MGM Resorts International
Form 10-Q
May 08, 2012
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UNITED STATES

SECURITIES & EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2012

OR

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

For the transition period from to

Commission File No. 001-10362

MGM Resorts International

(Exact name of registrant as specified in its charter)

Delaware	**88-0215232**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3600 Las Vegas Boulevard South, Las Vegas, Nevada 89109

(Address of principal executive offices)

(702) 693-7120

(Registrant s telephone number, including area code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files):

Yes x No o

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

Large accelerated filer x	Accelerated filer o

Non-accelerated filer o Smaller reporting company o

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

Yes o No x

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

Class	**Outstanding at May 1, 2012**
Common Stock, $.01 par value	488,924,783 shares

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MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

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Part I. **FINANCIAL INFORMATION**

Item 1. **Financial Statements**

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

(Unaudited)

	March 31, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,634,892	$ 1,865,913
Accounts receivable, net	477,484	491,730
Inventories	110,674	112,735
Deferred income taxes, net	99,935	91,060
Prepaid expenses and other	270,692	251,282
Total current assets	2,593,677	2,812,720
Property and equipment, net	14,786,820	14,866,644
Other assets		
Investments in and advances to unconsolidated affiliates	1,589,915	1,635,572
Goodwill	2,897,049	2,896,609
Other intangible assets, net	4,965,587	5,048,117
Other long-term assets, net	557,980	506,614
Total other assets	10,010,531	10,086,912
	$ 27,391,028	$ 27,766,276
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable	$ 163,626	$ 170,994
Income taxes payable	62,179	7,611
Accrued interest on long-term debt	253,075	203,422
Other accrued liabilities	1,413,507	1,362,737
Total current liabilities	1,892,387	1,744,764
Deferred income taxes	2,471,425	2,502,096
Long-term debt	13,359,953	13,470,167
Other long-term obligations	176,028	167,027
Commitments and contingencies (Note 6)		

Stockholders equity				
Common stock, $.01 par value: authorized 1,000,000,000 shares; issued and outstanding 488,917,278 and 488,834,773 shares		4,889		4,888
Capital in excess of par value		4,102,545		4,094,323
Retained earnings		1,764,136		1,981,389
Accumulated other comprehensive income		6,837		5,978
Total MGM Resorts International stockholders equity		5,878,407		6,086,578
Noncontrolling interests		3,612,828		3,795,644
Total stockholders equity		9,491,235		9,882,222
	$	27,391,028	$	27,766,276

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

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MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Three Months Ended March 31,	
	2012	**2011**
Revenues		
Casino	$ 1,335,034	$ 590,220
Rooms	393,620	368,337
Food and beverage	372,953	336,824
Entertainment	120,400	119,593
Retail	46,624	46,150
Other	113,123	114,223
Reimbursed costs	90,539	86,288
	2,472,293	1,661,635
Less: Promotional allowances	(184,703)	(148,784)
	2,287,590	1,512,851
Expenses		
Casino	867,474	350,765
Rooms	126,155	116,986
Food and beverage	211,639	198,248
Entertainment	88,788	88,211
Retail	27,583	29,159
Other	86,222	78,297
Reimbursed costs	90,539	86,288
General and administrative	303,289	269,562
Corporate expense	42,260	36,485
Property transactions, net	917	91
Depreciation and amortization	236,809	152,397
	2,081,675	1,406,489
Income (loss) from unconsolidated affiliates	(13,309)	63,343
Operating income	192,606	169,705
Non-operating income (expense)		
Interest expense	(284,342)	(269,914)
Non-operating items from unconsolidated affiliates	(26,866)	(40,290)
Other, net	(57,576)	(3,955)
	(368,784)	(314,159)
Loss before income taxes	(176,178)	(144,454)
Benefit (provision) for income taxes	(27,129)	54,583
Net loss	(203,307)	(89,871)
Less: Net income attributable to noncontrolling interests	(13,946)	
Net loss attributable to MGM Resorts International	$ (217,253)	$ (89,871)

Loss per share of common stock attributable to MGM Resorts International				
Basic	$	(0.44)	$	(0.18)
Diluted	$	(0.44)	$	(0.18)

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

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MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

(Unaudited)

	Three Months Ended March 31,	
	2012	**2011**
Net loss	$ (203,307)	$ (89,871)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	1,688	2,599
Other		(37)
Other comprehensive income	1,688	2,562
Comprehensive loss	(201,619)	(87,309)
Less: comprehensive income attributable to noncontrolling interests	(14,775)	
Comprehensive loss attributable to MGM Resorts International	$ (216,394)	$ (87,309)

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

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MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Three Months Ended March 31,	
	2012	**2011**
Cash flows from operating activities		
Net loss	$ (203,307)	$ (89,871)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	236,809	152,397
Amortization of debt discounts, premiums and issuance costs	22,854	23,558
Loss on retirement of long-term debt	58,740	
Provision for doubtful accounts	19,542	8,406
Stock-based compensation	10,604	9,210
Property transactions, net	917	91
(Income) loss from unconsolidated affiliates	40,175	(23,053)
Distributions from unconsolidated affiliates	5,199	38,029
Change in deferred income taxes	(41,862)	(65,418)
Change in operating assets and liabilities:		
Accounts receivable	(5,243)	(4,486)
Inventories	2,061	1,294
Income taxes receivable and payable, net	54,657	2,606
Prepaid expenses and other	(34,416)	(11,685)
Accounts payable and accrued liabilities	130,230	(12,761)
Other	(5,266)	(4,339)
Net cash provided by operating activities	291,694	23,978
Cash flows from investing activities		
Capital expenditures, net of construction payable	(113,757)	(34,459)
Investments in and advances to unconsolidated affiliates	(12,600)	(76,648)
Distributions from unconsolidated affiliates in excess of earnings	1,801	985
Investments in treasury securities - maturities longer than 90 days	(45,102)	(60,035)
Proceeds from treasury securities - maturities longer than 90 days	60,108	59,994
Other	(391)	(374)
Net cash used in investing activities	(109,941)	(110,537)
Cash flows from financing activities		
Net repayments under bank credit facilities maturities of 90 days or less	(192,100)	215,672
Borrowings under bank credit facilities maturities longer than 90 days	450,000	1,206,728
Repayments under bank credit facilities maturities longer than 90 days	(2,284,128)	(1,077,400)
Issuance of senior notes	1,850,000	
Retirement of senior notes		(325,470)
Debt issuance costs	(37,938)	
Distributions to noncontrolling interest owners	(197,848)	
Other	(908)	(660)
Net cash provided by (used in) financing activities	(412,922)	18,870
Effect of exchange rate on cash	148	

Cash and cash equivalents				
Net decrease for the period		(231,021)		(67,689)
Balance, beginning of period		1,865,913		498,964
Balance, end of period	$	1,634,892	$	431,275
Supplemental cash flow disclosures				
Interest paid, net of amounts capitalized	$	211,835	$	220,095
Federal, state and foreign income taxes paid, net of refunds		1,830		1,913

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

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MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Unaudited)*

NOTE 1 ORGANIZATION

Organization. MGM Resorts International (the Company) is a Delaware corporation that acts largely as a holding company and, through wholly owned subsidiaries, owns and/or operates casino resorts. The Company owns and operates the following casino resorts in Las Vegas, Nevada: Bellagio, MGM Grand Las Vegas, The Mirage, Mandalay Bay, Luxor, New York-New York, Monte Carlo, Excalibur, and Circus Circus Las Vegas. Operations at MGM Grand Las Vegas include management of The Signature at MGM Grand Las Vegas, a condominium-hotel consisting of three towers. Other Nevada operations include Circus Circus Reno, Gold Strike in Jean, and Railroad Pass in Henderson. The Company and its local partners own and operate MGM Grand Detroit in Detroit, Michigan. The Company owns and operates two resorts in Mississippi: Beau Rivage in Biloxi and Gold Strike Tunica. The Company also owns Shadow Creek, an exclusive world-class golf course located approximately ten miles north of its Las Vegas Strip resorts, Primm Valley Golf Club at the California/Nevada state line and Fallen Oak golf course in Saucier, Mississippi.

The Company 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 the MGM Macau resort and casino and the related gaming subconcession and land concession. As further discussed in Note 3, the Company began consolidating the results of MGM China on June 3, 2011 and ceased recording the results of MGM Macau as an equity method investment.

The Company owns 50% of CityCenter, located between Bellagio and Monte Carlo. The other 50% of CityCenter is owned by Infinity World Development Corp (Infinity World), a wholly owned subsidiary of Dubai World, a Dubai, United Arab Emirates government decree entity. CityCenter consists of Aria, a casino resort; Mandarin Oriental Las Vegas, a non-gaming boutique hotel; Crystals, a retail, dining and entertainment district; and Vdara, a luxury condominium-hotel. In addition, CityCenter features residential units in the Residences at Mandarin Oriental and Veer. The Company receives a management fee of 2% of revenues for the management of Aria and Vdara, and 5% of EBITDA (as defined in the agreements governing the Company s management of Aria and Vdara). In addition, the Company receives an annual fee of $3 million for the management of Crystals.

The Company has a 50% interest in Grand Victoria and a 50% interest in Silver Legacy. Grand Victoria is a riverboat casino in Elgin, Illinois; an affiliate of Hyatt Gaming owns the other 50% of Grand Victoria and also operates the resort. Silver Legacy is located in Reno, adjacent to Circus Circus Reno, and the other 50% is owned by Eldorado LLC. See Note 4 for additional information related to Silver Legacy.

MGM Hospitality seeks to leverage the Company s management expertise and well-recognized brands through strategic partnerships and international expansion opportunities. The Company has entered into management agreements for non-gaming resorts in the Middle East, North Africa, India and China, and a casino resort in Vietnam.

Borgata. The Company has a 50% economic interest in Borgata Hotel Casino & Spa (Borgata) located on Renaissance Pointe in the Marina area of Atlantic City, New Jersey. Boyd Gaming Corporation (Boyd) owns the other 50% of Borgata and also operates the resort. The

Company s interest is held in trust and currently offered for sale pursuant to the Company s amended settlement agreement with New Jersey Department of Gaming Enforcement (DGE) and approved by the New Jersey Casino Control Commission (CCC). The terms of the amended settlement agreement mandate the sale by March 2014. The Company has the right to direct the sale through March 2013, subject to approval of the CCC, and the trustee is responsible for selling the trust property during the following 12-month period.

The Company consolidates the trust as it is the sole economic beneficiary and accounts for its interest in Borgata under the cost method. Distributions received by the trust that do not exceed the Company s share of earnings are recognized currently in earnings. However, distributions received by the trust that exceed the Company s share of earnings for such periods are applied to reduce the carrying amount of its investment. The trust did not receive distributions from Borgata during the three months ended March 31, 2012 and 2011. As of March 31, 2012, the trust had $165 million of cash and investments, of which $135 million is held in U.S. treasury securities with maturities greater than three months but less than one year, and is recorded within Prepaid expenses and other. During the first quarter of 2012, $23 million was withdrawn from the trust account for the payment of property taxes and interest on the Company s senior credit facility, as authorized in accordance with the terms of the trust agreement.

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NOTE 2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation. As permitted by the rules and regulations of the Securities and Exchange Commission, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These consolidated financial statements should be read in conjunction with the Company s 2011 annual consolidated financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2011.

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

Certain reclassifications, which have no effect on previously reported net income, have been made to the 2011 financial statements to conform to the 2012 presentation. Pursuant to the guidance in the AICPA Audit and Accounting Guide, Gaming, the Company has reclassified certain amounts paid under slot participation agreements from a reduction in casino revenue to casino expense. Such participation fees were $8 million in the three months ended March 31, 2011.

Fair value measurement. Fair value measurements affect the Company s accounting and impairment assessments of its long-lived assets, investments in unconsolidated affiliates, cost method investments, assets acquired and liabilities assumed in an acquisition, 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. At March 31, 2012, the fair value of the Company s treasury securities held by the Borgata trust was $135 million, measured using Level 1 inputs. See Note 1 for additional information related to the Borgata trust. The Company also uses Level 1 inputs for its long-term debt fair value disclosures.

Income tax provision. The Company recognizes deferred tax assets, net of applicable reserves, related to net operating loss 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. Given the negative impact of the U.S. economy on the results of operations in the past several years and expectations that its recovery will be tempered by certain aspects of the current economic conditions such as weaknesses in employment conditions and the housing market, the Company no longer relies on future domestic operating income in assessing the realizability of its domestic deferred tax assets and now relies only on the future reversal of existing domestic taxable temporary differences. As of March 31, 2012, the scheduled future reversal of existing U.S. federal deductible temporary differences exceeds the scheduled future reversal of existing U.S. federal taxable temporary differences. Therefore, the Company began recording in the current year a valuation allowance for U.S. federal deferred tax assets in order to account for this excess, resulting in additional tax provision of $112 million for the three months ended March 31, 2012.

Distributions of profits from MGM Grand Paradise to MGM China are subject to Macau s 12% complementary tax. MGM Grand Paradise has submitted a request to the Macau government to settle the complementary tax that would be due on such distributions by paying a flat annual fee (annual fee arrangement) regardless of the amount of distributable dividends. MGM China would not be subject to the complementary tax on such distributions if the annual fee arrangement was in place. Since this arrangement was not in place, the Company accrued deferred taxes of $15 million on the U.S. GAAP earnings of MGM Grand Paradise from the date of the acquisition through December 31, 2011. In March 2012, MGM Grand Paradise made a distribution to MGM China that is subject to complementary tax in the amount of $59 million if the annual fee

arrangement is not put in place before the tax is due (no later than June 30, 2013). This distribution resulted in a cumulative deficit for U.S. GAAP earnings in MGM Grand Paradise for the quarter ended March 31, 2012. Since the annual fee arrangement was not in place before March 31, 2012, the Company accrued an additional $44 million of complementary tax to bring its accrued balance to $59 million. The earnings distributed by MGM Macau now exceed the U.S. GAAP earnings of MGM China by $299 million. As such, MGM China will not accrue additional complementary tax until such U.S. GAAP earnings exceed the amounts that have been distributed by MGM Macau, or until MGM Macau distributes additional earnings. All complementary tax accrued on gaming profits would be reversed in the period the annual fee arrangement is put in place and the agreed annual fee would be accrued in its place. Without an annual fee arrangement in place, MGM China will resume accruing for Macau s 12% complementary tax when MGM Grand Paradise returns to cumulative U.S. GAAP earnings.

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Recently Issued Accounting Standards. Certain amendments to Accounting Standards Codification (ASC) 820, Fair Value Measurements, became effective for the Company for fiscal years beginning after December 15, 2011. Such amendments included a consistent definition of fair value, enhanced disclosure requirements for Level 3 fair value adjustments and other changes to required disclosures. The Company s compliance with these amendments did not have a material effect on its financial statements.

In June 2011, ASC 220, Comprehensive Income, was amended and became effective for us for fiscal years beginning after December 15, 2011, including retrospective adjustment. Such amendments allow us two options for the presentation of comprehensive income. Under either option, the Company is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. As a result of the amendment, the option to present the components of other comprehensive income as part of the statement of changes in stockholders equity is eliminated. The Company s compliance with this amendment did not have a material effect on its financial statements.

In September 2011, ASC 350, Intangibles-Goodwill and Others, was amended to simplify the assessment of goodwill impairment and became effective for us for fiscal years beginning after December 15, 2011. The amended guidance allows us to do an initial qualitative assessment of relative events and circumstances to determine if fair value of a reporting unit is more likely than not less than its carrying value, prior to performing the two-step quantitative goodwill impairment test. The Company s compliance with this amendment did not have a material effect on its financial statements.

NOTE 3 MGM CHINA ACQUISITION

On June 3, 2011, the Company and Ms. Ho, Pansy Catilina Chiu King (Ms. Pansy Ho) completed a reorganization of the capital structure of MGM China and the initial public offering of 760 million shares of MGM China on The Stock Exchange of Hong Kong Limited (the IPO), representing 20% of the post issuance capital stock of MGM China, at an offer price of HKD 15.34 per share. Pursuant to this reorganization, the Company, through a wholly owned subsidiary, acquired an additional 1% of the overall capital stock of MGM China for HKD 15.34 per share, or approximately $75 million, and thereby became the indirect owner of 51% of MGM China. Following the IPO, Ms. Pansy Ho sold an additional 59 million shares of MGM China pursuant to the underwriters overallotment option.

Through the acquisition of its additional 1% interest of MGM China, the Company obtained a controlling interest and was required to consolidate MGM China as of June 3, 2011. Prior to the IPO, the Company held a 50% interest in MGM Grand Paradise, which was accounted for under the equity method as discussed in Note 4. The acquisition of the controlling financial interest was accounted for as a business combination and the Company recognized 100% of the assets, liabilities, and noncontrolling interests of MGM China at fair value at the date of acquisition. The fair value of the equity interests of MGM China was determined by the IPO transaction price and equaled approximately $7.5 billion. The carrying value of the Company s equity method investment was significantly less than its share of the fair value of MGM China at the acquisition date, resulting in a $3.5 billion gain on the acquisition. Under the acquisition method, the fair value was allocated to the assets acquired, liabilities assumed and noncontrolling interests recorded in the transaction. The following table sets forth the allocation at June 3, 2011 (in thousands):

Current assets	$	558,037
Property and equipment and other long-term assets		704,823
Goodwill		2,821,589
Gaming subconcession		4,499,727

Land concession		84,466
Customer lists		128,564
Gaming promoter relationships		179,989
Current liabilities, excluding long-term debt		(459,518)
Long-term debt		(642,818)
Deferred taxes		(380,628)
	$	7,494,231
Noncontrolling interests	$	(3,672,173)

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As discussed above, the Company recognized the identifiable intangible assets of MGM China at fair value. The gaming subconcession and land concession had historical cost bases which were being amortized by MGM Macau. The customer relationship intangible assets did not have historical cost bases at MGM Macau. The estimated fair values of the intangible assets acquired were primarily determined using Level 3 inputs. The gaming subconcession was valued using an excess earnings model based on estimated future cash flows of MGM Macau. All of the recognized intangible assets were determined to have finite lives and are being amortized over their estimated useful lives as discussed below.

Gaming subconcession. Pursuant to the agreement dated June 19, 2004 between MGM Grand Paradise and Sociedade de Jogos de Macau, S.A. (SJM), 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 has determined that the gaming subconcession intangible asset should be amortized on a straight-line basis over the initial term of the land concession through April 6, 2031.

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 will be amortized on a straight-line basis over the remaining initial contractual term.

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

Gaming promoter relationships. The Company recognized an intangible asset related to its relationships with gaming promoters, which will be amortized on a straight-line basis over its estimated useful life of four years.

Deferred taxes. The Company recorded a net deferred tax liability of $381 million for the acquisition of the controlling financial interest in MGM China and a corresponding increase to goodwill. The net deferred tax liability represents the excess of the financial reporting amounts of the net assets of MGM China over their respective bases under Macau tax law measured at the enacted tax rates expected to apply to taxable income in the periods such differences are expected to be realized, net of a valuation allowance of $72 million. The tax-effected components of the net deferred tax liability at June 3, 2011 are as follows (in thousands):

Deferred tax assets- foreign	
Accruals, reserves and other	$ 121
Bad debt reserve	3,161
Long-term debt	2,816
Net operating loss carryforward	58,781
Preopening and start-up expenses	3,838
Property and equipment	7,822
	76,539
Less: Valuation allowance	(71,670)
	4,869

Deferred tax liabilities- foreign		
Intangible assets		(385,497)
Net deferred tax liability	$	(380,628)

Income generated from gaming operations of MGM Grand Paradise is exempted from Macau s 12% complementary tax for the five-year period ending December 31, 2016 pursuant to approval from the Macau government granted on September 22, 2011. However, the exemption from the Macau 12% complementary tax on gaming profits does not apply to dividend distributions of such profits to MGM China, its sole shareholder. See Note 2 for further discussion of the complementary tax.

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Non-gaming operations remain subject to the complementary tax. MGM Grand Paradise had at June 3, 2011 a complementary tax net operating loss carryforward of $490 million resulting from non-gaming operations that will expire if not utilized against non-gaming income in years 2011 through 2013. The Macanese net operating loss carryforwards are fully offset by valuation allowance.

At June 3, 2011, the Company had an excess amount for financial reporting over the U.S. tax basis of its investment in MGM China of $3.6 billion that management does not consider to be essentially permanent in duration. The Company expects this basis difference to resolve through repatriations of future MGM China earnings. The Company has not provided U.S. deferred taxes for such excess financial reporting basis because there would be sufficient foreign tax credits to offset all U.S. income tax that would result from the future repatriation of such earnings.

Consolidated results. MGM China s net revenue for the three months ended March 31, 2012 was $702 million, operating income was $68 million and net income, including the $44 million complementary tax provision discussed in Note 2, was $21 million.

Pro forma information. The operating results for MGM China and its subsidiaries are included in the accompanying consolidated statements of income from the date of acquisition. The following unaudited pro forma consolidated financial information for the Company has been prepared assuming the Company s acquisition of its controlling financial interest had occurred as of January 1, 2011:

		Three Months Ended March 31, 2011
		(In thousands, except per share data)
Net revenues	$	2,108,575
Operating income		159,360
Net loss		(107,551)
Net loss attributable to MGM Resorts International		(127,177)
Loss per share of common stock attributable to MGM Resorts International:		
Basic	$	(0.26)
Diluted	$	(0.26)

NOTE 4 INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES

Investments in and advances to unconsolidated affiliates includes:

	March 31, 2012	December 31, 2011
	(In thousands)	
CityCenter Holdings, LLC CityCenter (50%)	$ 1,288,334	$ 1,332,299
Elgin Riverboat Resort Riverboat Casino Grand Victoria (50%)	290,293	292,094

Other		11,288		11,179
	$	1,589,915	$	1,635,572

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

	Three Months Ended March 31,			
	2012		2011	
	(In thousands)			
Income (loss) from unconsolidated affiliates	$	(13,309)	$	63,343
Non-operating items from unconsolidated affiliates		(26,866)		(40,290)
	$	(40,175)	$	23,053

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Silver Legacy

Silver Legacy had approximately $143 million of outstanding senior secured notes due in March 2012. Silver Legacy did not repay its notes at maturity and is exploring various alternatives for refinancing or restructuring its obligations under the notes, including potentially filing for bankruptcy protection. These notes are non-recourse to the Company. The Company recorded an other-than-temporary impairment charge at December 31, 2011 which decreased the carrying value of its investment to zero. The Company also ceased applying the equity method for its investment in Silver Legacy and will not provide for additional losses until its share of future net income, if any, equals the share of net losses not recognized during the period the equity method was suspended.

MGM Macau

As discussed in Note 3, the Company obtained a controlling financial interest in MGM China as of June 3, 2011 and therefore was required to consolidate MGM China beginning on that date. Prior thereto, the Company s investment in MGM Grand Paradise was accounted for under the equity method.

CityCenter

CityCenter summary financial information. Summarized balance sheet information of the CityCenter joint venture is as follows:

	March 31, 2012	December 31, 2011
	(In thousands)	
Current assets	$ 255,964	$ 393,140
Property and other long-term assets, net	8,978,553	9,068,790
Current liabilities	321,898	375,870
Long-term debt and other liabilities	2,439,410	2,491,166
Equity	6,473,209	6,594,894

Summary results of operations for CityCenter are provided below:

	Three Months Ended March 31,	
	2012	2011
	(In thousands)	
Net revenues	$ 238,917	$ 271,621
Operating expenses	(300,374)	(308,513)
Operating loss	(61,457)	(36,892)
Other non-operating expense	(75,378)	(88,135)
Net loss	$ (136,835)	$ (125,027)

February 2012 senior secured notes. In February 2012, CityCenter issued $240 million in aggregate principal amount of its 7.625% senior secured first lien notes due 2016 in a private placement.

March 2012 amended and restated credit agreement. In March 2012, CityCenter entered into a second amendment and restatement of its senior credit facility. The loans outstanding under the prior credit agreement were repaid in full and no loans were outstanding under the amended credit agreement at March 31, 2012. The amended CityCenter credit facility consists of a $75 million revolving facility which matures January 21, 2015, and loans will bear interest at a base rate (as defined) plus 4%, or in the case of Eurodollar loans, at the Eurodollar rate (as defined) plus 5%. The amended credit agreement contains covenants that, among other things, restrict CityCenter from incurring additional indebtedness, making distributions to equity interests, selling assets and entering into certain transfers. In addition, CityCenter may not permit its EBITDA (as defined) to be less than specified minimums.

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NOTE 5 LONG-TERM DEBT

Long-term debt consists of the following:

	March 31, 2012	December 31, 2011
	(In thousands)	
Senior credit facility:		
$819.9 million ($1,834 million at December 31, 2011) term loans, net	$ 777,186	$ 1,728,510
Revolving loans	450,000	1,462,000
MGM Grand Paradise credit facility	552,398	552,312
$534.7 million 6.75% senior notes, due 2012	534,650	534,650
$462.2 million 6.75% senior notes, due 2013	462,226	462,226
$150 million 7.625% senior subordinated debentures, due 2013, net	151,253	151,483
$750 million 13% senior secured notes, due 2013, net	729,142	726,333
$508.9 million 5.875% senior notes, due 2014, net	508,308	508,231
$650 million 10.375% senior secured notes, due 2014, net	640,980	640,051
$875 million 6.625% senior notes, due 2015, net	877,067	877,208
$1,450 million 4.25% convertible senior notes, due 2015, net	1,464,173	1,465,287
$242.9 million 6.875% senior notes, due 2016	242,900	242,900
$732.7 million 7.5% senior notes, due 2016	732,749	732,749
$500 million 10% senior notes, due 2016, net	495,507	495,317
$743 million 7.625% senior notes, due 2017	743,000	743,000
$850 million 11.125% senior secured notes, due 2017, net	832,784	832,245
$475 million 11.375% senior notes, due 2018, net	465,212	464,928
$850 million 8.625% senior notes, due 2019	850,000	
$845 million 9% senior secured notes, due 2020	845,000	845,000
$1,000 million 7.75% senior notes, due 2022	1,000,000	
$0.6 million 7% debentures, due 2036, net	572	572
$4.3 million 6.7% debentures, due 2096	4,265	4,265
Other notes	581	900
	$ 13,359,953	$ 13,470,167

As of March 31, 2012 and December 31, 2011, debt due within one year of the balance sheet date is classified as long-term because the Company has both the intent and ability to repay such amounts with available borrowings under the senior credit facility. Amounts outstanding under the MGM Grand Paradise credit facility were classified as long-term as MGM Grand Paradise has both the intent and ability to repay scheduled amortization payments under the term loan due within one year of the balance sheet date with available borrowings under its revolving loan commitments.

Senior credit facility. The Company s senior credit facility was amended and restated in February 2012, and loans and revolving commitments aggregating approximately $1.8 billion (the extending loans) were extended to February 2015. In accordance with the amendment, the Company repaid $409 million of outstanding loans to extending lenders. In March 2012, an additional $24 million in term loans were extended and the Company repaid the remaining non-extending term loans. At March 31, 2012, the senior credit facility consisted of approximately $820 million in term loans and a $1.3 billion revolver ($360 million of which has not been extended and matures in February 2014) and had approximately $855 million of available borrowing capacity. In connection with the amendment and subsequent repayment of the non-extending loans, the Company recorded a loss on early retirement of debt of $59 million related to previously recorded discounts and certain debt issuance costs.

As of December 31, 2011, interest on the senior credit facility was based on a LIBOR margin of 5.00%, with a LIBOR floor of 2.00%, and a base rate margin of 4.00%, with a base rate floor of 4.00%. The non-extended revolving loans continue to be subject to this pricing. Interest on the extending loans is subject to a LIBOR floor of 1% and a pricing grid based upon collateral coverage levels. The interest rate on extending loans was 6% at March 31, 2012 and has subsequently reduced to 5%. Interest on non-extending revolving loans remains at 7%. The weighted average interest rate on outstanding borrowings under the senior credit facility at March 31, 2012 and December 31, 2011 was 6.1% and 7.0%, respectively.

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The senior credit facility allows the Company to refinance indebtedness maturing prior to February 23, 2015 but limits its ability to prepay later maturing indebtedness until the extended facilities are paid in full. The Company may issue unsecured debt, equity-linked and equity securities to refinance its outstanding indebtedness; however, the Company is required to use net proceeds from certain indebtedness issued in amounts in excess of $250 million (excluding amounts used to refinance indebtedness) to ratably prepay the credit facilities in an amount equal to 50% of the net cash proceeds of such excess. The Company is no longer required to use net proceeds from equity offerings to prepay the senior credit facility in connection with the restatement of the senior credit facility. In addition, the Company agreed to deliver a mortgage, limited in amount to comply with indenture restrictions, encumbering the Beau Rivage. The Company delivered such mortgage in March 2012.

At March 31, 2012, the Company and its restricted subsidiaries are required to maintain a minimum trailing annual EBITDA (as defined in the agreement governing its senior credit facility) of $1.2 billion for each of the quarters of 2012, increasing to $1.25 billion at March 31, 2013, to $1.3 billion at June 30, 2013, and to $1.4 billion at March 31, 2014. EBITDA for the trailing twelve months ended March 31, 2012 calculated in accordance with the terms of the senior credit facility was $1.28 billion. Additionally, the Company and its restricted subsidiaries are limited to $500 million of annual capital expenditures (as defined) during 2012; the Company was in compliance with the maximum capital expenditures covenants at March 31, 2012.

Substantially all of the assets of MGM Grand Detroit serve as collateral to secure its $450 million obligation outstanding as a co-borrower under the Company s senior credit facility. In addition, substantially all of the assets of Gold Strike Tunica, substantially all of the assets of Beau Rivage and certain land across from the Luxor serve as collateral to secure up to $578 million of obligations outstanding under the Company s senior credit facility.

MGM Grand Paradise credit facility. MGM Grand Paradise s credit facility is comprised of approximately $552 million in term loans and a $400 million revolving loan. The outstanding balance of MGM Grand Paradise s credit facility at March 31, 2012 is comprised solely of term loans. Scheduled amortization on the term loan begins in July 2012 with a lump sum payment of approximately $276 million upon final maturity in July 2015. The revolving loan may be redrawn, but is required to be repaid in full on the last date of the respective term loan, no later than July 2015. Interest on the term loan facility is based on HIBOR plus a margin ranging between 3% and 4.5%, based on MGM Grand Paradise s adjusted leverage ratio, as defined in its credit facility agreement. Interest on the revolving facility can be denominated in either Hong Kong dollars or U.S. dollars and is based on the same margin range, plus HIBOR or LIBOR, as appropriate. As of March 31, 2012, the credit facility is denominated entirely in Hong Kong dollars and interest is based on a margin of 3%, plus HIBOR. Substantially all of the assets of MGM Grand Paradise serve as collateral for the MGM Grand Paradise credit facility, which is guaranteed by MGM China and certain of its direct and indirect subsidiaries.

At March 31, 2012, MGM Grand Paradise was required to maintain a specified adjusted leverage ratio, as defined, at the end of each quarter while the loans are outstanding. The adjusted leverage ratio is required to be no greater than 3.50 to 1.00. In addition, MGM Grand Paradise is required to maintain a debt service coverage ratio, as defined of no less than 1.50 to 1.00 at each quarter end. At March 31, 2012, MGM Grand Paradise was in compliance with its adjusted leverage ratio and debt service coverage ratios.

Senior and senior secured notes. In January 2012 the Company issued $850 million of 8.625% senior notes due 2019 for net proceeds to the Company of approximately $836 million. In March 2012, the Company issued $1.0 billion of 7.75% senior notes due 2022 for net proceeds to the Company of approximately $986 million. The notes are unsecured and otherwise rank equally in right of payment with the Company s existing and future senior indebtedness.

Substantially all of the assets of New York-New York serve as collateral for the Company s 13% senior secured notes due 2013, substantially all of the assets of Bellagio and The Mirage serve as collateral for the Company s 10.375% senior secured notes due 2014 and the 11.125% senior secured notes due 2017, and substantially all of the assets of MGM Grand serve as collateral for the Company s 9.00% senior secured notes due 2020. Upon the issuance of the 10.375%, 11.125% and 9.00% notes, the holders of the Company s 13% senior secured notes due 2013 obtained an equal and ratable lien in all collateral securing these notes. In addition, the holders of the Company s 13% senior secured notes obtained an equal and ratable lien in the Beau Rivage collateral upon the issuance of such collateral.

Fair value of long-term debt. The estimated fair value of the Company s long-term debt at March 31, 2012 was approximately $14.3 billion. At December 31, 2011, the estimated fair value of the Company s long-term debt was approximately $13.7 billion. Fair value was estimated using quoted market prices for the Company s senior notes, senior subordinated notes and senior credit facility. Carrying value of the MGM Grand Paradise credit facility approximates fair value.

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NOTE 6 COMMITMENTS AND CONTINGENCIES

CityCenter completion guarantee. In January 2011, the Company entered into an amended completion and cost overrun guarantee. Consistent with the terms of the previous completion guarantee, the terms of the amended completion guarantee provide for the ability to utilize the then remaining $124 million of net residential proceeds to fund construction costs, or to reimburse the Company for construction costs previously expended, though the timing of receipt of such proceeds is uncertain. The completion guarantee is collateralized by substantially all of the assets of Circus Circus Las Vegas, as well as certain undeveloped land adjacent to that property.

As of March 31, 2012, the Company has funded $658 million under the completion guarantee. The Company has recorded a receivable from CityCenter of $107 million related to these amounts, which represents amounts reimbursable to the Company from CityCenter from future residential proceeds. The Company has a remaining estimated net obligation under the completion guarantee of $16 million which includes estimated litigation costs related to the resolution of disputes with contractors as to the final construction costs and estimated amounts to be paid to contractors through the legal process related to the Perini litigation. The Company s accrual also reflects certain estimated offsets to the amounts claimed by the contractors. CityCenter has reached settlement agreements with all but seven of Perini s first-tier subcontractors. However, significant disputes remain with the general contractor and the remaining subcontractors. Amounts claimed by such parties exceed amounts included in the Company s completion guarantee accrual by approximately $185 million, as such amounts exceed the Company s best estimate of its liability. Moreover, the Company has not accrued for any contingent payments to CityCenter related to the Harmon Hotel & Spa component, which is unlikely to be completed using the building as it now stands.

The Clark County Building Division (the Building Division) retained a structural engineering consultant to provide with respect to the Harmon building an engineering analysis to determine the structural stability of the as-built condition The report from the Building Division s structural engineering consultant, however, stated: It is our understanding that the full nature and extent of the current as-built condition has not been documented or provided to us at the current time. The Company based this study only on information that was obtained from the available design documents, non-compliance reports and limited visual observations. Thus, the Building Division s structural engineering consultant apparently did not perform other testing or a relevant analysis of the building in its current, as-built condition.

Among its general findings the report of the Building Division s structural engineering consultant stated: Our analytical findings suggest that the as-designed Harmon Tower structure is structurally stable under design loads from a maximum considered earthquake (MCE) event; and further, Our analysis indicates that the as-designed strength of Harmon Tower s shear wall system is generally sufficient to resist the design loads from a maximum considered earthquake (MCE). The report from the Building Division s structural engineering consultant recommended further study of the Harmon building s vulnerabilities. Accordingly, since the County s consultant did not appear to have performed an as-built analysis, the report that was issued has minimal value if any in resolution of the issues presented to CityCenter s pending litigation with Perini.

The Building Division requested that CityCenter conduct an analysis, based on all available information, as to the structural stability of the Harmon under building-code-specified load combinations. On July 11, 2011 a consulting engineer engaged by CityCenter for this review submitted the results of his analysis of the Harmon tower and podium in its current as-built condition. The engineer opined, among other things, that [i]n a code-level earthquake, using either the permitted or current code specified loads, it is likely that critical structural members in the tower will fail and become incapable of supporting gravity loads, leading to a partial or complete collapse of the tower. There is missing or misplaced reinforcing steel in columns, beams, shear walls, and transfer walls throughout the structure of the tower below the twenty-first floor. In response to this opinion, on July 12, 2011 the Building Division required CityCenter, no later than August 15, 2011, to provide a plan of action that will abate the potential for structural collapse and protect impacted uses and occupancies. Under the relevant building code provision, abate means repair, rehabilitation, demolition or removal of the subject building.

On August 15, 2011, after expert consultation, CityCenter submitted its reply to the Building Division. CityCenter informed the Building Division it has decided to abate the potential for structural collapse of the Harmon in the event of a code-level earthquake by demolishing the building, and enclosed a plan of action for demolition by implosion prepared by LVI Environmental Services of Nevada, Inc. CityCenter also advised that prior to undertaking the demolition plan of action, it will seek relief from a standing order of the District Court judge presiding over the Perini litigation that prohibits alteration or destruction of the building without court approval. In addition, CityCenter supplied the foundational data for the engineering conclusions stated in the July 11, 2011 letter declaring the Harmon s structural instability in the event of a code-level earthquake.

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The Building Division advised CityCenter that the Building Division s staff would review CityCenter s August 15, 2011 submission and then issue its conclusions to CityCenter, but the Building Division did not specify a date for such guidance. By letter dated August 18, 2011, the Building Division requested a meeting with CityCenter s retained engineering firm concerning its conclusions regarding the Harmon s as-built condition. Pursuant to this request by the Building Division, representatives from CityCenter s retained engineering firm met with the Building Division and directly responded to the Building Division s inquiries.

On November 22, 2011, the Building Division informed CityCenter by letter that [b]ased on the information provided to Clark County Development Services including but not limited to the Weidlinger & Associates Letter of August 11, 2011 and subsequent conversations, it is required that MGM Resorts submit a plan abating the code deficiencies discovered in the Harmon Tower. CityCenter has made a motion to the court presiding over the Perini litigation for permission to proceed with the demolition of the Harmon in advance of the conclusion of the litigation. The hearing on that motion, which Perini and its Harmon-related subcontractors oppose, commenced on March 12, 2012. After several days of testimony, the hearing was continued and scheduled to reconvene in July 2012, after the completion of further related proceedings, due to the scope of legal issues presented at the hearing. CityCenter also resubmitted the plan of abatement action prepared by LVI which was submitted on August 15, 2011, and applied to the Building Division for appropriate demolition permits and approvals. Those applications are pending.

The Company does not believe it would be responsible for funding under the completion guarantee any additional remediation efforts that might be required with respect to the Harmon; however, the Company s view is based on a number of developing factors, including with respect to on-going litigation with CityCenter s contractors, actions by local officials and other developments related to the CityCenter venture, that are subject to change. CityCenter s restated senior credit facility provides that certain demolition expenses may be funded only by equity contributions from the members of the CityCenter venture or certain specified extraordinary receipts (which include any proceeds from the Perini litigation). Based on current estimates, which are subject to change, the Company believes the demolition of the Harmon would cost approximately $31 million.

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

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

The CityCenter Owners and the other defendants dispute Perini s allegations, and contend that the defendants are entitled to substantial amounts from Perini, including offsets against amounts claimed to be owed to Perini and its subcontractors and damages based on breach of their contractual and other duties to CityCenter, duplicative payment requests, non-conforming work, lack of proof of alleged work performance,

defective work related to the Harmon, property damage and Perini s failure to perform its obligations to pay certain subcontractors and to prevent filing of liens against CityCenter. Parallel to the court litigation, CityCenter management conducted an extra-judicial program for settlement of CityCenter subcontractor claims. CityCenter has resolved the claims of 215 first-tier Perini subcontractors (including the claims of any lower-tier subcontractors that might have claims through those first-tier subcontractors), with only seven remaining for further proceedings along with trial of Perini s claims and CityCenter s Harmon-related counterclaim and other claims by CityCenter against Perini and its parent guarantor, Tutor Perini. Three of the remaining subcontractors are implicated in the defective work at the Harmon. In December 2010, Perini recorded an amended notice of lien reducing its lien to approximately $313 million. Because of settlements with subcontractors, CityCenter believes it is entitled to a further lien reduction of approximately $133 million (for a revised lien amount of $186 million, including certain liens not related to Perini s lien) once the Company has provided the court and Perini with the required information.

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The court has set a new trial date of March 12, 2013 for the consolidated action involving Perini, the remaining Perini subcontractors and any related third parties, and CityCenter s counterclaim against Perini and other parties for defective construction of the Harmon, and also amended other significant pre-trial dates. Discovery is in process. The CityCenter Owners and the other defendants will continue to vigorously assert and protect their interests in the Perini lawsuit. The Company believes that a loss with respect to Perini s punitive damages claim is neither probable nor reasonably possible. Please refer to the disclosure above for further discussion on the Company s completion guarantee obligation which may be impacted by the outcome of the above litigation and the joint venture s extra-judicial settlement process.

Sales and use tax on complimentary meals. In March 2008, the Nevada Supreme Court ruled, in a case involving another gaming company, that food and non-alcoholic beverages purchased for use in providing complimentary meals to customers and to employees were exempt from use tax. The Company had previously paid use tax on these items and has generally filed for refunds for the periods from January 2001 to February 2008 related to this matter. The Company is claiming the exemption on sales and use tax returns for periods after February 2008 in light of this Nevada Supreme Court decision and has not accrued or paid any sales or use tax for those periods. In February 2012 the Nevada Department of Taxation asserted that gaming companies should pay sales tax on customer complimentary meals and employee meals on a prospective basis commencing February 15, 2012. This position stems from a recent Nevada Tax Commission decision concerning another gaming company which states that complimentary meals provided to customers are subject to sales tax at the retail value of the meal and employee meals are subject to sales tax at the cost of the meal. The other gaming company filed in Clark County District Court a petition for judicial review of the Nevada Tax Commission decision. While the Company disagrees with the positions asserted by the Nevada Department of Taxation, the Company has not yet completed its assessment of the likelihood of an unfavorable outcome or the amounts that may be due related to the various elements of the Department s assertions, but believes that any such liability would not be material to the Company s financial statements for the period ended March 31, 2012.

Other guarantees. The Company is party to various guarantee contracts in the normal course of business, which are generally supported by letters of credit issued by financial institutions. The Company s senior credit facility limits the amount of letters of credit that can be issued to $250 million, and the amount of available borrowings under the senior credit facility is reduced by any outstanding letters of credit. At March 31, 2012, the Company had provided $37 million of total letters of credit. In addition, MGM China guarantees approximately $39 million of debt under the MGM Grand Paradise credit facility.

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

NOTE 7 LOSS PER SHARE OF COMMON STOCK

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

	Three Months Ended March 31,	
	2012	2011
	(In thousands)	
Numerator:		
Net loss attributable to MGM Resorts International	$ (217,253)	$ (89,871)

Denominator:		
Weighted-average common shares outstanding - basic	488,861	488,539
Potential dilution from share-based awards		
Potential dilution from assumed conversion of convertible debt		
Weighted-average common and common equivalent shares - diluted	488,861	488,539
Anti-dilutive share-based awards excluded from the calculation of diluted earnings per share	30,589	28,954

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NOTE 8 STOCKHOLDERS EQUITY AND NONCONTROLLING INTERESTS

Noncontrolling interests. As discussed in Note 3, the Company became the controlling shareholder of MGM China and began consolidating the financial position of MGM China in its financial statements as of June 3, 2011. The noncontrolling interests in MGM China and other minor subsidiaries are presented as a separate component of stockholders equity in the Company s consolidated balance sheets, and the net income attributable to noncontrolling interests is presented on the Company s consolidated statements of operations.

MGM China Dividend. MGM China paid an approximately $400 million dividend in March 2012, of which approximately $204 million remained within the consolidated entity and approximately $196 million was distributed to noncontrolling interests.

Supplemental equity information. The following table presents the Company s changes in stockholders equity for the three months ended March 31, 2012:

	MGM Resorts International Stockholders Equity	Noncontrolling Interests	Total Stockholders Equity
		(In thousands)	
Balances, January 1, 2012	$ 6,086,578	$ 3,795,644	$ 9,882,222
Net income (loss)	(217,253)	13,946	(203,307)
Currency translation adjustment	859	829	1,688
Stock-based compensation	11,041	623	11,664
Change in excess tax benefit from stock-based compensation	(2,268)		(2,268)
Issuance of common stock pursuant to stock-based compensation awards	(550)		(550)
Cash distributions to noncontrolling interest owners		(198,214)	(198,214)
Balances, March 31, 2012	$ 5,878,407	$ 3,612,828	$ 9,491,235

NOTE 9 STOCK-BASED COMPENSATION

2005 Omnibus Incentive Plan. As of March 31, 2012, the Company had an aggregate of approximately 9 million shares of common stock available for grant as share-based awards under the Company s omnibus incentive plan (Omnibus Plan). A summary of activity under the Company s share-based payment plans for the three months ended March 31, 2012 is presented below:

Stock options and stock appreciation rights (SARs)

			Weighted Average

	Shares (000 s)		Exercise Price
Outstanding at January 1, 2012	30,320	$	20.18
Granted	158		12.21
Exercised	(784)		12.47
Forfeited or expired	(247)		28.48
Outstanding at March 31, 2012	29,447		20.27
Exercisable at March 31, 2012	19,726		24.72

Restricted Stock Units (RSUs)

	Shares (000 s)		Weighted Average Grant-Date Fair Value
Nonvested at January 1, 2012	1,181	$	11.15
Granted	1		11.32
Vested	(36)		18.78
Forfeited	(4)		14.11
Nonvested at March 31, 2012	1,142		10.89

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MGM China Share Option Plan. As of March 31, 2012, MGM China had an aggregate of approximately 1.1 billion shares of options available for grant as share-based awards (MGM China Plan). A summary of activity under the MGM China Plan for the three months ended March 31, 2012 is presented below:

Stock options

	Shares (000 s)	Weighted Average Exercise Price
Outstanding at January 1, 2012	19,260	$ 1.99
Granted	955	1.78
Forfeited or expired	(830)	2.01
Outstanding at March 31, 2012	19,385	1.98
Exercisable at March 31, 2012		

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

	Three Months Ended March 31,	
	2012	2011
	(In thousands)	
Compensation cost		
Stock options and SARs	$ 6,350	$ 5,867
RSUs	4,043	4,606
MGM China Plan	1,271	
Total compensation cost	11,664	10,473
Less: CityCenter reimbursed costs	(1,060)	(1,263)
Compensation cost recognized as expense	10,604	9,210
Less: Related tax benefit	(454)	(3,205)
Compensation expense, net of tax benefit	$ 10,150	$ 6,005

NOTE 10 SEGMENT INFORMATION

The Company s management views each of its casino resorts as an operating segment. Operating segments are aggregated based on their similar economic characteristics, types of customers, types of services and products provided, the regulatory environments in which they operate, and their management and reporting structure. The Company s principal operating activities occur in two geographic regions: the United States and Macau S.A.R. The Company has aggregated its operations into two reportable segments based on the similar characteristics of the operating segments 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 non-GAAP measure defined as Adjusted EBITDA before corporate expense and stock compensation expense related to the MGM Resorts stock option plan, which are not allocated to the reportable segments. MGM China recognizes stock compensation expense related to its stock compensation plan which is included in the calculation of Adjusted Property EBITDA for MGM China. Adjusted EBITDA is a non-GAAP measure defined as earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening and start-up expenses, and property transactions, net.

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The following table presents the Company s segment information:

	Three Months Ended March 31,	
	2012	2011
	(In thousands)	
Net Revenues:		
Wholly owned domestic resorts	$ 1,479,598	$ 1,406,430
MGM China	702,090	
Reportable segment net revenues	2,181,688	1,406,430
Corporate and other	105,902	106,421
	$ 2,287,590	$ 1,512,851
Adjusted EBITDA:		
Wholly owned domestic resorts	$ 320,972	$ 299,962
MGM China	164,521	
Reportable segment		
Adjusted Property EBITDA	485,493	299,962
Corporate and other	(55,161)	22,231
	430,332	322,193
Other operating income (expense):		
Property transactions, net	(917)	(91)
Depreciation and amortization	(236,809)	(152,397)
Operating income	192,606	169,705
Non-operating income (expense)		
Interest expense	(284,342)	(269,914)
Non-operating items from unconsolidated affiliates	(26,866)	(40,290)
Other, net	(57,576)	(3,955)
	(368,784)	(314,159)
Loss before income taxes	(176,178)	(144,454)
Benefit (provision) for income taxes	(27,129)	54,583
Net loss	(203,307)	(89,871)
Less: Net income attributable to noncontrolling interests	(13,946)	
Net loss attributable to MGM Resorts International	$ (217,253)	$ (89,871)

NOTE 11 RELATED PARTY TRANSACTIONS

MGM China. In connection with the MGM China IPO, MGM Branding and Development Holdings, Ltd., 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 Holdings, Ltd equal to 1.75% of MGM China s consolidated net revenue, subject to an annual cap of $30 million in 2012, increasing by 20% per annum for each subsequent calendar year during the term of the agreement. In the three months ended March 31, 2012 total license fees of $12 million were incurred by MGM China. Such amounts have been eliminated in consolidation. An entity owned by Ms. Pansy Ho received a distribution of $2 million during the three months ended March 31, 2012 in connection with the ownership of a noncontrolling interest in MGM Branding and Development Holdings, Ltd.

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NOTE 12 CONSOLIDATING CONDENSED FINANCIAL INFORMATION

The Company s domestic subsidiaries, excluding certain minor subsidiaries, MGM Grand Detroit, LLC and its subsidiaries and our domestic insurance subsidiaries, have fully and unconditionally guaranteed, on a joint and several basis, payment of the senior credit facility, the senior notes, senior secured notes and the senior subordinated notes. Our international subsidiaries, including MGM China, are not guarantors of such indebtedness. Separate condensed financial statement information for the subsidiary guarantors and non-guarantors as of March 31, 2012 and December 31, 2011 and for the three month periods ended March 31, 2012 and 2011 is as follows:

CONDENSED CONSOLIDATING BALANCE SHEET INFORMATION

Current assets	$ 619,397	$ 991,409	$ 982,871	$	$ 2,593,677
Property and equipment, net		13,501,750	1,297,042	(11,972)	14,786,820
Investments in subsidiaries	23,908,794	7,722,760		(31,631,554)	
Investments in and advances to unconsolidated affiliates		1,589,915			1,589,915
Other non-current assets	272,678	573,676	7,574,262		8,420,616
	$ 24,800,869	$ 24,379,510	$ 9,854,175	$ (31,643,526)	$ 27,391,028
Current liabilities	$ 311,233	$ 932,099	$ 649,055	$	$ 1,892,387
Intercompany accounts	441,268	(507,835)	66,567		
Deferred income taxes	2,222,389		249,036		2,471,425
Long-term debt	12,200,884	156,671	1,002,398		13,359,953
Other long-term obligations	133,860	41,526	642		176,028
Total liabilities	15,309,634	622,461	1,967,698		17,899,793
MGM Resorts stockholders equity	9,491,235	23,757,049	4,273,649	(31,643,526)	5,878,407
Noncontrolling interests			3,612,828		3,612,828
Total stockholders equity	9,491,235	23,757,049	7,886,477	(31,643,526)	9,491,235
	$ 24,800,869	$ 24,379,510	$ 9,854,175	$ (31,643,526)	$ 27,391,028

Current assets	$ 889,749	$ 968,928	$ 954,043	$	$ 2,812,720
Investments in subsidiaries	24,022,470	7,930,882		(31,953,352)	
Other non-current assets	256,171	541,081	7,654,088		8,451,340
Intercompany accounts	334,454	(377,756)	43,302		

Long-term debt	12,310,634	157,221	1,002,312		13,470,167
Total liabilities	15,286,168	770,106	1,827,780		17,884,054
Noncontrolling interests			3,795,644		3,795,644
	$ 25,168,390	$ 24,644,385	$ 9,918,825	$ (31,965,324)	$ 27,766,276

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CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME INFORMATION

Net revenues	$	$ 1,434,535	$ 853,055	$	$ 2,287,590
Expenses:					
General and administrative	2,835	249,800	50,654		303,289
Property transactions, net		917			917
	23,213	1,317,611	740,851		2,081,675
Operating income (loss)	75,721	133,967	112,169	(129,251)	192,606
Other, net	(41,359)	(32,231)	(10,852)		(84,442)
Benefit (provision) for income taxes	16,693	(296)	(43,526)		(27,129)
Less: net income attributable to noncontrolling interests			(13,946)		(13,946)
Other comprehensive income, net of tax:					
Other comprehensive income			1,688		1,688
Less: comprehensive income attributable to noncontrolling interests			(14,775)		(14,775)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION

Cash flows from operating activities					
Cash flows from investing activities					
Investments in and advances to unconsolidated affiliates	(12,600)				(12,600)
Investments in treasury securities - maturities longer than 90 days		(45,102)			(45,102)
Other		(391)			(391)
Cash flows from financing activities					
Borrowings under bank credit facilities - maturities longer than 90 days			450,000		450,000
Issuance of senior notes, net	1,850,000				1,850,000
Intercompany accounts	135,946	(108,401)	(27,545)		
Other	(574)	(315)	(19)		(908)
Net increase (decrease) for the period	(280,784)	(6,034)	55,797		(231,021)
Balance, end of period	$ 514,542	$ 959,097	$ 161,253	$	$ 1,634,892

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CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME INFORMATION

	Three Months Ended March 31, 2011				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	Consolidated
			(In thousands)		
Net revenues	$	$ 1,369,165	$ 143,686	$	$ 1,512,851
Equity in subsidiaries earnings	113,599	65,370		(178,969)	
Expenses:					
Casino and hotel operations	2,806	870,171	74,977		947,954
General and administrative	2,430	241,732	25,400		269,562
Corporate expense	15,710	21,009	(234)		36,485
Property transactions, net		(11)	102		91
Depreciation and amortization		142,632	9,765		152,397
	20,946	1,275,533	110,010		1,406,489
Income from unconsolidated affiliates		1,752	61,591		63,343
Operating income (loss)	92,653	160,754	95,267	(178,969)	169,705
Interest expense	(257,224)	(4,813)	(7,877)		(269,914)
Other, net	10,982	(42,618)	(12,609)		(44,245)
Income (loss) before income taxes	(153,589)	113,323	74,781	(178,969)	(144,454)
Benefit (provision) for income taxes	63,718	(100)	(9,035)		54,583
Net income (loss) attributable to MGM Resorts International	$ (89,871)	$ 113,223	$ 65,746	$ (178,969)	$ (89,871)
Net income (loss)	$ (89,871)	$ 113,223	$ 65,746	$ (178,969)	$ (89,871)
Other comprehensive income, net of tax:					
Foreign currency translation adjustment			2,599		2,599
Other		(37)			(37)
Other comprehensive income		(37)	2,599		2,562
Comprehensive income (loss) attributable to MGM Resorts International	$ (89,871)	$ 113,186	$ 68,345	$ (178,969)	$ (87,309)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION

	Three Months Ended March 31, 2011				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	Consolidated
			(In thousands)		
Cash flows from operating activities					
Net cash provided by (used in) operating activities	$ (171,230)	$ 142,245	$ 52,963	$	$ 23,978
Cash flows from investing activities					
Capital expenditures, net of construction payable		(33,654)	(805)		(34,459)
Investments in and advances to unconsolidated affiliates	(40,000)	(36,648)			(76,648)
Distributions from cost method investments, net		985			985

Investments in treasury securities-maturities longer than 90 days		(60,035)			(60,035)
Proceeds from treasury securities-maturities longer than 90 days		59,994			59,994
Other		(374)			(374)
Net cash used in investing activities	(40,000)	(69,732)	(805)		(110,537)
Cash flows from financing activities					
Net repayments under bank credit facilities - maturities of 90 days or less	529,910		(314,238)		215,672
Borrowings under bank credit facilities maturities longer than 90 days	824,609		382,119		1,206,728
Repayments under bank credit facilities maturities longer than 90 days	(1,009,519)		(67,881)		(1,077,400)
Retirement of senior notes	(325,470)				(325,470)
Intercompany accounts	201,619	(164,006)	(37,613)		
Other	(438)	(204)	(18)		(660)
Net cash provided by (used in) financing activities	220,711	(164,210)	(37,631)		18,870
Cash and cash equivalents					
Net increase (decrease) for the period	9,481	(91,697)	14,527		(67,689)
Balance, beginning of period	72,457	278,801	147,706		498,964
Balance, end of period	$ 81,938	$ 187,104	$ 162,233	$	$ 431,275

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

This management s discussion and analysis of financial condition and results of operations (MD&A) contains forward-looking statements that involve risks and uncertainties. Please see Forward-Looking Statements for a discussion of the uncertainties, risks and assumptions that may cause our actual results to differ materially from those discussed in the forward-looking statements. This discussion should be read in conjunction with our historical financial statements and related notes thereto and the other disclosures contained elsewhere in this Quarterly Report on Form 10-Q, and the audited consolidated financial statements and notes for the fiscal year ended December 31, 2011, which were included in our Form 10-K, filed with the SEC on February 29, 2012. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods. MGM Resorts International together with its subsidiaries may be referred to as we, us or our. MGM China Holdings Limited together with its subsidiaries is referred to as MGM China.

Executive Overview

Our primary business is the ownership and operation of casino resorts, which includes offering gaming, hotel, convention, dining, entertainment, retail and other resort amenities. We believe that we own and invest in several of the premier casino resorts in the world and have continually reinvested 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 repay debt financing, fund maintenance capital expenditures and provide cash for future development. Our results of operations are affected by decisions we make related to our capital allocation, our access to capital, and our cost of capital. Our access to lower cost capital has improved, and over the next few years we remain committed to further deleveraging our balance sheet and improving our credit profile.

Our results of operations do not tend to be seasonal in nature, though a variety of factors may affect the results of any interim period, including the timing of major Las Vegas conventions, the amount and timing of marketing and special events for our high-end customers, and the level of play during major holidays, including New Year and Chinese New Year. Our results do not depend on key individual customers, although our success in marketing to customer groups, such as convention customers, or the financial health of customer segments, such as business travelers or high-end gaming customers from a particular country or region, can affect our results. Certain of our resorts earn significant revenues from the high-end gaming business, which leads to variability in our results.

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 15 wholly owned resorts in the United States. MGM China s operations consist of the MGM Macau resort and casino. 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 which have not been 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

Over half of the net revenue from our wholly owned domestic resorts is derived from non-gaming activities, including hotel, food and beverage, entertainment and other non-gaming amenities. Our significant convention and meeting facilities allow us to maximize hotel occupancy and

customer volumes during off-peak times such as mid-week or during traditionally slower leisure travel periods, which also leads to better labor utilization. Our operating results are highly dependent on the volume of customers at our resorts, which in turn affects the price we can charge for our hotel rooms and other amenities. We market to different customer segments to manage our hotel occupancy, such as targeting large conventions to increase mid-week occupancy.

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 California.

While adverse conditions in the economic environment affected our operating results in recent years, we believe positive trends, such as increased visitation and consumer spending will continue. However, we believe that certain aspects of the current economy, such as continued weaknesses in employment and the housing market, will limit economic growth in the U.S. and temper our recovery. Because of these economic conditions, we have increasingly focused on managing costs and staffing levels across all our resorts and will continue to strive to achieve additional operating efficiencies. However, as a result of our leveraged business model, our operating results are significantly affected by our ability to generate operating revenues.

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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 19% to 23% of table games drop and our normal slots hold percentage is in the range of 7.5% to 8.5% of slots handle;

- 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).

MGM China

On June 3, 2011, we and Ms. Ho, Pansy Catilina Chiu King (Ms. Pansy Ho) completed a reorganization of the capital structure and the initial public offering of 760 million shares of MGM China Limited (MGM China) on The Stock Exchange of Hong Kong Limited (the IPO), representing 20% of the post issuance base capital stock of MGM China, at an offer price of HKD 15.34 per share. Pursuant to this reorganization, we acquired, through a wholly owned subsidiary, an additional 1% of the overall capital stock of MGM China for HKD 15.34 per share, or approximately $75 million, and thereby became the owner of 51% of MGM China, which owns MGM Grand Paradise, S.A. (MGM Grand Paradise), the Macau company that owns the MGM Macau resort and casino and the related gaming subconcession and land concession.

Through the acquisition of the additional 1% interest of MGM China, we obtained a controlling interest and were required to consolidate MGM China as of June 3, 2011. Prior to the IPO, we held a 50% interest in MGM Grand Paradise, which was accounted for under the equity method. The acquisition of the controlling financial interest was accounted for as a business combination and we recognized 100% of the assets, liabilities, and noncontrolling interests of MGM China at fair value at the date of acquisition. The fair value of the equity of MGM China was determined by the IPO transaction price and equaled approximately $7.5 billion. The carrying value of our equity method investment was significantly less than our share of the fair value of MGM China, resulting in a $3.5 billion gain on the acquisition.

We believe our investment in MGM China plays an important role in extending our reach internationally and will foster future growth and profitability. Asia is the fastest-growing gaming market in the world and Macau is the world s largest gaming destination in terms of revenue, and has continued to grow over the past few years despite the global economic downturn.

Our MGM China operations relate to MGM Macau resort and casino. Revenues at MGM Macau are generated primarily from gaming operations made up of two distinct market segments: main floor and high-end (VIP). MGM Macau main floor operations consist of both table games and slot machines offered to the public, which usually consists of walk-in and day trip visitors. 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, 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 called rolling chips. Gaming promoters purchase these rolling chips from MGM Macau and in turn they sell these chips to their players. The rolling chips allow MGM Macau to track the amount of wagering conducted by each gaming promoters clients in order to determine VIP gaming play. In exchange for the gaming promoters services, MGM Macau pays them either through rolling chip turnover-based commissions or through revenue-sharing arrangements. The estimated portion of the gaming promoter payments that represent amounts passed through to VIP customers is recorded net against casino revenue, and the estimated portion retained by the gaming promoter for its compensation is recorded to casino expense.

In addition to the key performance indicators used by our wholly owned domestic resorts, MGM Macau utilizes turnover which is the sum of rolling chip wagers won by MGM Macau (rolling chips purchased plus rolling chips exchanged less rolling chips returned). Turnover provides a basis for measuring VIP casino win percentage. Normal win for VIP gaming operations at MGM Macau is in the range of 2.7% to 3.0% of turnover. MGM Macau s main floor historical table games hold percentage is in the range of 20% to 26% of table games drop. Normal slots hold percentage at MGM Macau is in the range of 5.5% to 7.5% of slots handle.

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Corporate and Other

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

CityCenter. We own 50% of CityCenter. The other 50% of CityCenter is owned by Infinity World Development Corp (Infinity World), a wholly owned subsidiary of Dubai World, a Dubai, United Arab Emirates government decree entity. CityCenter consists of Aria, a casino resort; Mandarin Oriental Las Vegas, a non-gaming boutique hotel; Crystals, a retail and entertainment district; and Vdara, a luxury condominium-hotel. In addition, CityCenter features residential units in the Residences at Mandarin Oriental. We receive a management fee of 2% of revenues for the management of Aria and Vdara, and 5% of EBITDA (as defined in the agreements governing our management of Aria and Vdara). In addition, we receive an annual fee of $3 million for the management of Crystals.

Other unconsolidated affiliates. We also own 50% interests in Grand Victoria and Silver Legacy. Grand Victoria is a riverboat casino in Elgin, Illinois; an affiliate of Hyatt Gaming owns the other 50% of Grand Victoria and also operates the resort. Silver Legacy is located in Reno, adjacent to Circus Circus Reno, and the other 50% is owned by Eldorado LLC.

MGM Hospitality. MGM Hospitality seeks to leverage our management expertise and well-recognized brands through strategic partnerships and international expansion opportunities. We have entered into management agreements for hotels in the Middle East, North Africa, India and, through its joint venture with Diaoyutai State Guesthouse, The People s Republic of China. MGM Hospitality opened its first resort, MGM Grand Sanya on Hainan Island, People s Republic of China in early 2012.

Borgata. We have a 50% economic interest in Borgata Hotel Casino & Spa (Borgata) located on Renaissance Pointe in the Marina area of Atlantic City, New Jersey. Boyd Gaming Corporation (Boyd) owns the other 50% of Borgata and also operates the resort. Our interest is held in trust and currently offered for sale pursuant to our amended settlement agreement with New Jersey Department of Gaming Enforcement (DGE) and approved by the New Jersey Casino Control Commission (CCC). The terms of the amended settlement agreement mandate the sale by March 2014. We have the right to direct the sale through March 2013, subject to approval of the CCC, and the trustee is responsible for selling the trust property during the following 12-month period.

We consolidate the trust as the sole economic beneficiary and account for our interest in Borgata under the cost method. Distributions received by the trust that do not exceed our share of earnings are recognized currently in earnings. However, distributions received by the trust that exceed our share of earnings for such periods are applied to reduce the carrying amount of our investment. The trust did not receive distributions from Borgata during the three months ended March 31, 2012 and 2011. As of March 31, 2012, the trust had $165 million of cash and investments, of which $135 million is held in U.S. treasury securities with maturities greater than three months but less than one year, and is recorded within Prepaid expenses and other. During the first quarter of 2012, $23 million was withdrawn from the trust account for the payment of property taxes and interest on our senior credit facility, as authorized in accordance with the terms of the trust agreement.

Results of Operations

The following discussion is based on our consolidated financial statements for the three months ended March 31, 2012 and 2011.

Summary Financial Results

The following table summarizes our financial results:

	Three Months Ended March 31,	
	2012	2011
	(In thousands)	
Net revenues	$ 2,287,590	$ 1,512,851
Operating income	192,606	169,705
Net loss	(203,307)	(89,871)
Net loss attributable to MGM Resorts International	(217,253)	(89,871)

Our results of operations for the three months ending March 31, 2012 include the results of MGM China which we began consolidating on June 3, 2011. Prior thereto, results of operations of MGM China were reflected under the equity method of accounting see Operating Results Income (Loss) from Unconsolidated Affiliates. MGM China s net revenue for the three months ended March 31, 2012 was $702 million, operating income was $68 million and net income, including the $44 million complementary tax provision discussed further in Non-operating Results, was $21 million.

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Consolidated operating income benefited from improved performance at MGM China and our wholly owned domestic resorts, partially offset by an increase in our share of operating losses at CityCenter.

Corporate expense increased 16% to $42 million for the first quarter of 2012 as a result of expenses related to the outsourcing of information systems and additional legal, professional services and development costs associated with future development initiatives. Depreciation and amortization in the first quarter of 2012 increased from 2011 primarily as a result of the consolidation of MGM China, which had $96 million of depreciation and amortization expense including amortization of intangible assets recognized in the acquisition.

Operating Results Detailed Segment Information

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

	Three Months Ended March 31,	
	2012	**2011**
	(In thousands)	
Net revenues:		
Wholly owned domestic resorts	$ 1,479,598	$ 1,406,430
MGM China	702,090	
Reportable segment net revenues	2,181,688	1,406,430
Corporate and other	105,902	106,421
	$ 2,287,590	$ 1,512,851
Adjusted EBITDA:		
Wholly owned domestic resorts	$ 320,972	$ 299,962
MGM China	164,521	
Reportable segment Adjusted Property EBITDA	485,493	299,962
Corporate and other	(55,161)	22,231
	$ 430,332	$ 322,193

See below for detailed discussion of segment results related to our wholly owned domestic operations and MGM China. Corporate and other revenue includes revenues from MGM Hospitality and management operations and reimbursed revenue primarily related to our CityCenter management agreement. Adjusted EBITDA losses related to corporate and other increased as a result of additional losses at CityCenter and the increase in corporate expense discussed above. In addition, the first quarter of 2011 included the results of MGM Macau as an equity method investment.

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

	Three Months Ended March 31,

	2012	Percentage Change (In thousands)	2011
Casino revenue, net:			
Table games	$ 206,462	12%	$ 184,808
Slots	417,354	7%	388,546
Other	19,712	17%	16,866
Casino revenue, net	643,528	9%	590,220
Non-casino revenue:			
Rooms	379,474	3%	368,337
Food and beverage	353,126	6%	334,271
Entertainment, retail and other	264,195	1%	262,336
Non-casino revenue	996,795	3%	964,944
	1,640,323	5%	1,555,164
Less: Promotional allowances	(160,725)	8%	(148,734)
	$ 1,479,598	5%	$ 1,406,430

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Net revenue related to wholly owned domestic resorts increased 5% in the first quarter of 2012 driven by a 9% increase in casino revenue. Table games revenue increased 12% for the first quarter of 2012. Table games hold percentage was 18.7% in the current year quarter and 17.7% in the prior year quarter. Total table games revenue also improved as a result of table games volume increasing 5% compared to the prior year quarter. Slots revenue increased 7% in the first quarter with an 8% increase at our Las Vegas Strip resorts. Rooms revenue in the first quarter of 2012 increased 3%, with a 4% increase in Las Vegas Strip REVPAR. The following table shows key hotel statistics for our Las Vegas Strip resorts:

	Three Months Ended March 31,	
	2012	2011
Occupancy	90%	87%
Average Daily Rate (ADR)	$ 131	$ 130
Revenue per Available Room (REVPAR)	117	112

Adjusted Property EBITDA for wholly owned domestic resorts increased 7% compared to the first quarter of 2011, led by a 31% increase in Adjusted Property EBITDA at Bellagio.

MGM China. Net revenue for MGM China was $702 million for the three months ending March 31, 2012. Operating income was $68 million and Adjusted Property EBITDA was $165 million for the same period. As previously discussed, prior to June 3, 2011, MGM Macau was recorded as an equity method investment. In the three months ended March 31, 2011, MGM Macau earned operating income of $126 million which included $20 million of depreciation and amortization expense. MGM Macau had year-over-year increases in volume measures for VIP table games, main floor table games, and slots of 6%, 13% and 27%, respectively. VIP table games hold percentage was 3.2% in the current year quarter and 2.9% in the prior year quarter.

Operating Results Income (loss) from Unconsolidated Affiliates

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

	Three Months Ended March 31,	
	2012	2011
	(In thousands)	
CityCenter	$ (18,573)	$ (5,823)
MGM Macau		61,680
Other	5,264	7,486
	$ (13,309)	$ 63,343

We ceased recording MGM Macau operating results as income from unconsolidated affiliates under the equity method of accounting in June 2011; our share of operating income for MGM Macau for the 2011 three month period accounted for under the equity method was $62 million.

Our share of losses from CityCenter increased in the first quarter of 2012 driven by higher operating losses at Aria. Aria s operating results were negatively affected by a table games hold percentage which was significantly below the low end of its normal range in the first quarter of 2012 and above the high end of its normal range in the prior year quarter. Table games hold percentage was 16.0% in the current year quarter compared to 27.4% in the prior year quarter.

Non-operating Results

Interest expense. Interest expense increased to $284 million in the first quarter of 2012 compared to $270 million in the prior year quarter. Interest expense increased as a result of $6 million of interest expense for MGM China as well as a higher average debt outstanding during the current year quarter. We had minimal capitalized interest in the first quarter of 2012 and no capitalized interest in the first quarter of 2011.

Non-operating items from unconsolidated affiliates. Non-operating loss from unconsolidated affiliates decreased for the three months ended March 31, 2012 primarily due to a decrease in our share of non-operating items related to CityCenter which included $4 million and $12 million for certain costs incurred to restructure its debt and the write-off of debt issuance costs in 2012 and 2011, respectively. In addition, MGM Macau ceased to be recorded as an equity method investment beginning in June 2011.

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Other, net. In connection with the amendment of our senior credit facility as further discussed in Principal Debt Arrangements and subsequent repayment of the non-extending loans, we recorded a loss on early retirement of debt of $59 million related to previously recorded discounts and certain debt issuance costs.

Income taxes. We began recording a valuation allowance for U.S. deferred tax assets generated in the current year resulting in additional tax provision of $112 million for the three months ended March 31, 2012. In addition, we recorded a tax provision of $44 million related to complementary tax that will be due on the first quarter 2012 MGM China dividend if an anticipated annual fee arrangement with the Macanese government is not in place prior to June 30, 2013.

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 property. MGM China recognizes stock compensation expense related to its stock compensation plan which is included in the calculation of Adjusted Property EBITDA for MGM China. Adjusted EBITDA information is presented solely as a supplemental disclosure to reported GAAP measures because management believes these measures are 1) widely used measures of operating performance in the gaming industry, and 2) a principal basis for valuation of gaming companies.

We 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 dependent on where the current period lies within the development cycle, as well as the size and scope of the project(s). Property transactions, net includes normal recurring disposals and gains and losses on sales of assets related to specific assets within our resorts, but also includes gains or losses on sales of an entire operating resort or a group of resorts and impairment charges on entire asset groups or investments in unconsolidated affiliates, which may not be comparable period over period. In addition, capital allocation, tax planning, financing and stock compensation awards are all managed at the corporate level. Therefore, we use Adjusted Property EBITDA as the primary measure of our operating resorts performance.

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

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

	Three Months Ended March 31,	
	2012	2011
	(In thousands)	
Adjusted EBITDA	$ 430,332	$ 322,193
Property transactions, net	(917)	(91)
Depreciation and amortization	(236,809)	(152,397)
Operating income	192,606	169,705
Non-operating income (expense)		
Interest expense	(284,342)	(269,914)
Other, net	(84,442)	(44,245)
Loss before income taxes	(176,178)	(144,454)
Benefit (provision) for income taxes	(27,129)	54,583
Net loss	(203,307)	(89,871)
Less: Net income attributable to noncontrolling interests	(13,946)	
Net loss attributable to MGM Resorts International	$ (217,253)	$ (89,871)

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

	Three Months Ended March 31, 2012				
	Operating Income (Loss)	Preopening and Start-up Expenses	Property Transactions, Net	Depreciation and Amortization	Adjusted EBITDA
			(In thousands)		
Bellagio	$ 47,098	$	$	$ 23,346	$ 70,444
MGM Grand Las Vegas	18,349		327	18,649	37,325
Mandalay Bay	18,603			20,211	38,814
The Mirage	14,502		13	12,904	27,419
Luxor	9,209			9,155	18,364
New York-New York	18,697			5,616	24,313
Excalibur	9,622			4,557	14,179
Monte Carlo	9,973		5	5,018	14,996
Circus Circus Las Vegas	502			4,639	5,141
MGM Grand Detroit	32,338			9,901	42,239
Beau Rivage	9,396			7,654	17,050
Gold Strike Tunica	8,220			3,360	11,580
Other resort operations	(1,402)		(20)	530	(892)
Wholly owned domestic resorts	195,107		325	125,540	320,972
MGM China	68,127			96,394	164,521
CityCenter (50%)	(18,573)				(18,573)
Other unconsolidated resorts	5,264				5,264
Management and other operations	411			4,288	4,699
	250,336		325	226,222	476,883
Stock compensation	(9,332)				(9,332)
Corporate	(48,398)		592	10,587	(37,219)
	$ 192,606	$	$ 917	$ 236,809	$ 430,332

	Three Months Ended March 31, 2011				
	Operating Income (Loss)	Preopening and Start-up Expenses	Property Transactions, Net	Depreciation and Amortization	Adjusted EBITDA
			(In thousands)		
Bellagio	$ 28,814	$	$	$ 25,087	$ 53,901
MGM Grand Las Vegas	17,568			19,300	36,868
Mandalay Bay	14,242			22,202	36,444
The Mirage	18,020		28	14,351	32,399
Luxor	10,475			9,639	20,114
New York-New York	15,283		(85)	5,930	21,128
Excalibur	10,948			5,194	16,142
Monte Carlo	7,965			5,795	13,760
Circus Circus Las Vegas	(144)			4,717	4,573
MGM Grand Detroit	33,690		103	9,740	43,533
Beau Rivage	1,933		39	11,164	13,136
Gold Strike Tunica	6,008			3,440	9,448
Other resort operations	(2,732)		(7)	1,255	(1,484)
Wholly owned domestic resorts	162,070		78	137,814	299,962
MGM Macau (50%)	61,680				61,680
CityCenter (50%)	(5,823)				(5,823)
Other unconsolidated resorts	7,486				7,486
Management and other operations	(2,993)			3,602	609

	222,420		78	141,416	363,914
Stock compensation	(9,210)				(9,210)
Corporate	(43,505)		13	10,981	(32,511)
	$ 169,705	$	$ 91	$ 152,397	$ 322,193

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Liquidity and Capital Resources

Cash Flows

Our consolidated cash flows include the results of MGM China beginning on June 3, 2011. At March 31, 2012, we held cash and cash equivalents of $1.6 billion, of which $575 million related to MGM China.

Operating activities. Trends in our operating cash flows tend to follow trends in operating income, excluding non-cash charges, but can be affected by the timing of significant tax payments or refunds and distributions from unconsolidated affiliates. Cash provided by operating activities was $292 million for the three months ended March 31, 2012, compared to cash provided by operating activities of $24 million in the prior year. MGM China operating cash flows for the first quarter of 2012 were $263 million.

Investing activities. We had capital expenditures of $114 million in the 2012 first quarter, including $9 million at MGM China. Our capital expenditures related mainly to $36 million of aircraft deposits as well as capital expenditures at various resorts including room remodels, restaurant remodels, entertainment venue remodels and theater renovations. Most of the costs capitalized related to furniture and fixtures, materials, and external labor costs. We had capital expenditures of $34 million in the 2011 first quarter related mainly to capital expenditures at various resorts, including room and restaurant remodels, theater renovations, and a remodel of the high limit slots area at Bellagio.

Our capital expenditures fluctuate from year to year depending on our decisions with respect to strategic capital investments in new or existing resorts and the timing of more regular 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. In accordance with our senior credit facility covenants, we and our restricted subsidiaries are limited to $500 million of annual capital expenditures (as defined in the agreement governing our senior credit facility) in 2012 and currently expect to spend approximately $360 million on capital expenditures in 2012 which includes expenditures for room remodels, theater renovations, an aircraft, information technology and slot machine purchases.

In the first quarter of 2012, we made investments and advances of $13 million to CityCenter pursuant to the completion guarantee. In the first quarter of 2011, we made investments and advances of $77 million to CityCenter, of which $37 million related to a required equity contribution in connection with CityCenter s first quarter 2011 financing transactions and $40 million related to payments made pursuant to our completion guarantee.

During the first quarter of 2012, our New Jersey trust received proceeds of $60 million from treasury securities with maturities greater than 90 days and reinvested $45 million in treasury securities with maturities greater than 90 days. In the first quarter of 2011, our New Jersey trust received proceeds of $60 million from treasury securities with maturities greater than 90 days and reinvested $60 million in treasury securities with maturities greater than 90 days.

Financing activities. We repaid $2.0 billion under our senior credit facility for the three months ended March 31, 2012. During the first quarter of 2012, we issued $850 million of 8.625% senior notes due 2019 for net proceeds of $836 million which were used to repay a portion of the indebtedness under our revolving credit facility until such time as we identify the specific items of indebtedness that will be repaid and issued $1.0 billion of 7.75% senior notes due 2022 for net proceeds of $986 million, which were used to repay outstanding term loan indebtedness under our senior credit facility. MGM China paid a $400 million dividend in March 2012, of which approximately $204 million remained within the consolidated entity and approximately $196 million was distributed to noncontrolling interests. In the first quarter of 2011, we repaid the $325 million outstanding principal amount of our 8.375% senior subordinated notes at maturity.

Other Factors Affecting Liquidity

CityCenter completion guarantee. In January 2011, we entered into an amended completion and cost overrun guarantee in connection with CityCenter s restated senior credit facility agreement and issuance of $1.5 billion of senior secured first lien notes and senior secured second lien PIK toggle notes. Consistent with the previous completion guarantee, the terms of the amended completion guarantee provide for the application of the then remaining $124 million of net residential proceeds from sales of condominium properties at CityCenter to fund construction costs, or to reimburse us for construction costs previously expended; however, the timing of receipt of such proceeds is uncertain.

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As of March 31, 2012, we had funded $658 million under the completion guarantee. We have recorded a receivable from CityCenter of $107 million related to these amounts, which represents amounts reimbursable to us from CityCenter from future residential proceeds. We had a remaining estimated net obligation under the completion guarantee of $16 million which includes estimated litigation costs for the resolution of disputes with contractors as to the final construction costs and estimated amounts to be paid to contractors related to the Perini litigation. Our accrual also reflects certain estimated offsets to the amounts claimed by the contractors. CityCenter has reached, or expects to reach, settlement agreements with most of the construction subcontractors. However, significant disputes remain with the general contractor and certain subcontractors. Amounts claimed by such parties exceed amounts included in our completion guarantee accrual by approximately $185 million, as such amounts exceed our best estimate of our liability. Moreover, we have not accrued for any contingent payments to CityCenter related to the Harmon Hotel & Spa component (the Harmon), which is unlikely to be completed using the building as it now stands. See Note 6 in the accompanying financial statements for discussion of the status of the Harmon.

We do not believe we would be responsible for funding under the completion guarantee any additional remediation efforts that might be required with respect to the Harmon; however, our view is based on a number of developing factors, including with respect to on-going litigation with CityCenter s contractors, actions by local officials and other developments related to the CityCenter venture, that are subject to change. CityCenter s restated senior credit facility provides that certain demolition expenses may be funded only by equity contributions from the members of the CityCenter venture or certain specified extraordinary receipts (which include any proceeds from the Perini litigation). Based on current estimates, which are subject to change, we believe the demolition of the Harmon would cost approximately $31 million.

Principal Debt Arrangements

Our senior credit facility was amended and restated in February 2012, and loans and revolving commitments aggregating approximately $1.8 billion (the extending loans) were extended to February 2015. In accordance with the amendment, we repaid $409 million of outstanding loans to extending lenders. In March 2012, an additional $24 million in term loans were extended and we repaid the remaining non-extending term loans with the proceeds from our $1.0 billion notes senior offering. At March 31, 2012, the senior credit facility consisted of approximately $820 million in term loans and a $1.3 billion revolver ($360 million of which has not been extended and matures in February 2014).

As of December 31, 2011, interest on the senior credit facility was based on a LIBOR margin of 5.00%, with a LIBOR floor of 2.00%, and a base rate margin of 4.00%, with a base rate floor of 4.00%. The non-extended revolving loans continue to be subject to this pricing. Interest on the extending loans is subject to a LIBOR floor of 1% and a pricing grid based upon collateral coverage levels. The interest rate on extending loans was 6% at March 31, 2012 and has subsequently reduced to 5%. Interest on non-extending revolving loans remains at 7%. The weighted average interest rate on outstanding borrowings under the senior credit facility at March 31, 2012 and December 31, 2011 was 6.1% and 7.0%, respectively.

The senior credit facility allows us to refinance indebtedness maturing prior to February 23, 2015 but limits our ability to prepay later maturing indebtedness until the extended facilities are paid in full. We may issue unsecured debt, equity-linked and equity securities to refinance our outstanding indebtedness; however, we are required to use net proceeds from certain indebtedness issued in amounts in excess of $250 million (excluding amounts used to refinance indebtedness) to ratably prepay the credit facilities in an amount equal to 50% of the net cash proceeds of such excess. We are no longer required to use net proceeds from equity offerings to prepay the senior credit facility in connection with the restatement of the senior credit facility. In addition, we agreed to deliver a mortgage, limited in amount to comply with the indenture restrictions, encumbering the Beau Rivage. We delivered the mortgage in March 2012. Upon the issuance of the mortgage, the holders of our 13% senior secured notes due 2013 obtained an equal and ratable lien in the collateral. Substantially all of the assets of MGM Grand Detroit serve as collateral to secure the $450 million obligation outstanding as a co-borrower under our senior credit facility. In addition, substantially all of the assets of Gold Strike Tunica, substantially all of the assets of Beau Rivage and certain land across from the Luxor serve as collateral to secure up to $578 million of obligations outstanding under the senior credit facility.

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Critical Accounting Policies and Estimates

A complete discussion of our critical accounting policies and estimates is included in our Form 10-K for the fiscal year ended December 31, 2011. There have been no significant changes in our critical accounting policies and estimates since year end.

Impairment of long-lived assets. At March 31, 2012, we did not identify circumstances that existed that would indicate the carrying value of our long-lived assets may not be recoverable; therefore, we did not review any of our long-lived asset groups generally our operating resorts for impairment as of March 31, 2012. Historically, the undiscounted cash flows of our significant long-lived assets have exceeded their carrying values by a substantial margin.

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.

As of March 31, 2012, variable rate borrowings represented approximately 14% of our total borrowings. Assuming a 100 basis-point increase in our interest rate on loans outstanding under our senior credit facility (primarily based on LIBOR plus applicable margins subject to certain LIBOR floors) our annual interest cost would increase by approximately $13 million based on gross amounts outstanding at March 31, 2012. Assuming a 100 basis-point increase in the interest rate on loans outstanding under the MGM Grand Paradise credit facility (primarily based on HIBOR plus applicable margins), our annual interest cost would change by approximately $6 million based on amounts outstanding at March 31, 2012.

	Debt maturing in,							Fair Value March 31,
	2012	2013	2014	2015	2016	Thereafter	Total	2012
	(In millions)							
Fixed rate	$ 535	$ 1,362	$ 1,159	$ 2,325	$ 1,476	$ 4,768	$ 11,625	$ 12,477
Average interest rate	6.7%	10.3%	8.4%	5.1%	8.2%	9.1%	8.1%	
Variable rate	$ 28	$ 83	$ 1,051	$ 661	$	$	$ 1,823	$ 1,785
Average interest rate	3.2%	3.2%	5.8%	4.6%	N/A	N/A	5.2%	

In addition to the risk associated with our variable interest rate debt, we are also exposed to risks related to changes in foreign currency exchange rates, mainly related to MGM China and to our operations at MGM Macau. While recent fluctuations in exchange rates have been minimal, potential changes in policy by governments or fluctuations in the economies of the U.S., Macau, or Hong Kong could cause variability in these

exchange rates.

Cautionary Statement Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Exchange Act. Forward-looking statements can be identified by words such as anticipates, intends, plans, seeks, believes, estimates, expects, will, similar references to future periods. Examples of forward-looking statements include, but are not limited to, statements we make regarding our ability to generate significant cash flow, potential economic recoveries, amounts we will invest in capital expenditures, the opening of strategic resort developments and amounts we will pay under the CityCenter completion guarantee. The foregoing is not a complete list of all forward-looking statements we make.

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

- our substantial indebtedness and significant financial commitments could adversely affect our development options and financial results and impact our ability to satisfy our obligations;

- current and future economic and credit market conditions could adversely affect our ability to service or refinance our indebtedness and to make planned expenditures and investments;

- restrictions and limitations in the agreements governing our senior credit facility and other senior indebtedness could significantly affect our ability to operate our business, as well as significantly affect our liquidity;

- significant competition we face with respect to destination travel locations generally and with respect to our peers in the industries in which we compete;

- restrictions on our ability to have any interest or involvement in gaming business in China, Macau, Hong Kong and Taiwan, other than through MGM China;

- the fact that our businesses are subject to extensive regulation and the cost of compliance or failure to comply with such regulations could adversely affect our business;

- the impact on our business of economic and market conditions in the markets in which we operate and in the locations in which our customers reside;

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

- extreme weather conditions or climate change may cause property damage or interrupt business;

- the sensitivity of our business to energy prices and a rise in energy prices could harm our operating results;

- the concentration of our major gaming resorts on the Las Vegas Strip;

- the fact that we extend credit to a large portion of our customers and we may not be able to collect gaming receivables;

- the dependence of MGM Macau upon gaming junket operators for a significant portion of gaming revenues in Macau;

- the susceptibility of leisure and business travel, especially travel by air, to global geopolitical events, such as terrorist attacks or acts of war or hostility;

- the fact that investing through partnerships or joint ventures including CityCenter decreases our ability to manage risk;

- the fact that our insurance coverage may not be adequate to cover all possible losses that our properties could suffer. In addition, our insurance costs may increase and we may not be able to obtain similar insurance coverage in the future;

- the fact that CityCenter has decided to abate the potential for structural collapse of the Harmon in the event of a code-level earthquake by demolishing the building, which exposes us to risks prior to or in connection with the demolition process;

- risks related to pending claims that have been, or future claims that may be brought against us;

- the fact that Tracinda Corporation owns a significant amount of our common stock and may have interests that differ from the interests of other holders of our stock;

- the potential for conflicts of interest to arise because certain of our directors and officers are also directors of MGM China, which is now a publicly traded company listed on the Hong Kong Stock Exchange;

- the risks associated with doing business outside of the United States;

- the fact that a significant portion of our labor force is covered by collective bargaining agreements;

- the potential that failure to maintain the integrity of internal customer information could result in damage of reputation and/or subject us to fines, payment of damages, lawsuits or other restrictions on our use or transfer of data;

- the potential occurrence of impairments to goodwill, indefinite-lived intangible assets or long-lived assets which could negatively affect future profits; and

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- the fact that a failure to protect our trademarks could have a negative impact on the value of our brand names and adversely affect our business.

Any forward-looking statement made by us in this Form 10-Q speaks only as of the date on which it is made. Other factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict or identify all such factors. Consequently, you should not consider the following to be a complete discussion of all potential risks or uncertainties. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law. You are advised, however, to consult any further disclosures we make on related subjects in our Forms 10-K, 10-Q and 8-K reports and our other filings with the Securities and Exchange Commission. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Item 4. Controls and Procedures

Our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer) have concluded that our disclosure controls and procedures were effective as of March 31, 2012 to provide reasonable assurance that information required to be disclosed in the Company s reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and regulations and to provide that such information is accumulated and communicated to management to allow timely decisions regarding required disclosures. This conclusion is based on an evaluation as required by Rule 13a-15(e) under the Exchange Act conducted under the supervision and participation of the principal executive officer and principal financial officer along with company management.

Except as noted below, during the quarter ended March 31, 2012, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

In making our assessment of changes in internal control over financial reporting as of March 31, 2012, we have excluded the MGM China operations because these operations were acquired in a business combination on June 3, 2011. These operations represent approximately 32% of our total assets at March 31, 2012 and approximately 31% of our total net revenues for the quarter ended March 31, 2012. We intend to disclose any material changes in internal control over financial reporting with respect to the MGM China operations in the 2012 annual assessment of

internal control over financial reporting.

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Part II. OTHER INFORMATION

Item 1. Legal Proceedings

For a complete description of the facts and circumstances surrounding material litigation we are a party to, see our Annual Report on Form 10-K for the year ended December 31, 2011. There have been no significant developments in any of the cases disclosed in our Form 10-K in the three months ended March 31, 2012, except as follows:

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

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

The CityCenter Owners and the other defendants dispute Perini s allegations, and contend that the defendants are entitled to substantial amounts from Perini, including offsets against amounts claimed to be owed to Perini and its subcontractors and damages based on breach of their contractual and other duties to CityCenter, duplicative payment requests, non-conforming work, lack of proof of alleged work performance, defective work related to the Harmon, property damage and Perini s failure to perform its obligations to pay certain subcontractors and to prevent filing of liens against CityCenter. Parallel to the court litigation, CityCenter management conducted an extra-judicial program for settlement of CityCenter subcontractor claims. CityCenter has resolved the claims of 215 first-tier Perini subcontractors (including the claims of any lower-tier subcontractors that might have claims through those first-tier subcontractors), with only seven remaining for further proceedings along with trial of Perini s claims and CityCenter s Harmon-related counterclaim and other claims by CityCenter against Perini and its parent guarantor, Tutor Perini. Three of the remaining subcontractors are implicated in the defective work at the Harmon. In December 2010, Perini recorded an amended notice of lien reducing its lien to approximately $313 million. Because of settlements with subcontractors, CityCenter believes it is entitled to a further lien reduction of approximately $133 million (for a revised lien amount of $186 million, including certain liens not related to Perini s lien) once the Company has provided the court and Perini with the required information.

The court has set a new trial date of March 12, 2013 for the consolidated action involving Perini, the remaining Perini subcontractors and any related third parties, and CityCenter s counterclaim against Perini and other parties for defective construction of the Harmon, and also amended other significant pre-trial dates. Discovery is in process. The CityCenter Owners and the other defendants will continue to vigorously assert and protect their interests in the Perini lawsuit. The Company believes that a loss with respect to Perini s punitive damages claim is neither probable

nor reasonably possible. Please refer to Note 6 in the accompanying consolidated financial statements for further discussion on the Company s completion guarantee obligation which may be impacted by the outcome of the above litigation and the joint venture s extra-judicial settlement process.

Securities and derivative litigation. *In re MGM MIRAGE Securities Litigation*, Case No. 2:09-cv-01558-GMN-LRL. In November 2009, the U.S. District Court for Nevada consolidated the Robert Lowinger v. MGM MIRAGE, et al. (Case No. 2:09-cv-01558-RCL-LRL, filed August 19, 2009) and Khachatur Hovhannisyan v. MGM MIRAGE, et al. (Case No. 2:09-cv-02011-LRH-RJJ, filed October 19, 2009) putative class actions under the caption In re MGM MIRAGE Securities Litigation. On March 27, 2012, the court

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issued an order which granted the defendant s motion to dismiss plaintiffs consolidated complaint without prejudice, and allowed plaintiffs an opportunity to file an amended complaint. On April 17, 2012 plaintiffs filed an amended complaint which substantially repeats but reorganizes their substantive allegations and asserts the same claims as raised in the original complaint. Defendants will continue to vigorously defend against plaintiffs claims and intend to file a motion to dismiss the amended complaint.

Item 1A. Risk Factors

A description of certain factors that may affect our future results and risk factors is set forth in our Annual Report on Form 10-K for the year ended December 31, 2011. There have been no material changes to those factors for the three months ended March 31, 2012.

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

Our share repurchases are only conducted under repurchase programs approved by our Board of Directors and publicly announced. We did not repurchase shares of our common stock during the quarter ended March 31, 2012. The maximum number of shares available for repurchase under our May 2008 repurchase program was 20 million as of March 31, 2012.

Item 5. Other Information

We adopted the June 2011 Financial Accounting Standards Board guidance on the presentation of comprehensive income in financial statements as of January 1, 2012. As a result, beginning with the period ended March 31, 2012 we present net income and other comprehensive income in two separate statements in our consolidated financial statements. The table below reflects the retrospective application of this guidance for each of the three years ended December 31, 2011, 2010 and 2009. The retrospective application did not have a material impact on our financial condition or results of operations.

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

(Unaudited)

	Year Ended December 31,		
	2011	**2010**	**2009**
Net income (loss)	$ 3,234,944	$ (1,437,397)	$ (1,291,682)

Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment	11,692	1,706	532
Reclass M Resort convertible note valuation adjustment to current earnings			54,267
Other	(37)	(70)	165
Other comprehensive income	11,655	1,636	54,964
Comprehensive income (loss) attributable to	3,246,599	(1,435,761)	(1,236,718)
Less: comprehensive income attributable to noncontrolling interests	(125,683)		
Comprehensive income (loss) attributable to MGM Resorts International	$ 3,120,916	$ (1,435,761)	$ (1,236,718)

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MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME INFORMATION

(In thousands)

(Unaudited)

	Year Ended December 31,				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	Consolidated
2011					
Net income (loss)	$ 3,114,637	$ 3,908,657	$ 3,904,732	$ (7,693,082)	$ 3,234,944
Other comprehensive income, net of tax:					
Foreign currency translation adjustment			11,692		11,692
Other		(37)			(37)
Other comprehensive income		(37)	11,692		11,655
Comprehensive income (loss)	3,114,637	3,908,620	3,916,424	(7,693,082)	3,246,599
Less: comprehensive income attributable to noncontrolling interests			(125,683)		(125,683)
Comprehensive income (loss) attributable to MGM Resorts International	$ 3,114,637	$ 3,908,620	$ 3,790,741	$ (7,693,082)	$ 3,120,916
2010					
Net income (loss)	$ (1,437,397)	$ (1,283,524)	$ 166,512	$ 1,117,012	$ (1,437,397)
Other comprehensive income, net of tax:					
Foreign currency translation adjustment			1,706		1,706
Other		(70)			(70)
Other comprehensive income		(70)	1,706		1,636
Comprehensive income (loss)	(1,437,397)	(1,283,594)	168,218	1,117,012	(1,435,761)
Less: comprehensive income attributable to noncontrolling interests					
Comprehensive income (loss) attributable to MGM Resorts International	$ (1,437,397)	$ (1,283,594)	$ 168,218	$ 1,117,012	$ (1,435,761)
2009					
Net income (loss)	$ (1,291,682)	$ (838,442)	$ 69,449	$ 768,993	$ (1,291,682)
Other comprehensive income, net of tax:					
Foreign currency translation adjustment			532		532
Other	54,267	165			54,432
Other comprehensive income	54,267	165	532		54,964
Comprehensive income (loss)	(1,237,415)	(838,277)	69,981	768,993	(1,236,718)
Less: comprehensive income attributable to noncontrolling intersts					
Comprehensive income (loss) attributable to MGM Resorts International	$ (1,237,415)	$ (838,277)	$ 69,981	$ 768,993	$ (1,236,718)

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Item 6. Exhibits

4.1	Indenture, dated as of January 17, 2012, among MGM Resorts International, the guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company s Current Report on Form 8-K filed on January 17, 2012).
4.2	Registration Rights Agreement, dated as of January 17, 2012, among MGM Resorts International, the guarantors named therein, Barclays Capital Inc. and the initial purchasers named therein (incorporated by reference to Exhibit 4.2 to the Company s Current Report on Form 8-K filed on January 17, 2012).
4.3	Indenture, dated March 22, 2012, between MGM Resorts International and U.S. Bank National Association, as trustee. (incorporated by reference to Exhibit 4.1 to the Company s Current Report on Form 8-K filed on March 22, 2012).
4.4	First Supplemental Indenture, dated March 22, 2012, among MGM Resorts International, the guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Company s Current Report on Form 8-K filed on March 22, 2012).
10.1	Employment Agreement, executed as of January 30, 2012, by and between Daniel D Arrigo and MGM Resorts International (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on February 2, 2012).
10.2	Amendment No. 1 and Restatement Agreement, dated February 24, 2012, to the Sixth Amended and Restated Loan Agreement dated as of March 16, 2010, by and among MGM Resorts International, as borrower, MGM Grand Detroit, LLC, as initial co-borrower, the Lenders named therein, and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on February 27, 2012).
10.3	Seventh Amended and Restated Loan Agreement, dated as of February 24, 2012, among MGM Resorts International, as borrower, MGM Grand Detroit, LLC, as initial co-borrower, the Lenders named therein and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K filed on February 27, 2012).
31.1	Certification of Chief Executive Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a).
31.2	Certification of Chief Financial Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a).
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.
101*	The following information from the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 formatted in eXtensible Business Reporting Language: (i) Consolidated Balance Sheets at March 31, 2012 (unaudited) and December 31, 2011 (audited); (ii) Unaudited Statements of Operations for the three months ended December 31, 2012 and 2011; (iii) Unaudited Statements of Comprehensive Income (Loss) (iv) Unaudited Statements of Cash Flows for the three months ended March 31, 2012 and 2011; and (v) Notes to the Unaudited Consolidated Financial Statements.

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

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MGM Resorts International

Date: May 7, 2012	By:	/s/ JAMES J. MURREN James J. Murren Chairman of the Board, Chief Executive Officer and President (Principal Executive Officer)
Date: May 7, 2012		/s/ DANIEL J. D ARRIGO Daniel J. D Arrigo Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)