized interest | (119,958) | (64,798) | (29,260) | (5,070) | (969) |
| | 2,041,643 | (195,665) | 1,268,522 | 1,076,935 | (446,554) |
| **Fixed charges:** | | | | | |
| Interest expense, net (a) | $ 694,773 | $ 797,579 | $ 817,061 | $ 857,347 | $ 1,116,358 |
| Capitalized interest | 119,958 | 64,798 | 29,260 | 5,070 | 969 |
| | 814,731 | 862,377 | 846,321 | 862,417 | 1,117,327 |
| **Ratio of earnings to fixed charges** | 2.51x | (b) | 1.50x | 1.25x | (b) |
| **Deficiency** | $ — | $ 1,058,042 | $ — | $ — | $ 1,563,881 |

(a) Interest expense does not include the interest factor of rental expense as these amounts are not material.
(b) Earnings were inadequate to cover fixed charges.

**Exhibit 21**

**Subsidiaries of MGM Resorts International**

Listed below are the majority-owned subsidiaries of MGM Resorts International as of December 31, 2016. The names of certain subsidiaries have been omitted because considered in the aggregate as a single subsidiary they would not constitute a significant subsidiary.

| | |
|---|---|
| Blue Tarp reDevelopment, LLC | Massachusetts |
| MGM Springfield reDevelopment, LLC | Massachusetts |
| Beau Rivage Resorts, LLC | Mississippi |
| Destron, Inc. | Nevada |
| MGM Grand (International), Pte Ltd. | Singapore |
| MGM Resorts International Marketing, Inc. | Nevada |
| MGM Resorts International Marketing, Ltd. | Hong Kong |
| Las Vegas Arena Management, LLC | Nevada |
| Mandalay Resort Group | Nevada |
| 550 Leasing Company II, LLC | Nevada |
| Circus Circus Casinos, Inc. | Nevada |
| Diamond Gold, Inc. | Nevada |
| MGM Elgin Sub, Inc. | Nevada |
| MGM Resorts Aircraft Holdings, LLC | Nevada |
| Galleon, Inc. | Nevada |
| Mandalay Corp. | Nevada |
| Mandalay Employment, LLC | Nevada |
| Mandalay Place LLC | Nevada |
| MGM Resorts Festival Grounds, LLC | Nevada |
| MGM Resorts Festival Grounds II, LLC | Nevada |
| MGM Resorts Mississippi, Inc. | Mississippi |
| M.S.E. Investments, Incorporated (" MSE ") | Nevada |
| Nevada Landing Partnership | Illinois |
| Gold Strike L.V. | Nevada |
| Victoria Partners | Nevada |
| Arena Land Holdings, LLC | Nevada |
| New York-New York Tower, LLC | Nevada |
| Park District Holdings, LLC | Nevada |
| New Castle Corp. | Nevada |
| Ramparts, Inc. | Nevada |
| Vintage Land Holdings, LLC | Nevada |
| Metropolitan Marketing, LLC | Nevada |
| MMNY Land Company, Inc. | New York |
| MGM CC, LLC | Nevada |
| MGM Grand Detroit, Inc. | Delaware |
| MGM Grand Detroit, LLC | Delaware |
| MGM Grand Hotel, LLC | Nevada |
| Grand Laundry, Inc. | Nevada |
| MGM Grand Condominiums, LLC | Nevada |
| MGM Grand Condominiums II, LLC | Nevada |
| MGM Grand Condominiums III, LLC | Nevada |
| Tower B, LLC | Nevada |
| Tower C, LLC | Nevada |
| MGM Growth Properties LLC | Delaware |
| MGM Growth Properties OP GP LLC | Delaware |
| MGM Growth Properties Operating Partnership LP | Delaware |
| MGP Finance Co-Issuer Inc. | Delaware |
| MGP Lessor Holdings, LLC | Delaware |
| MGP Lessor, LLC | Delaware |
| MGM Hospitality, LLC | Nevada |

| | |
|---|---|
| MGM Hospitality Global, LLC | Nevada |
| MGM Hospitality International, LP | Cayman Islands |
| MGM Hospitality International, GP, Ltd. | Cayman Islands |
| MGM Hospitality Holdings, LLC | Dubai |
| MGM Hospitality Development, LLC | Dubai |
| MGM Hospitality International Holdings, Ltd. | Isle of Man |
| MGM Asia Pacific Limited (f/k/a MGM Resorts China Holdings Limited) | Hong Kong |
| MGM (Beijing) Hospitality Services, Ltd. | Beijing |
| MGM Hospitality India Private, Ltd. | India |
| MGM International, LLC | Nevada |
| MGM Resorts International Holdings, Ltd. | Isle of Man |
| MGM China Holdings, Ltd. | Cayman Islands |
| MGM Resorts Japan, LLC | Japan |
| MGM Resorts West Japan, LLC | Japan |
| MGM Lessee, LLC | Delaware |
| MGM National Harbor, LLC | Nevada |
| MGM Resorts Advertising, Inc. | Nevada |
| VidiAd | Nevada |
| MGM Resorts Arena Holdings, LLC | Nevada |
| MGM Resorts Development, LLC | Nevada |
| MGM Resorts Global Development, LLC | Nevada |
| MGM Resorts International Operations, Inc. | Nevada |
| MGM Resorts Land Holdings, LLC | Nevada |
| MGM Resorts Interactive, LLC | Nevada |
| MGM Resorts Regional Operations, LLC | Nevada |
| MGM Resorts Retail | Nevada |
| MGM Resorts Sub 1, LLC | Nevada |
| MGM Public Policy, LLC | Nevada |
| Park Theater, LLC | Nevada |
| Grand Garden Arena Management, LLC | Nevada |
| MGM Resorts Venue Management, LLC | Nevada |
| MGM Springfield, LLC | Massachusetts |
| MGMM Insurance Company | Nevada |
| Mirage Resorts, Incorporated | Nevada |
| AC Holding Corp. | Nevada |
| AC Holding Corp. II | Nevada |
| Bellagio, LLC | Nevada |
| LV Concrete Corp. | Nevada |
| MAC, CORP. | New Jersey |
| Marina District Development Holding Co., LLC | New Jersey |
| Marina District Development Company, LLC (dba Borgata) | New Jersey |
| MGM Resorts Aviation Corp. | Nevada |
| MGM Resorts Corporate Services | Nevada |
| MGM Resorts International Design | Nevada |
| MGM Resorts Manufacturing Corp. | Nevada |
| MH, Inc. | Nevada |
| M.I.R. Travel | Nevada |
| MGM Resorts Vacations, LLC | Nevada |
| Mirage Laundry Services Corp. | Nevada |
| 350 Leasing Company I, LLC | Nevada |
| Project CC, LLC | Nevada |
| Aria Resort & Casino, LLC | Nevada |
| CityCenter Facilities Management, LLC | Nevada |
| CityCenter Realty Corporation | Nevada |
| CityCenter Retail Holdings Management, LLC | Nevada |
| Vdara Condo Hotel, LLC | Nevada |
| New York-New York Hotel & Casino, LLC | Nevada |
| Vintage Land Holdings II, LLC | Nevada |
| PRMA, LLC | Nevada |
| PRMA Land Development Company | Nevada |
| The Mirage Casino-Hotel, LLC | Nevada |
| The Signature Condominiums, LLC | Nevada |
| Signature Tower I, LLC | Nevada |
| Signature Tower 2, LLC | Nevada |
| Signature Tower 3, LLC | Nevada |
| Vendido, LLC | Nevada |

**Exhibit 23.1**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-00187, 333-22957, 333- 42729, 333-73155, 333-77061, 333-50880, 333-105964, 333-124864, 333-160117, and 333-198011 on Form S-8 and No. 333-202427 on Form S-3, of our reports dated March 1, 2017, relating to the consolidated financial statements and financial statement schedule of MGM Resorts International and subsidiaries, and the effectiveness of MGM Resorts International and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K of MGM Resorts International for the year ended December 31, 2016.

/s/ DELOITTE & TOUCHE LLP

Las Vegas, Nevada
March 1, 2017

**Exhibit 23.2**

**CONSENT OF INDEPENDENT AUDITORS**

We consent to the incorporation by reference in Registration Statement Nos. 333-00187, 333-22957, 333- 42729, 333-73155, 333-77061, 333-50880, 333-105964, 333-124864, 333-160117, and 333-198011 on Form S-8 and No. 333-202427 on Form S-3, of our report dated February 17, 2017, relating to the consolidated financial statements of CityCenter Holdings, LLC and subsidiaries, appearing in this Annual Report on Form 10-K of MGM Resorts International for the year ended December 31, 2016.

/s/ DELOITTE & TOUCHE LLP

Las Vegas, Nevada
March 1, 2017

**Exhibit 31.1**

**CERTIFICATION**

I, James J. Murren, certify that:

1. I have reviewed this annual report on Form 10-K of MGM Resorts International;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 1, 2017

/s/ J AMES J. M URREN

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

**Exhibit 31.2**

**CERTIFICATION**

I, Daniel J. D'Arrigo, certify that:

1. I have reviewed this annual report on Form 10-K of MGM Resorts International;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 1, 2017

/s/ D ANIEL J. D'A RRIGO

Daniel J. D'Arrigo
Executive Vice President and Chief Financial Officer

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the Annual Report of MGM Resorts International (the "Company") on Form 10-K for the period ending December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James J. Murren, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ JAMES J. MURREN

James J. Murren
Chairman of the Board and Chief Executive Officer
March 1, 2017

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the Annual Report of MGM Resorts International (the "Company") on Form 10-K for the period ending December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel J. D'Arrigo, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ D ANIEL J. D'A RRIGO

Daniel J. D'Arrigo
Executive Vice President and Chief Financial Officer
March 1, 2017

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Exhibit 99.1**

## DESCRIPTION OF OUR OPERATING RESORTS

The following information describes each of our operating resorts, including their key amenities, features and awards.

*Bellagio*

Bellagio is located at the heart of the Las Vegas Strip and has earned the prestigious Five Diamond award from the American Automobile Association ("AAA") since 2001. The resort is richly decorated, including a conservatory filled with unique botanical displays that change with the seasons. At the front of Bellagio is an eight-acre lake featuring over 1,000 fountains that come alive at regular intervals in a choreographed ballet of water, music and lights. Bellagio also offers 200,000 square feet of convention space. For both business and leisure customers, Bellagio's restaurants offer the finest choices, including Five Diamond award winners Picasso and Le Cirque. Leisure travelers can also enjoy Bellagio's expansive pool, world-class spa and Gallery of Fine Arts. Via Bellagio features luxury retail shops and restaurants.

Bellagio features *O,* the Cirque du Soleil production where world-class acrobats, synchronized swimmers, divers and characters perform in, on, and above water. Other entertainment options include the nightclub The Bank, Hyde Lounge overlooking the Bellagio fountains and several other unique bars and lounges. Bellagio is connected via a covered walkway with Vdara and by a people mover to Crystals.

*MGM Grand Las Vegas*

MGM Grand Las Vegas, located on the corner of the Las Vegas Strip and Tropicana Avenue is a recipient of the prestigious AAA Four Diamond award. In addition to the standard room offerings, the resort also offers several unique room offerings, including: StayWell, a unique wellness hotel experience; Skylofts, ultra-luxurious penthouse suites featuring the ultimate in personal service and a AAA Five Diamond award winner; and the exclusive Mansion for premium gaming customers. Additionally, The Signature at MGM Grand is a connecting AAA Four Star all-suite, non-smoking, non-gaming development featuring three 576-unit towers.

The resort boasts an extensive array of restaurants, over 15, including two restaurants by renowned chef Joël Robuchon – whose self-titled restaurant is a AAA Five Diamond award recipient and a recipient of a Michelin three-star rating. Other celebrity chef restaurants include Craftsteak by Tom Colicchio, Michael Mina's Pub 1842, Emeril Lagasse's New Orleans Fish House, and Hakkasan.

MGM Grand offers unique entertainment options including the spectacular show *KÀ* , by Cirque du Soleil, performed in a custom-designed theatre seating almost 2,000 guests. The MGM Grand Garden Arena, with a seating capacity of over 16,000, hosts premier concerts, award shows, sporting events including championship boxing, and other special events. The David Copperfield Theatre and Brad Garrett's Comedy Club entertain guests seven nights a week.

For Daylife and Nightlife club goers, Hakkasan Las Vegas is the ultimate mega-night club and Wet Republic is the ultra-pool dayclub with shared global superstar resident DJs.

Other amenities include a traditional Wedding Chapel, numerous retail shopping outlets, a 380,000 square foot conference center, a 90,000 square foot pillar-less trade show pavilion, and an extensive pool and spa complex.

*Mandalay Bay*

Mandalay Bay is the first major resort on the Las Vegas Strip to greet visitors arriving by automobile from Southern California. This AAA Four Diamond resort features numerous restaurants, such as Charlie Palmer's Aureole, Wolfgang Puck's Lupo, Hubert Keller's Fleur, Shawn McClain's Libertine Social and Michael Mina's Stripsteak. Mandalay Bay offers multiple entertainment venues that include a 12,000-seat special events arena, the House of Blues, and a 1,700-seat showroom which is the home of the *Cirque du Soleil* Michael Jackson ONE production show.

Mandalay Bay also offers 2.1 million square feet of convention, ballroom and meeting rooms. At the south end of the convention center is the Shark Reef Aquarium, exhibiting sharks, other fascinating sea creatures and a Komodo dragon. Mandalay Bay's expansive pool and beach area plays host to an array of evening open air concerts during the pool season and includes a 160,000 square foot casino, a large wave pool, and Moorea, a European-style "ultra" beach and Daylight Beach Club. The resort also features Spa Mandalay, a 30,000 square-foot spa and fitness center.

Included within Mandalay Bay is a Four Seasons Hotel with its own lobby, restaurants and pool and spa, providing visitors with 12 years of AAA Five-Diamond-rated hospitality experience. The Delano is an all-suite hotel tower within the Mandalay Bay

complex. The Delano includes its own spa and fitness center, a lounge and two restaurants, including Rivea and the Skyfall lounge, created by famed chef Alain Ducasse and located on the top floor of The Delano.

*The Mirage*

The Mirage is a tropically-themed hotel and casino resort located at the center of the Las Vegas Strip. The Mirage is recognized by AAA as a Four Diamond resort. The exterior of the resort is landscaped with lagoons and other water features centered around a volcano that erupts at scheduled intervals. Inside the front entrance is an atrium with a tropical garden and additional water features capped by a 100-foot-high glass dome. Located at the rear of the hotel, adjacent to the swimming pool area, is *Siegfried & Roy's Secret Garden and Dolphin Habitat* , an attraction featuring bottlenose dolphins that allow guests to view the beautiful exotic animals of Siegfried & Roy, the world-famous illusionists.

The Mirage features a wide array of restaurants, including Tom Colicchio's Heritage Steak, Stack, Michael LaPlaca's Portofino and Samba Brazilian Steakhouse. Casual dining options include Cravings Buffet, Carnegie Deli, California Pizza Kitchen and Pantry. Entertainment at The Mirage features The Beatles Love, by Cirque du Soleil; celebrity impressionist and ventriloquist Terry Fator, winner of NBC's America's Got Talent competition; and The Mirage Aces of Comedy series featuring acts such as Daniel Tosh, Ron White, Ray Romano and others. Nightlife options at The Mirage include 1OAKand Parlor, an intimate piano lounge. The Mirage has numerous retail shopping outlets and 170,000 square feet of meetings and convention space, including the 90,000-square foot Mirage Events Center.

*Luxor*

Luxor is a 4,400 room pyramid-shaped hotel and casino resort situated at the south end of the Las Vegas strip between Mandalay Bay and Excalibur. In addition to the well-known beam of light, brilliantly shining from the top of the pyramid, Luxor offers over 20,000 square feet of convention and meeting space, Nurture Spa, and food and entertainment venues on three different levels beneath a soaring hotel atrium. Nightlife and dining at Luxor includes the LAX nightclub, Centra, an exotic and inviting lounge located in the center of the casino, TENDER steak & seafood, rated one of Las Vegas' top steakhouses, Public House, the popular East Coast hangout featuring casual cocktails, comfortable food and spectacular sports and Tacos & Tequila, a Mexican style menu intermixed with a rock-n-roll flair. The Luxor is home to *Titanic: The Artifacts Exhibition,* and *Bodies… The Exhibition* . With some of the most popular entertainment in Las Vegas, Luxor features the popular entertainment show Blue Man Group, the Cirque du Soleil production show *CRISS ANGEL Mindfreak Live!* , "Entertainer of the Year" prop comic *Carrot Top* and the adult dance revue *Fantasy* .

*Excalibur*

Excalibur is a castle-themed hotel and casino complex situated immediately north of Luxor at the corner of Las Vegas Boulevard and Tropicana Avenue. Entertainment options at Excalibur include the long-running *Tournament of Kings* dinner show, *The Australian Bee Gees* and the male revue *Thunder from Down Under* . Excalibur's other world-class venues include the Fun Dungeon, featuring the Excalibur arcade and midway, and the Castle Walk, a shopping expedition featuring artisans' booths and specialty shops. In addition, Excalibur has several restaurants and bars including Dick's Last Resort, a wacky and wild down-to-earth dining and entertainment option, Buca di Beppo, serving fresh, authentic family style Italian food and the Steakhouse at Camelot, offering the finest cuts of beef, along with the freshest seafood flown in daily. The property also features a fitness facility and spa, as well as a pool with over 30,000 square feet of deck space. Excalibur, Luxor and Mandalay Bay are connected by a tram allowing guests to travel easily from resort to resort.

*New York-New York*

New York-New York is located at the corner of the Las Vegas Strip and Tropicana Avenue. Pedestrian bridges link New York-New York with both MGM Grand Las Vegas and Excalibur. The architecture at New York-New York replicates many of New York City's landmark buildings and icons, including the Statue of Liberty, the Empire State Building, the Brooklyn Bridge, and a Coney Island-style roller coaster. New York-New York also features several restaurants and numerous bars and lounges, including nationally recognized Tom's Urban, Shake Shack, and Nine Fine Irishmen, an authentic Irish Pub. New York-New York's entertainment options include *Zumanity* by Cirque du Soleil and The Bar at Times Square piano bar. New York-New York, Monte Carlo and the T-Mobile Arena are connected by The Park, an eclectic blend of restaurants, bars, and entertainment.

*Monte Carlo*

Monte Carlo is located on the Las Vegas Strip adjacent to New York-New York. The resort currently offers a variety of restaurant offerings, including fine dining at Brand Steakhouse, Diablo's Cantina, Double Barrel Roadhouse and d.vino Italian Food and Wine Bar. Other resort amenities include a health spa, and a beauty salon. Monte Carlo is being reimagined and rebranded. The transformation, taking place over the next two years, will include two distinct hotel experiences: a Las Vegas version of the widely

acclaimed NoMad Hotel, as well as innovative food & beverage offerings, highlighted by Eataly, a vibrant Italian marketplace with cafes, to-go counters and full-service restaurants interspersed with high-quality products from sustainable Italian and local producers. Monte Carlo's newest attraction is The Park Theater, which opened in December 2016. The 5,200 seat-entertainment venue was created to host word-renowned performers.

*Circus Circus Las Vegas*

Circus Circus Las Vegas is situated on the north end of the Las Vegas Strip and features the Adventuredome, a five-acre indoor theme park, and the Midway, which houses performances by circus acts and provides amusement for all ages. Circus Circus is home to the awarding winning THE Steak House, which has been voted Best of Las Vegas for over 20 years. In 2014 the Adventuredome introduced the El Loco roller coaster, where riders will experience twists, turns and drops very unique in the coaster world as they ascend 90 feet before dropping to experience a feeling of flying.

*MGM Grand Detroit*

MGM Grand Detroit is one of three casinos licensed in Detroit, Michigan and is operated by MGM Grand Detroit, LLC. MGM Grand Detroit, Inc., our wholly-owned subsidiary, holds a controlling interest in MGM Grand Detroit, LLC. A minority interest in MGM Grand Detroit, LLC is held by Partners Detroit, LLC, a Michigan limited liability company composed of a group of Detroit city, community and business leaders. MGM Grand Detroit is the city's first and only downtown hotel, gaming, and entertainment destination built from the ground up. The resort features two restaurants by Wolfgang Puck, TAP sports pub, exciting nightlife amenities, and a luxurious spa. Additional amenities include a private entrance and lobby for hotel guests and 30,000 square feet of meeting and events space.

*Beau Rivage*

Beau Rivage is located on a beachfront site where Interstate 110 meets the Gulf Coast in Biloxi, Mississippi. Beau Rivage blends world-class amenities with southern hospitality and features elegantly remodeled guest rooms and suites, numerous restaurants, nightclubs and bars, a 1,550-seat theatre, an upscale shopping promenade, and a world-class spa and salon. The resort also has 50,000 square feet of convention space.

*Gold Strike Tunica*

Gold Strike Tunica is a dockside casino located along the Mississippi River, 20 miles south of Memphis and approximately three miles west of Mississippi State Highway 61, a major north/south highway connecting Memphis with Tunica County. The property features an 800-seat showroom, the Chicago Steakhouse, a coffee shop, a buffet, a food court, several cocktail lounges, and 17,000 square feet of meeting space. Gold Strike Tunica is part of a three-casino development covering approximately 72 acres. The other two casinos are owned and operated by unaffiliated third parties.

*Borgata*

The Borgata Hotel Casino and Spa is located at Renaissance Pointe in Atlantic City, New Jersey. In addition to its guest rooms and suites and extensive gaming floor, Borgata offers several specialty restaurants, including Angeline by Michael Symon, Bobby Flay Steak and Fornelletto. Borgata also includes various retail shops, a European-style health spa, over 70,000 square feet of meeting space and unique entertainment venues, including the Event Center with 30,000 square feet of event space and The Music Box, a concert venue with 1,000 seats.

*National Harbor*

National Harbor is a destination casino resort in Prince George's County at National Harbor, which is a waterfront development located on the Potomac River just outside of Washington, D.C. The casino resort includes a boutique hotel with 308 well-appointed rooms, including 74 suites. The resort offers exclusive restaurants by celebrated chefs José Andrés, Marcus Samuelsson and Michael and Bryan Voltaggio, complementing an array of specialty and quick-casual dining with 15 concepts in all. The Theater at MGM National Harbor, an intimate 3,000-seat entertainment venue delivers A-list performers normally reserved for arena-sized settings. The Conservatory at MGM National Harbor, a spectacular, 15,000-square-foot floral attraction created by acclaimed designer Ed Libby that changes seasonally.

National Harbors also offers nightlife concepts from Clique Hospitality, a two-level, 27,000-square-foot spa and salon with 11 treatment rooms, and an eclectic retail district with multiple offerings ranging from Fink's Jewelers, Stitched and Ella Rue to the first standalone boutique for SJP by Sarah Jessica Parker.

*MGM China*

We own approximately 56% of MGM China Holdings Limited, an entity which indirectly owns MGM Macau, a hotel casino resort in Macau S.A.R. MGM Macau is an award-winning, five-star integrated casino and luxury hotel resort located on the Macau Peninsula, the center of gaming activity in the greater China region. The resort's focal point is the signature Grande Praca and features Portuguese-inspired architecture, dramatic landscapes and a glass ceiling rising over 80 feet above the floor of the resort. The Grande Praca features unique themed displays and events throughout the year. MGM Macau has over 1,200 slot machines, 417 gaming tables and multiple VIP and private gaming areas. The hotel comprises a 35-story tower with over 580 rooms, suites and private luxury villas. In addition, MGM Macau offers luxurious amenities, including a variety of diverse restaurants, world-class pool and spa facilities, and over 15,000 square feet of convertible convention space. The hotel is directly connected to the prestigious 200,000 square foot One Central Complex, which features many of the world's leading luxury retailers.

*T-Mobile Arena*

We own a 42.5% interest the Las Vegas Arena Company, LLC, the entity which owns the T-Mobile Arena. The remaining interest is owned by Anschutz Entertainment Group, Inc. which owns 42.5% and Athena Arena, LLC which owns 7.5%. The T-Mobile Arena is a 20,000 seat venue designed to host world-class events – from mixed martial arts, boxing, basketball and bull riding, to high profile awards shows and top-name concerts. The arena will be the home of the Vegas Golden Knights of the National Hockey League that will begin play in 2017.

*Grand Victoria*

We own a 50% interest in Grand Victoria. An affiliate of Hyatt Gaming, Illinois RBG, L.L.C., owns the other 50% and also operates the Grand Victoria, a Victorian-themed riverboat casino and land-based entertainment complex in Elgin, Illinois, a suburb approximately 40 miles northwest of downtown Chicago. The riverboat offers dockside gaming, which means its operation is conducted at dockside without cruising. The property also features a dockside complex that contains an approximately 83,000-square-foot pavilion with a buffet, a fine dining restaurant and lounge, a 24-hour deli and a gourmet burger restaurant.

*Golf Courses*

We own and operate an exclusive world-class golf course, Shadow Creek, designed by Tom Fazio and located approximately ten miles north of our Las Vegas Strip resorts. Shadow Creek is consistently highly ranked in Golf Digest's ranking of America's 100 Greatest Public Courses. We also own the Primm Valley Golf Club designed by Tom Fazio located four miles south of the Primm Valley Resorts in California, which includes two 18-hole championship courses and is operated by a third party. In Mississippi, we own and operate Fallen Oak, a championship golf course also designed by Tom Fazio that is located approximately 20 miles from Beau Rivage.

**Exhibit 99.2**

## DESCRIPTION OF REGULATION AND LICENSING

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

In addition to gaming regulations, our businesses are subject to various federal, state, and local laws and regulations of the countries and states in which we operate. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, smoking, environmental matters, employment and immigration, currency transactions, taxation, zoning and building codes, land use, marketing and advertising, timeshare, lending, privacy, telemarketing, regulations applicable under the Office of Foreign Asset Control, the Foreign Corrupt Practices Act and the various reporting and anti-money laundering regulations. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Any material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could adversely affect our business and operating results.

*Nevada Government Regulation*

The ownership and operation of our casino gaming facilities in Nevada are subject to the Nevada Gaming Control Act and the regulations promulgated thereunder (collectively, the "Nevada Act"), and various local regulations. Our gaming operations are subject to the licensing and regulatory control of the Nevada Gaming Commission (the "Nevada Commission"), the Nevada State Gaming Control Board (the "Nevada Board"), and various county and city licensing agencies (the "local authorities"). The Nevada Commission, the Nevada Board, and the local authorities are collectively referred to as the "Nevada Gaming Authorities."

The laws, regulations, and supervisory procedures of the Nevada Gaming Authorities are based upon declarations of public policy that are concerned with, among other things:

- the prevention of unsavory or unsuitable persons from having direct or indirect involvement with gaming at any time or in any capacity;
- the establishment and maintenance of responsible accounting practices;
- the maintenance of effective controls over the financial practices of licensees, including the establishment of minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues;
- providing reliable record keeping and requiring the filing of periodic reports with the Nevada Gaming Authorities;
- the prevention of cheating and fraudulent practices; and
- providing a source of state and local revenues through taxation and licensing fees.

Any change in the laws, regulations, and supervisory procedures of the Nevada Gaming Authorities could have an adverse effect on our gaming operations.

Each of our subsidiaries that currently operate casinos in Nevada (collectively, the "Nevada casino licensees") is required to be licensed by the Nevada Gaming Authorities. Each gaming license requires the periodic payment of fees and taxes and is not transferable. MGM Grand Hotel, LLC, New York-New York Hotel & Casino, LLC, Bellagio, LLC, MGM Resorts Manufacturing Corp., and Aria Resort & Casino, LLC are also licensed as manufacturers and distributors of gaming devices (collectively, the "Nevada manufacturer and distributor licensees"). Certain of our subsidiaries have also been licensed or found suitable as shareholders, members, or general partners, as relevant, of the Nevada casino licensees and of the Nevada manufacturer and distributor licensees. The Nevada casino licensees, Nevada manufacturer and distributor licensees, and the foregoing subsidiaries are collectively referred to as the "Nevada licensed subsidiaries."

We, along with Mandalay Resort Group, are required to be registered by the Nevada Commission as publicly traded corporations (collectively, the "Nevada registered corporations") and Mirage Resorts, Incorporated is required to be registered as an intermediary company and, as such, each of us is required periodically to submit detailed financial and operating reports to the Nevada

Commission and furnish any other information that the Nevada Commission may require. No person may become a stockholder or member of, or receive any percentage of profits from, the Nevada licensed subsidiaries without first registering with (for equity ownership of 5% or less), or obtaining licenses and approvals from the Nevada Gaming Authorities. Additionally, the local authorities have taken the position that they have the authority to approve all persons owning or controlling the stock of any corporation controlling a gaming licensee. The Nevada registered corporations, Mirage Resorts, Incorporated and the Nevada licensed subsidiaries have obtained from the Nevada Gaming Authorities the various registrations, approvals, permits, and licenses required in order to engage in gaming activities in Nevada.

The Nevada Gaming Authorities may investigate any individual who has a material relationship to, or material involvement with, the Nevada registered corporations or any of the Nevada licensed subsidiaries to determine whether such individual is suitable or should be licensed as a business associate of a gaming licensee. Officers, directors, and certain key employees of the Nevada licensed subsidiaries must file applications with the Nevada Gaming Authorities and may be required to be licensed by the Nevada Gaming Authorities. Officers, directors, and key employees of the Nevada registered corporations who are actively and directly involved in the gaming activities of the Nevada licensed subsidiaries may be required to be licensed or found suitable by the Nevada Gaming Authorities. The Nevada Gaming Authorities may deny an application for licensing or a finding of suitability for any cause they deem reasonable. A finding of suitability is comparable to licensing, and both require submission of detailed personal and financial information followed by a thorough investigation. The applicant for licensing or a finding of suitability, or the gaming licensee by which the applicant is employed or for whom the applicant serves, must pay all the costs of the investigation. Changes in licensed positions must be reported to the Nevada Gaming Authorities, and, in addition to their authority to deny an application for a finding of suitability or licensure, the Nevada Gaming Authorities have jurisdiction to disapprove a change in a corporate position.

If the Nevada Gaming Authorities were to find an officer, director, or key employee unsuitable for licensing or to continue having a relationship with the Nevada registered corporations or the Nevada licensed subsidiaries, such Nevada registered corporations or Nevada licensed subsidiaries, as applicable, would have to sever all relationships with that person. In addition, the Nevada Commission may require the Nevada registered corporations or the Nevada licensed subsidiaries to terminate the employment of any person who refuses to file appropriate applications. Determinations of suitability or of questions pertaining to licensing are not subject to judicial review in Nevada.

The Nevada registered corporations and the Nevada casino licensees are required to submit detailed financial and operating reports to the Nevada Commission. Substantially all of the Nevada registered corporations' and the Nevada licensed subsidiaries' material loans, leases, sales of securities, and similar financing transactions must be reported to or approved by the Nevada Commission.

If the Nevada Commission determined that we or a Nevada licensed subsidiary violated the Nevada Act, it could limit, condition, suspend, or revoke, subject to compliance with certain statutory and regulatory procedures, our gaming licenses and those of the Nevada licensed subsidiaries. In addition, the Nevada registered corporations and the Nevada licensed subsidiaries and the persons involved could be subject to substantial fines for each separate violation of the Nevada Act at the discretion of the Nevada Commission. Further, a supervisor could be appointed by the Nevada Commission to operate the gaming establishments and, under certain circumstances, earnings generated during the supervisor's appointment (except for the reasonable rental value of the gaming establishments) could be forfeited to the State of Nevada. Limitation, conditioning, or suspension of any gaming license or the appointment of a supervisor could (and revocation of any gaming license would) materially adversely affect our gaming operations.

Any beneficial holder of our voting securities, regardless of the number of shares owned, may be required to file an application, be investigated, and have his or her suitability as a beneficial holder of the voting securities determined if the Nevada Commission has reason to believe that such ownership would otherwise be inconsistent with the declared policies of the State of Nevada. The applicant must pay all costs of investigation incurred by the Nevada Gaming Authorities in conducting any such investigation.

The Nevada Act requires any person who acquires more than 5% of any class of our voting securities to report the acquisition to the Nevada Commission. The Nevada Act requires that beneficial owners of more than 10% of any class of our voting securities apply to the Nevada Commission for a finding of suitability within 30 days after the Chairman of the Nevada Board mails the written notice requiring such filing. Under certain circumstances, an "institutional investor" as defined in the Nevada Act, which acquires more than 10% but not more than 25% of any class of our voting securities, may apply to the Nevada Commission for a waiver of such finding of suitability if such institutional investor holds the voting securities for investment purposes only. An institutional investor that has obtained a waiver may, in certain circumstances, own up to 29% of the voting securities of a registered company for a limited period of time and maintain the waiver.

An institutional investor will be deemed to hold voting securities for investment purposes if it acquires and holds the voting securities in the ordinary course of business as an institutional investor and not for the purpose of causing, directly or indirectly, the election of a majority of the members of our board of directors, any change in our corporate charter, bylaws, management, policies, or

operations, or any of our gaming affiliates, or any other action that the Nevada Commission finds to be inconsistent with holding our voting securities for investment purposes only. Activities that are not deemed to be inconsistent with holding voting securities for investment purposes only include:

- voting on all matters voted on by stockholders;
- making financial and other inquiries of management of the type normally made by securities analysts for informational purposes and not to cause a change in its management, policies, or operations; and
- such other activities as the Nevada Commission may determine to be consistent with such investment intent.

If the beneficial holder of voting securities who must be found suitable is a corporation, partnership, or trust, it must submit detailed business and financial information including a list of beneficial owners. The applicant is required to pay all costs of investigation.

Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by the Nevada Commission or the Chairman of the Nevada Board, or who refuses or fails to pay the investigative costs incurred by the Nevada Gaming Authorities in connection with investigation of its application, may be found unsuitable. The same restrictions apply to a record owner if the record owner, after request, fails to identify the beneficial owner. Any stockholder found unsuitable and who holds, directly or indirectly, any beneficial ownership of our common stock beyond such period of time as may be prescribed by the Nevada Commission may be guilty of a criminal offense. We will be subject to disciplinary action if, after we receive notice that a person is unsuitable to be a stockholder or to have any other relationship with us or a Nevada licensed subsidiary, we or any of the Nevada licensed subsidiaries:

- pays that person any dividend or interest upon any of our voting securities;
- allows that person to exercise, directly or indirectly, any voting right conferred through securities held by that person;
- pays remuneration in any form to that person for services rendered or otherwise; or
- fails to pursue all lawful efforts to require such unsuitable person to relinquish his or her voting securities including if necessary, the immediate purchase of the voting securities for cash at fair market value.

The Nevada Commission may, in its discretion, require the holder of any debt security of the Nevada registered corporations to file an application, be investigated, and be found suitable to hold the debt security. If the Nevada Commission determines that a person is unsuitable to own such security, then pursuant to the Nevada Act, the registered corporation can be sanctioned, including the loss of its approvals, if, without the prior approval of the Nevada Commission, it:

- pays to the unsuitable person any dividend, interest, or any distribution whatsoever;
- recognizes any voting right by such unsuitable person in connection with such securities;
- pays the unsuitable person remuneration in any form; or
- makes any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation, or similar transaction.

We are required to maintain a current stock ledger in Nevada that may be examined by the Nevada Gaming Authorities at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to the Nevada Gaming Authorities. A failure to make such disclosure may be grounds for finding the record holder unsuitable. We are also required to render maximum assistance in determining the identity of the beneficial owner. The Nevada Commission has the power to require the Nevada registered corporations' stock certificates to bear a legend indicating that such securities are subject to the Nevada Act. However, to date, the Nevada Commission has not imposed such a requirement on the Nevada registered corporations.

The Nevada registered corporations may not make a public offering of any securities without the prior approval of the Nevada Commission if the securities or the proceeds therefrom are intended to be used to construct, acquire, or finance gaming facilities in Nevada, or to retire or extend obligations incurred for those purposes or for similar purposes. An approval, if given, does not

constitute a finding, recommendation, or approval by the Nevada Commission or the Nevada Board as to the accuracy or adequacy of the prospectus or the investment merits of the securities. Any representation to the contrary is unlawful.

On July 24, 2014, the Nevada Commission granted the Nevada registered corporations prior approval to make public offerings for a period of three years, subject to certain conditions.

Changes in control of the Nevada registered corporations through merger, consolidation, stock or asset acquisitions, management or consulting agreements, or any act or conduct by a person whereby he or she obtains control may not occur without the prior approval of the Nevada Commission. Entities seeking to acquire control of a registered corporation must satisfy the Nevada Board and the Nevada Commission concerning a variety of stringent standards prior to assuming control of the registered corporation. The Nevada Commission may also require controlling stockholders, officers, directors, and other persons having a material relationship or involvement with the entity proposing to acquire control to be investigated and licensed as part of the approval process relating to the transaction.

The Nevada legislature has declared that some corporate acquisitions opposed by management, repurchases of voting securities, and corporate defensive tactics affecting Nevada gaming licensees and registered corporations that are affiliated with those operations may be injurious to stable and productive corporate gaming. The Nevada Commission has established a regulatory scheme to ameliorate the potentially adverse effects of these business practices upon Nevada's gaming industry and to further Nevada's policy to:

- assure the financial stability of corporate gaming operators and their affiliates;
- preserve the beneficial aspects of conducting business in the corporate form; and
- promote a neutral environment for the orderly governance of corporate affairs.

Approvals are, in certain circumstances, required from the Nevada Commission before we can make exceptional repurchases of voting securities above the current market price and before a corporate acquisition opposed by management can be consummated. The Nevada Act also requires prior approval of a plan of recapitalization proposed by a registered corporation's board of directors in response to a tender offer made directly to the registered corporation's stockholders for the purpose of acquiring control of that corporation.

License fees and taxes, computed in various ways depending on the type of gaming or activity involved, are payable to the State of Nevada and to the local authorities. Depending upon the particular fee or tax involved, these fees and taxes are payable either monthly, quarterly, or annually and are based upon either:

- a percentage of the gross revenues received;
- the number of gaming devices operated; or
- the number of table games operated.

The tax on gross revenues received is generally 6.75%. A live entertainment tax is also paid on charges for admission to any facility where certain forms of live entertainment are provided. The Nevada manufacturer and distributor licensees also pay certain fees and taxes to the State of Nevada.

Because we are involved in gaming ventures outside of Nevada, we are required to deposit with the Nevada Board, and thereafter maintain, a revolving fund in the amount of $10,000 to pay the expenses of investigation by the Nevada Board of our participation in such foreign gaming. The revolving fund is subject to increase or decrease at the discretion of the Nevada Commission. Thereafter, we are also required to comply with certain reporting requirements imposed by the Nevada Act. We would be subject to disciplinary action by the Nevada Commission if we:

- knowingly violate any laws of the foreign jurisdiction pertaining to the foreign gaming operation;
- fail to conduct the foreign gaming operation in accordance with the standards of honesty and integrity required of Nevada gaming operations;

- engage in any activity or enter into any association that is unsuitable because it poses an unreasonable threat to the control of gaming in Nevada, reflects or tends to reflect discredit or disrepute upon the State of Nevada or gaming in Nevada, or is contrary to the gaming policies of Nevada;

- engage in any activity or enter into any association that interferes with the ability of the State of Nevada to collect gaming taxes and fees; or

- employ, contract with, or associate with any person in the foreign gaming operation who has been denied a license or a finding of suitability in Nevada on the ground of personal unsuitability, or who has been found guilty of cheating at gambling.

The sale of alcoholic beverages by the Nevada licensed subsidiaries is subject to licensing, control, and regulation by the applicable local authorities. All licenses are revocable and are not transferable. The agencies involved have full power to limit, condition, suspend, or revoke any such license, and any such disciplinary action could (and revocation would) have a material adverse effect upon our operations.

*Michigan Government Regulation and Taxation*

The Michigan Gaming Control and Revenue Act (the "Michigan Act") subjects the owners and operators of casino gaming facilities to extensive state licensing and regulatory requirements. The Michigan Act also authorizes local regulation of casino gaming facilities by the City of Detroit, provided that any such local ordinances regulating casino gaming are consistent with the Michigan Act and rules promulgated to implement it. We are subject to the Michigan Act through our ownership interest in MGM Grand Detroit, LLC (the "licensed subsidiary") which operates MGM Grand Detroit. Our ownership interest in MGM Grand Detroit, LLC is held by our wholly-owned subsidiary MGM Grand Detroit, Inc.

The Michigan Act creates the Michigan Gaming Control Board (the "Michigan Board") and authorizes it to grant casino licenses to not more than three applicants who have entered into development agreements with the City of Detroit. The Michigan Board is granted extensive authority to conduct background investigations and determine the suitability of casino license applicants, affiliated companies, officers, directors, or managerial employees of applicants and affiliated companies and persons or entities holding a one percent or greater direct or indirect interest in an applicant or affiliated company. Institutional investors holding less than certain specified amounts of our debt or equity securities are exempted from meeting the suitability requirements of the Michigan Act since we are a publicly traded corporation, and provided that the securities were purchased for investment purposes only and not for the purpose of influencing or affecting our affairs. Any person who supplies goods or services to the licensed subsidiary which are directly related to, used in connection with, or affecting gaming, and any person who supplies other goods or services to the licensed subsidiary on a regular and continuing basis, must obtain a supplier's license from the Michigan Board. In addition, any individual employed by the licensed subsidiary or by a supplier licensee whose work duties are related to or involved in the gaming operation or are performed in a restricted area or a gaming area of the licensed subsidiary must obtain an occupational license from the Michigan Board.

The Michigan Act imposes the burden of proof on the applicant for a casino license to establish its suitability to receive and hold the license. The applicant must establish its suitability as to integrity, moral character and reputation, business probity, financial ability and experience, responsibility, and other criteria deemed appropriate by the Michigan Board. A casino license is valid for a period of one year and the Michigan Board may refuse to renew it upon a determination that the licensee no longer meets the requirements for licensure.

The Michigan Board may, among other things, revoke, suspend or restrict the licensed subsidiary's casino license. The licensed subsidiary is also subject to fines or forfeiture of assets for violations of gaming or liquor control laws or rules. In the event that the licensed subsidiary's license is revoked or suspended for more than 120 days, the Michigan Act provides for the appointment of a conservator who, among other things, is required to preserve the assets to ensure that they shall continue to be operated in a sound and businesslike manner, or upon order of the Michigan Board, to sell or otherwise transfer the assets to another person or entity who meets the requirements of the Michigan Act for licensure, subject to certain approvals and consultations.

The Michigan Board has adopted administrative rules to implement the terms of the Michigan Act. Among other things, the rules impose more detailed substantive and procedural requirements with respect to casino licensing and operations.

Included are requirements regarding such things as licensing investigations and hearings, record keeping and retention, contracting, reports to the Michigan Board, internal control and accounting procedures, security and surveillance, extensions of credit to gaming patrons, conduct of gaming, and transfers of ownership interests in licensed casinos. The rules also establish numerous

Michigan Board procedures regarding licensing, disciplinary and other hearings, and similar matters. The rules have the force of law and are binding on the Michigan Board as well as on applicants for or holders of casino licenses.

Under rules of the Michigan Board, a person or company which intends to acquire shares representing more than a 5% equity interest in a publicly traded company which is the holding company of a Michigan casino licensee must obtain approval of the acquisition from the Michigan Board. Subsequent to the acquisition, the person or company acquiring the shares must be determined by the Michigan Board to be "suitable" and "qualified" to own the shares. In addition, if the acquisition is by a company, "key persons" in the company (generally the officers, directors, managerial employees, and significant owners) must also be determined to be "suitable" and "qualified." "Institutional investors" (as that term is defined in the Michigan Act) may generally obtain a waiver from these requirements if the institutional investor has less than 15% ownership interest in the publicly traded company. Upon attaining equity ownership of 5% or more, or filing Schedule 13D or 13G with the SEC, the Michigan Board must be notified by the investor. Unless otherwise ordered by the Michigan Board, institutional investors acquiring less than 10% equity ownership in the publicly traded company are entitled to an exemption from the approval requirements, but are required to file an institutional waiver application with the Michigan Board. Institutional investors acquiring 10% or more equity ownership must apply for an institutional waiver, supplying certain information delineated in Rule 504(3). Pursuant to Rule 504(4), institutional investors acquiring more than 15% equity ownership must apply to the Michigan Board for approval of the acquisition within 45 days after it occurs. The institutional investor and its key persons may be subject to suitability and qualification determinations.

The term "institutional investor" includes financial institutions, insurance companies, pension funds, mutual funds, etc. The shares held by the institutional investor must be held for investment purposes only. The following activities are deemed consistent with holding the shares for investment purposes: voting by proxy furnished by the board of directors, on all matters voted on by the holders of the voting securities; serving as a member of a committee of creditors or security holders formed in connection with a debt restructuring; nominating a candidate for election or appointment to the board of directors in connection with a debt restructuring; accepting appointment or election as a member of the board of directors in connection with a debt restructuring and serving in that capacity until the conclusion of the member's term; making financial and other inquiries of management of the type normally made by securities analysts for information purposes and not to cause a change in its management, policies, or operations; and other activities that the board determines to be consistent with the investment intent.

The Michigan Liquor Control Commission licenses, controls and regulates the sale of alcoholic beverages by the licensed subsidiary pursuant to the Michigan Liquor Control Code of 1998. The Michigan Act also requires that the licensed subsidiary sell in a manner consistent with the Michigan Liquor Control Code.

The Detroit City Council enacted an ordinance entitled "Casino Gaming Authorization and Casino Development Agreement Certification and Compliance." The ordinance authorizes casino gaming only by operators who are licensed by the Michigan Board and are parties to a development agreement which has been approved and certified by the City Council and is currently in effect, or are acting on behalf of such parties. The development agreement among the City of Detroit, MGM Grand Detroit, LLC and the Economic Development Corporation of the City of Detroit has been so approved and certified and is currently in effect. Under the ordinance, the licensed subsidiary is required to submit to the Mayor of Detroit and to the City Council periodic reports regarding its compliance with the development agreement or, in the event of non-compliance, reasons for non-compliance and an explanation of efforts to comply. The ordinance requires the Mayor of Detroit to monitor each casino operator's compliance with its development agreement, to take appropriate enforcement action in the event of default and to notify the City Council of defaults and enforcement action taken; and, if a development agreement is terminated, it requires the City Council to transmit notice of such action to the Michigan Board within five business days along with Detroit's request that the Michigan Board revoke the relevant operator's casino license. If a development agreement is terminated, the Michigan Act requires the Michigan Board to revoke the relevant operator's casino license upon the request of Detroit.

The administrative rules of the Michigan Board prohibit the licensed subsidiary or us from entering into a debt transaction affecting the capitalization or financial viability of MGM Grand Detroit without prior approval from the Michigan Board.

The Michigan Act effectively provides for a wagering tax equal to 19% of adjusted gross receipts from gaming operations conducted at a casino. Proceeds of the wagering tax are shared between the State of Michigan and the City of Detroit. In addition to the wagering tax, the Michigan Act establishes an annual municipal service fee equal to the greater of $4 million or 1.25% of adjusted gross receipts to be paid to Detroit to defray its cost of hosting casinos, and an annual assessment, as adjusted annually based upon a consumer price index, in the initial amount of approximately $8.3 million to be paid to Michigan to defray its regulatory enforcement and other casino-related costs. These payments are in addition to the taxes, fees and assessments customarily paid by business entities situated in Detroit. The licensed subsidiary is also obligated to pay 1% of its adjusted gross receipts to Detroit, to be increased to 2% of its adjusted gross receipts in any calendar year in which adjusted gross receipts exceed $400 million.

*Mississippi Government Regulation*

We conduct our Mississippi gaming operations through two indirect subsidiaries, Beau Rivage Resorts, Inc., LLC operates Beau Rivage in Biloxi, Mississippi, and MGM Resorts Mississippi, Inc., which operates the Gold Strike Casino in Tunica County, Mississippi (collectively, the "casino licensees"). The operation of casino facilities in Mississippi is subject to extensive state and local regulation, but primarily the licensing and regulatory control of the Mississippi Gaming Commission and the Mississippi Department of Revenue.

The Mississippi Gaming Control Act (the "Mississippi Act") legalized casino gaming in Mississippi. The Mississippi Gaming Commission adopted regulations in furtherance of the Mississippi Act. The laws, regulations and supervisory procedures of Mississippi and the Mississippi Gaming Commission seek to:

- prevent unsavory or unsuitable persons from having any direct or indirect involvement with gaming at any time or in any capacity;
- establish and maintain responsible accounting practices and procedures;
- maintain effective control over the financial practices of licensees, including establishing minimum procedures for internal fiscal affairs and safeguarding of assets and revenues, providing reliable record keeping and making periodic reports to the Mississippi Gaming Commission;
- prevent cheating and fraudulent practices;
- provide a source of state and local revenues through taxation and licensing fees; and
- ensure that gaming licensees, to the extent practicable, employ Mississippi residents.

The regulations are subject to amendment and interpretation by the Mississippi Gaming Commission. Changes in Mississippi law or the regulations or the Mississippi Gaming Commission's interpretations thereof may limit or otherwise materially affect the types of gaming that may be conducted, and could have a material adverse effect on us and our Mississippi gaming operations.

The Mississippi Act provides for legalized gaming at the discretion of the 14 counties that either border the Gulf Coast or the Mississippi River, but only if the voters in such counties have not voted to prohibit gaming in that county. As of December 31, 2016, gaming was permissible in nine of the 14 eligible counties in the state and gaming operations had commenced in Adams, Coahoma, Hancock, Harrison, Tunica, Warren and Washington counties. Prior to Hurricane Katrina, Mississippi law required that gaming vessels be located on the Mississippi River or on navigable waters in eligible counties along the Mississippi River, or in the waters of the State of Mississippi lying south of the state in eligible counties along the Mississippi Gulf Coast. Subsequent to Hurricane Katrina, changes to the law became effective which allowed gaming facilities to be constructed on land in the three Gulf Coast counties, provided that no portion of the gaming facilities is located more than 800 feet from the mean high water line of the Mississippi Sound or designated bays on the Sound. The 800-foot limit does not apply to non-gaming facilities. The law permits unlimited stakes gaming on permanently moored dockside vessels or in land-based facilities on a 24-hour basis and does not restrict the percentage of space which may be utilized for gaming. There are no limitations on the number of gaming licenses which may be issued in Mississippi.

The casino licensees are subject to the licensing and regulatory control of the Mississippi Gaming Commission. Gaming licenses require the periodic payment of fees and taxes and are not transferable. Gaming licenses are issued for a maximum term of three years and must be renewed periodically thereafter. The current license of Beau Rivage Resorts, LLC is effective through April 20, 2019 and the current license of MGM Resorts Mississippi, Inc. is effective through June 22, 2018.

We are registered by the Mississippi Gaming Commission under the Mississippi Act as a publicly traded holding company of the casino licensees. As a registered publicly traded corporation, we are subject to the licensing and regulatory control of the Mississippi Gaming Commission, and are required to periodically submit detailed financial, operating and other reports to the Mississippi Gaming Commission and furnish any other information which the Mississippi Gaming Commission may require. If we are unable to satisfy the registration requirements of the Mississippi Act, we and our casino licensees cannot own or operate gaming facilities in Mississippi. The casino licensees are also required to periodically submit detailed financial, operating and other reports to the Mississippi Gaming Commission and the Mississippi Department of Revenue and to furnish any other information required thereby. With certain exceptions, no person may become a stockholder of or receive any percentage of profits from the casino licensees without first obtaining licenses and approvals from the Mississippi Gaming Commission.

Certain of our officers, directors and employees must be found suitable or be licensed by the Mississippi Gaming Commission. We believe that we have applied for all necessary findings of suitability with respect to these persons, although the Mississippi Gaming Commission, in its discretion, may require additional persons to file applications for findings of suitability. In addition, any person having a material relationship or involvement with us may be required to be found suitable, in which case those persons must pay the costs and fees associated with the investigation. A finding of suitability requires submission of detailed personal and financial information followed by a thorough investigation. There can be no assurance that a person who is subject to a finding of suitability will be found suitable by the Mississippi Gaming Commission. The Mississippi Gaming Commission may deny an application for a finding of suitability for any cause that it deems reasonable. Findings of suitability must be periodically renewed.

Changes in certain licensed positions must be reported to the Mississippi Gaming Commission. In addition to its authority to deny an application for a finding of suitability, the Mississippi Gaming Commission has jurisdiction to disapprove a change in a licensed position. The Mississippi Gaming Commission has the power to require us to suspend or dismiss officers, directors and other key employees or sever relationships with other persons who refuse to file appropriate applications or whom the authorities find unsuitable to act in their capacities.

Employees associated with gaming must obtain work permits that are subject to immediate suspension. The Mississippi Gaming Commission will refuse to issue a work permit to a person convicted of a felony and it may refuse to issue a work permit to a gaming employee if the employee has committed various misdemeanors or knowingly violated the Mississippi Act or for any other reasonable cause.

At any time, the Mississippi Gaming Commission has the power to investigate and require a finding of suitability of any of our record or beneficial stockholders, regardless of the percentage of ownership. Mississippi law requires any person who acquires more than 5% of our voting securities to report the acquisition to the Mississippi Gaming Commission, and that person may be required to be found suitable. Also, any person who becomes a beneficial owner of more than 10% of our voting securities, as reported to the Mississippi Gaming Commission, must apply for a finding of suitability by the Mississippi Gaming Commission. An applicant for finding of suitability must pay the costs and fees that the Mississippi Gaming Commission incurs in conducting the investigation.

The Mississippi Gaming Commission has generally exercised its discretion to require a finding of suitability of any beneficial owner of more than 5% of a registered public or private company's voting securities. However, the Mississippi Gaming Commission has adopted a regulation that permits certain institutional investors to own beneficially up to 15% and, under certain circumstances, up to 19%, of a registered or licensed company's voting securities without a finding of suitability. Under the regulations, an "institutional investor," as defined therein, may apply to the Executive Director of the Mississippi Gaming Commission for a waiver of a finding of suitability if such institutional investor (i) beneficially owns up to 15% (or, in certain circumstances, up to 19%) of the voting securities of a registered or licensed company, and (ii) holds the voting securities for investment purposes only. An institutional investor shall not be deemed to hold voting securities for investment purposes unless the voting securities were acquired and are held in the ordinary course of business as an institutional investor and not for the purpose of causing, directly or indirectly, the election of a majority of the members of the board of directors of the registered or licensed company, any change in the registered or licensed company's corporate charter, bylaws, management, policies or operations of the registered public or private company or any of its gaming affiliates, or any other action which the Mississippi Gaming Commission finds to be inconsistent with holding the registered or licensed company's voting securities for investment purposes only.

Activities that are not deemed to be inconsistent with holding voting securities for investment purposes only include:

- voting, directly or indirectly through the delivery of a proxy furnished by the board of directors, on all matters voted upon by the holders of such voting securities;
- serving as a member of any committee of creditors or security holders formed in connection with a debt restructuring;
- nominating any candidate for election or appointment to the board of directors in connection with a debt restructuring;
- accepting appointment or election (or having a representative accept appointment or election) as a member of the board of directors in connection with a debt restructuring and serving in that capacity until the conclusion of the member's term;
- making financial and other inquiries of management of the type normally made by securities analysts for informational purposes and not to cause a change in management, policies or operations; and
- such other activities as the Mississippi Gaming Commission may determine to be consistent with such investment intent.

If a stockholder who must be found suitable is a corporation, partnership or trust, it must submit detailed business and financial information including a list of beneficial owners. The Mississippi Gaming Commission may at any time dissolve, suspend, condition, limit or restrict a finding of suitability to own a registered public company's equity interests for any cause it deems reasonable.

We may be required to disclose to the Mississippi Gaming Commission upon request the identities of the holders of any of our debt or other securities. In addition, under the Mississippi Act, the Mississippi Gaming Commission may, in its discretion, require holders of our debt securities to file applications, investigate the holders, and require the holders to be found suitable to own the debt securities.

Although the Mississippi Gaming Commission generally does not require the individual holders of obligations such as notes to be investigated and found suitable, the Mississippi Gaming Commission retains the discretion to do so for any reason, including but not limited to a default, or where the holder of the debt instrument exercises a material influence over the gaming operations of the entity in question. Any holder of debt securities required to apply for a finding of suitability must pay all investigative fees and costs of the Mississippi Gaming Commission in connection with the investigation.

Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by the Mississippi Gaming Commission may be found unsuitable. Any person found unsuitable and who holds, directly or indirectly, any beneficial ownership of our securities beyond the time that the Mississippi Gaming Commission prescribes, may be guilty of a misdemeanor. After receiving notice that a person is unsuitable to be a stockholder, a holder of our debt securities or to have any other relationship with us, we will be subject to disciplinary action if we:

- pay the unsuitable person any dividend, interest or other distribution whatsoever;
- recognize the exercise, directly or indirectly, of any voting rights conferred through such securities held by the unsuitable person;
- pay the unsuitable person any remuneration in any form for services rendered or otherwise, except in limited and specific circumstances;
- make any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation or similar transaction; or
- fail to pursue all lawful efforts to require the unsuitable person to divest himself or herself of the securities, including, if necessary, the immediate purchase of the securities for cash at a fair market value.

The casino licensees must maintain in Mississippi a current ledger with respect to the ownership of their equity securities and we must maintain in Mississippi a current list of our stockholders which must reflect the record ownership of each outstanding share of any equity security issued by us. The ledger and stockholder lists must be available for inspection by the Mississippi Gaming Commission at any time. If any of our securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to the Mississippi Gaming Commission. A failure to make that disclosure may be grounds for finding the record holder unsuitable. We must also render maximum assistance in determining the identity of the beneficial owner.

The Mississippi Act requires that the certificates representing securities of a registered publicly traded corporation bear a legend to the general effect that the securities are subject to the Mississippi Act and the regulations of the Mississippi Gaming Commission. On May 28, 2009, the Mississippi Gaming Commission granted us a waiver of this legend requirement. The Mississippi Gaming Commission has the power to impose additional restrictions on us and the holders of our securities at any time.

Substantially all loans, leases, sales of securities and similar financing transactions by the casino licensees must be reported to or approved by the Mississippi Gaming Commission. The licensed subsidiaries may not make a public offering of their securities, but may pledge or mortgage casino facilities with the prior approval of the Mississippi Gaming Commission. We may not make a public offering of our securities without the prior approval of the Mississippi Gaming Commission if any part of the proceeds of the offering is to be used to finance the construction, acquisition or operation of gaming facilities in Mississippi or to retire or extend obligations incurred for those purposes. The approval, if given, does not constitute a recommendation or approval of the accuracy or adequacy of the prospectus or the investment merits of the securities subject to the offering. Effective June 23, 2015, the Mississippi Gaming Commission granted us a waiver of the prior approval requirement for our securities offerings for a period of three years, subject to certain conditions. The waiver may be rescinded for good cause without prior notice upon the issuance of an interlocutory stop order by the Executive Director of the Mississippi Gaming Commission.

Under the regulations of the Mississippi Gaming Commission, the casino licensees may not guarantee a security issued by us pursuant to a public offering, or pledge their assets to secure payment or performance of the obligations evidenced by such a security issued by us, without the prior approval of the Mississippi Gaming Commission. Similarly, we may not pledge the stock or other ownership interests of the casino licensees, nor may the pledgee of such ownership interests foreclose on such a pledge, without the prior approval of the Mississippi Gaming Commission. Moreover, restrictions on the transfer of an equity security issued by us and agreements not to encumber such securities granted by us are ineffective without the prior approval of the Mississippi Gaming Commission. The waiver of the prior approval requirement for our securities offerings received from the Mississippi Gaming Commission effective June 23, 2015 includes a waiver of the prior approval requirement for such guarantees, pledges and restrictions of the casino licensees, subject to certain conditions.

We cannot change our control through merger, consolidation, acquisition of assets, management or consulting agreements or any form of takeover without the prior approval of the Mississippi Gaming Commission. The Mississippi Gaming Commission may also require controlling stockholders, officers, directors, and other persons having a material relationship or involvement with the entity proposing to acquire control, to be investigated and licensed as part of the approval process relating to the transaction.

The Mississippi Legislature has declared that some corporate acquisitions opposed by management, repurchases of voting securities and other corporate defensive tactics that affect corporate gaming licensees in Mississippi and corporations whose stock is publicly traded that are affiliated with those licensees may be injurious to stable and productive corporate gaming. The Mississippi Gaming Commission has established a regulatory scheme to ameliorate the potentially adverse effects of these business practices upon Mississippi's gaming industry and to further Mississippi's policy to assure the financial stability of corporate gaming operators and their affiliates, preserve the beneficial aspects of conducting business in the corporate form, and promote a neutral environment for the orderly governance of corporate affairs.

We may be required to obtain approval from the Mississippi Gaming Commission before we may make exceptional repurchases of voting securities in excess of the current market price of its common stock (commonly called "greenmail") or before we may consummate a corporate acquisition opposed by management. The regulations also require prior approval by the Mississippi Gaming Commission if we adopt a plan of recapitalization proposed by our Board of Directors opposing a tender offer made directly to the stockholders for the purpose of acquiring control of us.

Neither we nor the casino licensees may engage in gaming activities in Mississippi while we, the casino licensees and/or persons found suitable to be associated with the gaming license of the casino licensees conduct gaming operations outside of Mississippi without approval of the Mississippi Gaming Commission. The Mississippi Gaming Commission may require that it have access to information concerning our, and our affiliates', out-of-state gaming operations. We believe that we have applied for all necessary waivers of foreign gaming approval from the Mississippi Gaming Commission for the conduct of our active or planned gaming operations outside of Mississippi.

If the Mississippi Gaming Commission decides that the casino licensees violated a gaming law or regulation, the Mississippi Gaming Commission could limit, condition, suspend or revoke the license of the subsidiary. In addition, we, the casino licensees and the persons involved could be subject to substantial fines for each separate violation. A violation under any of our other operating subsidiaries' gaming licenses may be deemed a violation of the casino licensees' gaming license.

Because of a violation, the Mississippi Gaming Commission could attempt to appoint a supervisor to operate the casino facilities. Limitation, conditioning or suspension of the casino licensees' gaming license or our registration as a publicly traded holding company, or the appointment of a supervisor could, and the revocation of any gaming license or registration would, materially adversely affect our Mississippi gaming operations.

The casino licensees must pay license fees and taxes, computed in various ways depending on the type of gaming involved, to the State of Mississippi and to the county or city in which the licensed gaming subsidiary conducts operations. Depending upon the particular fee or tax involved, these fees and taxes are payable either monthly, quarterly or annually and are based upon a percentage of gross gaming revenues, the number of slot machines operated by the casino, and the number of table games operated by the casino.

The license fee payable to the State of Mississippi is based upon "gross revenues," generally defined as cash receipts less cash payouts to customers as winnings, and generally equals 8% of gross revenue. These license fees are allowed as a credit against our Mississippi income tax liability for the year paid. The gross revenue fee imposed by the Mississippi cities and counties in which casino operations are located is in addition to the fees payable to the State of Mississippi and equals approximately 4% of gross revenue.

The Mississippi Gaming Commission adopted a regulation in 1994 requiring as a condition of licensure or license renewal that a gaming establishment's plan include a 500-car parking facility in close proximity to the casino complex and infrastructure facilities

which will amount to at least 25% of the casino cost. Infrastructure facilities are defined in the regulation to include a hotel with at least 250 rooms, theme park, golf course and other similar facilities. Beau Rivage and Gold Strike Tunica are in compliance with this requirement. On January 21, 1999, the Mississippi Gaming Commission adopted an amendment to this regulation which increased the infrastructure requirement to 100% from the existing 25%; however, the regulation grandfathers existing licensees and applies only to new casino projects and casinos that are not operating at the time of acquisition or purchase, and would therefore not apply to Beau Rivage and Gold Strike Tunica. In any event, Beau Rivage and Gold Strike Tunica would comply with such requirement. On February 21, 2013, the Mississippi Gaming Commission adopted further amendments to this regulation to impose additional requirements on new casino projects. However, the amended regulation grandfathers any licensee who has been licensed by the Mississippi Gaming Commission prior to December 31, 2013; therefore, the amendments do not apply to Beau Rivage or Gold Strike Tunica.

Both the local jurisdiction and the Alcoholic Beverage Control Division of the Mississippi Department of Revenue license, control and regulate the sale of alcoholic beverages by the casino licensees. Beau Rivage and Gold Strike Tunica are in areas designated as special resort areas, which allows casinos located therein to serve alcoholic beverages on a 24-hour basis. The Alcoholic Beverage Control Division requires that our key officers and managers and the casino licensees' key officers and managers and all owners of more than 5% of the casino licensees' equity submit detailed personal, and in some instances, financial information to the Alcoholic Beverage Control Division and be investigated and licensed. All such licenses are non-transferable. The Alcohol Beverage Control Division has the full power to limit, condition, suspend or revoke any license for the service of alcoholic beverages or to place a licensee on probation with or without conditions. Any disciplinary action could, and revocation would, have a material adverse effect upon the casino's operations.

*Illinois Government Regulation*

Our 50% joint venture ownership interest in Grand Victoria Riverboat Casino, located in Elgin, Illinois ("Grand Victoria") is subject to extensive state regulation under the Illinois Riverboat Gambling Act (the "Illinois Act") and the regulations of the Illinois Gaming Board (the "Illinois Board").

In February 1990, the State of Illinois legalized riverboat gambling. The Illinois Act authorizes the Illinois Board to issue up to ten riverboat gaming owners' licenses on any water within the State of Illinois or any water other than Lake Michigan which constitutes a boundary of the State of Illinois. The Illinois Act restricts the location of certain of the ten owners' licenses. Three of the licenses must be located on the Mississippi River. One license must be at a location on the Illinois River south of Marshall County and another license must be located on the Des Plaines River in Will County. The remaining licenses are not restricted as to location. Currently, all ten owner's licenses are in operation in Alton, Aurora, East Peoria, East St. Louis, Elgin, Metropolis, Rock Island, Des Plaines, and two licenses in Joliet.

The Illinois Act strictly regulates the facilities, persons, associations and practices related to gaming operations. It grants the Illinois Board specific powers and duties, and all other powers necessary and proper to fully and effectively execute the Illinois Act for the purpose of administering, regulating and enforcing the system of riverboat gaming. The Illinois Board has authority over every person, association, corporation, partnership and trust involved in riverboat gaming operations in the State of Illinois.

The Illinois Act requires the owner of a riverboat gaming operation to hold an owner's license issued by the Illinois Board. Each owner's license permits the holder to own up to two riverboats as part of its gaming operation; however, gaming participants are limited to 1,200 for any owner's license. The number of gaming participants will be determined by the number of gaming positions available at any given time. Gaming positions are counted as follows:

- positions for electronic gaming devices will be determined as 90% of the total number of devices available for play;
- craps tables will be counted as having ten gaming positions; and
- games utilizing live gaming devices, except for craps, will be counted as having five gaming positions.

Each owner's license initially runs for a period of three years. Thereafter, the license must be renewed annually. The Board may renew an owner's license for up to four years. An owner licensee is eligible for renewal upon payment of the applicable fee and a determination by the Illinois Board that the licensee continues to meet all of the requirements of the Illinois Act and Illinois Board's rules. The owner's license for Grand Victoria was issued in October 1994 and was renewed for a four-year period that ends in October 2020. An ownership interest in an owner's license may not be transferred or pledged as collateral without the prior approval of the Illinois Board.

Pursuant to the Illinois Act, the Illinois Board established certain rules to follow in deciding whether to approve direct or indirect ownership or control of an owner's license. The Illinois Board must consider the impact of any economic concentration caused by the ownership or control. No direct or indirect ownership or control may be approved which will result in undue economic concentration of the ownership of a riverboat gambling operation in Illinois. The Illinois Act specifies a number of criteria for the Illinois Board to consider in determining whether the approval of the issuance, transfer or holding of a license will create undue economic concentration. The application of such criteria could reduce the number of potential purchasers for the Grand Victoria or our 50% joint venture interest therein.

The Illinois Act does not limit the maximum bet or per patron loss. Minimum and maximum wagers on games are set by the holder of the owner's license. Wagering may not be conducted with money or other negotiable currency. No person under the age of 21 is permitted to wager and wagers only may be received from a person present on the riverboat. With respect to electronic gaming devices, the payout percentage may not be less than 80% or more than 100%.

Illinois imposes a number of taxes on Illinois casinos. Such taxes are subject to change by the Illinois legislature and have been increased in the past. The Illinois legislature also may impose new taxes on Grand Victoria's activities. Illinois currently imposes an admission tax of $2.00 per person for an owner licensee that admitted 1,000,000 persons or fewer in the 2004 calendar year, and $3.00 per person for all other owner licensees (including Grand Victoria).

Additionally, Illinois imposes a wagering tax on the adjusted gross receipts, as defined in the Illinois Act, of a riverboat operation. The owner licensee is required, on a daily basis, to wire the wagering tax payment to the Illinois Board. Currently, the wagering tax is:

- 15.0% of adjusted gross receipts up to and including $25.0 million;
- 22.5% of adjusted gross receipts in excess of $25.0 million but not exceeding $50.0 million;
- 27.5% of adjusted gross receipts in excess of $50.0 million but not exceeding $75.0 million;
- 32.5% of adjusted gross receipts in excess of $75.0 million but not exceeding $100.0 million;
- 37.5% of adjusted gross receipts in excess of $100.0 million but not exceeding $150.0 million;
- 45.0% of adjusted gross receipts in excess of $150.0 million but not exceeding $200.0 million; and
- 50.0% of adjusted gross receipts in excess of $200.0 million.

A holder of any gaming license in Illinois is subject to imposition of fines, suspension or revocation of such license, or other action for any act or failure to act by the licensee or the licensee's agents or employees, that is injurious to the public health, safety, morals, good order and general welfare of the people of the State of Illinois, or that would discredit or tend to discredit the Illinois gaming industry or the State of Illinois. The Illinois Board may revoke or suspend licenses, as the Illinois Board may determine and, in compliance with applicable Illinois law regarding administrative procedures, may suspend an owner's license, without notice or hearing, upon a determination that the safety or health of patrons or employees is jeopardized by continuing a riverboat's operation. The suspension may remain in effect until the Illinois Board determines that the cause for suspension has been abated and it may revoke the owner's license upon a determination that the owner has not made satisfactory progress toward abating the hazard.

If the Illinois Board has suspended, revoked or refused to renew an owner's license or if a riverboat gambling operation is closing and the owner is voluntarily surrendering its owner's license, the Illinois Board may petition the local circuit court in which the riverboat is situated for appointment of a receiver. The circuit court has sole jurisdiction over any and all issues pertaining to the appointment of a receiver. The Illinois Board specifies the specific powers, duties and limitations of the receiver.

The Illinois Board requires that each "Key Person" of an owner licensee submit a Personal Disclosure or Business Entity Form and be investigated and approved by the Illinois Board. The Illinois Board determines which positions, individuals or Business Entities are required to be approved by the Board as Key Persons. Once approved, such Key Person status must be maintained. Key Persons include:

- any Business Entity and any individual with an ownership interest or voting rights of more than 5% in the licensee or applicant and the trustee of any trust holding such ownership interest or voting rights;

- the directors of the licensee or applicant and its chief executive officer, president and chief operating officer or their functional equivalents;

- a Gaming Operations Manager or any other business entity or individual who has influence and/or control over the conduct of gaming or the Riverboat Gaming Operation; and

- all other individuals or Business Entities that, upon review of the applicant's or licensees Table of Organization, Ownership and Control the Board determines hold a position or a level of ownership, control or influence that is material to the regulatory concerns and obligations of the Illinois Board for the specified licensee or applicant.

Each owner licensee must provide a means for the economic disassociation of a Key Person in the event such economic disassociation is required by an order of the Illinois Board. Based upon findings from an investigation into the character, reputation, experience, associations, business probity and financial integrity of a Key Person, the Illinois Board may enter an order upon the licensee or require the economic disassociation of the Key Person.

Applicants for and holders of an owner's license are required to obtain the Illinois Board's approval for changes in the following: (i) Key Persons; (ii) type of entity; (iii) equity and debt capitalization of the entity; (iv) investors and/or debt holders; (v) source of funds; (vi) applicant's economic development plan; (vii) riverboat capacity or significant design change; (viii) gaming positions; (ix) anticipated economic impact; or (x) agreements, oral or written, relating to the acquisition or disposition of property (real or personal) of a value greater than $1 million. Illinois regulations provide that a holder of an owner's license may make distributions to its stockholders only to the extent that such distributions do not impair the financial viability of the owner.

The Illinois Board requires each holder of an owner's license to obtain the Illinois Board's approval prior to issuing a guaranty of any indebtedness. Accordingly, we and our subsidiaries with a direct interest in Grand Victoria intend to petition the Illinois Board to allow those subsidiaries to issue subsidiary guaranties of any indebtedness that we incur in the future to the extent such guaranties are required by our lenders. Although we and those subsidiaries believe the Illinois Board will continue to approve our petitions and allow such guaranties of our future indebtedness, there can be no assurance that the Illinois Board will continue to grant the necessary approvals.

The Illinois Board requires that each "institutional investor," as that term is defined by Illinois Board, that, individually or jointly with others, cumulatively acquires, directly or indirectly, 5% or more of any class of voting securities of a publicly-traded licensee or a licensee's publicly-traded parent corporation shall, within no less than ten days after acquiring such securities, notify the Illinois Board of such ownership and shall, upon request, provide such additional information as may be required by the Illinois Board. An institutional investor that, individually or jointly with others, cumulatively acquires, directly or indirectly, 10% or more of any class of voting securities of a publicly-traded licensee or a licensee's publicly-traded parent corporation shall file an "Institutional Investor Disclosure Form," provided by the Illinois Board, within 45 days after cumulatively acquiring such level of ownership interest, unless such requirement is waived by the Illinois Board. Additionally, we must notify the Illinois Board as soon as possible after we become aware that we are involved in an ownership acquisition by an institutional investor.

The Illinois Board may waive any licensing requirement or procedure provided by rule if it determines that the waiver is in the best interests of the public and the gaming industry. Also, the Illinois Board may, from time to time, amend or change its rules.

On January 1, 2008, Illinois' statewide public smoking ban became effective. Smoking is now illegal in Illinois' casinos, bars, restaurants and other public establishments. This may continue to negatively impact the gaming industry in Illinois.

From time to time, various proposals have been introduced in the Illinois legislature that, if enacted, would affect the taxation, regulation, operation or other aspects of the gaming industry. The Illinois legislature regularly considers proposals that would expand gaming opportunities in Illinois. Some of this legislation, if enacted, could adversely affect the gaming industry. No assurance can be given whether such or similar legislation will be enacted.

The Illinois legislature continues to discuss the possibility of gaming expansion. This expansion could include several new casinos (including one in Chicago), increased gaming positions in existing casinos, as well as gaming positions at Illinois racetracks. If gaming expansion occurs, Grand Victoria's operating results could be adversely impacted by the increased competition.

On July 13, 2009, Illinois enacted the Video Gaming Act, which legalizes the use of up to five video gaming terminals in most bars, restaurants, fraternal organizations and veterans' organizations holding valid Illinois liquor licenses, as well as at qualifying truck stops. The Illinois Board adopted a set of Regulations and continues to release new or emergency Regulations, as necessary, to implement and regulate the Video Gaming Act. Effective October 9, 2012, video gaming in Illinois became operational. The video gaming terminals in licensed establishments allow patrons to play games such as video poker, line up and blackjack. In December 201 6 , over 5,700 licensed establishments were operating nearly 2 5 ,000 video gaming terminals. Grand Victoria's revenues may be adversely impacted by the availability of video gaming terminals in non-casino establishments proximately located to its customer base.

*Macau S.A.R. Laws and Regulations*

MGM Grand Paradise is regulated as a gaming operator under applicable Macau law and our ownership interest in MGM Grand Paradise is subject to continuing regulatory scrutiny. We are required to be approved by the Macau government (gaming authorities) to own an interest in a gaming operator. Authorized gaming operators must pay periodic fees and taxes, and gaming rights are not transferable, unless approved by the Macau government. MGM Grand Paradise must periodically submit detailed financial and operating reports to the Macau gaming authorities and furnish any other information that the Macau gaming authorities may require. No person may acquire any rights over the shares or assets of MGM Grand Paradise without first obtaining the approval of the Macau gaming authorities. The transfer or creation of encumbrances over ownership of shares representing the share capital of MGM Grand Paradise or other rights relating to such shares, and any act involving the granting of voting rights or other stockholders' rights to persons or entities other than the original owners, would require the approval of the Macau government and the subsequent report of such acts and transactions to the Macau gaming authorities. The stock of MGM Grand Paradise and its casinos, assets and equipment shall not be subject to any liens or encumbrances, except under authorization by the Macau government.

MGM Grand Paradise's subconcession contract requires approval of the Macau government for transfers of shares, or of any rights over such shares, in any of the direct or indirect stockholders in MGM Grand Paradise, including us, provided that such shares or rights are directly or indirectly equivalent to an amount that is equal to or higher than 5% of the share capital in MGM Grand Paradise. Under the subconcession contract, this approval requirement does not apply to securities that are listed and tradable on a stock market. Since MGM Grand Paradise's securities are not listed and tradable on a stock market this approval requirement applies to transfers of MGM Grand Paradise's shares. In addition, this contract requires that the Macau government be given notice of the creation of any encumbrance or the grant of voting rights or other stockholders' rights to persons other than the original owners on shares in any of the direct or indirect stockholders in MGM Grand Paradise, including us, provided that such shares or rights are indirectly equivalent to an amount that is equal to or higher than 5% of the share capital in MGM Grand Paradise. This notice requirement will not apply, however, to securities listed and tradable on a stock exchange.

MGM Grand Paradise is in no case allowed to delegate the management of gaming operations to a management company, and is in no case allowed to enter into a management contract by which its managing powers are or might be assumed by a third party. Any act or contract by which MGM Grand Paradise assigns, transfers, alienates or creates liens or encumbrances on gaming operations to or in favor of a third party is prohibited, unless previously approved by the Macau government.

The Macau gaming authorities may investigate any individual who has a material relationship to, or material involvement with, MGM Grand Paradise to determine whether MGM Grand Paradise's suitability and/or financial capacity is affected by that individual. MGM Grand Paradise shareholders with 5% or more of the share capital and directors must apply for and undergo a finding of suitability process and maintain due qualification during the subconcession term, and accept the persistent and long-term inspection and supervision exercised by the Macau government. MGM Grand Paradise is required to immediately notify the Macau government should MGM Grand Paradise become aware of any fact that may be material to the appropriate qualification of any shareholder who owns 5% or more of the share capital, or any director or key employee. Changes in approved corporate positions must be reported to the Macau gaming authorities. The Macau gaming authorities have jurisdiction to deny an application for a finding of suitability.

Any person who fails or refuses to apply for a finding of suitability after being ordered to do so by the Macau gaming authorities may be found unsuitable. Any stockholder subject to a suitability process who is found unsuitable must transfer their shares to a third party within a term set by the Macau government. If such transfer is not consummated, MGM Grand Paradise must acquire those shares. If any officer, director or key employee is found unsuitable, MGM Grand Paradise must sever all relationships with that person. In case of failure to act in accordance thereof, MGM Grand Paradise would become subject to administrative sanctions and penalties.

The Macau government must give their prior approval to changes in control of MGM Grand Paradise through a merger, consolidation, stock or asset acquisition, management or consulting agreement or any act or conduct by any person whereby he or she obtains control. Entities seeking to acquire control of a registered corporation must satisfy the Macau government concerning a variety of stringent standards prior to assuming control. The Macau gaming authorities may also require controlling stockholders,

officers, directors and other persons having a material relationship or involvement with the entity proposing to acquire control, to be considered suitable as part of the approval process of the transaction.

The Macau gaming authorities also have the power to supervise gaming operators in order to assure the financial stability of corporate gaming operators and their affiliates.

The subconcession contract requires the Macau gaming authorities' prior approval of any recapitalization plan, any increase of the capital stock by public subscription, any issue of preferential shares or any creation, issue or transformation of types or series of shares representative of MGM Grand Paradise capital stock, as well as any change in the constituent documents (i.e., articles of association) of MGM Grand Paradise. The Chief Executive of Macau could also require MGM Grand Paradise to increase its share capital if he deemed it necessary.

MGM Macau was constructed and is operated under MGM Grand Paradise's subconcession contract. This subconcession excludes the following gaming activities: mutual bets, gaming activities provided to the public, interactive gaming and games of chance or other gaming, betting or gambling activities on ships or planes. MGM Grand Paradise's subconcession is exclusively governed by Macau law. MGM Grand Paradise is subject to the exclusive jurisdiction of the courts of Macau in case of any potential dispute or conflict relating to our subconcession.

MGM Grand Paradise's subconcession contract expires on March 31, 2020. Unless the subconcession is extended, on that date, all casino operations and related equipment in MGM Macau will automatically be transferred to the Macau government without compensation to MGM Grand Paradise and MGM Resorts International will cease to generate any revenues from these operations. Beginning on April 20, 2017, the Macau government may redeem the subconcession by giving MGM Grand Paradise at least one year prior notice and by paying fair compensation or indemnity.

The amount of such compensation or indemnity will be determined based on the amount of revenue generated during the tax year prior to the redemption.

The Macau government also has the right to unilaterally terminate, without compensation to MGM Grand Paradise, the subconcession at any time upon the occurrence of fundamental non-compliance by MGM Grand Paradise with applicable Macau laws or MGM Grand Paradise's basic obligations under the subconcession contract. If the default is curable, the Macau gaming authorities are required to give MGM Grand Paradise prior notice to cure the default, though no specific cure period for that purpose is provided.

The subconcession contract contains various general covenants and obligations and other provisions, the compliance with which is subjective. MGM Grand Paradise has the following obligations under the subconcession contract:

- ensure the proper operation and conduct of casino games;
- employ people with appropriate qualifications;
- operate and conduct casino games of chance in a fair and honest manner without the influence of criminal activities; and
- safeguard and ensure Macau's interests in tax revenue from the operation of casinos and other gaming areas.

The subconcession contract requires MGM Grand Paradise Limited to maintain a certain minimum level of insurance which are in place.

MGM Grand Paradise Limited is also subject to certain reporting requirements to the Macau gaming authorities.

Under the subconcession, MGM Grand Paradise Limited is obligated to pay to the Macau S.A.R. an annual premium with a fixed portion and a variable portion based on the number and type of gaming tables employed and gaming machines operated. The fixed portion of the premium is equal to 30 million patacas (approximately $3.75 million, based on exchange rates at December 30, 2016). The variable portion is equal to 300,000 patacas per gaming table reserved exclusively for certain kinds of games or players, 150,000 patacas per gaming table not so reserved and 1,000 patacas per electrical or mechanical gaming machine, including slot machines (approximately $37,578, $$18,789 and $125, respectively, based on exchange rates at December 30, 2016), subject to a minimum of forty five million patacas (approximately $5.6 million, based on exchange rates at December 30, 2016). MGM Grand Paradise Limited also has to pay a special gaming tax of 35% of gross gaming revenues and applicable withholding taxes. It must also contribute 1.6% and 2.4% (a portion of which must be used for promotion of tourism in Macau) of its gross gaming revenue to a public foundation designated by the Macau S.A.R. government and to the Macau S.A.R, respectively, as special levy.

Currently, the gaming tax in Macau is calculated as a percentage of gross gaming revenue. However, gross gaming revenue does not include deductions for credit losses. As a result, if MGM Grand Paradise issues markers to its customers in Macau and is unable to collect on the related receivables from them, it has to pay taxes on its winnings from these customers even though it was unable to collect the related receivables.

MGM Grand Paradise has received a concession from the Macau government to use a 10.67 acre parcel of land for MGM Macau (the "MGM Macau Land Contract"). The land concession will expire on April 6, 2031 and is renewable.

The MGM Macau Land Contract requires MGM Grand Paradise to pay a premium which was paid in full before the opening of MGM Macau. In addition, MGM Grand Paradise is also obligated to pay rent annually for the term of the MGM Macau Land Contract. The rent amount may be revised every five years by the Macau government, according to the provisions of the Macau Land law.

In addition, MGM Grand Paradise has received a concession from the Macau government to use an approximately 18 acre site in Cotai Macau and develop a second resort and casino (the "Cotai Land Contract"). The land concession contract became effective on January 9, 2013 and has an initial term of 25 years. The total land premium payable to the Macau government for the land concession contract is $161 million and is composed of a down payment and eight additional semi-annual payments. As of December 31, 2016, MGM China had paid $159 million of the contract premium, including interest due on the semi-annual installments. In January 2017, MGM China paid the final semi-annual payment of $15 million under the land concession contract. Under the terms of the land concession contract, MGM Grand Paradise is required to complete the development of the land by January 2018.

MGM Grand Paradise received an exemption from Macau's corporate income tax on profits generated by the operation of casino games of chance for a period of five-years starting at January 1, 2007. In October 2011, MGM Grand Paradise was granted an extension of this exemption for an additional five years. The exemption runs through December 31, 2016.

*Maryland Government Regulation*

The Maryland State Lottery Video Lottery Terminal Law ("Maryland VLT Law") subjects the owners and operators of video lottery facilities to extensive state licensing and regulatory requirements. We are subject to the Maryland VLT Law and the regulations promulgated to implement it through our ownership interest in MGM National Harbor, LLC, which owns and operates the MGM National Harbor video lottery facility in Prince George's County, Maryland.

Under the Maryland VLT Law, the Maryland Lottery and Gaming Control Commission ("Maryland Commission"), in conjunction with the Maryland Lottery and Gaming Control Agency ("Maryland Agency"), maintains authority to regulate the operation of video lottery terminals and tables games within the State of Maryland, and to issue video lottery operation licenses to qualified applicants. The Maryland Video Lottery Facility Location Commission ("Maryland Location Commission") has the authority to award up to six video lottery operation licenses within the State of Maryland and is responsible for evaluating competing proposals and awarding the video lottery operation licenses to applicants based on business and market, economic development and location siting factors. The Maryland Location Commission cannot award a video lottery operation license to an applicant until the Maryland Commission determines that the applicant is qualified. On October 10, 2013, the Maryland Commission determined that MGM National Harbor, LLC and all applicable principals were qualified, and on December 23, 2013, the Maryland Location Commission awarded the video lottery operation license in Prince George's County, Maryland to MGM National Harbor, LLC. MGM National Harbor, LLC was awarded the sixth and final video lottery operation license in Maryland. On December 7, 2016, the Maryland Commission issued a video lottery operation license to MGM National Harbor, LLC, which license has an initial term of 15 years.

The initial license fee was based on the number of video lottery terminals initially proposed within the video lottery facility. As 3,600 video lottery terminals were proposed for MGM National Harbor, our initial license fee was $21 million, and the Maryland Location Commission determined that MGM National Harbor may have up to 3,600 terminals. Within 1 year of the end of the initial 15–year license term, a video lottery operation licensee may reapply for a license that has a license term of 10 years and a license fee to be established by statute.

At the request of the Company, the Maryland Commission has temporarily reduced the number of permitted video lottery terminals to 3,321, which temporary reduction will become permanent if there are not 3,600 terminals in operation at MGM National Harbor by December 8, 2017.

Under the Maryland VLT Law, video lottery terminals each must have an average payout percentage of at least 87%. Video lottery facilities are permitted to operate 24 hours a day, and patrons must be 21 years of age to wager. While alcohol may be offered

in the video lottery facility, it may not be offered free of charge. The Maryland VLT Law and regulations also impose various restrictions on check cashing, debit and credit card usage, ATMs, and other transactions within the video lottery facility.

The Maryland Commission has extensive authority to conduct background investigations and to determine whether applicants for a video lottery operation license, affiliated holding or intermediary companies, directors, officers, key management employees, principals, partners, and other persons or entities holding a five percent or greater interest in the applicant, are qualified under the Maryland VLT Law.

The Maryland VLT Law provides that institutional investors may be exempt from certain regulatory requirements, and an Institutional Investor Waiver Application may be submitted for entities holding an interest in an applicant or licensee that are considered institutional investors. The term "institutional investor" generally includes insurance companies, banks and financial institutions, investment companies, trusts and advisors, pension funds, etc. The Maryland Commission's decision concerning whether to grant a waiver is discretionary, and based on a variety of factors that include, but are not limited to, the institutional investor's securities, whether the investor is substantially involved in the video lottery operations of the licensee, and the investor's gaming licensure history in other jurisdictions.

After a video lottery operation license is awarded and/or issued, the Maryland Commission has responsibility for the continuing regulation and licensing of the licensee and its officers, directors, and other designated persons. The Maryland Commission retains the authority to suspend, revoke or restrict a video lottery operation license, and may levy civil penalties for regulatory and other violations. The licensee's participation in video lottery and table game operations is expressly deemed a revocable privilege under the Maryland VLT Law, conditioned on the proper and continued qualification of the licensee and the licensee meeting reporting requirements and continuing to provide any assistance and information necessary to the Maryland regulators. Each licensee has an affirmative responsibility to provide an annual update of applicable licensing information to the Maryland Commission. Among other things, the Maryland Commission is also responsible for the collection of application, license and other fees, conducting investigations into the operation of video lottery terminals and table games, and reviewing and ruling on complaints, and may conduct unannounced inspections of the video lottery facility premises or the licensee's records and equipment.

The regulations promulgated to implement the Maryland VLT Law impose detailed substantive and procedural requirements related to video lottery licensing and ongoing operations. The regulations include, but are not limited to, provisions concerning: licensing investigations and hearings; marketing controls and standards; internal control standards related to accounting, finance and statistics, audits, record retention, complimentaries, surveillance, security, cage and customer transactions, promotions, and other gaming related controls; facility design standards; table games surveillance; gaming floor plans; the transportation and testing of video lottery terminals and table games equipment; the registration of video lottery terminals and table games; voluntary and mandatory patron exclusion; responsible gaming; and junket enterprises and representatives. Applicants and licensees must also meet requirements concerning minority business participation, provide health insurance and retirement benefits for employees, and give preference to hiring employees located within ten miles of the video lottery facility.

Generally, a video lottery operation license may not be transferred, assigned or pledged as collateral without approval from the Maryland Commission. Specifically, a licensee cannot sell or transfer more than 5% of the legal or beneficial interests in the licensee unless the Maryland Commission is notified and determines that the buyer or transferee meets all applicable qualification and regulatory requirements. If the licensee fails to meet these requirements, the applicable license will be automatically revoked ninety days after the transfer or sale. Entities and individuals are also prohibited from owning an interest in more than one video lottery facility, and any application to the Maryland Location Commission to apply for an additional license must include a plan for divesting the applicable interest in the initial license. Applicants seeking investors in an entity applying for a video lottery operation license must make serious, good-faith efforts to solicit and interview a reasonable number of minority investors before a license will be awarded by the Maryland Location Commission, and following the award, must again make serious, good-faith efforts to interview minority investors in any future attempts to raise venture capital or attract new investors to the entity awarded the license.

The Maryland Commission retains the authority to recommend or propose changes to the Maryland VLT Law, and may amend or change regulations concerning the Maryland VLT Law, which, if enacted, could adversely affect the gaming industry and our ability to operate in Maryland.

*New Jersey Government Regulation*

Our ownership of Borgata in Atlantic City, New Jersey subjects us to extensive state regulation under the New Jersey Casino Control Act and the regulations promulgated thereunder (collectively, the "NJ Act") and various other statutes and regulations. The New Jersey Casino Control Commission ("NJ Commission") and the New Jersey Division of Gaming Enforcement ("NJ Division" and, together with the NJ Commission, the "NJ Gaming Authorities") are, to varying degrees, empowered to regulate a wide spectrum

of gaming and non-gaming related activities and to approve the form of ownership and financial structure of not only a casino licensee, but also its holding and intermediary companies and entity qualifiers.

The NJ Commission issues casino licenses and casino key employee licenses and the NJ Division issues all other types of licenses, including permits to conduct intrastate Internet gaming and registrations and licenses to persons who provide goods or services to a casino. The NJ Division also is responsible for investigating all license applications and for monitoring compliance with and enforcing the requirements of the NJ Act.

On June 24, 2010, the NJ Commission renewed Borgata's casino license effective July 1, 2010 for a term which became indefinite by operation of law. However, no later than five years after the issuance of a casino license, and approximately every five years thereafter, the casino licensee and its qualifying entities and individuals must submit information to the NJ Gaming Authorities to demonstrate their continuing qualification. In addition, the NJ Commission may reopen the license hearing at any time, and the NJ Commission must do so at the request of the NJ Division. In September 2014, we and certain of our subsidiaries were found qualified as holding companies of Borgata.

Pursuant to the NJ Act and applicable precedent, no entity may hold a casino license unless each officer, director, person who directly or indirectly holds any beneficial interest or ownership of the securities of the licensee, each person who in the opinion of the Director of the NJ Division has the ability to control or elect a majority of the board of directors of the licensee (other than a banking or other licensed lending institution acting in the ordinary course of business) and each of its holding, intermediary or subsidiary companies, obtains and maintains qualification approval from the NJ Gaming Authorities.

Persons holding 5% or more of the equity securities of a holding or intermediary company are presumed to have the ability to control the company or elect one or more of its directors and will, unless this presumption is rebutted by clear and convincing evidence or the qualification requirement is waived, be required to individually qualify. Equity securities are defined in the NJ Act as any voting stock or any other security having a direct or indirect participation in the profits of the issuer. Notwithstanding either the presumption of control for holding 5% or more of the equity securities of a holding company or the requirement that a casino licensee establish and maintain the qualification of certain holders of debt securities, the NJ Act provides for a waiver of qualification for passive "institutional investors," as defined by the NJ Act under certain circumstances.

Casino licensees are also required to establish and maintain the qualifications of any financial backer, investor, mortgagee, bondholder, or holder of indentures, notes or other evidences of indebtedness, either in effect or proposed which bears any relation to the casino operation or casino hotel premises who holds 25% or more of such financial instruments or other evidences of indebtedness; provided, however, in circumstances of default, persons holding 10% of such financial instruments or evidences of indebtedness shall be required to establish and maintain their qualifications. Persons who hold less than these thresholds may be required to establish and maintain their qualifications in the discretion of the Director of the NJ Division. Banks and licensed lending institutions, however, are exempt from any qualification requirements if they are acting in the ordinary course of business.

The NJ Act imposes certain restrictions upon the issuance, ownership and transfer of securities of a casino licensee and its holding and intermediary companies and defines the term "security" to include instruments which evidence a direct or indirect beneficial ownership or creditor interest, including stock (common and preferred) mortgages, debentures, security agreements, notes, warrants, options and rights. If the NJ Commission finds that a holder of such securities is not qualified under the NJ Act, it has the right to take any remedial action deemed appropriate including the right to force divestiture by such disqualified holder of such securities. In the event that certain disqualified holders fail to divest themselves of such securities, the NJ Commission has the power to revoke or suspend the casino license or licenses related to the company which issued the securities. It is unlawful for a disqualified holder (i) to exercise, directly or through any trustee or nominee, any right conferred by such securities or (ii) to receive any dividends or interest upon such securities or any remuneration, in any form, from its affiliated casino licensee for services rendered or otherwise.

The NJ Act requires our certificate of incorporation to provide that our securities are held subject to the condition that if a holder is found to be disqualified by the NJ Commission pursuant to the NJ Act, such holder shall dispose of his interest in the company. Accordingly, our certificate of incorporation provides that a holder of our securities must dispose of such securities if the holder is found disqualified under the NJ Act. In addition, our certificate of incorporation provides that we may redeem the stock of any holder found to be disqualified.

The ability of a lender to foreclose on pledged assets, including gaming equipment, is subject to compliance with the NJ Act. Generally, no person is permitted to hold an ownership interest in or manage a casino or own any gaming assets, including gaming devices, without being licensed. Consequently, any lender who desires to enforce a security interest must file the necessary applications for licensure, be investigated, and either be found qualified by the NJ Commission or obtain interim casino authorization ("ICA") prior to obtaining any ownership interest. Similarly, any prospective purchaser of an ownership interest in a casino or of

gaming assets must file the necessary applications for licensure, be investigated, and either found qualified by the NJ Commission or obtain ICA prior to obtaining any ownership interest or gaming assets.

*Massachusetts Government Regulation*

The Massachusetts Expanded Gaming Act ("Massachusetts Act") subjects the owners and operators of gaming establishments to extensive state licensing and regulatory requirements. We are subject to the Massachusetts Act and the regulations promulgated to implement it through our ownership interest in Blue Tarp reDevelopment, LLC ("Blue Tarp"), which is expected to operate a gaming establishment in Springfield, Massachusetts, which establishment is currently scheduled for completion and opening in the third quarter of 2018.

Under the Massachusetts Act, the Massachusetts Gaming Commission ("Massachusetts Commission") is responsible for issuing licenses under the Massachusetts Act and assuring that licenses are not issued or held by unqualified, disqualified or unsuitable persons. The Investigations and Enforcement Bureau ("IEB"), which is a Bureau within the Massachusetts Commission, is responsible for conducting administrative investigations of applicants and licensees, and for generally enforcing the Massachusetts Act and the regulations promulgated thereunder. In order to enforce the law, the IEB coordinates with the Massachusetts State Police, Attorney General and the Alcoholic Beverage Control Commission in order to perform its duties. The Massachusetts Act also establishes a Gaming Enforcement Division within the Massachusetts Attorney General's Office responsible for investigating and prosecuting criminal violations of the Massachusetts Act. The Massachusetts Commission has the authority to award up to three Category 1 licenses (table games and slot machines), and one Category 2 license (slot machines only), within the Commonwealth of Massachusetts to qualified applicants.

On December 23, 2013, the Massachusetts Commission determined that Blue Tarp and all applicable principal individuals and entities were qualified, and on November 6, 2014, the Massachusetts Commission awarded the sole Category 1 license in Region B of Massachusetts to Blue Tarp, effective November 7, 2014.

While a Category 1 license has been awarded to Blue Tarp, Blue Tarp may not conduct gaming activities until an operations certificate has been issued by the Massachusetts Commission, which will be issued upon compliance with applicable provisions of the Massachusetts Act and regulations promulgated thereunder, receipt of all required permits and approvals, compliance with the conditions of Blue Tarp's Category 1 license, and Blue Tarp continuing to meet applicable licensing, registration, qualification and other regulatory requirements. Under the Massachusetts Act, a Category 1 gaming licensee who fails to commence operations within one year from the opening date approved by the Massachusetts Commission is subject to the suspension or revocation of its license and, if the Commission determines that the gaming licensee acted in bad faith in its application, be assessed a fine of $50,000,000 or less.

The initial license term is 15 years, which will commence upon the Massachusetts Commission's approval of the commencement of the operation of the gaming establishment. The initial license fee for Category 1 licenses is $85,000,000, as determined by the Massachusetts Commission and authorized by the Massachusetts Act, which amount Blue Tarp has paid. All Category 1 and Category 2 gaming licensees are also subject to additional annual fees under the Massachusetts Act. Category 1 licensees must generally make on-going annual capital expenditures to their gaming establishments in a minimum aggregate amount equal to 3.5 percent of the net gaming revenues derived from the establishment.

Under the Massachusetts Act, gaming establishments may be open 24 hours a day, patrons must be 21 years of age to wager. Gaming beverage licenses may be granted by the Massachusetts Commission for the sale and distribution of alcoholic beverages at the gaming establishment except between the hours of 2 a.m. and 8 a.m.. The Massachusetts Act and regulations also describe procedures for, and restrictions on, check cashing, debit and credit card usage, ATMs, and other transactions within the gaming establishment. Certain regulations related to these transactions and other casino internal controls are currently in draft form, and subject to further review, revision and final approval.

The Massachusetts Commission, in particular the IEB, has extensive authority to conduct background investigations and to determine whether applicants for Category 1 and Category 2 licenses, affiliated holding or intermediary companies, subsidiaries, directors, managers, officers, financiers and debt holders, associates, key gaming executives and employees, other gaming related employees, and other persons or entities holding a five percent or greater direct or indirect interest in the applicant, are qualified under the Massachusetts Act (with certain exemptions for institutional investors in the discretion of the Massachusetts Commission).

After a Category 1 license is awarded, the Massachusetts Commission and IEB have responsibility for the continuing regulation and licensing of the licensee and its officers, directors, employees and other designated persons. The Massachusetts Commission retains the authority to suspend, revoke or condition a Category 1 license, or any other license issued under the Massachusetts Act, and the IEB may levy civil penalties for regulatory and other violations. All licenses issued under the Massachusetts Act are expressly

deemed a revocable privilege, conditioned on the licensee's fulfillment of all conditions of licensure, compliance with applicable laws and regulations, and the licensee's continuing qualification and suitability . Among other things, the Massachusetts Commission is also responsible for the collection of application, license and other fees, conducting investigations of and monitoring applicants and licensees, and reviewing and ruling on complaints, and may conduct inspections of the gaming establishment premises or the licensee's records and equipment .

The regulations promulgated to implement the Massachusetts Act impose detailed substantive and procedural requirements related to licensing and on-going operations. The regulations include, but are not limited to, provisions concerning: licensing and registration of employees; accounting procedures and internal controls; surveillance and security requirements; gaming equipment, devices and systems, and device registration and testing; self-exclusion; on-going reporting requirements related to construction, approvals and operations; temporary licensure; marketing and affirmative marketing plans; notification requirements related to new or changes in shareholders, executives, and other qualifiers; notification and/or approval of certain material events and transactions; complimentary services; on-going capital expenditures; political contributions; credit issuance and customer transactions; auditing and record retention; facility design and gaming floor plans; slot machine possession and transportation; table game rules and procedures; employee credentials; vendors and junkets; and count room and cage procedures.

Generally, interests in a gaming establishment and Category 1 licenses may not be transferred without notification to and approval of the Massachusetts Commission. The sale, assignment, transfer, pledge or other disposition of any security issued by a corporation which holds a gaming license is conditional and will be ineffective if disapproved by the Massachusetts Commission. Category 1 licensees may also not change their business governing structure without the notification and approval of the Massachusetts Commission, and may not operate, invest in or own, in whole or in part, another gaming licensee's license or gaming establishment.

The Massachusetts Commission retains the authority to promulgate, amend or repeal regulations concerning the Massachusetts Act, which, if enacted, could adversely affect the gaming industry and our ability to operate in Massachusetts. Further, certain regulations are currently in draft form, and subject to further review, revision and final approval.

**Exhibit 99.3**

**CITYCENTER HOLDINGS, LLC AND SUBSIDIARIES**

**I N D E X**

## I NDEPENDENT AUDITORS' REPORT

To the Board of Directors
CityCenter Holdings, LLC

We have audited the accompanying consolidated financial statements of CityCenter Holdings, LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of operations, members' equity, and cash flows for each of the three years in the period ended December 31, 2016, and the related notes to the consolidated financial statements.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CityCenter Holdings, LLC and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in accordance with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Las Vegas, Nevada
February 17, 2017

**CITYCENTER HOLDINGS, LLC**
**CONSOLIDATED BALANCE SHEETS**
***(In thousands)***

| | December 31, | |
|---|---|---|
| | **2016** | **2015** |
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 248,474 | $ 269,557 |
| Accounts receivable, net | 106,029 | 107,179 |
| Inventories | 16,786 | 18,786 |
| Prepaid expenses and other current assets | 22,994 | 28,621 |
| Assets held for sale | – | 667,951 |
| Total current assets | 394,283 | 1,092,094 |
| **Residential real estate** | – | 1,771 |
| **Property and equipment, net** | 6,657,660 | 6,902,444 |
| **Other assets** | | |
| Intangible assets, net | 19,881 | 21,081 |
| Deposits and other assets, net | 26,944 | 41,393 |
| Total other assets | 46,825 | 62,474 |
| | $ 7,098,768 | $ 8,058,783 |
| **LIABILITIES AND MEMBERS' EQUITY** | | |
| **Current liabilities** | | |
| Accounts payable | $ 23,973 | $ 23,027 |
| Construction payable | 6,743 | 7,513 |
| Accrued interest on long-term debt | 13,662 | – |
| Current portion of long-term debt | – | 5,167 |
| Due to MGM Resorts International | 63,939 | 55,018 |
| Other accrued liabilities | 187,505 | 179,801 |
| Liabilities related to assets held for sale | – | 1,247 |
| Total current liabilities | 295,822 | 271,773 |
| **Long-term debt, net** | 1,227,509 | 1,480,529 |
| **Other long-term obligations** | 21,407 | 18,726 |
| **Commitments and contingencies (Note 11)** | | |
| **Members' equity** | 5,554,030 | 6,287,755 |
| | $ 7,098,768 | $ 8,058,783 |

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

**CITYCENTER HOLDINGS, LLC**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
***(In thousands)***

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2016** | **2015** | **2014** |
| **Revenues** | | | |
| Casino | $ 440,832 | $ 450,166 | $ 422,979 |
| Rooms | 458,015 | 429,488 | 409,495 |
| Food and beverage | 327,339 | 285,883 | 293,778 |
| Entertainment | 19,723 | 54,273 | 55,225 |
| Retail | 22,160 | 21,937 | 21,923 |
| Residential | 2,646 | 33,358 | 62,985 |
| Other | 58,247 | 51,948 | 51,413 |
| | 1,328,962 | 1,327,053 | 1,317,798 |
| Less: Promotional allowances | (128,897) | (130,673) | (129,683) |
| | 1,200,065 | 1,196,380 | 1,188,115 |
| **Expenses** | | | |
| Casino | 212,592 | 230,227 | 226,582 |
| Rooms | 137,985 | 133,507 | 130,150 |
| Food and beverage | 205,769 | 174,624 | 179,588 |
| Entertainment | 14,018 | 36,904 | 37,318 |
| Retail | 14,525 | 14,629 | 15,531 |
| Residential | 1,880 | 23,994 | 49,195 |
| Other | 32,616 | 31,197 | 30,505 |
| General and administrative | 230,734 | 242,576 | 262,963 |
| Property transactions, net | 4,529 | (154,788) | 61,712 |
| NV energy exit expense | 26,089 | – | – |
| Depreciation and amortization | 313,787 | 251,847 | 330,207 |
| | 1,194,524 | 984,717 | 1,323,751 |
| **Operating income (loss)** | 5,541 | 211,663 | (135,636) |
| **Non-operating income (expense)** | | | |
| Interest income | 885 | 471 | 332 |
| Interest expense, net | (61,032) | (72,791) | (82,260) |
| Loss on retirement of debt | (4,102) | – | (4,584) |
| Other, net | (106) | (191) | (7,579) |
| **Net income (loss) from continuing operations** | (58,814) | 139,152 | (229,727) |
| Income from discontinued operations | 407,187 | 22,681 | 21,161 |
| **Net income (loss)** | $ 348,373 | $ 161,833 | $ (208,566) |

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

**CITYCENTER HOLDINGS, LLC**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
***(In thousands)***

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2016** | **2015** | **2014** |
| **Cash flows from operating activities** | | | |
| Net income (loss) | $ 348,373 | $ 161,833 | $ (208,566) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | |
| Depreciation and amortization | 318,122 | 272,330 | 350,926 |
| Amortization of debt discounts and issuance costs | 3,960 | 4,486 | 4,718 |
| Loss on retirement of long-term debt | 4,102 | – | 4,584 |
| Gain on the sale of Crystals | (400,082) | – | – |
| Property transactions, net | 4,529 | (154,733) | 61,914 |
| Provision for doubtful accounts | 12,551 | 22,420 | 18,311 |
| Changes in current assets and liabilities: | | | |
| Accounts receivable | (11,401) | (22,622) | 3,756 |
| Inventories | 2,000 | 1,751 | (263) |
| Prepaid expenses and other | 8,461 | (11,612) | (279) |
| Accounts payable and accrued liabilities | (4,807) | (74,248) | (8,248) |
| Change in residential real estate | 1,771 | 6,609 | 44,548 |
| Other | 10,100 | (7,754) | (6,924) |
| Net cash provided by operating activities | 297,679 | 198,460 | 264,477 |
| **Cash flows from investing activities** | | | |
| Capital expenditures, net of construction payable | (70,454) | (133,966) | (60,266) |
| Litigation settlements and insurance proceeds | – | 87,617 | 93,635 |
| Proceeds from the sale of Crystals | 1,078,889 | – | – |
| Increase in restricted cash | – | – | (85,164) |
| Decrease in restricted cash | – | 143,170 | 13,900 |
| Other | 657 | (49) | (746) |
| Net cash provided by (used in) investing activities | 1,009,092 | 96,772 | (38,641) |
| **Cash flows from financing activities** | | | |
| Net repayments under bank credit facilities – maturities of three months or less | – | (38,000) | (154,250) |
| Net repayments under bank credit facilities - maturities longer than ninety days | (266,000) | – | – |
| Dividends and distributions paid | (1,080,000) | (400,000) | – |
| Cash contributions from Members | – | 141,390 | 31,400 |
| Cash distributions to Members | (2,098) | – | – |
| Due to MGM Resorts International | 20,244 | 4,524 | (3,002) |
| Debt issuance costs | – | – | (772) |
| Net cash used in financing activities | (1,327,854) | (292,086) | (126,624) |
| **Cash and cash equivalents** | | | |
| Net increase (decrease) for the period | (21,083) | 3,146 | 99,212 |
| Balance, beginning of period | 269,557 | 266,411 | 167,199 |
| Balance, end of period | $ 248,474 | $ 269,557 | $ 266,411 |

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

**CITYCENTER HOLDINGS, LLC**
**CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY**
***(In thousands)***

| | | |
|---|---|---|
| **Balance as of January 1, 2014** | $ | 6,561,698 |
| Cash contributions from Members | | 31,400 |
| Income from discontinued operations | | 21,161 |
| Net loss from continuing operations | | (229,727) |
| **Balance as of December 31, 2014** | | 6,384,532 |
| Cash contributions from Members | | 141,390 |
| Dividends paid | | (400,000) |
| Income from discontinued operations | | 22,681 |
| Net income from continuing operations | | 139,152 |
| **Balance as of December 31, 2015** | | 6,287,755 |
| Cash distributions to Members | | (2,098) |
| Dividends and distributions paid | | (1,080,000) |
| Income from discontinued operations | | 407,187 |
| Net loss from continuing operations | | (58,814) |
| **Balance as of December 31, 2016** | $ | 5,554,030 |

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

## NOTE 1 — ORGANIZATION AND NATURE OF BUSINESS

**Organization.** CityCenter Holdings, LLC (the "Company") is a Delaware limited liability company formed on November 2, 2007. The Company was formed to acquire, own, develop and operate the CityCenter development ("CityCenter") in Las Vegas, Nevada. The Company is a joint venture which is 50%-owned by wholly owned subsidiaries of MGM Resorts International (together with its subsidiaries, "MGM Resorts"), a Delaware corporation, and 50%-owned by Infinity World Development Corp ("Infinity World"), which is wholly owned by Dubai World, a Dubai United Arab Emirates government decree entity (each, a "Member"). The governing document for the Company is the Third Amended and Restated Limited Liability Company Agreement dated December 22, 2015 (the "LLC Agreement").

Under the LLC Agreement, the Board of Directors of the Company is composed of six representatives (subject to intermittent vacancies) – three selected by each Member – and has exclusive power and authority for the overall management of the Company. Compensation for Board of Directors' duties is borne by the Members. The Company has no employees and has entered into several agreements with MGM Resorts to provide for the development and day-to-day management of CityCenter and the Company. See Note 14 for further discussion of such agreements.

**Nature of Business.** CityCenter is a mixed-use development on the Las Vegas Strip located between the Bellagio and Monte Carlo resorts, both owned by MGM Resorts. CityCenter consists of the following components:

- Aria Resort & Casino, a 4,004-room casino resort featuring an approximately 140,000 square-foot casino, approximately 300,000 square feet of conference and convention space, and numerous world-class restaurants, nightclub and bars, and pool and spa amenities;
- The Vdara Hotel and Spa, a luxury condominium-style hotel with 1,495 units;
- Mandarin Oriental, Las Vegas, a 392-room non-gaming boutique hotel managed by luxury hotelier Mandarin Oriental Hotel Group, as well as 225 luxury residential units (all 225 units were sold and closed as of December 31, 2015); and
- The Veer Towers, 669 units in two towers consisting entirely of luxury residential condominium units (all 669 units were sold and closed as of December 31, 2016).

In April 2016, the Company closed the sale of The Shops at Crystals ("Crystals"). See Note 3 for additional information related to the sale.

Substantially all of the operations of CityCenter commenced in December 2009. See Note 11 for discussion of the demolition of the Harmon Hotel & Spa ("Harmon").

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

**Basis of presentation.** The consolidated financial statements include the accounts of the Company and its subsidiaries. The Company does not have a variable interest in any variable interest entities. All intercompany balances and transactions have been eliminated in consolidation. The results of operations are not necessarily indicative of the results to be expected in the future.

**Reclassification.** Certain assets, liabilities, revenues and expenses have been reclassified related to discontinued operations. See Note 3 for additional information related to discontinued operations.

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

**Fair value measurements.** Fair value measurements affect the Company's accounting for and impairment assessments of its long-lived assets and intangible assets. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is measured according to a hierarchy consisting of: Level 1 inputs, such as quoted prices in an active market; Level 2 inputs, which are observable inputs for similar assets; or Level 3 inputs, which are unobservable inputs.

**Cash and cash equivalents.** Cash and cash equivalents include investments and interest bearing instruments with maturities of three months or less at the date of acquisition. Such investments are carried at cost, which approximates fair value.

**Accounts receivable and credit risk.** The Company issues markers to approved casino customers following investigations of creditworthiness. As of December 31, 2016, approximately 64% of the Company's casino receivables were due from customers from foreign countries. Enforceability issues, business or economic conditions or other significant events in these countries could affect the collectability of such receivables.

Trade receivables, including casino and hotel receivables, are typically non-interest bearing and are initially recorded at cost. Accounts are written off when management deems the account to be uncollectible. Recoveries of accounts previously written off are recorded when received. An allowance for doubtful accounts is maintained to reduce the Company's receivables to their estimated realizable amount, which approximates fair value. The allowance is estimated based on a specific review of customer accounts as well as historical collection experience and current economic and business conditions. Management believes that as of December 31, 2016, no significant concentrations of credit risk existed.

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

**Residential real estate.** As of December 31, 2016, all residential units were sold. In prior periods, residential real estate represented capitalized costs of residential inventory, which consisted of completed condominium units available for sale less impairments previously recognized. Costs included land, direct and indirect construction and development costs, and capitalized property taxes and interest.

**Property and equipment.** Property and equipment are stated at cost including capitalized interest. Gains or losses on dispositions of property and equipment are included in the determination of income or loss. Maintenance and repairs that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Property and equipment are depreciated over the following estimated useful lives on a straight-line basis:

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

Project costs are stated at cost and recorded as property and equipment (which includes adjustments made upon the initial contribution by MGM Resorts to the extent such property or equipment is contributed by MGM Resorts) unless determined to be impaired, in which case the carrying value is reduced to estimated fair value. Final costs of CityCenter development were determined in connection with settlement of Perini litigation in December 2014 as discussed in Note 11. The Company recorded non-operating expense related to the Perini settlement of $8 million for statutory interest on estimated amounts payable in 2014.

In December 2015, the Company decided to close the Zarkana show at the Aria Resort & Casino as part of a plan to expand its conference and convention space. As a result, the Company shortened the useful lives of the assets related to the Zarkana theatre and recognized accelerated depreciation expense of $82 million and $20 million during the years ended December 31, 2016 and 2015, respectively. The fully depreciated assets related to the Zarkana theatre were disposed in April 2016 and construction of the conference and expansion space began in May 2016.

**Capitalized interest.** The interest costs associated with development and construction projects are capitalized and included in the cost of the project. Capitalization of interest ceases when the project is substantially complete or development activity is suspended for more than a brief period.

**Impairment of long-lived assets.** The Company evaluates its property and equipment for impairment as held and used. The Company reviews assets to be held and used for impairment whenever indicators of impairment exist. It then compares the estimated future cash flows of the asset, on an undiscounted basis, to the carrying amount of the asset. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying amount, then impairment is recorded based on the fair value of the asset, typically measured using a discounted cash flow model.

**Intangible assets.** Indefinite-lived intangible assets are reviewed for impairment at least annually and between annual test dates in certain circumstances. The Company performs its annual impairment test for indefinite-lived intangible assets in the fourth quarter of each fiscal year. See Note 6 for further discussion.

**Debt issuance costs** . The Company capitalizes debt issuance costs, which include legal and other direct costs related to the issuance of debt. The capitalized costs are amortized straight-line to interest expense over the contractual term of the debt.

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

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | *(In thousands)* | | |
| Rooms | $ 21,711 | $ 22,513 | $ 22,159 |
| Food and beverage | 45,182 | 43,446 | 44,241 |
| All other | 5,180 | 8,153 | 8,520 |
| | $ 72,073 | $ 74,112 | $ 74,920 |

**Real estate sales.** Revenue for residential sales is deferred until closing occurs, which is when title, possession and other attributes of ownership have been transferred to the buyer and the Company is not obligated to perform activities after the sale. Additionally, the buyer's initial and continuing investment must be adequate to demonstrate a commitment to pay and the buyer's receivable cannot be subject to future subordination.

Residential operating expenses include cost of real estate sold, holding costs, selling costs, indirect selling costs and valuation allowances for residential mortgage notes receivable. Costs associated with residential sales were deferred during construction, except for indirect selling costs and general and administrative expense, which were expensed as incurred.

**Loyalty programs.** Aria participates in the MGM Resorts' "M life Rewards" loyalty program. Customers may earn points and/or Express Comps for their gaming play which can be redeemed at restaurants, box offices or the M life Rewards front desk at participating properties. Points may also be redeemed for free slot play on participating machines. The Company records a liability based on the points earned multiplied by the redemption value, less an estimate for points not expected to be redeemed, and records a corresponding reduction in casino revenue. Customers also earn Express Comps based on their gaming play which can be redeemed for complimentary goods and services, including hotel rooms, food and beverage, and entertainment. The Company records a liability for the estimated costs of providing goods and services for Express Comps based on the Express Comps earned multiplied by a cost margin, less an estimate for Express Comps not expected to be redeemed and records a corresponding expense in the casino department.

**Advertising.** The Company expenses advertising costs the first time the advertising takes place. Advertising expense is included in preopening and start-up expenses when related to the preopening and start-up period and in general and administrative expense when related to ongoing operations. Advertising expense was $15 million, $20 million and $20 million for the years ended December 31, 2016, 2015 and 2014, respectively.

**Property transactions, net.** The Company classifies transactions related to long-lived assets – such as write-downs and impairments, demolition costs, and gains and losses on the sale of fixed assets – within "Property transactions, net" in the accompanying consolidated statements of operations. See Note 9 for details.

**Income taxes.** The Company is treated as a partnership for federal income tax purposes. Therefore, federal income taxes are the responsibility of the Members. As a result, no provision for income taxes is reflected in the accompanying consolidated financial statements.

**Comprehensive income (loss).** Net income (loss) equals comprehensive income (loss) for all periods presented.

**Dividends and distributions.** In March 2016, a $90 million dividend was declared in accordance with the Company's annual distribution policy, and in April 2016, the Company declared a $990 million special distribution in connection with the Crystals sale.

Of these dividends and distributions totaling $1.1 billion, $540 million was paid to MGM Resorts in May 2016 and $540 million was paid to Infinity World in July 2016. In April 2015, the Company declared and paid a special dividend of $400 million. Under the annual distribution policy, the Company intends to distribute up to 35% of excess cash flow, subject to the approval of the Company's board of directors.

**Recently issued accounting standards.** In 2015 and 2016, the Financial Accounting Standards Board ("FASB") issued the following Accounting Standard Updates ("ASU") related to revenue recognition, effective for fiscal years beginning after December 15, 2017 and December 15, 2018, for public entities and nonpublic entities, respectively, pursuant to ASU 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date":

- ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)," outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 provides for a new revenue recognition model which includes a five-step analysis in determining when and how revenue is recognized, including identification of separate performance obligations for each contract with a customer. Additionally, the new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services;

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

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

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

The Company is currently assessing the impact that the adoption of the above ASUs related to revenue recognition will have on its consolidated financial statements and footnote disclosures. The Company plans to adopt the above ASUs for the fiscal year beginning after December 15, 2017. However, the Company has identified a few significant impacts. Under the new guidance the Company expects it will no longer be permitted to recognize revenues for goods and services provided to customers for free as an inducement to gamble as gross revenue with a corresponding offset to promotional allowances to arrive at net revenues as discussed above. The Company expects the majority of such amounts will offset casino revenues. In addition, accounting for Express Comps granted under MGM Resort's M life Rewards program as outlined above will also change. Under the new guidance Express Comps earned by customers through past revenue transactions will be identified as separate performance obligations and will be recorded as a reduction in gaming revenues when earned at the retail value of such benefits owed to the customer (less estimated breakage). When customers redeem such benefits and the performance obligation is fulfilled by the Company, revenue will be recognized in the department that provides the goods or services (i.e. hotel, food and beverage, entertainment). In addition, given that M life Rewards is an aspirational program with multiple customer tiers which provide certain benefits to tier members, the Company will need to further assess if such benefits are deemed to be separate performance obligations under the new guidance.

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

In August 2016, the FASB issued Accounting Standards Update No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)," ("ASU 2016-15"), effective for fiscal years beginning after December 15, 2017. ASU 2016-15 amends the guidance of ASC 230 on the classification of certain cash receipts and payments in the statement of cash flows. The primary purpose of ASU 2016-15 is to reduce the diversity in practice that has resulted from the lack of consistent principles, specifically clarifying the guidance on eight cash flow issues. The Company is currently assessing the impact that adoption of ASU 2016-15 will have on its consolidated financial statements.

**Subsequent events.** Management has evaluated subsequent events through February 17, 2017, the date these consolidated financial statements were issued. In January 2017, the Company repriced its $1.2 billion term loan B senior credit facility and re-priced and extended its $75 million revolving credit facility. See Note 8 for details.

**NOTE 3 — ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS;**

In April 2016, the Company closed the sale of Crystals, a retail, dining and entertainment district, to a venture led by Invesco Real Estate and Simon Property Group for approximately $1.1 billion. The Company recognized a gain of $400 million on the sale of Crystals, which is included within "Income from discontinued operations," for the year ended December 31, 2016. The results of Crystals are classified as discontinued operations in the accompanying consolidated statements of operations for the years ended December 31, 2016, 2015 and 2014 as the sale of Crystals was a strategic shift in business. The cash flows of discontinued operations are included with the cash flows of continuing operations in the accompanying consolidated statements of cash flows. The 2015 and 2014 consolidated statements of cash flows have not been adjusted to reflect discontinued operations. The assets and liabilities of Crystals are classified as held for sale as of December 31, 2015.

The following table summarizes the assets held for sale and liabilities related to assets held for sale in the accompanying consolidated balance sheet for December 31, 2015.

| | December 31, 2015 |
|---|---|
| | *(In thousands)* |
| Property and equipment, net | $ 667,155 |
| Intangible assets, net | 688 |
| Deposits and other assets, net | 108 |
| Total assets | 667,951 |
| Other accrued liabilities | 1,247 |
| Total liabilities | 1,247 |
| Net assets | $ 666,704 |

The following table summarizes the net revenues, depreciation, amortization and capital expenditures of Crystals.

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | | *(In thousands)* | |
| Net revenues | $ 18,586 | $ 64,079 | $ 61,279 |
| Depreciation & amortization | 4,335 | 20,483 | 20,719 |
| Capital expenditures | 11 | 1,399 | 169 |

**NOTE 4 — ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net consisted of the following:

| | December 31, | |
|---|---|---|
| | 2016 | 2015 |
| | *(In thousands)* | |
| Casino | $ 94,885 | $ 112,461 |
| Hotel | 33,880 | 30,241 |
| Other | 13,962 | 9,555 |
| | 142,727 | 152,257 |
| Less: Allowance for doubtful accounts | (36,698) | (45,078) |
| | $ 106,029 | $ 107,179 |

**NOTE 5 — PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consisted of the following:

| | December 31, | |
|---|---|---|
| | 2016 | 2015 |
| | *(In thousands)* | |
| Land | $ 1,599,234 | $ 1,599,234 |
| Buildings, building improvements and land improvements | 5,610,600 | 5,683,252 |
| Furniture, fixtures and equipment | 1,381,557 | 1,437,520 |
| Construction in progress | 32,850 | 10,642 |
| | 8,624,241 | 8,730,648 |
| Less: Accumulated depreciation and amortization | (1,966,581) | (1,828,204) |
| | $ 6,657,660 | $ 6,902,444 |

**NOTE 6— INTANGIBLE ASSETS, NET**

Intangible assets, net consisted of the following:

| | December 31, | |
|---|---|---|
| | 2016 | 2015 |
| Indefinite-lived: | *(In thousands)* | |
| Intellectual property | $ 4,329 | $ 4,329 |
| Finite-lived: | | |
| Aircraft time sharing agreement | 24,000 | 24,000 |
| Other intangible assets | 578 | 578 |
| | 24,578 | 24,578 |
| Less: Accumulated amortization | (9,026) | (7,826) |
| | $ 19,881 | $ 21,081 |

The majority of the Company's intangible assets are assets that were contributed by MGM Resorts upon formation of the Company. Intellectual property represents trademarks, domain names, and other intellectual property including the *CityCenter, Aria and Vdara* tradenames and *Aria.com* domain. There is no contractual or market-based limit to the use of these intangible assets and therefore they have been classified as indefinite-lived.

The Company performs an annual review of its indefinite-lived intangible assets for impairment in the fourth quarter each year. The asset's fair value is compared to its carrying value, and an impairment charge is recorded for any short-fall. Fair value is estimated using the relief-from-royalty method which discounts cash flows that would be required to obtain the use of the related intangible asset. Key inputs in the relief-from-royalty analysis include forecasted revenues related to the intangible asset, market royalty rates, discount rates and terminal year growth rates.

The aircraft time sharing agreement intangible asset relates to an agreement between MGM Resorts and the Company whereby MGM Resorts provides the Company the use of MGM Resorts' aircraft in its operations. The Company is charged a rate that is based

on Federal Aviation Administration regulations, which provides for reimbursement for specific costs incurred by MGM Resorts without any profit or mark-up. Accordingly, the fair value of this agreement was recognized as an intangible asset, and is being amortized on a straight-line basis over 20 years, and will be fully amortized in 2029.

**NOTE 7— OTHER ACCRUED LIABILITIES**

Other accrued liabilities consisted of the following:

| | December 31, | |
|---|---|---|
| | 2016 | 2015 |
| | *(In thousands)* | |
| Advance deposits and ticket sales | $ 31,254 | $ 31,033 |
| Casino outstanding chip liability | 57,438 | 56,807 |
| Casino front money deposits | 45,465 | 36,764 |
| Other gaming related accruals | 9,916 | 10,257 |
| Taxes, other than income taxes | 13,352 | 15,553 |
| Harmon demolition accrual | 13,246 | 14,693 |
| Other | 16,834 | 14,694 |
| | $ 187,505 | $ 179,801 |

See Note 11 for discussion of the Harmon demolition accrual.

**NOTE 8 – LONG-TERM DEBT, NET**

Long-term debt, net consisted of the following:

| | December 31, | |
|---|---|---|
| | 2016 | 2015 |
| | *(In thousands)* | |
| Senior secured credit facility | $ 1,241,750 | $ 1,507,750 |
| Less discounts and unamortized debt issuance cost | (14,241) | (22,054 |
| | 1,227,509 | 1,485,696 |
| Less current portion of long-long term debt | – | (5,167 |
| | $ 1,227,509 | $ 1,480,529 |

Interest expense, net consisted of the following:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | | *(In thousands)* | |
| Senior secured credit facility including discount amortization | $ 59,254 | $ 70,309 | $ 79,545 |
| Amortization of debt issuance costs and other | 2,199 | 2,482 | 2,715 |
| Capitalized interest | (421) | – | – |
| | $ 61,032 | $ 72,791 | $ 82,260 |

**Senior secured credit facility.** At December 31, 2016, the Company's senior secured credit facility consisted of a $75 million revolving facility maturing in October 2018, and a $1.2 billion term loan B facility maturing in October 2020. The term loan B facility requires the Company to make amortization payments of 0.25% of the original principal balance at each quarter end. The Company used cash on hand to permanently repay $266 million of the term loan B facility during 2016. In June 2014 the Company completed a repricing of the term loan B facility and used available cash to permanently repay $150 million of the term loan B facility, a portion of which represents the amortization obligation through the remaining term of the facility.

The loans under the term loan B bear interest, in the case of Eurodollar loans, at LIBOR plus 3.25% with a LIBOR floor of 1.00%, and in the case of base rate loans, at the base rate plus 2.25%. As of December 31, 2016, the interest rate on the term loan B was 4.25%. Loans under the revolving facility bear interest, in the case of Eurodollar loans, at LIBOR plus 3.75% or 4.00%, depending on the Company's credit ratings, and in the case of base rate loans, 2.75% or 3.00%, depending on the Company's ratings. Additionally, the Company pays an applicable fee of 0.375% or 0.50%, depending on the Company's credit ratings, for the unused

portion of the revolving facility. The Company had $63 million of available borrowing capacity under its senior secured credit facility at December 31, 2016.

The senior secured credit facility is a general senior obligation of the Company and ranks equally with the Company's other existing and future senior obligations, is fully and unconditionally guaranteed on a senior secured basis by the restricted subsidiaries of the Company, and is secured by a first-priority perfected lien on substantially all of the Company's assets and the assets of its subsidiaries.

The senior secured credit facility contains customary positive, negative and financial covenants, including a requirement that the Company maintains a quarterly minimum interest coverage ratio of 2.0:1.0 and a maximum quarterly leverage ratio for the trailing four quarters of: 6.00:1.00 for March 31, 2016 through December 31, 2016; and 5.50:1.00 for March 31, 2017 and thereafter. The Company was in compliance with all applicable covenants as of December 31, 2016.

Pursuant to the senior secured credit facility, the Company is required to make permanent repayments of principal based on an annual calculation of excess cash flow, as defined in the agreements. The percentage of excess cash flow required to be repaid is based on the Company's leverage ratio as of the end of the fiscal year, with 50% required to be repaid if the leverage ratio is greater than 5.0:1.0 as of the measurement date, 25% if the leverage ratio is less than or equal to 5.0:1.0 and greater than 4.0:1.0, and no payment of excess cash flow is required if the leverage ratio is less than or equal to 4.0:1.0. During 2016 and as of December 31, 2016, the Company did not have excess cash flow required to be paid in accordance with the senior secured credit agreement for 2016. During 2015 the Company paid $38 million related to its 2015 excess cash flow obligation and recorded $5 million in current portion of long-term debt related to its remaining obligation.

In January 2017, the Company re-priced its $1.2 billion term loan B senior credit facility at par and re-priced and extended its $75 million revolving facility. The term loan B facility will now bear interest at LIBOR plus 2.75%, with a LIBOR floor of 0.75%. The revolving facility was re-priced at LIBOR plus 2.00% and extended to July 2020.

**Fair value of long-term debt.** The estimated fair value of the Company's long-term debt as of December 31, 2016 and 2015 was approximately $1.26 billion and $1.50 billion, respectively, and was determined using estimates based on trading prices of similar liabilities, a Level 2 input.

**Maturities of long-term debt.** As of December 31, 2016, maturities of the Company's long-term debt were as follows:

| For the year ending December 31, | *(In thousands)* |
|---|---|
| 2017 | $ – |
| 2018 | – |
| 2019 | – |
| 2020 | 1,241,750 |
| 2021 | – |
| Thereafter | – |
| | $ 1,241,750 |

**NOTE 9 — PROPERTY TRANSACTIONS, NET**

Property transactions, net consisted of the following:

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2016** | **2015** | **2014** |
| | | *(In thousands)* | |
| Construction litigation and Harmon related settlements | $ (1,211) | $ (159,980) | $ 47,540 |
| Other, net | 5,740 | 5,192 | 14,172 |
| | $ 4,529 | $ (154,788) | $ 61,712 |

In 2015, the Company recorded a $160 million gain associated with the settlement of the Perini litigation. See Note 11 for details.

In 2014, the Company recorded charges of $48 million related to certain settlement agreements in conjunction with the resolution of the Perini litigation as discussed in Note 11.

Other property transactions, net for the years ended December 31, 2016, 2015 and 2014 also includes normal recurring disposals, gains and losses on sales of assets, which may not be comparable period over period.

**NOTE 10 — SEGMENT INFORMATION**

The Company determines its segments based on the nature of the products and services provided. As of December 31, 2016, the Company has the following reportable segments: Aria, Vdara, Mandarin Oriental, and Residential. The Company has aggregated residential operations from Mandarin Oriental and Veer into one reportable segment "Residential" given the similar economic characteristics and business of selling and leasing high-rise condominiums. All other operating segments are reported separately. The Company's operating segments do not include the ongoing activity associated with closing out its construction costs and certain corporate administrative costs. During 2016 the Company sold Crystals which was previously a reportable segment.

The Company analyzes the results of its operating segments' operations based on Adjusted EBITDA, which it defines as earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening and start-up expenses, NV Energy exit expense, and property transactions, net. The Company believes Adjusted EBITDA is 1) a widely used measure of operating performance in the hospitality and gaming industry, and 2) a principal basis for valuation of hospitality and gaming companies.

While items excluded from Adjusted EBITDA may be recurring in nature and should not be disregarded in evaluating the Company's or its segments' earnings performance, it is useful to exclude such items when analyzing current results and trends compared to other periods because these items can vary significantly depending on specific underlying transactions or events that may not be comparable between the periods being presented. Also, the Company believes excluded items may not relate specifically to current operating trends or be indicative of future results. For example, write-downs and impairments includes normal recurring disposals and gains and losses on sales of assets related to specific assets within CityCenter, but also includes impairment charges which may not be comparable period over period.

The following tables present the Company's segment information:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| **Net revenues** | | *(In thousands)* | |
| Aria | $ 1,012,259 | $ 990,475 | $ 960,759 |
| Vdara | 119,367 | 111,006 | 103,856 |
| Mandarin Oriental | 65,763 | 61,541 | 60,515 |
| Residential | 2,676 | 33,358 | 62,985 |
| Net revenues | $ 1,200,065 | $ 1,196,380 | $ 1,188,115 |

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | *(In thousands)* | | |
| **Net income (loss)** | $ 348,373 | $ 161,833 | $ (208,566) |
| Less: Income from discontinued operations | (407,187) | (22,681) | (21,161) |
| **Income (loss) from continuing operations** | (58,814) | 139,152 | (229,727) |
| | | | |
| **Non-operating income (expense)** | | | |
| Interest income | (885) | (471) | (332) |
| Interest expense, net | 61,032 | 72,791 | 82,260 |
| Loss on retirement of debt | 4,102 | – | 4,584 |
| Other, net | 106 | 191 | 7,579 |
| | 64,355 | 72,511 | 94,091 |
| | | | |
| **Operating income (loss)** | 5,541 | 211,663 | (135,636) |
| NV Energy exit expense | 26,089 | – | – |
| Property transactions, net | 4,529 | (154,788) | 61,712 |
| Depreciation and amortization | 313,787 | 251,847 | 330,207 |
| **Adjusted EBITDA** | $ 349,946 | $ 308,722 | $ 256,283 |

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | *(In thousands)* | | |
| **Adjusted EBITDA** | | | |
| Aria | $ 310,698 | $ 269,454 | $ 244,161 |
| Vdara | 35,956 | 29,666 | 25,688 |
| Mandarin Oriental | 6,460 | 5,685 | 5,028 |
| Residential, administration and other operations | (3,168) | 3,917 | (18,594) |
| Adjusted EBITDA | $ 349,946 | $ 308,722 | $ 256,283 |

| | December 31, | |
|---|---|---|
| | 2016 | 2015 |
| **Total assets** | *(In thousands)* | |
| Aria | $ 5,996,160 | $ 6,233,007 |
| Vdara | 689,830 | 717,616 |
| Mandarin Oriental | 359,583 | 366,190 |
| Residential and other operations | 53,195 | 74,019 |
| Assets held for sale | – | 667,951 |
| | $ 7,098,768 | $ 8,058,783 |

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| **Capital expenditures** | *(In thousands)* | | |
| Aria | $ 67,262 | $ 47,807 | $ 31,174 |
| Vdara | 2,116 | 1,121 | 1,583 |
| Mandarin Oriental | 1,559 | 1,050 | 814 |
| Resort operations capital expenditures | 70,937 | 49,978 | 33,571 |
| Development and corporate administration, net of change in construction payable and due to MGM Resorts International, and other operations | (483) | 83,988 | 26,695 |
| Capital expenditures, net of change in construction payable | $ 70,454 | $ 133,966 | $ 60,266 |

Capital expenditures related to the original construction costs are included in "development and corporate administration, net of change in construction payable and due to MGM Resorts International." See Note 2 for discussion of project costs and allocation methodologies. Ongoing capital expenditures not related to the project budget are included within the relevant segments.

**NOTE 11 — COMMITMENTS AND CONTINGENCIES**

**NV Energy.** In July 2016, MGM Resorts, including the Company filed its notice to exit the fully bundled sales system of NV Energy and will purchase energy, capacity, and/or ancillary services from a provider other than NV Energy. In September 2016, the Company paid an upfront impact payment of $14 million, of which $2 million was billed to third party entities and represented a reduction in the overall impact fee expense. Of this $2 million receivable for amounts billed to third party entities, $1 million is included in Accounts receivable, net as of December 31, 2016. Additionally, the Company is required to make ongoing payments to NV Energy for non-bypassable rate charges which primarily relate to its share of NV Energy's portfolio of renewable energy contracts which extend through 2040 and each entity's share of the costs of decommissioning and remediation of coal-fired power plants in Nevada. As of December 31, 2016, the Company recorded an estimate of such liability on a discounted basis of $2 million in "Due to MGM Resorts International" and $13 million in "Other long-term obligations."

**Construction litigation.** In March 2010, Perini, general contractor for CityCenter, filed a lawsuit in the Eighth Judicial District Court for Clark County, State of Nevada, against MGM MIRAGE Design Group (a wholly owned subsidiary of MGM Resorts which was the original party to the Perini construction agreement) and certain direct or indirect subsidiaries of the Company. Perini asserted, among other things, that CityCenter was substantially completed, but the defendants failed to pay Perini approximately $490 million allegedly due and owing under the construction agreement for labor, equipment and materials expended on CityCenter.

In April 2010, Perini served an amended complaint in this case which joined as defendants many owners of CityCenter residential condominium units (the "Condo Owner Defendants"), added a count for foreclosure of Perini's recorded master mechanic's lien against the CityCenter property in the amount of approximately $491 million, and asserted the priority of this mechanic's lien over the interests of the Company, the Condo Owner Defendants and the Company's lenders in the CityCenter property. In November 2012, Perini filed a second amended complaint which, among other things, added claims against the CityCenter defendants of breach of contract (alleging that CityCenter's Owner Controlled Insurance Program ("OCIP") failed to provide adequate project insurance for Perini with broad coverages and high limits), and tortious breach of the implied covenant of good faith and fair dealing (alleging improper administration by the Company of the OCIP and Builders Risk insurance programs). Prior to the Final Settlement, as defined below, the Company settled the claims of 219 first-tier Perini subcontractors (including the claims of any lower-tier subcontractors that might have claims through those first-tier subcontractors). As a result of these settlement agreements and the prior settlement agreements between Perini and the Company, most but not all of the components of Perini's non-Harmon-related lien claim against the Company were resolved. On February 24, 2014, Perini filed a revised lien for $174 million as the amount claimed by Perini and the remaining Harmon-related subcontractors.

During 2013, the Company reached a settlement agreement with certain professional service providers against whom it had asserted claims in this litigation for errors or omissions with respect to the CityCenter project, and relevant insurers. This settlement was approved by the court and the Company received proceeds of $38 million in 2014 related to both the Harmon and other components of the CityCenter project.

In 2014, the Company reached a settlement with builder's risk insurers of a claim relating to damage alleged at the Harmon and received proceeds of $55 million.

In December 2014, the Perini matter was concluded through a global settlement among the Company, MGM Resorts, Perini, the remaining subcontractors, including those implicated in the Harmon work (and their affiliates), and relevant insurers, which followed the previously disclosed settlement agreements and an extra-judicial program for settlement of certain project subcontractor claims. This global settlement concluded all outstanding claims in the case (the "Final Settlement"). The effectiveness of the global settlement was made contingent upon the Company's execution of certain indemnity and release agreements (which were executed in January 2015) and the Company's procurement of replacement general liability insurance covering construction of the CityCenter development (which was obtained in January 2015).

The Final Settlement, together with previous settlement agreements relating to the non-Harmon related lien claims, resolved all of Perini's and the remaining subcontractors' lien claims against the Company and MGM Resorts, certain direct and indirect subsidiaries, MGM Resorts International Design (formerly known as MGM MIRAGE Design Group), and the Condo Owner Defendants. However, the Company expressly reserved any claims for latent or hidden defects as to any portion of CityCenter's original construction (other than the Harmon) not known to the Company at the time of the agreement. The Company and MGM Resorts entered into the Final Settlement solely as a compromise and settlement and not in any way as an admission of liability or fault.

The key terms of the Final Settlement included:

With respect to its non-Harmon lien claims, Perini waived a specific portion of its lien claim against the Company, which combined with the prior non-Harmon agreement and accrued interest resulted in a total payment to Perini of $153 million, approximately $14 million of which was paid in December 2014. The total payment to Perini was funded by MGM Resorts under their completion guarantee and included the application of approximately $58 million of condominium proceeds that were previously held in escrow by the Company to fund construction lien claims upon final resolution of the Perini litigation.

The Company's recovery for its Harmon construction defect claims, when added to the Harmon-related proceeds from prior insurance settlements of $85 million, resulted in gross cash settlement proceeds to the Company of approximately $191 million (of which approximately $18 million was paid by MGM Resorts to CityCenter under the completion guarantee in February 2015).

In conjunction with the Final Settlement, MGM Resorts and an insurer participating in the OCIP resolved their arbitration dispute concerning such insurers claim for payments it made under the OCIP general liability coverage for contractor costs incurred in the Harmon litigation, premium adjustments and certain other costs and expenses. MGM Resorts settled this dispute for $38 million, and funded the majority of such amounts under the completion guarantee in January 2015.

**Harmon.** As discussed above, a global settlement was reached in the Perini litigation in December 2014, which finally resolved all outstanding liens, claims and counterclaims between the Company and MGM Resorts on one hand, and Perini, the remaining subcontractors and remaining insurers on the other hand. Among the matters resolved were the Company's claims against Perini and other contractors and subcontractors with respect to construction at the Harmon. Pursuant to leave of court in 2014, the Company commenced demolition of the building. The Company has completed a partial demolition of the building and is currently evaluating options for further demolition and plans for the future use of the remaining structure. The Company believes the remaining demolition of the Harmon structure if demolished to the ground level would cost approximately $13 million.

**Other litigation.** The Company is a party to various legal proceedings that relate to construction and development matters and operational matters incidental to its business. Management does not believe that the outcome of such proceedings will have a material adverse effect on the Company's consolidated financial statements. The Company maintained an OCIP during the construction and development process. Under the OCIP, certain insurance coverages may cover a portion of the Company's general liability, workers compensation, and other potential liabilities.

**Other guarantees.** The Company is party to various guarantee contracts in the normal course of business, which are generally supported by letters of credit issued by financial institutions. The Company's available borrowing capacity under the senior secured credit facility is reduced by any outstanding letters of credit. At December 31, 2016, the Company had $12 million in letters of credit outstanding.

**Leases where the Company is a lessee.** The Company is party to various leases for real estate and equipment under operating lease arrangements. The Company's future minimum obligations under non-cancelable leases are immaterial in each of the next five years, and in total.

**Leases where the Company is a lessor.** The Company enters into operating leases related to retail, dining and entertainment venues. As of December 31, 2016, the Company has 11 such leases in place. Tenants are primarily responsible for tenant improvements, though the Company provides construction allowances to certain lessees. Leases include base rent, common area maintenance charges and, in some cases, percentage rent based on the sales of the lessee.

Expected fixed future minimum lease payments for leases in place as of December 31, 2016 are as follows:

| For the year ending December 31, | *(In thousands)* |
|---|---|
| 2017 | $ 2,421 |
| 2018 | 2,430 |
| 2019 | 2,181 |
| 2020 | 2,015 |
| 2021 | 1,153 |
| Thereafter | 1,030 |
| | $ 11,230 |

Several leases contain terms that are based on meeting certain operational criteria. Contingent rentals included in income were $5 million, $14 million and $8 million for the years ended December 31, 2016, 2015 and 2014, respectively.

**Residential leases.** In October of 2010, the Company began a program to lease a portion of unsold residential condominium units at Veer and Mandarin Oriental with minimum lease terms of one year. For the year ended December 31, 2016 there was no revenue recorded from the real estate leasing program. For the years ended December 31, 2015 and 2014 revenue from the real estate leasing program was $0.1 million and $1 million, respectively, and was recorded within "Residential and other operations" revenue.

**NOTE 12 — SUPPLEMENTAL CASH FLOW INFORMATION**

Supplemental cash flow information consisted of the following:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | | *(In thousands)* | |
| Supplemental cash flow disclosures: | | | |
| Interest paid | $ 43,410 | $ 68,306 | $ 95,250 |
| Increase in due to MGM Resorts International payable related to capital expenditures | 1,533 | 4,994 | – |
| Non-cash investing and financing activities: | | | |
| Reclassification of property and equipment, net to residential real estate | $ – | $ 7,293 | $ 43,291 |

**NOTE 13 — MEMBER CONTRIBUTIONS, DIVIDENDS AND DISTRIBUTIONS TO MEMBERS**

In March 2016, a $90 million dividend was declared in accordance with the Company's annual distribution policy, and in April 2016, the Company declared $990 million special distribution in connection with the Crystals sale. Of these dividends and distributions totaling $1.1 billion, $540 million was paid to MGM Resorts in May 2016 and $540 million was paid to Infinity World in July 2016. In April 2015, the Company declared and paid a special dividend of $400 million. Under the annual distribution policy, the Company intends to distribute up to 35% of excess cash flow, subject to the approval of the Company's board of directors.

In connection with the restated senior credit facility, MGM Resorts entered into a restated completion guarantee (as restated, the "completion guarantee") that supported the remaining construction payables from the construction of CityCenter. See Note 11 for further discussion of the Perini lawsuit. The completion guarantee was terminated in June 2015 and as of December 31, 2015, MGM Resorts had funded $888 million under the completion guarantee which the Company recorded as equity contributions.

**NOTE 14 — MANAGEMENT AGREEMENTS AND RELATED PARTY TRANSACTIONS**

The Company and MGM Resorts have entered into agreements whereby MGM Resorts was responsible for management of the design, planning, development and construction of CityCenter and is responsible for the ongoing management of CityCenter and the Company. The LLC Agreement provides for Infinity World's right to terminate the Operations Management Agreements if MGM Resorts' ability to perform under those agreements is impacted by its financial condition. MGM Resorts was reimbursed for certain costs incurred in performing the development services and the Company is paying MGM Resorts management fees as stipulated in each of the agreements referenced below.

**Operations management agreements.** The Company and MGM Resorts entered into the following agreements to provide for the ongoing operations of CityCenter:

- *Hotel and Casino Operations and Hotel Assets Management Agreement* – Pursuant to this agreement, MGM Resorts manages the operations of Aria and oversees the Mandarin Oriental component of CityCenter, which is managed by a third party. The Company pays MGM Resorts a fee equal to 2% of Aria's revenue plus 5% of Aria's EBITDA (as defined in the agreement) for services under this agreement.

- *Vdara Condo-Hotel Operations Management Agreement* – Pursuant to this agreement, MGM Resorts manages the ongoing operations of Vdara Condo-Hotel. The Company pays MGM Resorts a fee equal to 2% of Vdara's revenue and 5% of Vdara's EBITDA (as defined in the agreement) for services under this agreement.

- *Retail Management Agreement* – Pursuant to this agreement, the Company pays MGM Resorts an annual fee of $3 million related to Crystals.

During the years ended December 31, 2016, 2015 and 2014, the Company incurred $43 million, $41 million and $38 million, respectively, related to the management fees discussed above. In addition, the Company reimburses MGM Resorts for costs, primarily

employee compensation, associated with its management activities. During the years ended December 31, 2016, 2015 and 2014, the Company incurred $387 million, $393 million and $380 million, respectively, for reimbursed costs of management services provided by MGM Resorts. As of December 31, 2016 and 2015, the Company owed MGM Resorts $77 million and $55 million, respectively, for management services and reimbursable costs, and such amounts included $7 million and $5 million, respectively, related to capitalized construction costs.

**Aircraft agreement.** The Company has an agreement with MGM Resorts whereby MGM Resorts provides the Company the use of its aircraft on a time sharing basis. The Company is charged a rate that is based on Federal Aviation Administration regulations, which provides for reimbursement for specific costs incurred by MGM Resorts without any profit or mark-up. The Company reimbursed MGM Resorts $2 million, $2 million and $3 million for aircraft related expenses in the years ended December 31, 2016, 2015 and 2014, respectively.