



TAKING CENTER STAGE

ANNUAL REPORT 2015



MGM RESORTS
INTERNATIONAL®



DEAR SHAREHOLDERS,

2015 was a rewarding year for your Company. We accomplished important financial and operational milestones and announced key strategic initiatives that we believe will collectively pave the way for a stronger Company, setting the stage for an exhilarating 2016.

Last year, MGM Resorts reported consolidated Net Revenue of \$9.2 billion and Adjusted Property EBITDA of \$2.5 billion. Our wholly owned domestic resorts achieved its best Net Revenue and Adjusted Property EBITDA in seven years, driven by continued strength in Las Vegas as well as our key regional markets. CityCenter continues to impress, recording its best ever resort operations Net Revenue and Adjusted EBITDA of \$1.2 billion and \$348 million, respectively. MGM China earned Net Revenue of \$2.2 billion and Adjusted Property EBITDA of \$540 million.

In 2015, your Company continued its deleveraging efforts with the successful conversion of \$1.45 billion convertible notes and the payment of \$875 million 6.625% senior notes. CityCenter paid its first ever special dividend of \$400 million in April, of which your Company received its 50% share while also announcing the adoption of an annual dividend policy. In July, your Company launched a \$300 million Profit Growth Plan. We believe this plan is transformational, aimed to encourage our Company to take a dedicated approach to permanently enhancing our business with a focus on both revenue generation and cost efficiencies. We are already seeing initial success in the plan, not only in our financial performance, but also in the reinvigorated, collaborative mindset of the MGM Resorts family. Internally, our commitment to a "One Company, One Culture" environment is driving increasing engagement, transparency, diversity and inclusion. In October, your Company announced the creation of MGM Growth Properties LLC ("MGP"). Upon its formation, we expect that MGP will be one of the leading publically traded real estate investment trusts ("REIT"), controlled by MGM Resorts, and engaged in the acquisition, ownership and leasing of large-scale destination entertainment and leisure resorts.

Collectively, these meaningful accomplishments reinforce management's commitment to deliberate financial improvement and position your Company for long-term sustainable growth.

LAS VEGAS

2015 visitation to Las Vegas set a record at 42.3 million visitors supported by another strong year of convention business with year-over-year city-wide convention attendance up 13.4%. With more than 40,000 hotel rooms and over 3 million-square-feet of premium convention and meeting space, MGM Resorts is the market leader. In 2016, we completed the expansion of the 2.1 million square-foot Mandalay Bay Convention Center, and reaffirmed our position as the #1 entertainment provider by selling close to six million tickets to live performances.

In every way, MGM Resorts is the primary contributor to, and beneficiary of, the city's success.

In 2015, MGM Resorts' wholly owned Las Vegas Strip Adjusted Property EBITDA increased 11% year-over-year, driven by an increase in wholly owned RevPAR of 7% year-over-year and margin expansion of approximately 180 basis points to 26.1%.

WE CONTINUE TO INVEST IN OUR PREMIER ASSETS TO ENRICH AND DELIVER UNPARALLELED GUEST EXPERIENCES AND WE HAVE EXCITING PROJECTS OPENING IN 2016.

Serving as Las Vegas' newest landmark, the LEED Gold-certified, 20,000 seat T-Mobile Arena dazzled audiences at its grand opening on April 6, 2016. The arena brings versatility to the entertainment capital of the world and is expected to host more than 100 world-class events annually ranging from sporting events such as UFC, boxing, hockey and basketball to top high-profile concerts and award shows.

The Park, a dining and entertainment district spanning more than six acres, debuted April 4, 2016, with an eclectic blend of restaurants, bars and entertainment tucked into rich desert landscaping and will serve as the central gathering place on The Strip's west side, connecting New York-New York and Monte Carlo resorts and the new T-Mobile Arena.

The 5,300 seat theater at Monte Carlo Resort and Casino is on schedule to open in late 2016. This new venue will elevate and further diversify MGM Resorts' entertainment offerings on the Las Vegas Strip by hosting special engagements from many of the music industry's most celebrated performers.

U.S. REGIONAL DEVELOPMENT

We are expanding our presence on the East Coast with MGM National Harbor and MGM Springfield. MGM National Harbor, expected to open in late 2016, is a luxury casino resort with the world's top entertainment, including a 3,000 seat theater and fine dining from local and celebrity chefs, as well as a diverse array of retailers. The MGM Springfield project envisions an exciting and lively residential, retail, dining and entertainment district that preserves much of downtown's most iconic architecture while initiating a rebirth of the city's downtown neighborhood. MGM Springfield is expected to open late 2018.

MGM CHINA

MGM China remains committed to the diversification of tourism in Macau and is looking forward to opening its second property on Cotai in early 2017. MGM China's focus on operating efficiency, product diversification and community engagement sets the stage for continued success as the market evolves to become the top tourist destination in Asia.



IN 2015, COMPANY EMPLOYEES VOLUNTEERED 157,850 HOURS TO NONPROFIT ORGANIZATIONS.

CORPORATE SOCIAL RESPONSIBILITY

We practice corporate social responsibility as a moral and business imperative that is integral to our core values, culture and operations—leading to sustained competitiveness, growth and long-term value for our Company, our communities and our society. Through vigorous Corporate Social Responsibility initiatives we are uniting our highly engaged employees in our mission of superior guest service, innovation through team diversity and collaboration, impactful community investment and enduring environmental stewardship. Our quest for continuous excellence in Corporate Social Responsibility as well as our for-profit business has underscored our reputation as a premiere leader in corporate America and one of the world's most admired companies, as recognized by the Reputation Institute, Diversity Inc, the Human Rights Campaign, the Global Gaming Expo and *Fortune* Magazine, among others.



Your Company's accomplishments in 2015 further enhanced its reputation as one of the leading hospitality companies in the world, one that is widely recognized for ingenuity in building long-term value for our guests, employees, shareholders and communities in which we operate. I'm excited for MGM Resorts International to take the stage in 2016 for what will be an exhilarating year and I thank you for your commitment to this remarkable Company.

Jim Murren
Chairman and Chief Executive Officer



MGM RESORTS INTERNATIONAL®

2015 Annual Report — Financial Section

CONTENTS

Selected Financial Data	2
Management's Discussion and Analysis of Financial Condition and Results of Operations	4
Management's Annual Report on Internal Control Over Financial Reporting	30
Reports of Independent Registered Public Accounting Firm	31
Consolidated Balance Sheets	33
Consolidated Statements of Operations	34
Consolidated Statements of Comprehensive Income (Loss)	35
Consolidated Statements of Cash Flows	36
Consolidated Statements of Stockholders' Equity	37
Notes to Consolidated Financial Statements	38

SELECTED FINANCIAL DATA

The following reflects selected historical financial data that should be read in conjunction with “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. The financial information presented below has been adjusted for adoption of Accounting Standard Update No. 2015-03, “Simplifying the Presentation of Debt Issuance Cost,” (“ASU 2015-03”), which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability. Additionally, prior period amounts have not been adjusted for adoption of Accounting Standard Update No. 2015-17, “Balance Sheet Classification of Deferred Taxes,” (“ASU 2015-17”), which we early adopted on a prospective basis. ASU 2015-17 requires that deferred tax liabilities and assets, along with any related valuation allowance, be classified as noncurrent in a classified statement of financial position. For additional information, please see recently issued accounting standards section in Note 2 to the accompanying consolidated financial statements. The historical results are not necessarily indicative of the results of operations to be expected in the future.

	2015	2014	2013	2012	2011
	<i>(In thousands, except per share data)</i>				
Net revenues	\$ 9,190,068	\$ 10,081,984	\$ 9,809,663	\$ 9,160,844	\$ 7,849,312
Operating income (loss)	(156,232)	1,323,538	1,137,281	121,351	4,105,779
Net income (loss)	(1,039,649)	127,178	41,374	(1,616,912)	3,238,125
Net income (loss) attributable to MGM Resorts International	(447,720)	(149,873)	(171,734)	(1,767,691)	3,117,818
Earnings per share of common stock attributable to MGM Resorts International:					
Basic:					
Net income (loss) per share	\$ (0.82)	\$ (0.31)	\$ (0.35)	\$ (3.62)	\$ 6.38
Weighted average number of shares	542,873	490,875	489,661	488,988	488,652
Diluted:					
Net income (loss) per share	\$ (0.82)	\$ (0.31)	\$ (0.35)	\$ (3.62)	\$ 5.63
Weighted average number of shares	542,873	490,875	489,661	488,988	560,895
At-year end:					
Total assets	\$ 25,215,178	\$ 26,593,914	\$ 25,961,843	\$ 26,157,799	\$ 27,653,655
Total debt, including capital leases	12,713,416	14,063,563	13,326,441	13,462,968	13,359,642
Stockholders’ equity	7,764,427	7,628,274	7,860,495	8,116,016	9,882,222
MGM Resorts International stockholders’ equity	5,119,927	4,090,917	4,216,051	4,365,548	6,086,578
MGM Resorts International stockholders’ equity per share	\$ 9.06	\$ 8.33	\$ 8.60	\$ 8.92	\$ 12.45
Number of shares outstanding	564,839	491,292	490,361	489,234	488,835

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

Acquisitions and Dispositions

- In 2011, we acquired an additional 1% of the overall capital stock in MGM China (and obtained a controlling interest) and thereby became the indirect owner of 51% of MGM China. We recorded a gain of \$3.5 billion on the transaction. As a result of our acquisition of the additional 1% share of MGM China, we began consolidating the results of MGM China on June 3, 2011 and ceased recording the results of MGM Macau as an equity method investment.

Other

- In 2011, we recorded non-cash impairment charges of \$26 million related to our share of the CityCenter residential real estate impairment, \$80 million related to Circus Circus Reno, \$23 million related to our investment in Silver Legacy and \$62 million related to our investment in Borgata.
- 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 \$18 million related to our share of the CityCenter residential real estate impairment charge and \$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 buildings expected to be removed from service.
- In 2013, we recorded a \$70 million loss for our share of CityCenter's non-operating loss on retirement of long-term debt, primarily consisting of premiums associated with the redemption of the existing first and second lien notes as well as the write-off of previously unamortized debt issuance costs and a gain of \$12 million related to our share of Silver Legacy's non-operating gain on retirement of long-term debt.
- In 2014, we recorded a non-cash impairment charge of \$29 million related to our investment in Grand Victoria.
- In 2015, we recorded non-cash impairment charges of \$1.5 billion to reduce the historical carrying value of goodwill related to the MGM China reporting unit and \$17 million related to our investment in Grand Victoria.
- In 2015, we recorded an \$80 million gain for our share of CityCenter's gain resulting from the final resolution of its construction litigation and related settlements.
- In 2015, we recorded a gain of \$23 million related to the sale of Circus Circus Reno and our 50% interest in Silver Legacy and associated real property.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Overview

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

According to the Las Vegas Convention and Visitors Authority, Las Vegas visitor volume increased 3%, Las Vegas Strip REVPAR increased 3% and Las Vegas Strip gaming revenue decreased less than 1% in the year ended December 31, 2015. Results of operations for our wholly owned domestic resorts during 2015 benefited from an increase in operating margins resulting from increases in gaming revenue and REVPAR. Our rooms revenue benefited from increased visitation to the Las Vegas market and robust convention business at our Las Vegas Strip resorts, which resulted in increases in occupancy and allowed us to yield higher room rates across our portfolio of resorts.

Gross gaming revenues in the Macau market decreased 34% in 2015 compared to 2014. We believe operating results have been negatively affected by economic conditions and certain policy initiatives in China and the implementation of a full main floor casino smoking ban in October 2014. Additionally, we believe stricter enforcement of entrance into Macau via the use of transit visas, as well as a decrease in duration of stay permitted for transit visa holders, has negatively affected operating results; however, restrictions surrounding the use of transit visas were eased in July 2015. The decrease in gross gaming revenues accelerated during the second half of 2014 and continued throughout 2015 as Macau has become an increasingly challenging and competitive market, impacting primarily VIP casino gaming operations and, to a lesser extent, main floor operations. According to statistics published by the Statistics and Census Service of the Macau Government, visitor arrivals decreased 3% in 2015 compared to 2014. 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 and penetration of the mainland China market and infrastructure improvements expected to facilitate more convenient travel to and within Macau.

Our results of operations are affected by decisions we make related to our capital allocation, our access to capital and our cost of capital. While we continue to be focused on improving our financial position, we are also dedicated to capitalizing on development opportunities. In Macau, we plan to spend approximately \$3.0 billion, excluding development fees eliminated in consolidation, capitalized interest and land related costs, to develop MGM Cotai, a resort and casino 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 may be less than our 500 gaming table capacity. MGM Cotai is expected to open at the end of the first quarter of 2017.

We were awarded the sixth and final casino license under current statutes in the State of Maryland by the Maryland Video Lottery Facility Location Commission to build and operate MGM National Harbor, 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. We currently expect the cost to develop and construct MGM National Harbor to be approximately \$1.3 billion, excluding capitalized interest and land related costs. We designed the resort to include a casino with approximately 3,600 slots and 160 table games including poker; a 300-room hotel with luxury spa and rooftop pool; 93,100 square feet of high-end branded retail and fine and

casual dining; a 3,000-seat theater venue; 50,000 square feet of meeting and event space; and a 4,700-space parking garage. We expect MGM National Harbor to open in the fourth quarter of 2016.

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, Massachusetts. 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.

We entered into an agreement with a subsidiary of Anschutz Entertainment Group, Inc. ("AEG") to design, construct, and operate an arena, which will be located on a parcel of our land between Frank Sinatra Drive and New York-New York, adjacent to the Las Vegas Strip. We and AEG each own 50% of Las Vegas Arena Company, the developer of the arena. In September 2014, a wholly owned subsidiary of Las Vegas Arena Company entered into a \$200 million senior secured credit facility to finance construction of the arena. The Las Vegas Arena Company recently entered into a multi-year naming rights agreement with T-Mobile. T-Mobile Arena will seat between 18,000 and 20,000 people and is scheduled to open in the April 2016. Such development is estimated to cost approximately \$350 million, excluding capitalized interest and land-related costs. In addition, we are building The Park entertainment district which connects to New York-New York, Monte Carlo and T-Mobile Arena.

In August 2015, we announced the implementation of a Profit Growth Plan for sustained growth and margin enhancement. The Profit Growth Plan's initiatives are focused on improving business processes to optimize our scale for greater efficiency and lower cost throughout our business, and to identify areas of opportunity to organically drive incremental revenue growth. The Profit Growth Plan includes a large number of opportunities to enhance our business operations and we continue to explore additional opportunities to drive further margin enhancements. The plan is expected to result in approximately \$300 million of annualized Adjusted EBITDA benefit. The Profit Growth Plan has begun to show significant results and is expected to be fully realized by the end of 2017.

On October 29, 2015, we announced the formation of MGP as a newly formed subsidiary that we expect to be taxed as a real estate investment trust ("REIT") for U.S. federal income tax purposes. We intend to contribute to a newly-formed operating partnership that MGP will control through a general partner subsidiary the real estate associated with Mandalay Bay, The Mirage, New York-New York, Luxor, Monte Carlo, Excalibur, The Park, MGM Grand Detroit, Beau Rivage and Gold Strike Tunica (collectively, the "Properties"). We also intend to incur approximately \$4 billion of debt to refinance a portion of the debt outstanding under our existing senior credit facility and senior notes, which refinancing debt would be assumed by the operating partnership in connection with the REIT transactions. One of our subsidiaries will then lease the Properties from MGP for use under a long-term, "triple net" master lease agreement with a 10-year term that includes four five-year extensions at our option. We will guarantee our subsidiary's obligations under the master lease. We expect to retain through subsidiaries an approximate 70% economic interest in the new operating partnership, as well as voting control of MGP through our ownership of a controlling share in MGP.

Reportable Segments

We have two reportable segments that are based on the regions in which we operate: wholly owned domestic resorts and MGM China. We currently operate 12 wholly owned 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, our MGM Hospitality operations 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.

Wholly owned domestic resorts. At December 31, 2015, our wholly owned 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.

Over half of the net revenue from our wholly owned 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 during off-peak times such as mid-week or during traditionally slower leisure travel periods, 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 wholly owned 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 wholly owned 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 18% to 22% of table games drop and our normal slots hold percentage is approximately 8.5% of slots handle; and
- Hotel revenue indicators: hotel occupancy (a volume indicator); average daily rate (“ADR,” a price indicator); and revenue per available room (“REVPAR,” a summary measure of hotel results, combining ADR and occupancy rate). Our calculation of ADR, which is the average price of occupied rooms per day, includes the impact of complimentary rooms. Complimentary room rates are determined based on an analysis of retail or “cash” rates for each customer segment and each type of room product to estimate complimentary rates which are consistent with retail rates. Complimentary rates are reviewed at least annually and on an interim basis if there are significant changes in market conditions. Because the mix of rooms provided on a complimentary basis, particularly to casino customers, includes a disproportionate suite component, the composite ADR including complimentary rooms is slightly higher than the ADR for cash rooms, reflecting the higher retail value of suites.

MGM China. We own a 51% 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, an integrated casino, hotel, and entertainment resort on the Cotai Strip in Macau. We believe our investment in MGM China plays an important role in extending our reach internationally and will foster future growth and profitability.

Revenues at MGM Macau are generated from three primary customer segments in the Macau gaming market: VIP casino gaming operations, main floor gaming operations, and slot machine operations. VIP players play mostly in dedicated VIP rooms or designated gaming areas. VIP customers can be further divided into customers sourced by in-house VIP programs and those sourced through gaming promoters. A significant portion of our VIP volume is generated through the use of gaming promoters. Gaming promoters introduce VIP gaming players to MGM Macau, assist these customers with travel arrangements, and extend gaming credit to these players. In exchange for their services, gaming promoters are compensated through payment of revenue-sharing arrangements or rolling chip turnover based commissions. In-house VIP players also typically receive a commission based on the program in which they participate. MGM Macau main floor operations primarily consist of walk-in and day trip visitors. Unlike gaming promoters and in-house VIP players, main floor players

do not receive commissions. The profit contribution from the main floor segment exceeds the VIP segment due to commission costs paid to gaming promoters. Gaming revenues from the main floor segment have become an increasingly significant portion of total gaming revenues in recent years and we believe this segment represents the most potential for sustainable growth in the future.

VIP gaming at MGM Macau is conducted by the use of special purpose nonnegotiable gaming chips. Gaming promoters purchase these nonnegotiable chips from MGM Macau and in turn they sell these chips to their players. The nonnegotiable chips allow MGM Macau to track the amount of wagering conducted by each gaming promoters' clients in order to determine VIP gaming play. Gaming promoter commissions are based on either a percentage of actual win plus a monthly complimentary allowance based on a percentage of the rolling chip turnover their customers generate, or a percentage of the rolling chip turnover plus discounted offerings on nongaming amenities. The estimated portion of the gaming promoter payments that represent amounts passed through to VIP customers is recorded as a reduction of casino revenue, and the estimated portion retained by the gaming promoter for its compensation is recorded as casino expense. In-house VIP commissions are based on a percentage of rolling chip turnover and are recorded as a reduction of casino revenue.

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

Corporate and other. Corporate and other includes our investments in unconsolidated affiliates and certain management and other operations. See Note 1 and Note 6 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, 2015, 2014 and 2013.

Summary Operating Results

The following table summarizes our operating results:

	Year Ended December 31,		
	2015	2014	2013
		(In thousands)	
Net revenues	\$ 9,190,068	\$ 10,081,984	\$ 9,809,663
Operating income (loss)	(156,232)	1,323,538	1,137,281

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 wholly owned domestic resorts. Consolidated net revenues for 2014 increased 3% compared to 2013 due primarily to increased casino and non-casino revenue at our wholly owned domestic resorts.

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. We recorded a \$3.5 billion non-cash gain in 2011 in connection with that acquisition. The current 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 current market conditions 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 wholly owned 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 costs associated with our proposed REIT transaction of \$20 million. Preopening expense primarily related to our ongoing 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, in addition to the MGM China goodwill impairment charge discussed above, recorded in “Property transactions, net.” See “Operating Results – Details of Certain Charges” below for additional detail on our preopening expense and property transactions.

Consolidated operating income of \$1.3 billion in 2014 benefited from an increase in revenue at our wholly owned domestic resorts and an increase in main floor table games revenue at MGM China, as well as a decrease in property transactions, net to \$41 million in 2014 compared to \$125 million in 2013. In addition, depreciation and amortization expense decreased \$33 million in 2014 compared to 2013, due primarily to certain assets at our wholly owned resorts and MGM China becoming fully depreciated and a decrease in amortization expense for intangible assets. Operating income was negatively affected by increases in general and administrative expense, corporate expense and preopening expense. General and administrative expense increased primarily related to an increase in payroll and related expense. Corporate expense increased 10% in 2014, due primarily to an increase in payroll costs and professional fees partially offset by a decrease in development related costs. Preopening expense increased to \$39 million in 2014, compared to \$13 million in 2013, primarily as a result of the commencement of development on MGM Springfield and MGM National Harbor.

Operating 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,		
	2015	2014	2013
	<i>(In thousands)</i>		
Net Revenues			
Wholly owned domestic resorts	\$ 6,497,361	\$ 6,342,084	\$ 6,052,644
MGM China	2,214,767	3,282,329	3,316,928
Reportable segment net revenues	8,712,128	9,624,413	9,369,572
Corporate and other	477,940	457,571	440,091
	<u>\$ 9,190,068</u>	<u>\$ 10,081,984</u>	<u>\$ 9,809,663</u>
Adjusted EBITDA			
Wholly owned domestic resorts	1,689,966	1,518,307	1,442,686
MGM China	539,881	850,471	814,109
Reportable segment Adjusted Property EBITDA	2,229,847	2,368,778	2,256,795
Corporate and other	9,073	(149,216)	(132,214)
	<u>\$ 2,238,920</u>	<u>\$ 2,219,562</u>	<u>\$ 2,124,581</u>

Wholly owned domestic resorts. The following table presents detailed net revenue at our wholly owned domestic resorts:

	Year Ended December 31,		
	2015	2014	2013
	<i>(In thousands)</i>		
Casino revenue, net			
Table games	\$ 880,318	\$ 892,842	\$ 861,495
Slots	1,720,028	1,679,981	1,671,819
Other	70,148	64,419	66,257
Casino revenue, net	2,670,494	2,637,242	2,599,571
Non-casino revenue			
Rooms	1,813,838	1,705,395	1,589,887
Food and beverage	1,500,039	1,470,315	1,382,480
Entertainment, retail and other	1,167,488	1,184,343	1,130,298
Non-casino revenue	4,481,365	4,360,053	4,102,665
	7,151,859	6,997,295	6,702,236
Less: Promotional allowances	(654,498)	(655,211)	(649,592)
	<u>\$ 6,497,361</u>	<u>\$ 6,342,084</u>	<u>\$ 6,052,644</u>

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. Table games revenue in 2015 decreased 1% compared to 2014 due to a decrease in table games volume of 1% and a decrease in tables games hold percentage to 20.5% in 2015 from 20.9% in 2014.

Casino revenue in 2014 increased 1% compared to 2013 as a result of a 4% increase in table games revenue compared to 2013 due to an increase in table games volume of 2% and an increase in tables games hold percentage to 20.9% in 2014 from 20.5% in 2013. Slots revenue increased slightly compared to 2013.

Rooms revenue increased 6% in 2015 compared to 2014 as a result of a 7% increase in REVPAR at our Las Vegas Strip resorts. Rooms revenue increased 7% in 2014 compared to 2013 as a result of an 8% 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,		
	2015	2014	2013
Occupancy	93%	93%	91%
Average Daily Rate (ADR)	\$ 149	\$ 139	\$ 131
Revenue per Available Room (REVPAR)	138	129	119

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. Food and beverage revenues increased 6% in 2014 compared to 2013 as a result of the same items noted above for the 2015 and 2014 comparative period. 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. Entertainment, retail and other revenues increased 5% in 2014 compared to 2013, due primarily to the Michael Jackson ONE Cirque du Soleil production show being open for the full year in 2014 compared to a partial year in 2013.

Adjusted Property EBITDA at our wholly owned 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 wholly owned

domestic resorts as discussed above, and approximately \$63 million of incremental Adjusted Property EBITDA as a result of the Company's Profit Growth Plan initiatives. Adjusted Property EBITDA margin increased by approximately 200 basis points to 26.0% in 2015.

Adjusted Property EBITDA at our wholly owned domestic resorts was \$1.5 billion in 2014, an increase of 5% compared to 2013 due primarily to improved casino and non-casino revenue results at our wholly owned domestic resorts as discussed above, offset partially by a 4% increase in payroll and related expenses, including health care costs and paid time off. Adjusted Property EBITDA margin increased by approximately 10 basis points from 2013, to 23.9% in 2014.

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

	Year Ended December 31,		
	2015	2014	2013
	<i>(In thousands)</i>		
Casino revenue, net			
VIP table games	\$ 977,182	\$ 1,742,034	\$ 2,062,200
Main floor table games	986,063	1,237,528	923,415
Slots	209,098	261,971	290,596
Casino revenue, net	2,172,343	3,241,533	3,276,211
Non-casino revenue	135,585	147,754	141,503
	2,307,928	3,389,287	3,417,714
Less: Promotional allowances	(93,161)	(106,958)	(100,786)
	<u>\$ 2,214,767</u>	<u>\$ 3,282,329</u>	<u>\$ 3,316,928</u>

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 continued to be 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.

Net revenue for MGM China decreased 1% in 2014 compared to 2013 due to a decrease in VIP table games revenue of 16%, partially offset by a 34% increase in main floor table games revenue. VIP table games turnover decreased 14% in 2014 compared to 2013, primarily as a result of changes in economic factors and policy initiatives in China. VIP table games hold percentage remained flat at 2.8% in 2014 and 2013. Additionally, gaming tables were reallocated to main floor table games from VIP table games during 2014 to meet increased demand. Main floor gaming revenue benefited from overall Macau market growth as well as management's strategic focus on premium main floor table games business in 2014 as compared to 2013. Slots revenue decreased 10% in 2014 compared to 2013 due to a decrease in hold percentage to 4.4% in 2014 from 5.1% in 2013.

MGM China's Adjusted EBITDA was \$850 million in 2014 and \$814 million in 2013. Excluding branding fees of \$43 million and \$36 million for the years ended December 31, 2014 and 2013, respectively, Adjusted EBITDA increased 5% compared to 2013. Adjusted EBITDA margin increased approximately 140 basis points to 25.9% in 2014 as a result of an increase in main floor table games revenue, partially offset by a 15% increase in payroll and related costs.

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 \$399 million, \$383 million and \$365 million for 2015, 2014 and 2013, respectively.

Adjusted EBITDA related to corporate and other in 2015 included our share of operating income from CityCenter, including certain basis difference adjustments, compared to 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 in 2015 compared to 2014 as discussed previously under “Summary Operating Results.”

Adjusted EBITDA losses related to corporate and other increased in 2014 compared to 2013 due primarily to our share of operating loss from CityCenter, including certain basis difference adjustments, compared to operating income from CityCenter in the prior year, partially offset by an increase in our share of operating income from Borgata. See “Operating Results – Income (Loss) from Unconsolidated Affiliates” for further discussion. In addition, corporate expense increased in 2014 compared to 2013 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,		
	2015	2014	2013
	<i>(In thousands)</i>		
Casino	\$ 7,571	\$ 7,351	\$ 5,879
Other operating departments	2,580	2,257	2,241
General and administrative	10,729	9,323	8,176
Corporate expense and other	20,966	18,333	16,036
	<u>\$ 41,846</u>	<u>\$ 37,264</u>	<u>\$ 32,332</u>

Preopening and start-up expenses consisted of the following:

	Year Ended December 31,		
	2015	2014	2013
	<i>(In thousands)</i>		
MGM China	\$ 13,863	\$ 9,091	\$ 9,109
MGM National Harbor	32,837	19,521	-
MGM Springfield	19,654	5,261	-
Other	4,973	5,384	4,205
	<u>\$ 71,327</u>	<u>\$ 39,257</u>	<u>\$ 13,314</u>

Preopening and start-up expenses at MGM China relate to the MGM Cotai project which includes \$7 million of amortization of the Cotai land concession premium in each of the years ended December 31, 2015, 2014 and 2013. Preopening and startup expenses at MGM National Harbor include \$19 million and \$13 million of rent expense for the years ended December 31, 2015 and 2014, respectively, which relates to the ground lease for the land on which MGM National Harbor is being developed. Preopening and start-up expenses at MGM Springfield primarily relate to licensing and assessment fees paid to the state and local governments.

Property transactions, net consisted of the following:

	Year Ended December 31,		
	2015	2014	2013
		(In thousands)	
MGM China goodwill impairment	\$ 1,467,991	\$ -	\$ -
Grand Victoria investment impairment	17,050	28,789	36,607
Gain on sale of Circus Circus Reno and Silver Legacy investment	(23,002)	-	-
Corporate buildings impairment	-	-	44,510
Other Nevada land impairment	-	-	20,354
Other property transactions, net	41,903	12,213	23,290
	<u>\$ 1,503,942</u>	<u>\$ 41,002</u>	<u>\$ 124,761</u>

See Note 15 to the accompanying consolidated financial statements for a discussion of property transactions, net for the years ended December 31, 2015, 2014 and 2013.

Operating Results – Income (Loss) from Unconsolidated Affiliates

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

	Year Ended December 31,		
	2015	2014	2013
		(In thousands)	
CityCenter	\$ 158,906	\$ (11,842)	\$ 21,712
Borgata	75,764	52,017	25,769
Grand Victoria and other	23,213	23,661	21,348
	<u>\$ 257,883</u>	<u>\$ 63,836</u>	<u>\$ 68,829</u>

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 the current year 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 is scheduled to close 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.

In 2014, we recognized a \$12 million loss related to our 50% share of CityCenter's operating results, including certain basis difference adjustments, compared to income of \$22 million in 2013. CityCenter's operating loss in 2014 was negatively affected by \$62 million of property transactions, net and a decrease in residential sales compared to 2013, as well as an increase in payroll and related costs and casino bad debt expense. Casino revenues at Aria decreased 5% in 2014 compared to 2013 due primarily to a decrease in table games hold percentage to 23.5% in 2014 from 24.7% in 2013. CityCenter's rooms revenues increased 11% in 2014 compared to 2013, due to increases in REVPAR of 10% and 14% at Aria and Vdara, respectively. Our share of Borgata's operating income increased in 2014 compared to 2013 and benefited from a reduction in real estate taxes recognized by Borgata.

Non-operating Results

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

	Year Ended December 31,		
	2015	2014	2013
	<i>(In thousands)</i>		
Total interest incurred – MGM Resorts (excluding MGM China)	\$ 808,733	\$ 816,345	\$ 830,074
Total interest incurred – MGM China	53,644	29,976	32,343
Interest capitalized	(64,798)	(29,260)	(5,070)
	<u>\$ 797,579</u>	<u>\$ 817,061</u>	<u>\$ 857,347</u>
Cash paid for interest, net of amounts capitalized	\$ 776,540	\$ 776,778	\$ 840,280
End-of-year ratio of fixed-to-floating debt	67/33	77/23	75/25
End-of-year weighted average interest rate	5.9%	6.0%	6.0%

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 the prior year 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. In 2014, interest cost related to MGM Resorts, excluding China, decreased compared to 2013 as a result of a decrease in weighted average long-term debt outstanding during the year, primarily relating to borrowings under our revolving credit facility. Amortization of debt discounts, premiums and issuance costs included in interest expense in 2015, 2014 and 2013 was \$46 million, \$38 million and \$35 million, respectively.

Capitalized interest in 2015 increased compared to 2014 due primarily to the MGM Cotai, National Harbor, and Springfield projects, and our investment in the Las Vegas Arena Company. Capitalized interest in 2014 and 2013 primarily related to the MGM Cotai project.

Non-operating items from unconsolidated affiliates. Non-operating expense from unconsolidated affiliates decreased \$11 million in 2015 compared to 2014, due primarily to a decrease in interest expense at CityCenter. Non-operating expense from unconsolidated affiliates decreased \$121 million in 2014 compared to 2013, due to a decrease in interest expense at CityCenter as a result of debt restructuring transactions in October 2013, lower statutory interest recorded by CityCenter related to estimated amounts owed in connection with the CityCenter construction litigation and the net impact of the following other non-operating items from unconsolidated affiliates recognized in 2013: a \$70 million loss for our share of CityCenter's loss on retirement of long-term debt in October 2013, and \$12 million for our share of a gain recognized on debt restructuring transactions at Silver Legacy.

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

	Year Ended December 31,		
	2015	2014	2013
	<i>(In thousands)</i>		
Income (loss) before income taxes	\$ (1,046,243)	\$ 410,886	\$ 62,190
Benefit (provision) for income taxes	6,594	(283,708)	(20,816)
Effective income tax rate	0.6%	69.0%	33.5%
Federal, state and foreign income taxes paid, net of refunds	\$ 11,801	\$ 42,272	\$ 835

Our effective tax rate in 2015 was 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. Our effective tax rate increased in 2014 compared to 2013 primarily as a result of the reduced tax benefit in 2014 for foreign tax credits, net of valuation allowance, partially offset by tax provision in 2013 resulting from re-measuring the Macau net deferred tax liability due to the extension of the amortization period of the MGM China gaming subconcession upon effectiveness of the Cotai land concession.

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. Cash taxes paid increased in 2014 compared to 2013 primarily as a result of \$30 million paid to IRS for the closure of examinations covering the 2005 through 2009 tax years and \$8 million estimated taxes paid to the IRS during 2014. The remaining \$4 million of cash taxes paid in 2014 consist of state and foreign income taxes. Cash taxes paid in 2013 consisted primarily of foreign and state 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, and property transactions, net. “Adjusted Property EBITDA” is Adjusted EBITDA before corporate expense and stock compensation expense related to the MGM Resorts stock option plan, which is not allocated to each reportable segment or operating segment, as applicable. MGM China recognizes stock compensation expense related to its stock compensation plan which is included in the calculation of Adjusted EBITDA for MGM China. 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 believe that while items excluded from Adjusted EBITDA and Adjusted Property EBITDA may be recurring in nature and should not be disregarded in evaluation of our earnings performance, it is useful to 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 as the primary measure of wholly owned domestic resorts operating performance.

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

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

	Year Ended December 31,		
	2015	2014	2013
	<i>(In thousands)</i>		
Adjusted EBITDA	\$ 2,238,920	\$ 2,219,562	\$ 2,124,581
Preopening and start-up expenses	(71,327)	(39,257)	(13,314)
Property transactions, net	(1,503,942)	(41,002)	(124,761)
Depreciation and amortization	(819,883)	(815,765)	(849,225)
Operating income (loss)	(156,232)	1,323,538	1,137,281
Non-operating income (expense)			
Interest expense, net of amounts capitalized	(797,579)	(817,061)	(857,347)
Other, net	(92,432)	(95,591)	(217,744)
	(890,011)	(912,652)	(1,075,091)
Income (loss) before income taxes	(1,046,243)	410,886	62,190
Benefit (provision) for income taxes	6,594	(283,708)	(20,816)
Net income (loss)	(1,039,649)	127,178	41,374
Less: Net income (loss) attributable to noncontrolling interests	591,929	(277,051)	(213,108)
Net loss attributable to MGM Resorts International	\$ (447,720)	\$ (149,873)	\$ (171,734)

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

	Year Ended December 31, 2015				
	Operating Income (Loss)	Preopening and Start-up Expenses	Property Transactions, Net	Depreciation and Amortization	Adjusted EBITDA
	<i>(In thousands)</i>				
Bellagio	\$ 303,858	\$ -	\$ 1,085	\$ 90,442	\$ 395,385
MGM Grand Las Vegas	206,896	-	110	73,260	280,266
Mandalay Bay	120,142	-	3,599	79,733	203,474
The Mirage	66,069	115	1,729	44,562	112,475
Luxor	49,369	(2)	94	37,708	87,169
New York-New York	81,618	(74)	4,931	19,982	106,457
Excalibur	67,545	-	111	14,591	82,247
Monte Carlo	55,594	-	3,219	27,149	85,962
Circus Circus Las Vegas	27,305	280	21	15,639	43,245
MGM Grand Detroit	131,016	-	(36)	23,999	154,979
Beau Rivage	62,613	-	(5)	26,235	88,843
Gold Strike Tunica	34,362	-	221	11,440	46,023
Other resort operations	2,975	-	-	466	3,441
Wholly owned 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
	<i>(In thousands)</i>				
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)
Wholly owned 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)
	<u>\$ 1,323,538</u>	<u>\$ 39,257</u>	<u>\$ 41,002</u>	<u>\$ 815,765</u>	<u>\$ 2,219,562</u>

Year Ended December 31, 2013

	Operating Income (Loss)	Preopening and Start-up Expenses	Property Transactions, Net	Depreciation and Amortization	Adjusted EBITDA
	<i>(In thousands)</i>				
Bellagio	\$ 261,321	\$ -	\$ 470	\$ 96,968	\$ 358,759
MGM Grand Las Vegas	149,602	-	2,220	84,310	236,132
Mandalay Bay	78,096	1,903	2,823	84,332	167,154
The Mirage	63,090	-	4,722	49,612	117,424
Luxor	21,730	802	2,177	36,852	61,561
New York-New York	65,006	-	3,533	20,642	89,181
Excalibur	49,184	-	69	14,249	63,502
Monte Carlo	45,597	791	3,773	18,780	68,941
Circus Circus Las Vegas	(1,596)	-	1,078	17,127	16,609
MGM Grand Detroit	135,516	-	(2,402)	22,575	155,689
Beau Rivage	38,015	-	(260)	29,182	66,937
Gold Strike Tunica	22,767	-	1,330	13,390	37,487
Other resort operations	(21,951)	-	23,018	2,243	3,310
Wholly owned domestic resorts	906,377	3,496	42,551	490,262	1,442,686
MGM China	501,021	9,109	390	303,589	814,109
Unconsolidated resorts	68,322	507	-	-	68,829
Management and other operations	13,749	189	4	11,835	25,777
	1,489,469	13,301	42,945	805,686	2,351,401
Stock compensation	(26,112)	-	-	-	(26,112)
Corporate	(326,076)	13	81,816	43,539	(200,708)
	<u>\$ 1,137,281</u>	<u>\$ 13,314</u>	<u>\$ 124,761</u>	<u>\$ 849,225</u>	<u>\$ 2,124,581</u>

Liquidity and Capital Resources

Cash Flows – Summary

We require a certain amount of cash on hand to operate our resorts. In addition to required cash on hand for operations, we utilize company-wide cash management procedures to minimize the amount of cash held on hand or in banks. Funds are swept from 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, 2015 and 2014, we held cash and cash equivalents of \$1.7 billion. Cash and cash equivalents related to MGM China at December 31, 2015 and 2014 was \$700 million and \$546 million, respectively.

Our cash flows consisted of the following:

	Year Ended December 31,		
	2015	2014	2013
		(In thousands)	
Net cash provided by operating activities	\$ 1,005,079	\$ 1,130,670	\$ 1,310,448
Investing cash flows:			
Capital expenditures, net of construction payable	(1,466,819)	(872,041)	(562,124)
Dispositions of property and equipment	8,032	7,651	18,030
Proceeds from sale of business units and investment in unconsolidated affiliates	92,207	-	-
Investments in and advances to unconsolidated affiliates	(196,062)	(103,040)	(28,953)
Distributions from unconsolidated affiliates in excess of cumulative earnings	201,612	132	110
Investments in treasury securities - maturities longer than 90 days	-	(123,133)	(219,546)
Proceeds from treasury securities - maturities longer than 90 days	-	210,300	252,592
Investments 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)	(21,600)
Other	(4,028)	10,981	1,354
Net cash used in investing activities	(795,058)	(1,524,150)	(560,137)
Financing cash flows:			
Net borrowings (repayments) under bank credit facilities	977,275	(28,000)	(28,000)
Issuance of senior notes	-	1,250,750	500,000
Retirement of senior notes	(875,504)	(508,900)	(612,262)
Distributions to noncontrolling interest owners	(307,227)	(386,709)	(318,348)
Proceeds from issuance of redeemable noncontrolling interests ...	6,250	-	-
Other	(58,673)	(19,064)	(31,098)
Net cash provided by (used in) financing activities	(257,879)	308,077	(489,708)
Effect of exchange rate on cash	793	(889)	(443)
Net increase (decrease) in cash and cash equivalents	\$ (47,065)	\$ (86,292)	\$ 260,160

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, the timing of significant tax payments or refunds, and distributions from unconsolidated affiliates.

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 wholly owned 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.

Cash provided by operating activities in 2014 decreased due to a decrease in operating cash flows at MGM China compared to \$932 million in 2013, partially offset by an increase in operating cash flows at our wholly owned domestic resorts and lower cash paid for interest. Cash provided by operating activities at MGM China was negatively affected by changes in working capital related to short-term gaming liabilities in 2014 while operating cash flows at MGM China were positively impacted by changes in working capital in 2013.

We paid net taxes of \$12 million, \$42 million and \$1 million in 2015, 2014 and 2013, respectively.

Cash Flows – 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 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 wholly owned 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 Monte Carlo theater, 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 wholly owned 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.
- In 2013, we had capital expenditures of \$562 million, which included \$239 million at MGM China, excluding development fees eliminated in consolidation. Capital expenditures at MGM China primarily related to the construction of MGM Cotai, including a \$47 million construction deposit. We spent approximately \$324 million in 2013 related to capital expenditures at corporate entities and our wholly owned domestic resorts, which included expenditures for a remodel of the front façades of New York-New York and Monte Carlo, room remodels, theater renovations, information technology and slot machine purchases.

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 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 of \$36 million, and investments in MGM Hakkasan of \$10 million. In 2013, investments in and advances to unconsolidated affiliates primarily represented investments in CityCenter of \$24 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.

Cash Flows – Financing Activities

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. 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.

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. 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.

In 2013, we repaid net debt of \$140 million including \$28 million under our senior credit facility. We issued \$500 million in 5.25% senior notes due 2020 and repaid the following senior notes:

- \$462 million outstanding principal amount of our 6.75% senior notes; and
- \$150 million outstanding principal amount of our 7.625% senior subordinated debentures at maturity.

We incurred \$24 million of debt issuance costs related to the re-pricing of the term loan B facility in May 2013 and the December 2013 issuance of the \$500 million of 5.25% senior notes due 2020.

MGM China paid a \$500 million special dividend in March 2013 and a \$113 million interim dividend in September 2013, of which \$245 million and \$55 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, 2015, we had \$1.5 billion of principal amount of long-term debt maturing in 2016, primarily related to our \$242.9 million 6.875% senior notes, \$732.7 million 7.5% senior notes, and \$500 million 10% senior notes, and an estimated \$750 million of cash interest payments based on current outstanding debt and applicable interest rates, within the next twelve months.

We expect to make the following capital investments, excluding capitalized interest, during 2016:

- Approximately \$440 million in capital expenditures at our wholly owned domestic resorts and corporate entities, which includes expenditures on The Park, the Monte Carlo theatre, the new Excalibur parking garage, and replacement of aircraft;

- Approximately \$130 million in capital expenditures related to the MGM Springfield project; and
- Approximately \$680 million in capital expenditures related to the MGM National Harbor project.

During 2016, MGM China expects to spend approximately \$50 million in capital improvements at MGM Macau and \$1.6 billion 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.

Cotai land concession. MGM Grand Paradise's land concession contract for an approximate 18 acre site in Cotai, 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, 2015, MGM China had paid \$130 million of the contract premium, including interest due on the semi-annual payments. In January 2016, MGM China paid the sixth semi-annual payment of \$15 million under the land concession contract. Including interest on the two remaining semi-annual payments, MGM China has \$29 million remaining payable for the land concession contract.

MGM China dividend. On February 18, 2016, as part of its regular dividend policy, MGM China's Board of Directors announced it will recommend a final dividend for 2015 of \$46 million to MGM China shareholders subject to approval at the MGM China 2016 annual shareholders meeting to be held in May. If approved, we will receive \$23 million, our 51% share of the 2015 final dividend.

REIT transaction. In connection with the proposed REIT transaction, we expect to incur approximately \$4 billion of debt to refinance a portion of the debt outstanding under our existing senior credit facility and certain of our senior notes, which refinancing debt will be assumed by the Operating Partnership and repaid with the equity proceeds from the contemplated IPO and concurrent debt financings.

Principal Debt Arrangements

Our long-term debt consists of publicly held senior notes and our senior credit facility. At December 31, 2015, excluding MGM China, we had \$11.3 billion principal amount of indebtedness, including \$2.7 billion of borrowings outstanding under our \$3.9 billion senior credit facility. We pay fixed rates of interest ranging from 5.25% to 11.375% on our senior notes. Our senior credit facility consists of a \$1.2 billion revolving loan facility, a \$1.02 billion term loan A facility and a \$1.70 billion term loan B facility. The revolving and term loan A facilities bear interest at LIBOR plus an applicable rate determined by our credit rating (2.75% as of December 31, 2015). The term loan B facility bears interest at LIBOR plus 2.50% with a LIBOR floor of 1.00%. The revolving and term loan A facilities mature in December 2017. The term loan B facility matures in December 2019. The term loan A and term loan B facilities are subject to scheduled amortization payments on the last day of each calendar quarter in an amount equal to 0.25% of the original principal balance. We had approximately \$1.2 billion of available borrowing capacity under our senior credit facility at December 31, 2015. At December 31, 2015, the interest rate on the term loan A was 3.17% and the interest rate on the term loan B was 3.50%.

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

The senior credit facility contains customary representations and warranties and customary affirmative and negative covenants. In addition, the senior credit facility requires us and our restricted subsidiaries (the “Restricted Group”) to maintain a minimum trailing four-quarter EBITDA and limits the ability of the Restricted Group to make capital expenditures and investments. As of December 31, 2015, the Restricted Group is required to maintain a minimum EBITDA (as defined) of \$1.30 billion. The minimum EBITDA increases to \$1.35 billion for March 31, 2016 through December 31, 2016, and to \$1.40 billion for March 31, 2017 and thereafter. EBITDA for the trailing four quarters ended December 31, 2015 calculated in accordance with the terms of the senior credit facility was \$1.71 billion. In accordance with our senior credit facility covenants, the Restricted Group is limited to annual capital expenditures of \$500 million in each year beginning with 2013 with unused amounts in any fiscal year rolling over to the next fiscal year, but not any fiscal year thereafter. Our total Restricted Group capital expenditures allowable under the senior credit facility for 2015, after giving effect to the unused amount from 2014, was \$794 million. In addition, our senior credit facility limits the Restricted Group’s ability to make investments subject to certain thresholds and other important exceptions. The Restricted Group was within the limit of capital expenditures and other investments for 2015. We believe we have sufficient capacity under these thresholds to fund our planned development activity.

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

All of our principal debt arrangements are guaranteed by each of our material domestic subsidiaries, other than MGM Grand Detroit, LLC (which is a co-borrower under our senior credit facility), MGM National Harbor, LLC and Blue Tarp reDevelopment, LLC (the company that will own and operate our proposed casino in Springfield, Massachusetts), and each of their respective subsidiaries. Our international subsidiaries, including MGM China and its subsidiaries, are not guarantors of such indebtedness. We and our subsidiaries may from time to time, in our sole discretion, purchase, repay, redeem or retire any of our outstanding debt securities, in privately negotiated or open market transactions, by tender offer or otherwise pursuant to authorization of our Board of Directors and in accordance with the terms of our senior credit facilities.

In June 2015, MGM China and MGM Grand Paradise, as co-borrowers, entered into a second amended and restated credit facility which consists of \$1.55 billion of term loans and a \$1.45 billion revolving credit facility. The outstanding balance at December 31, 2015 of \$1.6 billion was comprised solely of term loans. The interest rate on the facility fluctuates annually based on HIBOR plus a margin that will range between 1.375% and 2.50% based on MGM China’s leverage ratio. 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 credit facility will be used for general corporate purposes and for the development of the Cotai project.

The MGM China credit facility contains customary representations and warranties, events of default, affirmative covenants and negative covenants, which impose restrictions on, among other things, the ability of MGM China and its subsidiaries to make investments, pay dividends and sell assets, and to incur additional liens. As of December 31, 2015, MGM China was required to maintain compliance with a maximum leverage ratio of 4.50 to 1.00 in addition to a minimum interest coverage ratio of 2.50 to 1.00. MGM China was in compliance with the credit facility covenants at December 31, 2015.

In February 2016, the MGM China credit facility was amended to increase the maximum consolidated total leverage ratio. The maximum total leverage ratio increases to 6.00 to 1.00 for September 30, 2016 through June 30, 2017, and then decreases to 5.50 to 1.00 for September 30, 2017, 5.00 to 1.00 for December 31, 2017, and 4.50 to 1.00 for March 31, 2018 and thereafter.

In January 2016, MGM National Harbor, LLC, the Company's wholly owned subsidiary developing and constructing MGM National Harbor, entered into a \$100 million revolving credit facility and a \$425 million delayed draw term loan facility, of which \$250 million was funded at closing. The revolving and term loan facilities will initially bear interest at a LIBOR rate plus an additional rate ranging from 2.00% to 2.25% per annum (determined based on a total leverage ratio). The term loan is subject to scheduled amortization payments on the last day of each calendar quarter beginning the fourth full fiscal quarter following the opening 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 term loan and revolving facilities are scheduled to mature in January 2021.

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 ended 2017.

The credit agreement contains customary representations and warranties, events of default, affirmative covenants and negative covenants, which impose restrictions on, among other things, the ability of MGM National Harbor, LLC and its restricted subsidiaries to make investments, pay dividends, sell assets, and to incur additional debt and additional liens. In addition, the credit agreement requires MGM National Harbor, LLC and its restricted subsidiaries to maintain a maximum total leverage ratio and a minimum interest coverage ratio. In addition, borrowings under the credit agreement are subject to a customary "in balance test" (as defined in the credit agreement), which looks to the sufficiency of MGM National Harbor, LLC's available resources to complete the MGM National Harbor casino resort.

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, Borgata, and T-Mobile Arena. We have not entered into any transactions with special purpose entities, nor have we engaged in any derivative transactions. Our unconsolidated affiliate investments allow us to realize the proportionate benefits of owning a full-scale resort in a manner that minimizes our initial investment. Other than the T-Mobile Arena guarantee described below, we have not historically guaranteed financings obtained by our investees. 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 entering into a senior secured credit facility in September 2014, we and AEG each entered into joint and several completion guarantees for the project, 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, 2015, term loan A was \$120 million and term loan B was \$80 million.

Commitments and Contractual Obligations

The following table summarizes our scheduled contractual obligations as of December 31, 2015:

	2016	2017	2018	2019	2020	Thereafter
	<i>(In millions)</i>					
Long-term debt	\$ 1,504	\$ 1,846	\$ 1,272	\$ 3,197	\$ 1,500	\$ 3,505
Estimated interest payments on long-term debt (1)	750	646	542	439	316	409
Construction commitments (2)	959	212	4	—	—	—
Operating Leases (3)	55	26	23	21	22	1,098
Capital leases	8	8	2	—	—	—
Tax liabilities (4)	5	—	—	—	—	—
Long-term liabilities	4	3	3	2	2	35
Other obligations (5)	340	72	24	1	1	1
	<u>\$ 3,625</u>	<u>\$ 2,813</u>	<u>\$ 1,870</u>	<u>\$ 3,660</u>	<u>\$ 1,841</u>	<u>\$ 5,048</u>

- (1) Estimated interest payments are based on principal amounts and expected maturities of debt outstanding at December 31, 2015 and management's forecasted LIBOR rates for our senior credit facility and HIBOR rates for the MGM China credit facility.
- (2) The amount for 2016 includes \$640 million related to MGM Cotai and \$261 million and \$15 million related to MGM National Harbor and MGM Springfield, respectively.
- (3) MGM National Harbor is being built on land subject to a long-term ground lease. See Note 11 to the accompanying consolidated financial statements for further discussion.
- (4) Approximately \$4 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 2016 includes \$118 million related to employment agreements, \$105 million for entertainment agreements and \$77 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, 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 from MGM China, and availability under our senior credit facility, the MGM China credit agreement and the MGM National Harbor credit agreement. We have \$1.5 billion of maturities of long-term debt in 2016. 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. In addition, MGM China extends credit to certain in-house VIP gaming customers and gaming promoters. Our other casinos do not emphasize marker play to the same extent, although we offer markers to customers at those casinos as well. We maintain strict controls over the issuance of markers and aggressively pursue collection from our other 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, 2015 and 2014, approximately 37% and 30%, respectively, of our casino accounts receivable was 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, 2015 and 2014, approximately 44% and 54%, respectively, of our casino accounts receivable was owed by customers from the Far East. We consider the likelihood and difficulty of enforceability, among other factors, when we issue credit to customers who are not residents of the United States.

We maintain an allowance, or reserve, for doubtful casino accounts at all of our operating casino resorts. The provision for doubtful accounts, an operating expense, increases the allowance for doubtful accounts. We regularly evaluate the allowance for doubtful casino accounts. At resorts where marker play is not significant, the allowance is generally established by applying standard reserve percentages to aged account balances. At 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.

In addition to enforceability issues, the collectability of unpaid markers given by foreign customers 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,	
	2015	2014
	<i>(In thousands)</i>	
Casino receivables	\$ 285,182	\$ 307,152
Allowance for doubtful casino accounts receivable	86,010	84,397
Allowance as a percentage of casino accounts receivable	30%	27%
Percentage of casino accounts outstanding over 180 days	26%	24%

Approximately \$40 million and \$68 million of casino receivables and \$9 million and \$13 million of the allowance for doubtful casino accounts receivable relate to MGM China at December 31, 2015 and 2014, respectively. The allowance for doubtful accounts as a percentage of casino accounts receivable has increased in the current year due to an increase in specific reserves for high-end gaming customers and an increase in the aging of accounts. At December 31, 2015, 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 \$2.9 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 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 and goodwill

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 7 to the accompanying consolidated financial statements for further discussion of goodwill and other intangible assets.

Goodwill represents the excess of purchase price over fair market value of net assets acquired in business combinations. 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.

Due to a significant decrease in MGM China's cash flows as well as a decline in the market capitalization of MGM China relative to its net book value, we performed an interim impairment test of goodwill related to the MGM China reporting unit in the second quarter of 2015. As of the date we completed our 2015 interim goodwill impairment analysis, the estimated fair value of our MGM China reporting unit exceeded its carrying value by 9%. We therefore concluded that goodwill related to the MGM China reporting unit was not impaired. 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 from the interim test valuation date resulted from a further decrease in forecasted cash flows from our interim analysis based on current market conditions and a further 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 current fair values of all assets of the MGM China reporting unit, including its separately identifiable intangible assets. The current 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.

With the exception of our MGM China reporting unit, as discussed above, none of our other reporting units incurred any goodwill impairment charges in 2015, 2014 or 2013. As of the date we completed our 2015 goodwill impairment analysis, the estimated fair values of our wholly owned domestic resorts reporting units with associated goodwill 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.

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 Notes 7 and 15 to the accompanying consolidated financial statements for further discussion of write downs and impairments of goodwill and long-lived assets.

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 6 and Note 15 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, 2015, the scheduled future reversal of existing U.S. federal taxable temporary differences exceeds the scheduled future reversal of existing U.S. federal deductible temporary differences. Consequently, we no longer apply a valuation allowance against our U.S. federal deferred tax assets other than our foreign tax credit deferred tax asset and a capital loss carryforward.

As of December 31, 2015, we have a foreign tax credit carryover of \$2.9 billion against which we have recorded a valuation allowance of \$2.7 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 China 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. Although MGM China's current five-year exemption from the Macau 12% complementary tax on gaming profits ends on December 31, 2016, we believe it will be entitled to receive a third five-year exemption from Macau based upon exemptions granted to its competitors in order to ensure non-discriminatory treatment among gaming concessionaires and subconcessionaires. For all periods beyond December 31, 2021, we have assumed that MGM China will be paying the Macau 12% complementary tax on gaming profits and will thus not be able to credit the Macau Special Gaming Tax in such years and have factored that assumption into our assessment of the realization of the foreign tax credit deferred tax asset. Furthermore, we do not rely on future U.S. source operating income in assessing future foreign tax credit realization due to our history of recent losses in the U.S. and therefore only rely on U.S. federal taxable temporary differences that we expect will reverse 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, our assumption concerning renewals of the five year exemption from Macau's 12% complementary tax on gaming profits 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, should we in a future period actually receive or be able to assume an additional five year exemption, an additional valuation allowance would likely need to be provided on some portion or all of the foreign tax credit deferred tax asset, resulting in an increase in the provision for income taxes in such period and such increase may be material. In addition, a change to our forecasts of future profitability of and distributions from MGM China could also result in a material change in the valuation allowance with a corresponding impact on the provision for income taxes in such period.

Finally, we do not currently rely on future U.S. source operating income in assessing future foreign tax credit realization due to our recent history of cumulative losses in the U.S. and therefore only rely on U.S. federal taxable temporary differences that we expect will reverse during the 10-year foreign tax credit carryover period. However,

due to improvements in our U.S. operations we have generated U.S. operating profits for the past four consecutive quarters. Should these profits continue in future periods, we may during the next 12 months begin to utilize projections of future U.S. source operating income in our assessment of the realizability of our foreign tax credit deferred tax asset, which could result in a reduction in the valuation allowance and a corresponding reduction in the provision for income taxes in such period. However, the exact timing and amount of reduction in the valuation allowance are subject to change on the basis of the level of profitability that we are able to actually achieve.

In addition, there is an \$18 million valuation allowance, after federal effect, provided on certain state deferred tax assets, a valuation allowance of \$3 million on a federal income tax capital loss carryforward, a valuation allowance of \$69 million on certain Macau deferred tax assets, and a valuation allowance of \$1 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 10 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.

During the fourth quarter of 2015, we early adopted on a prospective basis FASB Accounting Standards Update No. 2015-17, “Balance sheet Classification of Deferred Taxes,” (“ASU 2015-17”), which is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. ASU 2015-17 requires that deferred tax liabilities and assets, along with any related valuation allowance, be classified as noncurrent in a classified statement of financial position. Prior to adopting ASU 2015-17, we had a current deferred tax liability of \$62 million for the period ending December 31, 2014. Prior periods are not retrospectively adjusted in the accompanying financial statements.

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 materially 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.

As of December 31, 2015, long-term variable rate borrowings represented approximately 33% of our total borrowings. Assuming a 100 basis-point increase in LIBOR (in the case of term loan B, over the 1% floor specified in our senior credit facility), our annual interest cost would change by approximately \$27 million based on gross amounts outstanding at December 31, 2015. Assuming a 100 basis-point increase in HIBOR for the MGM China credit facility, our annual interest cost would change by approximately \$16 million based on amounts outstanding at December 31, 2015. The following table provides additional information about our gross long-term debt subject to changes in interest rates:

	Debt maturing in,						Fair Value	
	2016	2017	2018	2019	2020	Thereafter	Total	December 31, 2015
	<i>(In millions)</i>							
Fixed-rate	\$ 1,476	\$ 743	\$ 475	\$ 850	\$ 1,500	\$ 3,504	\$ 8,548	\$ 8,815
Average interest rate	8.3%	7.6%	11.9%	8.6%	6.3%	6.7%	7.5%	
Variable rate	\$ 28	\$ 1,104	\$ 797	\$ 2,347	\$ -	\$ -	\$ 4,276	\$ 4,245
Average interest rate	3.4%	3.1%	2.0%	3.0%	N/A	N/A	2.9%	

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, 2015, a 1% increase in the Hong Kong dollar (the functional currency of MGM China) to the U.S. dollar exchange rate would impact the carrying value of our cash balance by \$7 million and a 1% decrease in the exchange rate would impact the carrying value of our debt balance by \$16 million.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management's Responsibilities

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

Objective of Internal Control over Financial Reporting

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

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

Management's Evaluation

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

Based on its evaluation as of December 31, 2015, 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, 2015 and issued their report thereon, which is included in this annual report. Deloitte & Touche LLP has also issued an attestation report on the effectiveness of the Company's internal control over financial reporting and such report is also included in this annual report.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the 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, 2015, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. 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, 2015, 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 as of and for the year ended December 31, 2015. Our report dated February 29, 2016 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

Las Vegas, Nevada
February 29, 2016

REPORT 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, 2015 and 2014, 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, 2015. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the financial statements 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, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2015, 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 February 29, 2016 expressed an unqualified opinion on the Company’s internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Las Vegas, Nevada
February 29, 2016

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

	December 31,	
	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,670,312	\$ 1,713,715
Cash deposits - original maturities longer than 90 days	-	570,000
Accounts receivable, net	480,559	473,345
Inventories	104,200	104,011
Income tax receivable	15,993	14,675
Prepaid expenses and other	137,685	151,414
Total current assets	<u>2,408,749</u>	<u>3,027,160</u>
Property and equipment, net	15,371,795	14,441,542
Other assets		
Investments in and advances to unconsolidated affiliates	1,491,497	1,559,034
Goodwill	1,430,767	2,897,110
Other intangible assets, net	4,164,781	4,364,856
Other long-term assets, net	347,589	304,212
Total other assets	<u>7,434,634</u>	<u>9,125,212</u>
	<u><u>\$25,215,178</u></u>	<u><u>\$26,593,914</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 182,031	\$ 164,252
Construction payable	250,120	170,439
Current portion of long-term debt	328,442	1,245,320
Deferred income taxes, net	-	62,142
Accrued interest on long-term debt	165,914	191,155
Other accrued liabilities	1,311,444	1,574,617
Total current liabilities	<u>2,237,951</u>	<u>3,407,925</u>
Deferred income taxes, net	2,680,576	2,621,860
Long-term debt	12,368,311	12,805,285
Other long-term obligations	157,663	130,570
Redeemable noncontrolling interests	6,250	-
Commitments and contingencies (Note 11)		
Stockholders' equity		
Common stock, \$.01 par value: authorized 1,000,000,000 shares, issued and outstanding 564,838,893 and 491,292,117 shares	5,648	4,913
Capital in excess of par value	5,655,886	4,180,922
Accumulated deficit	(555,629)	(107,909)
Accumulated other comprehensive income	14,022	12,991
Total MGM Resorts International stockholders' equity	<u>5,119,927</u>	<u>4,090,917</u>
Noncontrolling interests	2,644,500	3,537,357
Total stockholders' equity	<u>7,764,427</u>	<u>7,628,274</u>
	<u><u>\$25,215,178</u></u>	<u><u>\$26,593,914</u></u>

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

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

	Year Ended December 31,		
	2015	2014	2013
Revenues			
Casino	\$ 4,842,836	\$ 5,878,775	\$ 5,875,782
Rooms	1,876,733	1,768,012	1,646,303
Food and beverage	1,575,496	1,558,937	1,469,582
Entertainment	539,318	560,116	522,911
Retail	201,688	191,351	194,602
Other	506,934	507,639	490,349
Reimbursed costs	398,836	383,434	364,664
	<u>9,941,841</u>	<u>10,848,264</u>	<u>10,564,193</u>
Less: Promotional allowances	(751,773)	(766,280)	(754,530)
	<u>9,190,068</u>	<u>10,081,984</u>	<u>9,809,663</u>
Expenses			
Casino	2,882,752	3,643,881	3,684,810
Rooms	564,094	548,993	516,605
Food and beverage	917,993	908,916	844,431
Entertainment	410,284	422,115	386,252
Retail	102,904	99,455	107,249
Other	348,513	361,904	354,705
Reimbursed costs	398,836	383,434	364,664
General and administrative	1,309,104	1,318,749	1,278,450
Corporate expense	274,551	238,811	216,745
Preopening and start-up expenses	71,327	39,257	13,314
Property transactions, net	1,503,942	41,002	124,761
Depreciation and amortization	819,883	815,765	849,225
	<u>9,604,183</u>	<u>8,822,282</u>	<u>8,741,211</u>
Income from unconsolidated affiliates	<u>257,883</u>	<u>63,836</u>	<u>68,829</u>
Operating income (loss)	<u>(156,232)</u>	<u>1,323,538</u>	<u>1,137,281</u>
Non-operating income (expense)			
Interest expense, net of amounts capitalized	(797,579)	(817,061)	(857,347)
Non-operating items from unconsolidated affiliates	(76,462)	(87,794)	(208,682)
Other, net	(15,970)	(7,797)	(9,062)
	<u>(890,011)</u>	<u>(912,652)</u>	<u>(1,075,091)</u>
Income (loss) before income taxes	<u>(1,046,243)</u>	<u>410,886</u>	<u>62,190</u>
Benefit (provision) for income taxes	6,594	(283,708)	(20,816)
Net income (loss)	<u>(1,039,649)</u>	<u>127,178</u>	<u>41,374</u>
Less: Net (income) loss attributable to noncontrolling interests	591,929	(277,051)	(213,108)
Net loss attributable to MGM Resorts International	<u>\$ (447,720)</u>	<u>\$ (149,873)</u>	<u>\$ (171,734)</u>
Net loss per share of common stock attributable to MGM Resorts International			
Basic	<u>\$ (0.82)</u>	<u>\$ (0.31)</u>	<u>\$ (0.35)</u>
Diluted	<u>\$ (0.82)</u>	<u>\$ (0.31)</u>	<u>\$ (0.35)</u>

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,		
	2015	2014	2013
Net income (loss)	\$ (1,039,649)	\$ 127,178	\$ 41,374
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment	3,727	(1,293)	(3,993)
Other	(672)	1,250	115
Other comprehensive income (loss)	3,055	(43)	(3,878)
Comprehensive income (loss)	(1,036,594)	127,135	37,496
Less: Comprehensive (income) loss attributable to noncontrolling interests	589,905	(276,520)	(211,030)
Comprehensive loss attributable to MGM Resorts International	<u>\$ (446,689)</u>	<u>\$ (149,385)</u>	<u>\$ (173,534)</u>

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

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

	Year Ended December 31,		
	2015	2014	2013
Cash flows from operating activities			
Net income (loss)	\$ (1,039,649)	\$ 127,178	\$ 41,374
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	819,883	815,765	849,225
Amortization of debt discounts, premiums and issuance costs	46,280	37,650	35,281
Loss on retirement of long-term debt	1,924	-	3,801
Provision for doubtful accounts	54,691	46,698	14,969
Stock-based compensation	42,872	37,264	32,332
Property transactions, net	1,503,942	41,002	124,761
(Income) loss from unconsolidated affiliates	(177,946)	24,875	140,360
Distributions from unconsolidated affiliates	29,333	15,568	16,928
Deferred income taxes	(3,615)	331,833	48,470
Change in operating assets and liabilities:			
Accounts receivable	(62,720)	(32,435)	(59,842)
Inventories	(2,649)	3,167	(336)
Income taxes receivable and payable, net	(5,946)	(29,485)	13,468
Prepaid expenses and other	(13,694)	22,144	(38,790)
Prepaid Cotai land concession premium	(22,427)	(22,423)	(7,917)
Accounts payable and accrued liabilities	(139,069)	(288,955)	116,623
Other	(26,131)	824	(20,259)
Net cash provided by operating activities	1,005,079	1,130,670	1,310,448
Cash flows from investing activities			
Capital expenditures, net of construction payable	(1,466,819)	(872,041)	(562,124)
Dispositions of property and equipment	8,032	7,651	18,030
Proceeds from sale of business units and investment in unconsolidated affiliates	92,207	-	-
Investments in and advances to unconsolidated affiliates	(196,062)	(103,040)	(28,953)
Distributions from unconsolidated affiliates in excess of cumulative earnings	201,612	132	110
Investments in treasury securities - maturities longer than 90 days	-	(123,133)	(219,546)
Proceeds from treasury securities - maturities longer than 90 days	-	210,300	252,592
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)	(21,600)
Other	(4,028)	10,981	1,354
Net cash used in investing activities	(795,058)	(1,524,150)	(560,137)
Cash flows from financing activities			
Net borrowings (repayments) under bank credit facilities – maturities of 90 days or less	977,275	(28,000)	(28,000)
Borrowings under bank credit facilities – maturities longer than 90 days	5,118,750	5,171,250	2,793,000
Repayments under bank credit facilities – maturities longer than 90 days	(5,118,750)	(5,171,250)	(2,793,000)
Issuance of senior notes	-	1,250,750	500,000
Retirement of senior notes	(875,504)	(508,900)	(612,262)
Debt issuance costs	(46,170)	(13,681)	(23,576)
Distributions to noncontrolling interest owners	(307,227)	(386,709)	(318,348)
Proceeds from issuance of redeemable noncontrolling interests	6,250	-	-
Other	(12,503)	(5,383)	(7,522)
Net cash provided by (used in) financing activities	(257,879)	308,077	(489,708)
Effect of exchange rate on cash	793	(889)	(443)
Cash and cash equivalents			
Net increase (decrease) for the period	(47,065)	(86,292)	260,160
Change in cash related to assets held for sale	3,662	(3,662)	-
Balance, beginning of period	1,713,715	1,803,669	1,543,509
Balance, end of period	\$ 1,670,312	\$ 1,713,715	\$ 1,803,669
Supplemental cash flow disclosures			
Interest paid, net of amounts capitalized	\$ 776,540	\$ 776,778	\$ 840,280
Federal, state and foreign income taxes paid, net of refunds	11,801	42,272	835
Non-cash investing and financing activities			
Conversion of convertible senior notes to equity	\$ 1,449,499	\$ -	\$ -
Increase (decrease) in investment in and advances to CityCenter related to change in completion guarantee liability	(8,198)	83,106	92,956
Increase in construction accounts payable	79,681	74,237	39,287

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, 2015, 2014 and 2013
(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, 2013	489,234	\$4,892	\$4,132,655	\$ 213,698	\$ 14,303	\$ 4,365,548	\$ 3,750,468	\$ 8,116,016
Net income (loss)	-	-	-	(171,734)	-	(171,734)	213,108	41,374
Currency translation adjustment	-	-	-	-	(1,915)	(1,915)	(2,078)	(3,993)
Other comprehensive income from unconsolidated affiliates, net	-	-	-	-	115	115	-	115
Stock-based compensation	-	-	30,374	-	-	30,374	3,048	33,422
Tax effect of stock-based compensation	-	-	4,188	-	-	4,188	-	4,188
Issuance of common stock pursuant to stock-based compensation awards	1,127	12	(8,706)	-	-	(8,694)	-	(8,694)
Cash distributions to noncontrolling interest owners	-	-	-	-	-	-	(318,344)	(318,344)
Other	-	-	(1,831)	-	-	(1,831)	(1,758)	(3,589)
Balances, December 31, 2013	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

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

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — ORGANIZATION

Organization. MGM Resorts International (the “Company”) is a Delaware corporation that acts largely as a holding company and, through wholly owned subsidiaries, owns and/or operates casino resorts. The Company owns and operates the following 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. In April 2015, the Company closed the sale of Railroad Pass and Gold Strike which included related assets in Jean, Nevada. In November 2015, the Company closed the sale of Circus Circus Reno as well as the Company’s 50% interest in Silver Legacy and associated real property, with Eldorado Resorts, Inc. See Note 4 for additional discussion of dispositions. 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 Tunica. The Company also owns Shadow Creek, an exclusive world-class golf course located approximately ten miles north of its Las Vegas Strip resorts, Primm Valley Golf Club at the California/Nevada state line and Fallen Oak golf course in Saucier, Mississippi.

The Company owns 51% and has a controlling interest in MGM China Holdings Limited (“MGM China”), which owns MGM Grand Paradise, S.A. (“MGM Grand Paradise”), the Macau company that owns and operates the MGM Macau resort and casino and the related gaming subconcession and land 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 may be less than MGM Cotai’s 500 gaming table capacity. The total estimated project budget is \$3.0 billion excluding development fees eliminated in consolidation, capitalized interest and land related costs.

The Company owns 50% of and manages CityCenter, located between Bellagio and Monte Carlo. The other 50% of CityCenter is owned by Infinity World Development Corp, a wholly owned subsidiary of Dubai World, a Dubai, United Arab Emirates government decree entity. CityCenter consists of Aria, an integrated casino, hotel and entertainment resort; Mandarin Oriental Las Vegas, a non-gaming boutique hotel; Crystals, a retail, dining and entertainment district; and Vdara, a luxury condominium-hotel. In addition, CityCenter features residential units in the Residences at Mandarin Oriental and Veer. See Note 6, Note 11 and Note 17 for additional information related to CityCenter.

The Company owns 50% of the Borgata Hotel Casino & Spa (“Borgata”) located on Renaissance Pointe in the Marina area of Atlantic City, New Jersey. Boyd Gaming Corporation owns the other 50% of Borgata and also operates the resort. The Company also has a 50% interest in Grand Victoria. Grand Victoria is a riverboat casino in Elgin, Illinois; an affiliate of Hyatt Gaming owns the other 50% of Grand Victoria and also operates the resort. See Note 6 for additional information regarding the Company’s investments in unconsolidated affiliates.

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

A subsidiary of the Company was awarded 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, Massachusetts. 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.

In 2013, the Company formed Las Vegas Arena Company, LLC (the "Las Vegas Arena Company") with a subsidiary of Anschutz Entertainment Group, Inc. ("AEG") – a leader in sports, entertainment, and promotions – to design, construct, and operate an arena that will be located on a parcel of the Company's land between Frank Sinatra Drive and New York-New York, adjacent to the Las Vegas Strip. The Company and AEG each own 50% of Las Vegas Arena Company. Such development is estimated to cost approximately \$350 million, excluding capitalized interest and land-related costs. The Las Vegas Arena Company recently entered into a multi-year naming rights agreement with T-Mobile. T-Mobile Arena is anticipated to seat between 18,000-20,000 people. In addition, the Company is building The Park entertainment district which connects to New York-New York, Monte Carlo and T-Mobile Arena. Also, effective January 1, 2016, the Las Vegas Arena Company leases and operates the MGM Grand Garden Arena under a long term lease with an initial 15-year term, plus two 5-year renewal options. See Note 6 and Note 11 for additional information related to Las Vegas Arena Company.

The Company has two reportable segments: wholly owned domestic resorts and MGM China. See Note 16 for additional information about the Company's segments.

NOTE 2 — BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation. The consolidated financial statements include the accounts of the Company and its subsidiaries. The Company's investments in unconsolidated affiliates which are 50% or less owned are accounted for under the equity method. The Company does not have significant variable interests in variable interest entities. All intercompany balances and transactions have been eliminated in consolidation.

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 uses Level 1 inputs for its long-term debt fair value disclosures. See Note 9;
- The Company used Level 3 inputs when assessing the fair value of its investment in Grand Victoria. See Note 6; and
- The Company used Level 2 and Level 3 inputs when measuring the impairment of goodwill related to the MGM China reporting unit, 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, construction payable, or other accrued liabilities, as applicable.

Cash deposits – original maturities longer than 90 days. At December 31, 2014, the Company had \$570 million in certificates of deposit with original maturities longer than 90 days. Scheduled maturities were at or prior to March 31, 2015. The fair value of the certificates of deposit equaled their carrying value.

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, 2015, 63% of the Company's casino receivables were due from customers residing in foreign countries. 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, 2015, 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 market. 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, 2015 and 2014, the Company had accrued \$17 million and \$14 million for property and equipment within accounts payable and \$44 million and \$24 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 20 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 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. See Note 15 for information on recorded impairment charges.

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 6 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. An impairment of goodwill related to the MGM China reporting unit was recorded as a result of the annual impairment review in 2015. No impairments were indicated or recorded in 2014 and 2013. See Note 7.

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 unit 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 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. 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,			
	2015	2014	2013
		(In thousands)	
Rooms	\$ 112,313	\$ 115,463	\$ 111,842
Food and beverage	279,041	295,667	294,555
Entertainment, retail and other	39,388	39,673	39,606
	<u>\$ 430,742</u>	<u>\$ 450,803</u>	<u>\$ 446,003</u>

Gaming promoters. A significant portion of the high-end (“VIP”) gaming volume at MGM Macau is generated through the use of gaming promoters, also known as junket operators. These operators introduce high-end 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 promoters’ 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 or 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 expenses. 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” and is available to patrons at substantially all of the Company’s wholly owned and operated 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 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 \$156 million for 2015 and 2014 and \$153 million for 2013.

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 15 for a detailed discussion of these amounts.

Redeemable noncontrolling interest. In April 2015, MGM National Harbor issued non-voting economic interests in MGM National Harbor (“Interests”) to Radio One, Inc. (“Radio One”), a noncontrolling interest party, for a purchase price of \$5 million. In addition, Radio One was given the right to make one additional capital contribution of up to \$35 million prior to July 1, 2016 for the purchase of additional Interests. In December 2015, MGM National Harbor issued Interests to 42 Gaming N.H., LLC (“42 Gaming”), a noncontrolling interest party, for a purchase price of \$1.25 million. In addition, 42 Gaming was given the right to make one additional capital contribution of up to \$8.75 million prior to July 1, 2016 for the purchase of additional Interests.

The Interests provide for annual preferred distributions by MGM National Harbor to Radio One and 42 Gaming based on a percentage of its annual net gaming revenue (as defined in the MGM National Harbor operating agreement). Such distributions will begin within ninety days after the end of the fiscal year in which the opening date of MGM National Harbor occurs, and after the end of each subsequent fiscal year. Also, beginning on the third anniversary of the last day of the calendar quarter in which the opening date of MGM National Harbor occurs (and on each subsequent anniversary thereof) Radio One and 42 Gaming 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. Radio One and 42 Gaming also 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 will reflect any changes caused by such an adjustment in retained earnings or accumulated deficit.

Income (loss) per share of common stock. The table below reconciles basic and diluted income (loss) per share of common stock. Diluted net loss attributable to MGM Resorts International includes adjustments for the potentially dilutive effect on the Company's equity interest in MGM China due to shares outstanding under the MGM China Share Option Plan. Diluted weighted-average common and common equivalent shares includes adjustments for potential dilution of share-based awards outstanding under the Company's stock compensation plans and the assumed conversion of convertible debt, unless the effect of inclusion of such shares would be antidilutive.

	Year Ended December 31,		
	2015	2014	2013
	<i>(In thousands)</i>		
Numerator:			
Net loss attributable to MGM Resorts International - basic	\$ (447,720)	\$ (149,873)	\$ (171,734)
Potentially dilutive effect due to MGM China Share Option Plan	-	(340)	(104)
Net loss attributable to MGM Resorts International - diluted	<u>\$ (447,720)</u>	<u>\$ (150,213)</u>	<u>\$ (171,838)</u>
Denominator:			
Weighted-average common shares outstanding - basic and diluted	<u>542,873</u>	<u>490,875</u>	<u>489,661</u>
Antidilutive share-based awards excluded from the calculation of diluted earnings per share	<u>18,276</u>	<u>19,254</u>	<u>18,468</u>

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, 2014 and 2013 as their effect would be antidilutive.

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).

Comprehensive income (loss). Comprehensive income (loss) includes net income (loss) and all other non-stockholder changes in equity, or other comprehensive income (loss). Elements of the Company's accumulated other comprehensive income are reported in the accompanying consolidated statements of stockholders' equity, and the cumulative balance of these elements consisted of the following:

	December 31,	
	2015	2014
	<i>(In thousands)</i>	
Currency translation adjustments	\$ 27,167	\$ 23,440
Other comprehensive income from unconsolidated affiliates	-	672
Accumulated other comprehensive income	27,167	24,112
Less: Currency translation adjustment attributable to noncontrolling interests	(13,145)	(11,121)
Accumulated other comprehensive income attributable to MGM Resorts International	<u>\$ 14,022</u>	<u>\$ 12,991</u>

Recently issued accounting standards. On February 25, 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2016-02, “Leases (Topic 842),” (“ASU 2016-02”), which replaces the existing guidance in Accounting Standard Codification 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 this guidance will have on its consolidated financial statements and footnote disclosures.

In August 2015, the FASB issued Accounting Standards Update No. 2015-14, “Revenue From Contracts With Customers (Topic 606): Deferral of the Effective Date,” which defers the effective date of Accounting Standards Update No. 2014-09, “Revenue From Contracts With Customers,” (“ASU 2014-09”) to the fiscal year, and interim periods within the year, beginning on or after December 15, 2017. FASB ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. Additionally, the new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. The Company is currently assessing the impact that adoption of this guidance will have on its consolidated financial statements and footnote disclosures.

In July 2015, the FASB issued Accounting Standards Update No. 2015-11, “Simplifying the Measurement of Inventory,” (“ASU 2015-11”), effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. ASU 2015-11 requires inventory that is measured using first-in, first-out (FIFO) or average cost method to be measured “at the lower of cost and net realizable value,” thereby simplifying the current guidance under which an entity must measure inventory at the lower of cost or market (market in this context is defined as one of three different measures). ASU No. 2015-11 will not apply to inventories that are measured by using either the LIFO method or the retail inventory method. The Company is currently assessing the impact that adoption of ASU 2015-11 will have on its consolidated financial statements and footnote disclosures.

In February 2015, the FASB issued Accounting Standards Update No. 2015-02, “Amendments to the Consolidation Analysis,” (“ASU 2015-02”), which is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. ASU 2015-02 amends: the assessment of whether a limited partnership is a variable interest entity; the effect that fees paid to a decision maker have on the consolidation analysis; how variable interests held by a reporting entity’s related parties or de facto agents affect its consolidation conclusion; and for entities other than limited partnerships, clarifies how to determine whether the equity holders as a group have power over an entity. The adoption of ASU 2015-02 will not have a material impact on the Company’s consolidated financial statements and footnote disclosures.

During 2015, the Company early adopted Accounting Standard Update No. 2015-03, “Simplifying the Presentation of Debt Issuance Costs,” (“ASU 2015-03”), which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. The amortization of such costs will continue to be reported as interest expense. In addition, in accordance with ASU No. 2015-15, “Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements: Amendments to SEC Paragraph Pursuant to Staff Announcement at June 18, 2015 EITF Meeting,” (“ASU 2015-15”), which was adopted concurrent with ASU 2015-03, the Company will continue to present the debt issuance costs associated with the Company’s revolving credit facilities as other assets included within the Company’s consolidated balance sheets and continue amortizing those deferred costs over the term of the related facilities. ASU 2015-03 requires the new guidance to

be applied on a retrospective basis. Accordingly, as of December 31, 2015 and 2014, the Company reclassified \$118 million and \$109 million, respectively, of debt issuance costs in the accompanying consolidated balance sheets.

During the fourth quarter of 2015, the Company early adopted on a prospective basis FASB Accounting Standards Update No. 2015-17, “Balance Sheet Classification of Deferred Taxes,” (“ASU 2015-17”). ASU 2015-17 requires that deferred tax liabilities and assets, along with any related valuation allowance, be classified as noncurrent in a classified statement of financial position. The amendments in ASU 2015-17 may be applied on either a prospective or retrospective basis. The Company had a current deferred tax liability of \$62 million for the year ended December 31, 2014. The Company adopted ASU 2015-17 on a prospective basis, and accordingly the prior periods have not been retrospectively adjusted in the accompanying financial statements.

NOTE 3 — ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following:

	December 31,	
	2015	2014
	<i>(In thousands)</i>	
Casino	\$ 285,182	\$ 307,152
Hotel	157,489	149,268
Other	127,677	106,527
	570,348	562,947
Less: Allowance for doubtful accounts	(89,789)	(89,602)
	<u>\$ 480,559</u>	<u>\$ 473,345</u>

NOTE 4 — DISPOSITIONS AND ASSETS HELD FOR SALE

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

On April 30, 2015, the Company closed the sale of Gold Strike and related assets in Jean, Nevada. At closing, the Company received \$12 million in cash proceeds. The assets and liabilities of Gold Strike were classified as held for sale as of December 31, 2014. At December 31, 2014, assets held for sale of \$14 million comprised predominantly of property, plant and equipment, were classified within “Prepaid expenses and other” and liabilities related to assets held for sale of \$2 million, comprised of accounts payable and other accrued liabilities, were classified within “Other accrued liabilities.”

On 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 6 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 5 — PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	December 31,	
	2015	2014
	<i>(In thousands)</i>	
Land	\$ 6,495,391	\$ 6,475,134
Buildings, building improvements and land improvements	9,429,945	9,313,308
Furniture, fixtures and equipment	4,274,537	4,178,723
Construction in progress	2,111,860	999,616
	22,311,733	20,966,781
Less: Accumulated depreciation and amortization	(6,939,938)	(6,525,239)
	<u>\$ 15,371,795</u>	<u>\$ 14,441,542</u>

NOTE 6 — INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES

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

	December 31,	
	2015	2014
	<i>(In thousands)</i>	
CityCenter Holdings, LLC – CityCenter (50%)	\$ 1,136,452	\$ 1,221,306
Elgin Riverboat Resort–Riverboat Casino – Grand Victoria (50%)	122,500	141,162
Marina District Development Company – Borgata (50%)	134,454	109,252
Other	98,091	87,314
	<u>\$ 1,491,497</u>	<u>\$ 1,559,034</u>

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

	Year Ended December 31,		
	2015	2014	2013
	<i>(In thousands)</i>		
Income from unconsolidated affiliates	\$ 257,883	\$ 63,836	\$ 68,829
Preopening and start-up expenses	(3,475)	(917)	(507)
Non-operating items from unconsolidated affiliates	(76,462)	(87,794)	(208,682)
	<u>\$ 177,946</u>	<u>\$ (24,875)</u>	<u>\$ (140,360)</u>

CityCenter

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

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

October 2013 debt restructuring transactions. In October 2013, CityCenter entered into a \$1.775 billion senior secured credit facility. The senior secured credit facility consists of a \$75 million revolving facility maturing in October 2018, and a \$1.7 billion term loan B facility maturing in October 2020. The term loan B facility was issued at 99% of the principal amount and bears interest at LIBOR plus 3.25% with a LIBOR floor of 1.00%. Concurrent with the closing of the new senior secured credit facility, CityCenter issued a notice of full redemption with respect to its existing 7.625% senior secured first lien notes and 10.75%/11.50% senior secured second lien PIK toggle notes and discharged each of the indentures for its first and second lien notes at a premium in accordance with the terms of such indentures. As a result of the transaction, the Company recorded a charge of \$70 million for its 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. CityCenter permanently repaid \$38 million and \$154 million of its term loan B facility in 2015 and 2014, respectively.

In addition, in connection with the October 2013 debt restructuring, sponsor notes with a carrying value of approximately \$738 million were converted to members' equity. Subsequent to these transactions, CityCenter's senior credit facility is its only remaining long-term debt. The senior secured credit facility is secured by substantially all the assets of CityCenter, and contains certain financial covenants including minimum interest coverage ratios and maximum leverage ratio requirements (as defined in the CityCenter agreements).

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 intends to, and believes it will be able to, retain the 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.

At June 30, 2013, 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 as a result of the

opening of a new river boat casino 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 11%. 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 \$37 million based on an estimated fair value of \$170 million for the Company's 50% interest.

Las Vegas Arena Company

In September 2014, a wholly owned 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, 2015, the senior secured credit facility consisted of a \$120 million term loan A and an \$80 million term loan B. The senior secured credit facility matures in October 2016, with an option to extend the maturity for three years. The senior secured credit facility is secured by substantially all the assets of the Las Vegas Arena Company, and contains certain financial covenants applicable upon opening of the T-Mobile Arena. In accordance with the Las Vegas Arena Company's senior secured credit facility, the Company and AEG contributed equal amounts totaling \$175 million for construction, all of which has been contributed as of December 31, 2015. See Note 11 for discussion of the Company's joint and several completion and repayment guarantees and equity contribution commitments related to the Las Vegas Arena Company.

Silver Legacy

As discussed in Note 4, 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 has concluded that the sale will not have a major effect on the Company's operations or its financial results and it does not represent a disposal of a major geographic segment or product line.

Unconsolidated Affiliate Financial Information

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

	December 31,	
	2015	2014
	<i>(In thousands)</i>	
Current assets	\$ 592,883	\$ 772,412
Property and other assets, net	9,128,866	9,381,601
Current liabilities	482,633	683,452
Long-term debt and other long-term obligations	2,268,157	2,396,376
Equity	6,970,959	7,074,185

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

	Year Ended December 31,		
	2015	2014	2013
	<i>(In thousands)</i>		
Net revenues	\$ 2,362,258	\$ 2,299,698	\$ 2,280,309
Operating expenses	(1,941,812)	(2,278,039)	(2,247,743)
Operating income	420,446	21,659	32,566
Interest expense	(142,396)	(164,055)	(328,740)
Non-operating expenses	(15,101)	(13,337)	(146,898)
Net income (loss)	\$ 262,949	\$ (155,733)	\$ (443,072)

Results of operations of the unconsolidated affiliates includes the results of Silver Legacy through the date of disposition on November 23, 2015.

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,	
	2015	2014
	<i>(In thousands)</i>	
Venture-level equity attributable to the Company	\$ 3,486,117	\$ 3,532,746
Adjustment to CityCenter equity upon contribution of net assets by MGM		
Resorts International (1)	(573,163)	(578,554)
CityCenter capitalized interest (2)	241,374	251,450
CityCenter completion guarantee (3)	372,785	466,660
CityCenter deferred gain (4)	(236,327)	(238,749)
CityCenter capitalized interest on sponsor notes (5)	(47,158)	(49,892)
Other-than-temporary impairments of CityCenter investment (6)	(1,800,191)	(1,857,673)
Other-than-temporary impairments of Borgata investment (7)	(126,446)	(130,333)
Acquisition fair value adjustments net of other-than-temporary impairments of Grand Victoria investment (8)	99,619	116,669
Other adjustments	74,887	46,710
	<u>\$ 1,491,497</u>	<u>\$ 1,559,034</u>

- (1) Primarily relates to land and fixed assets.
- (2) Relates to interest capitalized on the Company's investment balance during development and construction stages.
- (3) Created by contributions to CityCenter under the completion guarantee recognized as equity contributions by CityCenter split between the members.
- (4) Relates to a deferred gain on assets contributed to CityCenter upon formation of CityCenter.
- (5) Relates to interest on the sponsor notes capitalized by CityCenter during development. Such sponsor notes were converted to equity in 2013.
- (6) The impairment of the Company's CityCenter investment includes \$426 million of impairments allocated to land.
- (7) The impairment of the Company's Borgata investment includes \$90 million of impairments allocated to land.
- (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 7 — GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets consisted of the following:

	December 31,	
	2015	2014
	<i>(In thousands)</i>	
Goodwill:		
Wholly owned domestic resorts	\$ 70,975	\$ 70,975
MGM China	1,359,792	2,826,135
	<u>\$ 1,430,767</u>	<u>\$ 2,897,110</u>
Indefinite-lived intangible assets:		
Detroit development rights	\$ 98,098	\$ 98,098
Trademarks, license rights and other	229,022	232,123
Total indefinite-lived intangible assets	<u>327,120</u>	<u>330,221</u>
Finite-lived intangible assets:		
MGM Grand Paradise gaming subconcession	4,515,867	4,513,101
Less: Accumulated amortization	(858,531)	(692,047)
	<u>3,657,336</u>	<u>3,821,054</u>
MGM Macau land concession	84,769	84,717
Less: Accumulated amortization	(19,554)	(15,272)
	<u>65,215</u>	<u>69,445</u>
MGM China customer lists	129,025	128,946
Less: Accumulated amortization	(126,003)	(116,664)
	<u>3,022</u>	<u>12,282</u>
MGM China gaming promoter relationships	180,635	180,524
Less: Accumulated amortization	(180,635)	(161,467)
	<u>-</u>	<u>19,057</u>
Maryland license, Massachusetts license and other intangible assets	136,127	136,827
Less: Accumulated amortization	(24,039)	(24,030)
	<u>112,088</u>	<u>112,797</u>
Total finite-lived intangible assets, net	<u>3,837,661</u>	<u>4,034,635</u>
Total other intangible assets, net	<u>\$ 4,164,781</u>	<u>\$ 4,364,856</u>

The following table summarizes our gross carrying value of goodwill and related cumulative impairment losses as of December 31, 2015:

	Gross Carrying Value	Cumulative Impairment Losses	Goodwill, net
	<i>(In thousands)</i>		
Goodwill, net by Reportable Segment:			
Wholly Owned Domestic Resorts	\$ 1,239,063	\$ (1,168,088)	\$ 70,975
MGM China	2,827,783	(1,467,991)	1,359,792
Balance, December 31, 2015	<u>\$ 4,066,846</u>	<u>\$ (2,636,079)</u>	<u>\$ 1,430,767</u>

Goodwill related to wholly owned domestic resorts relates to the acquisition of Mirage Resorts in 2001 and the acquisition of Mandalay Resort Group in 2005. The Company recognized goodwill resulting from its acquisition of a controlling interest in MGM China in 2011.

Due to a significant decrease in MGM China's cash flows as well as a decline in the market capitalization of MGM China relative to its net book value, the Company performed an interim impairment test of goodwill related to the MGM China reporting unit in the second quarter of 2015. The results of the Company's interim impairment test indicated the fair value of the MGM China reporting unit exceeded its carrying value by 9%.

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 from the interim test valuation date resulted from a further decrease in forecasted cash flows from the interim analysis based on current market conditions and a further and 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 current fair values of all assets of the MGM China reporting unit, including its separately identifiable intangible assets. The current 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 impairment charge is reflected in "Property transactions, net" in the accompanying Consolidated Statements of Operations for the year ended December 31, 2015. 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.

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.

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 land concession agreement with the government extends significantly beyond the gaming subconcession. In addition, management believes that the fair value of MGM China reflected in the IPO pricing suggests that market participants have assumed the gaming subconcession will be extended beyond its initial term. As such, the Company was amortizing the gaming subconcession intangible asset on a straight-line basis over the initial term of the land concession through April 6, 2031. In January 2013, the Company's Cotai land concession was gazetted by the Macau government at which time the Company determined that the estimated remaining useful life of its gaming subconcession would be extended through the initial 25-year 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.

MGM China customer lists. The Company recognized an intangible asset related to customer lists, which is amortized on an accelerated basis over its estimated useful life of five years.

MGM China gaming promoter relationships. The Company recognized an intangible asset related to its relationships with gaming promoters, which was amortized on a straight-line basis over its estimated useful life of four years. The gaming promoter relationship intangible asset became fully amortized in 2015.

Maryland license. 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 will be amortized over a period of 15 years beginning upon the opening of the casino resort.

Massachusetts license. 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 \$199 million, \$232 million and \$243 million for 2015, 2014, and 2013, respectively. Estimated future amortization is as follows:

	<i>(In thousands)</i>
Years ending December 31,	
2016	\$ 174,424
2017	172,482
2018	173,426
2019	178,149
2020	178,149
Thereafter	2,961,031
	<u>\$ 3,837,661</u>

NOTE 8 — OTHER ACCRUED LIABILITIES

Other accrued liabilities consisted of the following:

	December 31,	
	2015	2014
	<i>(In thousands)</i>	
Payroll and related	\$ 370,672	\$ 369,497
Advance deposits and ticket sales	104,461	103,440
Casino outstanding chip liability	282,810	294,466
Casino front money deposits	127,947	122,184
MGM China gaming promoter commissions	33,064	74,754
Other gaming related accruals	91,318	114,165
Taxes, other than income taxes	153,531	201,562
Completion guarantee liability	-	148,929
Other	147,641	145,620
	<u>\$ 1,311,444</u>	<u>\$ 1,574,617</u>

NOTE 9 — LONG-TERM DEBT

Long-term debt consisted of the following:

	December 31,	
	2015	2014
	<i>(In thousands)</i>	
Senior credit facility term loans	\$ 2,716,000	\$ 2,744,000
MGM China credit facility	1,559,909	553,177
\$1,450 million 4.25% convertible senior notes, due 2015	-	1,450,000
\$875 million 6.625% senior notes, due 2015	-	875,000
\$242.9 million 6.875% senior notes, due 2016	242,900	242,900
\$732.7 million 7.5% senior notes, due 2016	732,749	732,749
\$500 million 10% senior notes, due 2016	500,000	500,000
\$743 million 7.625% senior notes, due 2017	743,000	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
\$0.6 million 7% debentures, due 2036	552	552
\$4.3 million 6.7% debentures, due 2096	4,265	4,265
	12,824,375	14,170,643
Less: premiums, discounts, and unamortized debt issuance costs, net	(127,622)	(120,038)
	12,696,753	14,050,605
Less: Current portion, net of discounts and unamortized debt issuance costs ..	(328,442)	(1,245,320)
	<u>\$ 12,368,311</u>	<u>\$ 12,805,285</u>

As of 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. At December 31, 2014, the amount available under the Company's revolving senior credit facility was less than current maturities related to the Company's term loan credit facilities, convertible senior notes and senior notes. The Company excluded from the December 31, 2015 and 2014 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,		
	2015	2014	2013
	<i>(In thousands)</i>		
Total interest incurred	\$ 862,377	\$ 846,321	\$ 862,417
Interest capitalized	(64,798)	(29,260)	(5,070)
	<u>\$ 797,579</u>	<u>\$ 817,061</u>	<u>\$ 857,347</u>

Senior credit facility. At December 31, 2015, the Company's senior credit facility consisted of a \$1.2 billion revolving credit facility, a \$1.02 billion term loan A facility and a \$1.70 billion term loan B facility. The revolving and term loan A facilities bear interest at LIBOR plus an applicable rate determined by the Company's credit rating (2.75% as of December 31, 2015). The term loan B facility bears interest at LIBOR plus 2.50%, with a LIBOR floor of 1.00%. The revolving and term loan A facilities mature in December 2017 and the term

loan B facility matures in December 2019. The term loan A and term loan B facilities are subject to scheduled amortization payments on the last day of each calendar quarter in an amount equal to 0.25% of the original principal balance. The Company permanently repaid \$28 million in 2015, in accordance with the scheduled amortization. The Company had \$1.2 billion of available borrowing capacity under its senior credit facility at December 31, 2015. At December 31, 2015, the interest rate on the term loan A was 3.17% and the interest rate on the term loan B was 3.50%.

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

The senior credit facility contains customary representations and warranties and customary affirmative and negative covenants. In addition, the senior credit facility requires the Company and its restricted subsidiaries (the “Restricted Group”) to maintain a minimum trailing four-quarter EBITDA (as defined in the senior credit facility) and limits the ability of the Restricted Group to make capital expenditures and investments. As of December 31, 2015, the Restricted Group is required to maintain a minimum EBITDA of \$1.30 billion. The minimum EBITDA requirement increases to \$1.35 billion for March 31, 2016 through December 31, 2016, and to \$1.40 billion for March 31, 2017 and thereafter. EBITDA for the trailing four quarters ended December 31, 2015, calculated in accordance with the terms of the senior credit facility (which includes cash distributions from unconsolidated affiliates, such as the CityCenter distribution), was \$1.71 billion. The senior credit facility limits the Restricted Group to capital expenditures of \$500 million per fiscal year, with unused amounts in any fiscal year rolling over to the next fiscal year, but not any fiscal year thereafter. The Restricted Group’s total capital expenditures allowable under the senior credit facility for fiscal year 2015, after giving effect to unused amounts from 2014, was \$794 million. In addition, the senior credit facility limits the Restricted Group’s ability to make investments subject to certain thresholds and other important exceptions. As of December 31, 2015, the Restricted Group was within the limit of capital expenditures and other investments for the 2015 calendar year.

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

MGM China credit facility. In June 2015, MGM China and MGM Grand Paradise, as co-borrowers, entered into a second amended and restated credit facility which consists of \$1.55 billion of term loans and a \$1.45 billion revolving credit facility. The term was extended for an eighteen month period to April 2019, with scheduled amortization payments of the term loans beginning in October 2017. The MGM China credit facility bears interest at a fluctuating rate per annum based on HIBOR plus a margin that will range between 1.375% and 2.50% based on MGM China’s leverage ratio. 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, 2015 was comprised solely of term loans. At December 31, 2015, weighted average interest rate on the term loans was 1.97%.

The MGM China credit facility contains customary representations and warranties, events of default, affirmative covenants and negative covenants, which impose restrictions on, among other things, the ability of MGM China and its subsidiaries to make investments, pay dividends and sell assets, and to incur additional liens.

As of December 31, 2015, MGM China was required to maintain compliance with a maximum leverage ratio of 4.50 to 1.00 in addition to a minimum interest coverage ratio of 2.50 to 1.00. MGM China was in compliance with the credit facility covenants at December 31, 2015.

In February 2016, the MGM China credit facility was amended. The amendment included changes to the required maximum leverage ratio which increases to 6.00 to 1.00 beginning September 30, 2016 through June 30, 2017, then decreases to 5.50 to 1.00 for September 30, 2017, 5.00 to 1.00 for December 31, 2017, and 4.50 to 1.00 for March 31, 2018 and thereafter.

MGM National Harbor credit agreement. In January 2016, MGM National Harbor, LLC, the Company's wholly owned subsidiary developing and constructing MGM National Harbor, entered into a credit agreement consisting of a \$100 million revolving credit facility and a \$425 million delayed draw term loan facility, of which \$250 million was funded at closing. The revolving and term loan facilities initially bear interest at a LIBOR rate plus an additional rate ranging from 2.00% to 2.25% per annum (determined based on a total leverage ratio). 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 quarter, respectively. The term loan and revolving facilities are scheduled to mature in January 2021.

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), 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 ended 2017.

The credit agreement contains customary representations and warranties, events of default, affirmative covenants and negative covenants, which impose restrictions on, among other things, the ability of MGM National Harbor, LLC and its restricted subsidiaries to make investments, pay dividends, sell assets, and to incur additional debt and additional liens. In addition, the credit agreement requires MGM National Harbor, LLC and its restricted subsidiaries to maintain a maximum total leverage ratio and a minimum interest coverage ratio. In addition, borrowings under the credit agreement are subject to a customary "in balance test" (as defined in the credit agreement), which requires that, as of the date of determination prior to the opening date, the available funds (including resources that may be available from the Company under the Company's senior credit facility) are equal to or exceed the remaining costs for MGM National Harbor.

Senior Notes. During 2015, the Company repaid its \$875 million 6.625% senior notes at maturity. In 2014, the Company repaid its \$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. 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.

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 in 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, 2015 are as follows:

	<i>(In thousands)</i>
Years ending December 31,	
2016	1,503,649
2017	1,846,495
2018	1,272,453
2019	3,196,961
2020	1,500,000
Thereafter	3,504,817
	<u>12,824,375</u>

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

NOTE 10 — INCOME TAXES

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

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

	Year Ended December 31,		
	2015	2014	2013
		<i>(In thousands)</i>	
Domestic operations	\$ 155,296	\$ (168,135)	\$ (444,891)
Foreign operations	(1,201,539)	579,021	507,081
	<u>\$ (1,046,243)</u>	<u>\$ 410,886</u>	<u>\$ 62,190</u>

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

	Year Ended December 31,		
	2015	2014	2013
	<i>(In thousands)</i>		
Federal:			
Current	\$ (13,540)	\$ (10,448)	\$ 3,532
Deferred (excluding separate components)	280,220	785,225	963,919
Deferred—operating loss carryforward	—	(277,453)	(305,760)
Deferred—valuation allowance	(247,867)	(815,851)	(634,190)
Other noncurrent	(590)	33,130	14,522
Benefit (provision) for federal income taxes	<u>18,223</u>	<u>(285,397)</u>	<u>42,023</u>
State:			
Current	(1,840)	(2,214)	(1,812)
Deferred (excluding separate components)	(2,768)	4,338	4,056
Deferred—operating loss carryforward	(2,263)	531	393
Deferred—valuation allowance	(4,465)	412	(4,374)
Other noncurrent	7,153	(547)	879
Benefit (provision) for state income taxes	<u>(4,183)</u>	<u>2,520</u>	<u>(858)</u>
Foreign:			
Current	(2,127)	(1,656)	(2,214)
Deferred (excluding separate components)	(5,832)	1,726	(70,440)
Deferred—operating loss carryforward	10,472	3,495	1,312
Deferred—valuation allowance	(9,959)	(4,396)	9,361
Provision for foreign income taxes	<u>(7,446)</u>	<u>(831)</u>	<u>(61,981)</u>
	<u>\$ 6,594</u>	<u>\$ (283,708)</u>	<u>\$ (20,816)</u>

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

	Year Ended December 31,		
	2015	2014	2013
Federal income tax statutory rate	35.0%	35.0%	35.0%
Foreign tax credit	63.7	(222.0)	(1,557.1)
Repatriation of foreign earnings	(32.0)	113.2	738.4
Foreign goodwill impairment	(49.1)	-	-
Federal valuation allowance	(23.7)	198.6	1,019.8
State income tax, net of federal benefit and valuation allowance	(0.2)	(0.4)	0.8
Settlements with taxing authorities	0.1	(7.6)	(23.5)
Macau deferred tax liability re-measurement	-	-	96.1
Foreign jurisdiction income/losses taxed at other than 35%	6.9	(49.1)	(281.8)
Tax credits	0.4	(1.0)	(13.1)
Permanent and other items	(0.5)	2.3	18.9
	<u>0.6%</u>	<u>69.0%</u>	<u>33.5%</u>

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

	December 31,	
	2015	2014
	<i>(In thousands)</i>	
Deferred tax assets - federal and state:		
Bad debt reserve	\$ 42,133	\$ 47,563
Deferred compensation	4,719	4,074
Net operating loss carryforward	20,084	21,555
Capital loss carryforward	2,827	-
Accruals, reserves and other	42,614	129,311
Investments in unconsolidated affiliates	198,594	236,528
Stock-based compensation	32,108	34,449
Tax credits	2,883,839	2,601,653
	<u>3,226,918</u>	<u>3,075,133</u>
Less: Valuation allowance	(2,736,972)	(2,498,299)
	<u>489,946</u>	<u>576,834</u>
Deferred tax assets - foreign:		
Bad debt reserve	976	1,456
Net operating loss carryforward	69,800	59,329
Accruals, reserves and other	1,270	64
Property and equipment	2,837	10,687
	<u>74,883</u>	<u>71,536</u>
Less: Valuation allowance	(70,159)	(60,468)
	<u>4,724</u>	<u>11,068</u>
Total deferred tax assets	<u>\$ 494,670</u>	<u>\$ 587,902</u>
Deferred tax liabilities - federal and state:		
Property and equipment	(2,536,724)	(2,549,866)
Long-term debt	(220,245)	(293,006)
Intangibles	(99,419)	(109,161)
	<u>(2,856,388)</u>	<u>(2,952,033)</u>
Deferred tax liabilities - foreign:		
Intangibles	(318,858)	(319,871)
	<u>(318,858)</u>	<u>(319,871)</u>
Total deferred tax liability	<u>\$ (3,175,246)</u>	<u>\$ (3,271,904)</u>
Net deferred tax liability	<u>\$ (2,680,576)</u>	<u>\$ (2,684,002)</u>

Income generated from gaming operations of MGM Grand Paradise, which is wholly owned by MGM China, is exempted from Macau's 12% complementary tax for the five-year period ending December 31, 2016, pursuant to approval from the Macau government in 2011. Absent this exemption, "Net loss attributable to MGM Resorts International" would have increased by \$25 million and \$47 million for 2015 and 2014, respectively, and net loss per share (diluted) would have increased by \$0.04 and \$0.10 for 2015 and 2014, respectively. The approval granted in 2011 represented the second five-year exemption period granted to MGM Grand Paradise. The Company measures the net deferred tax liability of MGM Grand Paradise under the assumption that it will receive an additional five-year exemption beyond 2016. Such assumption is based upon the granting of a third five-year exemption to competitors of MGM Grand Paradise. While no assurance can be given, the Company believes MGM Grand Paradise should also be entitled to a third five-year exemption in order to ensure

non-discriminatory treatment among gaming concessionaires and subconcessionaires, a requirement under Macanese law. The net deferred tax liability of MGM Grand Paradise was re-measured during the first quarter of 2013 due to the extension of the amortization period of the Macau gaming subconcession in connection with the effectiveness of the Cotai land concession. This resulted in an increase in the net deferred tax liability and a corresponding increase in provision for income taxes of \$65 million in 2013.

Non-gaming operations remain subject to the Macau complementary tax. MGM Grand Paradise had at December 31, 2015 a complementary tax net operating loss carryforward of \$571 million resulting from non-gaming operations that will expire if not utilized against non-gaming income in years 2016 through 2018.

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 entered into 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 is effective until December 31, 2016. MGM China is not subject to the complementary tax on distributions it receives during the covered period as a result of the annual fee arrangement. Annual payments of \$2 million are required under the annual fee arrangement. The \$2 million annual payment for 2015 and 2014 was accrued and a corresponding provision for income taxes was recorded in each year.

The Company repatriated \$304 million and \$390 million of foreign earnings and profits in 2015 and 2014, respectively. At December 31, 2015, there are approximately \$178 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. Accordingly, no deferred tax liability has been recorded for those earnings. Creditable foreign taxes associated with the repatriated earnings and profits increased the Company's foreign tax credit carryover by \$318 million and \$782 million in 2015 and 2014, respectively. 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. The foreign tax credit carryovers expire as follows: \$785 million in 2022; \$976 million in 2023; \$782 million in 2024; and \$318 million in 2025. The foreign tax credit carryovers are subject to valuation allowance as described further below.

The Company has an alternative minimum tax credit carryforward of \$23 million that will not expire.

For state income tax purposes, the Company has Illinois and New Jersey net operating loss carryforwards of \$82 million and \$207 million, respectively, which equates to deferred tax assets after federal tax effect and before valuation allowance, of \$4 million and \$12 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 2035.

As of December 31, 2015, the scheduled future reversal of existing U.S. federal taxable temporary differences exceeds the scheduled future reversal of existing U.S. federal deductible temporary differences. Consequently, the Company no longer applies a valuation allowance against its U.S. federal deferred tax assets other than the foreign tax credit deferred tax asset and a capital loss carryforward. The Company has recorded a valuation allowance of \$2.7 billion against the \$2.9 billion foreign tax credit deferred tax asset at December 31, 2015. In addition, there is an \$18 million valuation allowance, after federal effect, provided on certain state deferred tax assets, a valuation allowance of \$3 million on a federal income tax capital loss carryforward, a valuation allowance of \$69 million on certain Macau deferred tax assets, and a valuation allowance of \$1 million on Hong Kong net operating losses because we believe 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. Although MGM Grand Paradise's current five-year

exemption from the Macau 12% complementary tax on gaming profits ends on December 31, 2016, the Company assumes that it will receive an additional five-year exemption beyond 2016 consistent with the assumption utilized for measurement of the net deferred tax liability of MGM Grand Paradise. For all periods beyond December 31, 2021, the Company has assumed that MGM Grand Paradise will be paying the Macau 12% complementary tax on gaming profits and will thus not be able to credit the Macau Special Gaming Tax in such years, and has factored that assumption into its assessment of the realization of the foreign tax credit deferred tax asset.

Furthermore, the Company does not currently rely on future U.S. source operating income in assessing future foreign tax credit realization due to its recent history of cumulative losses in the U.S. and therefore only relies on U.S. federal taxable temporary differences that it expects will reverse during the 10-year foreign tax credit carryover period. However, due to improvements in its U.S. operations the Company has generated U.S. operating profits for the past four consecutive quarters. Should these profits continue in future periods, the Company may during the next 12 months begin to utilize projections of future U.S. source operating income in its assessment of the realizability of its foreign tax credit deferred tax asset, which could result in a reduction in the valuation allowance and a corresponding reduction in the provision for income taxes in such period. However, the exact timing and amount of reduction in the valuation allowance are subject to change on the basis of the level of profitability that the Company is able to actually achieve.

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

	Year Ended December 31,		
	2015	2014	2013
		(In thousands)	
Gross unrecognized tax benefits at January 1	\$ 31,143	\$ 106,246	\$ 153,184
Gross increases - prior period tax positions	-	1,626	6,082
Gross decreases - prior period tax positions	(14,158)	(43,098)	(35,508)
Gross increases - current period tax positions	1,222	5,066	4,064
Settlements with taxing authorities	(2,408)	(38,697)	(21,576)
Lapse in Statutes of Limitations	(2,075)	-	-
Gross unrecognized tax benefits at December 31	<u>\$ 13,724</u>	<u>\$ 31,143</u>	<u>\$ 106,246</u>

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was \$8 million and \$12 million at December 31, 2015 and 2014, respectively.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. The Company accrued \$4 million in interest related to unrecognized tax benefits at December 31, 2014. There were no amounts accrued for interest related to unrecognized tax benefits at December 31, 2015. No amounts were accrued for penalties as of either date. Income tax expense for the years ended December 31, 2015, 2014 and 2013 includes interest benefit related to unrecognized tax benefits as follows: \$4 million benefit in 2015, \$13 million benefit in 2014 and \$12 million benefit in 2013.

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, 2015, 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 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, an unconsolidated affiliate treated as a partnership for income tax purposes. 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. 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, 2015, 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 2011. 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, 2015 will change materially within the next twelve months.

NOTE 11 — 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, 2015, the Company was obligated under non-cancellable operating leases and capital leases to make future minimum lease payments as follows:

	Operating Leases	Capital Leases
	<i>(In thousands)</i>	
Years ending December 31,		
2016	\$ 54,780	\$ 8,229
2017	26,067	7,562
2018	22,666	1,725
2019	20,564	-
2020	21,564	-
Thereafter	1,097,757	-
Total minimum lease payments	<u>\$ 1,243,398</u>	17,516
Less: Amounts representing interest		(853)
Total obligations under capital leases		16,663
Less: Amounts due within one year		(7,572)
Amounts due after one year		<u>\$ 9,091</u>

The current and long-term obligations under capital leases are included in “Other accrued liabilities” and “Other long-term obligations,” respectively. Rental expense for operating leases was \$74 million, \$65 million and \$41 million for 2015, 2014 and 2013, respectively. Amounts included short term rentals charged to rent expense. Rental expense includes \$7 million related to the Cotai land concession for 2015, 2014 and 2013. 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 “Preopening and start-up expenses” prior to opening.

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 \$19 million and \$13 million recorded for the years ended December 31, 2015 and 2014, respectively. Rent recognized for the ground lease is included in “Preopening and start-up expenses” prior to opening.

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, 2015, MGM China had paid \$130 million of the contract premium, including interest due on the semi-annual installments, and the amount paid is recorded within “Other long-term assets, net.” In January 2016, MGM China paid the sixth semi-annual installment of \$15 million under the land concession contract. Including interest on the two remaining semi-annual installments, MGM China has approximately \$29 million remaining payable for the land concession contract. Under the terms of the land concession contract, MGM Grand Paradise is required to build and open MGM Cotai by January 2018.

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

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, 2015, term loan A was \$120 million and term loan B was \$80 million.

Other guarantees. The Company is party to various guarantee contracts in the normal course of business, which are generally supported by letters of credit issued by financial institutions. The Company’s senior credit facility limits the amount of letters of credit that can be issued to \$500 million, and the amount of available borrowings under the senior credit facility is reduced by any outstanding letters of credit. At December 31, 2015, the Company had \$26 million in letters of credit outstanding. MGM China’s senior credit facility limits the amount of letters of credit that can be issued to \$100 million, and the amount of available borrowings under the senior credit facility is reduced by any outstanding letters of credit. At December 31, 2015 MGM China had provided approximately \$39 million of guarantees under its credit facility.

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 12 — STOCKHOLDERS’ EQUITY

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

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

MGM China paid a \$500 million special dividend in March 2013, of which \$255 million remained within the Company and \$245 million was distributed to noncontrolling interests, and a \$113 million interim dividend in September 2013, of which \$58 million remained within the Company and \$55 million was distributed to noncontrolling interests.

On February 18, 2016, as part of its regular dividend policy, MGM China's Board of Directors announced it will recommend a final dividend for 2015 of \$46 million to MGM China shareholders subject to approval at the MGM China 2016 annual shareholders meeting to be held in May. If approved, the Company will receive \$23 million, its 51% share of the 2015 final dividend.

NOTE 13 — STOCK-BASED COMPENSATION

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. 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, 2015, the Company had an aggregate of approximately 22 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, 2015 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, 2015	16,176	\$ 15.27		
Granted	2,247	20.26		
Exercised	(2,571)	10.83		
Forfeited or expired	(1,721)	32.47		
Outstanding at December 31, 2015	14,131	14.82	3.76	\$ 111,900
Vested and expected to vest at December 31, 2015	13,733	14.66	3.69	\$ 111,129
Exercisable at December 31, 2015	9,056	11.97	2.60	\$ 97,655

As of December 31, 2015, there was a total of \$33 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	Units (000's)	Weighted Average Grant-Date Fair Value	Weighted Average Target Price
Nonvested at January 1, 2015	1,358	\$ 18.27	1,455	\$ 15.14	\$ 20.48
Granted	848	20.28	1,045	17.73	25.76
Vested	(540)	16.18	(682)	10.03	13.37
Forfeited	(88)	18.45	-	-	-
Nonvested at December 31, 2015	1,578	20.05	1,818	18.54	26.18

As of December 31, 2015, there was a total of \$24 million of unamortized compensation related to RSUs which is expected to be recognized over a weighted-average period of 1.8 years. As of December 31, 2015, there was a total of \$21 million of unamortized compensation related to PSUs which is expected to be recognized over a weighted-average period of 2.1 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 2015 and 2014, the Company granted 0.2 million and 0.3 million PSUs pursuant to the Bonus PSU Policy with a target price of \$25.91 and \$31.72, respectively. Additionally, the Company grants 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. 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,		
	2015	2014	2013
	<i>(In thousands)</i>		
Intrinsic value of share-based awards exercised or RSUs and PSUs vested	\$ 67,420	\$ 31,613	\$ 28,880
Income tax benefit from share-based awards exercised or RSUs and PSUs vested	23,288	10,805	9,975

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 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. Forfeitures are estimated at the time of grant, with such estimate updated periodically and with actual forfeitures recognized currently to the extent they differ from the estimate.

As of December 31, 2015, MGM China had an aggregate of approximately 327 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, 2015 is presented below:

<i>Stock options</i>				
	Units (000's)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (000's)
Outstanding at January 1, 2015	35,058	\$ 2.85		
Granted	16,546	1.84		
Exercised	(20)	2.01		
Forfeited or expired	(2,373)	2.24		
Outstanding at December 31, 2015	49,211	2.54	7.95	\$ -
Vested and expected to vest at December 31, 2015	46,659	2.54	7.89	\$ -
Exercisable at December 31, 2015	18,013	2.42	6.24	\$ -

As of December 31, 2015, there was a total of \$19 million of unamortized compensation related to stock options expected to vest, which is expected to be recognized over a weighted-average period of 2.8 years.

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

	Year Ended December 31,		
	2015	2014	2013
	<i>(In thousands)</i>		
Compensation cost:			
Omnibus Plan	\$ 33,742	\$ 29,662	\$ 27,201
MGM China Plan	9,260	8,706	6,221
Total compensation cost	43,002	38,368	33,422
Less: Reimbursed costs and capitalized cost	(1,156)	(1,104)	(1,090)
Compensation cost after reimbursed costs and capitalized cost	41,846	37,264	32,332
Less: Related tax benefit	(11,230)	(9,822)	-
Compensation cost, net of tax benefit	<u>\$ 30,616</u>	<u>\$ 27,442</u>	<u>\$ 32,332</u>

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

	Year Ended December 31,		
	2015	2014	2013
Expected volatility	38%	40%	54%
Expected term	4.9 yrs.	4.9 yrs.	4.9 yrs.
Expected dividend yield	0%	0%	0%
Risk-free interest rate	1.8%	1.6%	1.6%
Weighted-average fair value of SARs granted	\$ 7.27	\$ 8.18	\$ 9.44

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,		
	2015	2014	2013
Expected volatility	39%	31%	40%
Expected term	3.0 yrs.	3.0 yrs.	3.0 yrs.
Expected dividend yield	0%	0%	0%
Risk-free interest rate	0.9%	1.0%	0.6%
Weighted-average fair value of PSUs granted	\$ 17.73	\$ 18.39	\$ 21.01

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

	Year Ended December 31,		
	2015	2014	2013
Expected volatility	43%	39%	46%
Expected term	5.8 yrs.	7.9 yrs.	8.0 yrs.
Expected dividend yield	2.4%	1.6%	1.2%
Risk-free interest rate	1.3%	1.8%	1.7%
Weighted-average fair value of options granted	\$ 0.55	\$ 1.06	\$ 1.39

Expected volatilities are based on a blend of historical volatility from a selection of companies in MGM China's peer group and historical volatility of MGM China's stock price. Expected term considers the contractual term of the option as well as historical exercise 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 14 — EMPLOYEE BENEFIT PLANS

Multiemployer 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:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers;
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers;
- If an entity chooses to stop participating in some of its multiemployer plans, the entity may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability;
- 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)
		2014	2013	
Southern Nevada Culinary and Bartenders Pension Plan	88-6016617/001	Green	Green	5/31/18

- The trustees of the Pension Plan have 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 multiemployer pension plans and other multiemployer benefit plans were as follows:

	Year Ended December 31,		
	2015	2014	2013
	<i>(In thousands)</i>		
Multiemployer Pension Plans			
Southern Nevada Culinary and Bartenders Pension Plan	\$ 41,904	\$ 33,927	\$ 37,691
Other pension plans not individually significant	9,680	7,323	8,280
Total multiemployer pension plans	<u>\$ 51,584</u>	<u>\$ 41,250</u>	<u>\$ 45,971</u>
Multiemployer Benefit Plans Other Than Pensions			
UNITE HERE Health	\$ 191,733	\$ 202,641	\$ 167,494
Other	12,840	12,746	15,367
Total multiemployer benefit plans other than pensions	<u>\$ 204,573</u>	<u>\$ 215,387</u>	<u>\$ 182,861</u>

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 decreased in 2014 compared to 2013 and increased in 2015 compared to 2014 as the amendment ended in June of 2014. Hours worked in 2015 increased approximately 1% compared to 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, 2014 and 2013. At the date the financial statements were issued, Form 5500 was not available for the plan year ending in 2015. No surcharges were imposed on the Company's contributions to any of the plans.

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 \$22 million and \$20 million at December 31, 2015 and 2014, respectively. The workers compensation liability for claims filed and estimates of claims incurred but not reported was \$43 million and \$48 million as of December 31, 2015 and 2014, 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 \$16 million, \$17 million and \$13 million in 2015, 2014 and 2013, 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 earnings 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, \$5 million and \$5 million for the years ended December 31, 2015, 2014, and 2013, respectively.

NOTE 15 — PROPERTY TRANSACTIONS, NET

Property transactions, net consisted of the following:

	Year Ended December 31,		
	2015	2014	2013
		(In thousands)	
MGM China goodwill impairment	\$ 1,467,991	\$ -	\$ -
Grand Victoria investment impairment	17,050	28,789	36,607
Gain on sale of Circus Circus Reno and Silver Legacy investment	(23,002)	-	-
Corporate buildings impairment	-	-	44,510
Other Nevada land impairment	-	-	20,354
Other property transactions, net	41,903	12,213	23,290
	<u>\$ 1,503,942</u>	<u>\$ 41,002</u>	<u>\$ 124,761</u>

MGM China goodwill. See Note 7 for additional information related to the MGM China goodwill impairment charge.

Grand Victoria investment. See Note 6 for additional information related to the Grand Victoria investment impairment charges.

Circus Circus Reno and Silver Legacy investment sale. See Note 4 for additional information related to the sale of Circus Circus Reno. See Note 6 for further discussion of the sale of the Company's 50% investment in Silver Legacy.

Corporate buildings. During the second quarter of 2013, the Company recorded an impairment charge of \$45 million related to corporate buildings which were removed from service in connection with the T-Mobile Arena project, of which the Company owns 50%, that is located on the land previously occupied by these buildings.

Other Nevada land. The Company owns approximately 170 acres of land in Jean, Nevada and owned approximately 89 acres in and around Sloan, Nevada. In 2013, the Company recorded an impairment charge of \$20 million based on an estimated fair value of \$24 million, due to an increased probability of sale in which the Company did not believe it was likely that the carrying value of the land would be recovered. Fair value was determined based on recent indications from market participants. In the fourth quarter of 2013, the Company sold the Sloan land.

Other. Other property transactions, net in 2015 includes a loss of \$18 million in connection with the trade-in of Company aircraft in addition to other miscellaneous asset disposals and demolition costs. Other property transactions, net in 2014 and 2013 include miscellaneous asset disposals and demolition costs.

NOTE 16 — SEGMENT INFORMATION

The Company's management views each of its casino resorts as an operating segment. Operating segments are aggregated based on their similar economic characteristics, types of customers, types of services and products provided, the regulatory environments in which they operate, and their management and reporting structure. The Company's principal operating activities occur in two geographic regions: the United States and Macau S.A.R. The Company has aggregated its operations into two reportable segments based on the similar characteristics of the operating segments within the regions in which they operate: wholly owned domestic resorts and MGM

China. The Company's operations related to investments in unconsolidated affiliates, MGM Hospitality, and certain other corporate and management operations 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, 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, property transactions, net.

The following tables present the Company's segment information:

	Year Ended December 31,		
	2015	2014	2013
	<i>(In thousands)</i>		
Net Revenues			
Wholly owned domestic resorts	\$ 6,497,361	\$ 6,342,084	\$ 6,052,644
MGM China	2,214,767	3,282,329	3,316,928
Reportable segment net revenues	8,712,128	9,624,413	9,369,572
Corporate and other	477,940	457,571	440,091
	<u>\$ 9,190,068</u>	<u>\$ 10,081,984</u>	<u>\$ 9,809,663</u>
Adjusted Property EBITDA			
Wholly owned domestic resorts	\$ 1,689,966	\$ 1,518,307	\$ 1,442,686
MGM China	539,881	850,471	814,109
Reportable segment Adjusted Property EBITDA	2,229,847	2,368,778	2,256,795
Other operating income (expense)			
Corporate, unconsolidated affiliates and other, net	9,073	(149,216)	(132,214)
Preopening and start-up expenses	(71,327)	(39,257)	(13,314)
Property transactions, net	(1,503,942)	(41,002)	(124,761)
Depreciation and amortization	(819,883)	(815,765)	(849,225)
Operating income (loss)	<u>(156,232)</u>	<u>1,323,538</u>	<u>1,137,281</u>
Non-operating income (expense)			
Interest expense, net of amounts capitalized	(797,579)	(817,061)	(857,347)
Non-operating items from unconsolidated affiliates	(76,462)	(87,794)	(208,682)
Other, net	(15,970)	(7,797)	(9,062)
	<u>(890,011)</u>	<u>(912,652)</u>	<u>(1,075,091)</u>
Income (loss) before income taxes	(1,046,243)	410,886	62,190
Benefit (provision) for income taxes	6,594	(283,708)	(20,816)
Net income (loss)	(1,039,649)	127,178	41,374
Less: Net (income) loss attributable to noncontrolling interests	591,929	(277,051)	(213,108)
Net loss attributable to MGM Resorts International	<u>\$ (447,720)</u>	<u>\$ (149,873)</u>	<u>\$ (171,734)</u>

	December 31,	
	2015	2014
	(In thousands)	
Total assets:		
Wholly owned domestic resorts	\$ 13,261,882	\$ 13,234,233
MGM China	7,895,376	8,836,856
Reportable segment total assets	21,157,258	22,071,089
Corporate and other	4,099,837	4,545,448
Eliminated in consolidation	(41,917)	(22,623)
	<u>\$ 25,215,178</u>	<u>\$ 26,593,914</u>

	December 31,	
	2015	2014
	(In thousands)	
Property and equipment, net:		
Wholly owned domestic resorts	\$ 11,853,802	\$ 11,933,559
MGM China	1,896,815	1,323,432
Reportable segment property and equipment, net	13,750,617	13,256,991
Corporate and other	1,663,095	1,207,174
Eliminated in consolidation	(41,917)	(22,623)
	<u>\$ 15,371,795</u>	<u>\$ 14,441,542</u>

	Year Ended December 31,		
	2015	2014	2013
	(In thousands)		
Capital expenditures:			
Wholly owned domestic resorts	\$ 383,367	\$ 292,463	\$ 216,147
MGM China	590,968	347,338	254,516
Reportable segment capital expenditures	974,335	639,801	470,663
Corporate and other	504,398	233,173	107,442
Eliminated in consolidation	(11,914)	(933)	(15,981)
	<u>\$ 1,466,819</u>	<u>\$ 872,041</u>	<u>\$ 562,124</u>

NOTE 17 — 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 \$41 million, \$38 million and \$38 million for the years ended December 31, 2015, 2014 and 2013. The Company is being reimbursed for certain costs in performing its development and management services. During the years ended December 31, 2015, 2014 and 2013 the Company incurred \$393 million, \$380 million and \$364 million, respectively, of costs reimbursable by CityCenter, primarily for employee compensation and certain allocated costs. As of December 31, 2015 and 2014, CityCenter owed the Company \$55 million and \$45 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, 2015, 2014 and 2013, the Company was reimbursed \$2 million, \$3

million, \$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. Pansy Ho is member of the Board of Directors of, and holds a minority ownership interest in, MGM China. Ms. Pansy 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 \$16 million, \$28 million and \$18 million for the years ended December 31, 2015, 2014 and 2013, respectively. MGM China recorded revenue of less than \$1 million related to hotel rooms provided to Shun Tak for the years ended December 31, 2015, 2014 and 2013, respectively. As of December 31, 2015 and 2014, 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. Pansy Ho indirectly holds a noncontrolling interest, entered into a brand license agreement with MGM China. MGM China pays a license fee to MGM Branding and Development equal to 1.75% of MGM Macau’s consolidated net revenue, subject to a 2015 annual cap of \$52 million with a 20% increase per annum for each subsequent calendar year during the term of the agreement. During the years ended December 31, 2015, 2014 and 2013, MGM China incurred total license fees of \$39 million, \$43 million and \$36 million, respectively. Such amounts have been eliminated in consolidation.

MGM China entered into a development services agreement with MGM Branding and Development to provide certain development services to MGM China in connection with future expansion of existing projects and development of future resort gaming projects. Such services are subject to a development fee which is calculated separately for each resort casino 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 \$27 million in 2015, which will increase by 10% per annum for each year during the term of the agreement. For the years ended December 31, 2015 and 2013, MGM China incurred \$10 million and \$15 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. Pansy Ho received distributions of \$15 million, \$13 million and \$18 million during the years ended December 31, 2015, 2014 and 2013, respectively, in connection with the ownership of a noncontrolling interest in MGM Branding and Development Holdings, Ltd.

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 commences 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, 2015 and 2014, the Company recorded accrued income of \$3 million and \$1 million, respectively, for the T-Mobile Arena ground lease.

NOTE 18 — CONSOLIDATING CONDENSED FINANCIAL INFORMATION

All of the Company's principal debt arrangements are guaranteed by each of its material domestic subsidiaries, other than MGM Grand Detroit, LLC (which is a co-borrower under the Company's senior credit facility), 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, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013, are presented below. Within the Condensed Consolidating Statements of Cash Flows for the periods ending December 31, 2015 and 2014, 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.

CONDENSED CONSOLIDATING BALANCE SHEET INFORMATION

December 31, 2015					
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	Consolidated
	<i>(In thousands)</i>				
Current assets	\$ 561,310	\$ 932,374	\$ 915,979	\$ (914)	\$ 2,408,749
Property and equipment, net	-	12,364,382	3,019,384	(11,971)	15,371,795
Investments in subsidiaries	20,226,258	2,956,404	-	(23,182,662)	-
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
	<u>\$ 20,826,145</u>	<u>\$ 21,391,848</u>	<u>\$ 9,402,003</u>	<u>\$ (26,404,818)</u>	<u>\$ 25,215,178</u>
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	2,366,443	-	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	<u>15,706,218</u>	<u>1,066,619</u>	<u>3,906,849</u>	<u>(3,235,185)</u>	<u>17,444,501</u>
Redeemable noncontrolling interests	-	-	6,250	-	6,250
MGM Resorts International stockholders' equity	5,119,927	20,325,229	2,844,404	(23,169,633)	5,119,927
Noncontrolling interests	-	-	2,644,500	-	2,644,500
Total stockholders' equity	<u>5,119,927</u>	<u>20,325,229</u>	<u>5,488,904</u>	<u>(23,169,633)</u>	<u>7,764,427</u>
	<u>\$ 20,826,145</u>	<u>\$ 21,391,848</u>	<u>\$ 9,402,003</u>	<u>\$ (26,404,818)</u>	<u>\$ 25,215,178</u>
December 31, 2014					
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	Consolidated
	<i>(In thousands)</i>				
Current assets	\$ 1,390,806	\$ 868,688	\$ 768,335	\$ (669)	\$ 3,027,160
Property and equipment, net	-	12,445,086	2,008,428	(11,972)	14,441,542
Investments in subsidiaries	20,430,160	3,896,365	-	(24,326,525)	-
Investments in and advances to unconsolidated affiliates	-	1,526,446	7,588	25,000	1,559,034
Intercompany accounts	-	2,175,091	-	(2,175,091)	-
Other non-current assets	38,531	414,801	7,112,846	-	7,566,178
	<u>\$ 21,859,497</u>	<u>\$ 21,326,477</u>	<u>\$ 9,897,197</u>	<u>\$ (26,489,257)</u>	<u>\$ 26,593,914</u>
Current liabilities	\$ 1,680,319	\$ 953,179	\$ 775,097	\$ (670)	\$ 3,407,925
Intercompany accounts	1,932,780	-	242,311	(2,175,091)	-
Deferred income taxes, net	2,312,828	-	309,032	-	2,621,860
Long-term debt	11,805,030	4,837	995,418	-	12,805,285
Other long-term obligations	37,623	58,016	34,931	-	130,570
Total liabilities	<u>17,768,580</u>	<u>1,016,032</u>	<u>2,356,789</u>	<u>(2,175,761)</u>	<u>18,965,640</u>
MGM Resorts International stockholders' equity	4,090,917	20,310,445	4,003,051	(24,313,496)	4,090,917
Noncontrolling interests	-	-	3,537,357	-	3,537,357
Total stockholders' equity	<u>4,090,917</u>	<u>20,310,445</u>	<u>7,540,408</u>	<u>(24,313,496)</u>	<u>7,628,274</u>
	<u>\$ 21,859,497</u>	<u>\$ 21,326,477</u>	<u>\$ 9,897,197</u>	<u>\$ (26,489,257)</u>	<u>\$ 26,593,914</u>

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME INFORMATION

Year Ended December 31, 2015

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	Consolidated
	<i>(In thousands)</i>				
Net revenues	\$ -	\$ 6,429,103	\$ 2,763,862	\$ (2,897)	\$ 9,190,068
Equity in subsidiaries' earnings	376,074	(566,270)	-	190,196	-
Expenses					
Casino and hotel operations	6,717	3,807,569	1,813,987	(2,897)	5,625,376
General and administrative	4,959	1,079,445	224,700	-	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	-	31,353	1,472,589	-	1,503,942
Depreciation and amortization	-	529,381	290,502	-	819,883
	<u>132,291</u>	<u>5,607,145</u>	<u>3,867,644</u>	<u>(2,897)</u>	<u>9,604,183</u>
Income (loss) from unconsolidated affiliates	-	259,002	(1,119)	-	257,883
Operating income (loss)	243,783	514,690	(1,104,901)	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)	428,675	(1,195,865)	190,196	(1,046,243)
Benefit (provision) for income taxes	21,529	(7,125)	(7,810)	-	6,594
Net income (loss)	(447,720)	421,550	(1,203,675)	190,196	(1,039,649)
Less: Net loss attributable to noncontrolling interests	-	-	591,929	-	591,929
Net income (loss) attributable to MGM Resorts International	<u>\$ (447,720)</u>	<u>\$ 421,550</u>	<u>\$ (611,746)</u>	<u>\$ 190,196</u>	<u>\$ (447,720)</u>
Net income (loss)	<u>\$ (447,720)</u>	<u>\$ 421,550</u>	<u>\$ (1,203,675)</u>	<u>\$ 190,196</u>	<u>\$ (1,039,649)</u>
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)	<u>1,031</u>	<u>1,031</u>	<u>3,727</u>	<u>(2,734)</u>	<u>3,055</u>
Comprehensive income (loss)	(446,689)	422,581	(1,199,948)	187,462	(1,036,594)
Less: Comprehensive loss attributable to noncontrolling interests	-	-	589,905	-	589,905
Comprehensive income (loss) attributable to MGM Resorts International	<u><u>\$ (446,689)</u></u>	<u><u>\$ 422,581</u></u>	<u><u>\$ (610,043)</u></u>	<u><u>\$ 187,462</u></u>	<u><u>\$ (446,689)</u></u>

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION

Year Ended December 31, 2015

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (In thousands)	Elimination	Consolidated
Cash flows from operating activities					
Net cash provided by (used in) operating activities	\$ (776,996)	\$ 1,334,311	\$ 447,764	\$ -	\$ 1,005,079
Cash flows from investing activities					
Capital expenditures, net of construction payable	-	(483,244)	(983,575)	-	(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 - original maturities longer than 90 days	(200,205)	-	-	-	(200,205)
Proceeds from cash deposits - original 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	(1,302,893)	(979,956)	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	13,433	41,998	(1,059,181)	-
Distributions to noncontrolling interest owners	-	-	(307,227)	-	(307,227)
Proceeds from issuance of redeemable noncontrolling interests	-	-	6,250	-	6,250
Other	(12,512)	-	9	-	(12,503)
Net cash provided by (used in) financing activities	87,734	13,433	700,135	(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 STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME INFORMATION

Year Ended December 31, 2014

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	Consolidated
	<i>(In thousands)</i>				
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	1,089,192	224,814	-	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	-	500,401	315,364	-	815,765
	82,341	5,593,238	3,149,163	(2,460)	8,822,282
Income (loss) from unconsolidated affiliates	-	64,014	(178)	-	63,836
Operating income (loss)	856,371	1,080,796	664,395	(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	989,543	587,029	(1,278,024)	410,886
Provision for income taxes	(262,211)	(20,735)	(762)	-	(283,708)
Net income (loss)	(149,873)	968,808	586,267	(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)	\$ 968,808	\$ 309,216	\$ (1,278,024)	\$ (149,873)
Net income (loss)	\$ (149,873)	\$ 968,808	\$ 586,267	\$ (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)	969,296	584,974	(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)	\$ 969,296	\$ 308,454	\$ (1,277,750)	\$ (149,385)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION

Year Ended December 31, 2014

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries (In thousands)	Elimination	Consolidated
Cash flows from operating activities					
Net cash provided by (used in) operating activities	\$ (718,756)	\$ 1,121,013	\$ 703,413	\$ 25,000	\$ 1,130,670
Cash flows from investing activities					
Capital expenditures, net of construction payable	-	(375,719)	(496,322)	-	(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)	(1,022,233)	(580,302)	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 senior notes	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	(76,117)	(264,146)	(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	(76,920)	(651,222)	(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

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME INFORMATION

Year Ended December 31, 2013

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Elimination	Consolidated
			(In thousands)		
Net revenues	\$ -	\$ 5,955,001	\$ 3,856,728	\$ (2,066)	\$ 9,809,663
Equity in subsidiaries' earnings	638,030	289,384	-	(927,414)	-
Expenses					
Casino and hotel operations	5,644	3,622,940	2,632,198	(2,066)	6,258,716
General and administrative	4,432	1,051,757	222,261	-	1,278,450
Corporate expense	66,307	125,500	41,938	(17,000)	216,745
Preopening and start-up expenses	-	4,205	9,109	-	13,314
Property transactions, net	-	126,773	(2,012)	-	124,761
Depreciation and amortization	-	522,900	326,325	-	849,225
	76,383	5,454,075	3,229,819	(19,066)	8,741,211
Income from unconsolidated affiliates	-	68,807	22	-	68,829
Operating income (loss)	561,647	859,117	626,931	(910,414)	1,137,281
Interest expense, net of amounts capitalized	(805,933)	(6,333)	(45,081)	-	(857,347)
Other, net	39,524	(212,065)	(45,203)	-	(217,744)
Income (loss) before income taxes	(204,762)	640,719	536,647	(910,414)	62,190
Benefit (provision) for income taxes	33,028	11,111	(64,955)	-	(20,816)
Net income (loss)	(171,734)	651,830	471,692	(910,414)	41,374
Less: Net income attributable to noncontrolling interests	-	-	(213,108)	-	(213,108)
Net income (loss) attributable to MGM Resorts International	\$ (171,734)	\$ 651,830	\$ 258,584	\$ (910,414)	\$ (171,734)
Net income (loss)	\$ (171,734)	\$ 651,830	\$ 471,692	\$ (910,414)	\$ 41,374
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustment	(1,915)	(1,915)	(3,993)	3,830	(3,993)
Other	115	115	-	(115)	115
Other comprehensive income (loss)	(1,800)	(1,800)	(3,993)	3,715	(3,878)
Comprehensive income (loss)	(173,534)	650,030	467,699	(906,699)	37,496
Less: Comprehensive income attributable to noncontrolling interests	-	-	(211,030)	-	(211,030)
Comprehensive income (loss) attributable to MGM Resorts International	\$ (173,534)	\$ 650,030	\$ 256,669	\$ (906,699)	\$ (173,534)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION

	Year Ended December 31, 2013				
	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries <i>(In thousands)</i>	Elimination	Consolidated
Cash flows from operating activities					
Net cash provided by (used in) operating activities	\$ (819,282)	\$ 1,089,341	\$ 1,040,389	\$ -	\$ 1,310,448
Cash flows from investing activities					
Capital expenditures, net of construction payable	-	(311,635)	(250,489)	-	(562,124)
Dispositions of property and equipment	-	11,648	6,382	-	18,030
Investments in and advances to unconsolidated affiliates	(23,600)	(5,353)	-	-	(28,953)
Distributions from unconsolidated affiliates in excess of cumulative earnings	-	110	-	-	110
Investments in treasury securities - maturities longer than 90 days	-	(219,546)	-	-	(219,546)
Proceeds from treasury securities - maturities longer than 90 days	-	252,592	-	-	252,592
Payments for gaming licenses	-	-	(21,600)	-	(21,600)
Other	-	1,354	-	-	1,354
Net cash used in investing activities	(23,600)	(270,830)	(265,707)	-	(560,137)
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	2,343,000	-	450,000	-	2,793,000
Repayments under bank credit facilities - maturities longer than 90 days	(2,343,000)	-	(450,000)	-	(2,793,000)
Issuance of senior notes	500,000	-	-	-	500,000
Retirement of senior notes	(462,226)	(150,036)	-	-	(612,262)
Debt issuance costs	(23,576)	-	-	-	(23,576)
Intercompany accounts	985,465	(657,260)	(328,205)	-	-
Distributions to noncontrolling interest owners	-	-	(318,348)	-	(318,348)
Other	(4,506)	-	(3,016)	-	(7,522)
Net cash provided by (used in) financing activities	967,157	(807,296)	(649,569)	-	(489,708)
Effect of exchange rate on cash	-	-	(443)	-	(443)
Cash and cash equivalents					
Net increase for the period	124,275	11,215	124,670	-	260,160
Balance, beginning of period	254,385	226,242	1,062,882	-	1,543,509
Balance, end of period	\$ 378,660	\$ 237,457	\$ 1,187,552	\$ -	\$ 1,803,669

NOTE 19 — SELECTED QUARTERLY FINANCIAL RESULTS (UNAUDITED)

	Quarter				
	First	Second	Third	Fourth	Total
	<i>(In thousands, except per share data)</i>				
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)
2014					
Net revenues	\$ 2,630,398	\$ 2,581,033	\$ 2,485,007	\$ 2,385,546	\$ 10,081,984
Operating income	416,472	354,464	286,489	266,113	1,323,538
Net income (loss)	186,100	178,168	50,382	(287,472)	127,178
Net income (loss) attributable to MGM Resorts					
International	102,652	110,008	(20,270)	(342,263)	(149,873)
Basic income (loss) per share	\$ 0.21	\$ 0.22	\$ (0.04)	\$ (0.70)	\$ (0.31)
Diluted income (loss) per share	\$ 0.20	\$ 0.22	\$ (0.04)	\$ (0.70)	\$ (0.31)

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. The following sections list certain items affecting comparability of quarterly and year-to-date results and related per share amounts. Additional information related to these items is included elsewhere in the notes to the accompanying financial statements.

2015 certain items affecting comparability 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.

2014 certain items affecting comparability are as follows:

- **First Quarter.** None;
- **Second Quarter.** The Company recorded an impairment charge related to its investment in Grand Victoria of \$29 million (\$0.04 loss per share in the quarter and full year of 2014);
- **Third Quarter.** None; and
- **Fourth Quarter.** The Company recorded its 50% share of CityCenter's Harmon – related property transactions of \$18 million (\$0.02 loss per share in the quarter and full year of 2014) primarily related to a settlement charge with an insurer participating in the owner controlled insurance program for CityCenter.

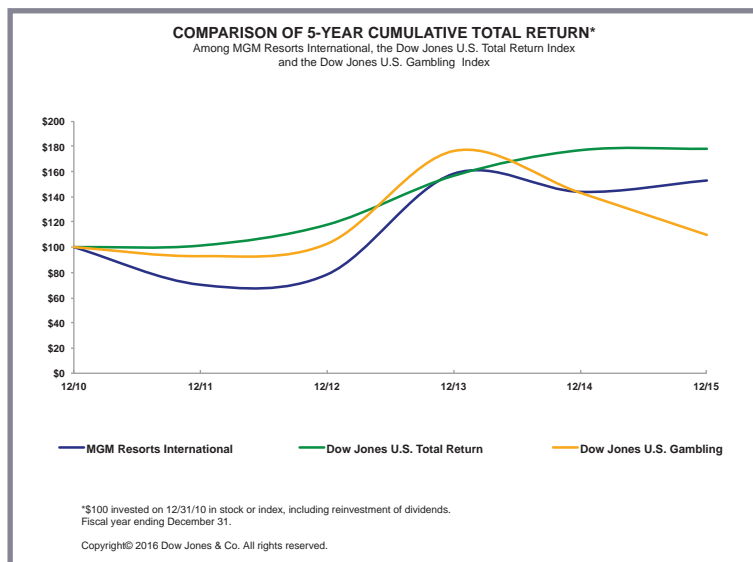
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INVESTOR INFORMATION

The graph below compares MGM Resorts International's cumulative 5-Year total shareholder return on common stock with the cumulative total returns of the Dow Jones U.S. Total Return index and the Dow Jones U.S. Gambling index. The graph tracks the performance of a \$100 investment in our common stock and in each index (with the reinvestment of all dividends) from 12/31/2010 to 12/31/2015.



	12/10	12/11	12/12	12/13	12/14	12/15
MGM Resorts International	100.00	70.24	78.38	158.38	143.97	153.00
Dow Jones U.S.	100.00	101.34	117.89	156.76	177.06	178.18
Dow Jones U.S. Gambling	100.00	92.95	102.73	176.43	143.24	109.82

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

TRANSFER AGENT AND REGISTRAR FOR COMMON STOCK

Shareholder correspondence should be mailed to:
Computershare
211 Quality Circle, Suite 210
College Station, TX 77845
1.800.358.2066 Toll Free within the U.S.
1.201.680.6578 Foreign Shareholders

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP
3883 Howard Hughes Parkway, Suite 400
Las Vegas, NV 89169

FORM 10-K

A copy of the Company's annual report on Form 10-K, as filed with the Securities and Exchange Commission, will be furnished without charge to any stockholder upon written request to:

Mr. John M. McManus
Executive Vice President - General Counsel
and Secretary
MGM Resorts International
3600 Las Vegas Blvd, South
Las Vegas, NV 89109

COMMON STOCK INFORMATION

The following table represents the high and low trading prices of the Company's common stock.

For the years ended December 31	2015		2014	
	HIGH	LOW	HIGH	LOW
First Quarter	\$23.25	\$18.82	\$28.27	\$23.28
Second Quarter	\$22.65	\$17.50	\$26.43	\$23.02
Third Quarter	\$22.77	\$16.84	\$26.92	\$22.16
Fourth Quarter	\$24.41	\$18.19	\$23.23	\$18.01

The Company's common stock is listed on the New York Stock Exchange under the symbol "MGM." There were approximately 3,956 record holders of our common stock as of February 24, 2016. The Company has not paid dividends on its common stock in the last three fiscal years. The Company's current senior credit facility restricts the making of cash dividends with respect to its common stock, subject to certain exceptions. In addition, the MGM National Harbor and the MGM China credit facilities each contain limitations on their ability to pay dividends to us. Furthermore, as a holding company with no independent operations, the Company's ability to pay dividends in the future will depend upon the receipt of dividends and other payments from its subsidiaries. The Company's Board of Directors periodically reviews its policy with respect to dividends consistent with applicable contract and legal restrictions, and any determination to pay dividends in the future will be at the sole discretion of the Board of Directors. The Company currently intends to retain any earnings to fund the operation of its businesses, to service and repay its debt and to make strategic investments.

CAUTIONARY LANGUAGE CONCERNING FORWARD-LOOKING STATEMENTS

Statements in this annual report that are not historical facts are "forward-looking" statements and "safe harbor statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and other related laws that involve risks and/or uncertainties, including risks and/or uncertainties described in the Company's public filings with the Securities and Exchange Commission. The Company has based these forward-looking statements on management's current expectations and assumptions and not on historical facts. Examples of these statements include, but are not limited to, statements regarding the Company's ability to generate future cash flow growth and to execute on future development and other projects, such as the Profit Growth Plan, the expected results of the Profit Growth Plan, the opening of strategic resort and other developments and the estimated costs and expected components associated with those developments, amounts the Company expects to receive as a result of MGM China and CityCenter dividends and distributions, amounts the Company expects to spend in capital expenditures and investments, the completion of the initial public offering of MGM Growth Properties and, if completed, the value realized by the Company from such transaction. Among the important factors that could cause actual results to differ materially from those indicated in such forward-looking statements include effects of economic conditions and market conditions in the markets in which the Company operates and competition with other destination travel locations throughout the United States and the world, the design, timing and costs of expansion projects, risks relating to international operations, permits, licenses, financings, approvals and other contingencies in connection with growth in new or existing jurisdictions and additional risks and uncertainties described in the Company's Form 10-K, Form 10-Q and Form 8-K reports (including all amendments to those reports). In providing forward-looking statements, the Company is not undertaking any duty or obligation to update these statements publicly as a result of new information, future events or otherwise except as required by law.

CORPORATE INFORMATION

DIRECTORS

James J. Murren

Director/Officer
Chairman of the Board, Chief Executive Officer,
MGM Resorts International

Robert H. Baldwin

Director/Officer
Chief Customer Development Officer,
MGM Resorts International

William A. Bible

Director

Mary Chris Gay

Director

William W. Grounds

Director
President,
Infinity World Development Corp,
a private investment entity

Alexis M. Herman

Director
President and Chief Executive Officer,
New Ventures, a corporate consulting company

Roland Hernandez

Director
President, Hernandez Media Ventures,
a privately held media assets company

Anthony L. Mandekic

Director
President and Chief Executive Officer,
Tracinda Corporation,
a private investment company

Rose McKinney-James

Director
Managing Principal,
McKinney-James and Associates,
a government affairs firm

Gregory M. Spierkel

Director

Daniel J. Taylor

Director
Executive, Tracinda Corporation,
a private investment company

DIRECTORS EMERITUS

Willie D. Davis

Director Emeritus

Melvin B. Wolzinger

Director Emeritus

OFFICERS

William J. Hornbuckle

President

Corey I. Sanders

Chief Operating Officer

Daniel J. D'Arrigo

Executive Vice President,
Chief Financial Officer and Treasurer

Phyllis A. James

Executive Vice President,
Special Counsel - Litigation and
Chief Diversity & Corporate Responsibility Officer

John M. McManus

Executive Vice President,
General Counsel and Secretary

Robert C. Selwood

Executive Vice President and
Chief Accounting Officer

CORPORATE DIRECTORY

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www.mgmresorts.com

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ARIA

Las Vegas, NV
1.866.359.7757
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Vdara

Las Vegas, NV
1.866.745.7111
www.vdara.com

Mandarin Oriental Las Vegas

Las Vegas, NV
1.702.590.8888
www.mandarinoriental.com/lasvegas

The Shops at Crystals

Las Vegas, NV
1.866.754.2489
www.theshopsatcrystals.com

MGM Grand Las Vegas

Las Vegas, NV
1.702.891.1111
www.mgmgrand.com

The Signature at MGM Grand

Las Vegas, NV
1.877.612.2121
www.signaturemgmgrand.com

Mandalay Bay

Las Vegas, NV
1.702.632.7777
www.mandalaybay.com

Four Seasons Hotel

Las Vegas, NV
1.702.632.5000
www.fourseasons.com/lasvegas

Delano Las Vegas

Las Vegas, NV
1.702.632.7400
www.delanolasvegas.com

The Mirage

Las Vegas, NV
1.702.791.7111
www.mirage.com

Monte Carlo

Las Vegas, NV
1.702.730.7777
www.montecarlo.com

New York-New York

Las Vegas, NV
1.702.740.6969
www.nynyhotelcasino.com

Luxor

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1.702.262.4000
www.luxor.com

Excalibur

Las Vegas, NV
1.702.597.7777
www.excalibur.com

Circus Circus Las Vegas

Las Vegas, NV
1.702.734.0410
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Beau Rivage

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1.662.357.1111
www.goldstrikemississippi.com

MGM Grand Detroit

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1.877.888.2121
www.mgmgranddetroit.com

Grand Victoria

Elgin, IL
1.847.468.7000
www.grandvictoriacasino.com

MGM Macau

Macau, S.A.R.
853.8802.8888
www.mgm-macau.com

MGM Grand Sanya

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Borgata Hotel Casino & Spa

Atlantic City, NJ
1.609.317.1000
www.theborgata.com

IN MEMORIAM



KIRK KERKORIAN
(1917-2015)

"MGM Resorts and our family of 60,000 employees honor the memory of a great man, a great business leader, a great community leader, an innovator, and a member of our country's greatest generation.

As the Founder of our Company, he combined brilliant business insight with steadfast integrity to become one of the most reputable and influential financiers of our time. Mr. Kerkorian was a quiet but powerful force behind the transformation of the Las Vegas Strip into one of the world's most popular tourist destinations. He was also a generous humanitarian.

We celebrate his memory in all that we do."

- Jim Murren

Chairman and Chief Executive Officer



MGM RESORTS
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