MGM Resorts International
Form 10-K
February 27, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2018

OR

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

For the transition period from to

Commission File No. 001-10362

MGM Resorts International

(Exact name of Registrant as specified in its charter)

DELAWARE	88-0215232
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

3600 Las Vegas Boulevard South - Las Vegas, Nevada 89109

(Address of principal executive office) (Zip Code)

(702) 693-7120

(Registrant's telephone number, including area code)

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

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

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

None

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

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

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

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes X No

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

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

Large accelerated filer X	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging Growth Company___

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ___

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

The aggregate market value of the Registrant's Common Stock held by non-affiliates of the Registrant as of June 30, 2018 (based on the closing price on the New York Stock Exchange Composite Tape on June 30, 2018) was $15.6 billion. As of February 22, 2019, 536,916,609 shares of Registrant's Common Stock, $0.01 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement for its 2018 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

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PART I

ITEM 1. BUSINESS

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

Overview

MGM Resorts International is a Delaware corporation incorporated in 1986 that acts largely as a holding company and, through subsidiaries, owns and operates integrated casino, hotel, and entertainment resorts across the United States and in Macau.

MGM Growth Properties LLC (“MGP”), a consolidated subsidiary of the Company which completed its initial public offering in April 2016, is organized as an umbrella partnership REIT (commonly referred to as an UPREIT) structure in which substantially all of its assets are owned by and substantially all of its businesses are conducted through MGM Growth Properties Operating Partnership LP (the “Operating Partnership”). Pursuant to a master lease agreement between a subsidiary of the Company (the “tenant”) and a subsidiary of the Operating Partnership (the “landlord”), the tenant leases the real estate assets of The Mirage, Mandalay Bay, Luxor, New York-New York, Park MGM (which was branded as Monte Carlo prior to May 2018), Excalibur, The Park, Gold Strike Tunica, MGM Grand Detroit, Beau Rivage, Borgata, and MGM National Harbor from the landlord. See Note 1 in the accompanying consolidated financial statements for information regarding MGP and the Operating Partnership, which we consolidate in our financial statements, and Note 17 in the accompanying consolidated financial statements for information regarding the master lease with MGP.

We believe we own or invest in several of the finest casino resorts in the world and we continually reinvest in our resorts to maintain our competitive advantage. We make significant investments in our resorts through newly remodeled hotel rooms, restaurants, entertainment and nightlife offerings, as well as other new features and amenities. We believe we operate the highest quality resorts in each of the markets in which we operate. Ensuring our resorts are the premier resorts in their respective markets requires capital investments to maintain the best possible experiences for our guests.

Business Developments

In August 2016, we completed the acquisition of Boyd Gaming Corporation's ("Boyd Gaming") ownership interest in Borgata, at which time Borgata became a consolidated subsidiary of ours. Subsequently, MGP acquired Borgata's real property from us. In December 2016, we opened MGM National Harbor and, in October 2017, MGP also acquired the long-term leasehold interest and real property associated with MGM National Harbor from us.

In February 2018, we opened MGM Cotai, an integrated casino, hotel and entertainment resort on the Cotai Strip in Macau, and in August 2018, we opened MGM Springfield in Springfield, Massachusetts.

In July 2018, MGP completed its previously announced acquisition of the membership interests of Northfield Park Associates, LLC ("Northfield"), an Ohio limited liability company that owns the real estate assets and operations of the Hard Rock Rocksino Northfield Park from Milstein Entertainment LLC for a purchase price of approximately $1.1 billion ("Northfield Acquisition"). Simultaneously with the close of the transaction, MGP entered into a new agreement with an affiliate of Hard Rock Café International (STP), Inc. to continue to serve as the manager of the property.

In September 2018, we entered into an agreement with MGP to acquire all of the operating assets of Northfield ("Northfield OpCo") from MGP for approximately $275 million, subject to customary purchase price adjustments. Northfield will be added to the existing master lease between us and MGP. The transaction is expected to close in the first half of 2019, subject to customary closing conditions.

In December 2018, we entered into an agreement with MGP whereby MGP will pay us consideration of approximately $638 million for renovations undertaken by us regarding the Park MGM and NoMad Las Vegas property (the "Park MGM Lease Transaction"). Additionally, at closing, the parties will enter into an amendment to the existing master lease. The transaction is expected to close in the first quarter of 2019 and is subject to customary closing conditions.

In January 2019, we completed our previously announced acquisition of the real property and operations associated with Empire City Casino's race track and casino ("Empire City") for consideration of approximately $864 million, subject to customary working capital and other adjustments. Subsequently, MGP acquired Empire City's real property from us for fair value of consideration of approximately $634 million. In connection with this transaction, we entered into an amendment to the existing master lease for our subsidiary to lease back the real estate assets of Empire City from the landlord. In addition, pursuant to the master lease amendment, we agreed to provide MGP a right of first offer with respect to certain undeveloped land adjacent to the property to the extent that we develop additional gaming facilities and choose to sell or transfer such property in the future.

Resort Operations

General

Most of our revenue is cash-based, through customers wagering with cash or paying for non-gaming services with cash or credit cards. We rely heavily on the ability of our resorts to generate operating cash flow to fund capital expenditures, provide excess cash flow for future development, acquisitions or investments, and repay debt financings.

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

All of our casino resorts operate 24 hours a day, every day of the year, with the exception of our newly acquired Empire City Casino which operates 20 hours a day, every day of the year. At our domestic resorts, our primary casino and hotel operations are owned and managed by us. Other resort amenities may be owned and operated by us, owned by us but managed by third parties for a fee, or leased to third parties. We utilize third-party management for specific expertise in operations of restaurants and nightclubs. We lease space to retail and food and beverage operators, particularly for branding opportunities.

Las Vegas Strip Resorts and Regional Operations

Las Vegas Strip Resorts. At December 31, 2018, our Las Vegas Strip Resorts consisted of the following casino resorts: Bellagio, MGM Grand Las Vegas (including The Signature), Mandalay Bay (including Delano and Four Seasons), The Mirage, Luxor, New York-New York (including the Park), Excalibur, Park MGM (including NoMad Las Vegas) and Circus Circus Las Vegas.

Regional Operations. At December 31, 2018, our Regional Operations consisted of the following casino resorts: MGM Grand Detroit in Detroit, Michigan; Beau Rivage in Biloxi, Mississippi; Gold Strike Tunica in Tunica, Mississippi; Borgata in Atlantic City, New Jersey; MGM National Harbor in Prince George's County, Maryland; and MGM Springfield in Springfield, Massachusetts.

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

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

MGM China

We own approximately 56% of MGM China, which owns MGM Grand Paradise, S.A. ("MGM Grand Paradise"), the Macau company that owns and operates the MGM Macau and MGM Cotai casino resorts and the related gaming subconcession and land concessions. We believe our ownership interest in MGM China plays an important role in extending our reach internationally and will foster future growth and profitability. Macau is the world's largest gaming destination in terms of revenue and we expect future growth in the Asian gaming market to drive additional visitation at MGM Macau and MGM Cotai.

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

Corporate and Other

We have additional business activities including our investments in unconsolidated affiliates, and certain other corporate and management operations, including MGP's Northfield. CityCenter Holdings, LLC ("CityCenter") is our most significant unconsolidated affiliate, which we also manage for a fee.

Our Operating Resorts

We have provided certain information below about our resorts as of December 31, 2018. Except as otherwise indicated, we own and operate the resorts shown below.

Name and Location	Number of Guestrooms and Suites	Approximate Casino Square Footage (1)	Slots (2)	Gaming Tables (3)
Las Vegas Strip Resorts:				
Bellagio	3,933	155,000	1,707	147
MGM Grand Las Vegas (4)	6,131	160,000	1,570	127
Mandalay Bay (5)	4,750	152,000	1,213	71
The Mirage	3,044	94,000	1,189	82
Luxor	4,397	101,000	1,026	54
Excalibur	3,981	94,000	1,153	51
New York-New York	2,024	81,000	1,148	66
Park MGM (6)	2,898	66,000	842	56
Circus Circus Las Vegas	3,764	95,000	1,221	36
Subtotal	34,922	998,000	11,069	690
Regional Operations:				
MGM Grand Detroit (Detroit, Michigan) (7)	400	127,000	3,324	131
Beau Rivage (Biloxi, Mississippi)	1,740	81,000	1,784	81
Gold Strike (Tunica, Mississippi)	1,133	48,000	1,148	65
Borgata (Atlantic City, New Jersey)	2,767	160,000	2,825	183
MGM National Harbor (Prince George's County, Maryland) (8)	308	146,000	3,137	152
MGM Springfield (Springfield, Massachusetts) (9)	252	109,000	2,444	94
Subtotal	6,600	671,000	14,662	706

MGM China:				
MGM Macau – 55.95% owned (Macau S.A.R.)	585	370,000	806	291
MGM Cotai – 55.95% owned (Macau S.A.R.)	1,362	298,000	1,218	236
Subtotal	1,947	668,000	2,024	527
Other Operations:				
CityCenter – 50% owned (Las Vegas, Nevada)(10)	5,499	139,000	1,533	126
Hard Rock Rocksino Northfield Park (Northfield, Ohio) (11)	—	65,000	2,299	—
Subtotal	5,499	204,000	3,832	126
Grand total	48,968	2,541,000	31,587	2,049

(1) Casino square footage is approximate and includes the gaming floor, race and sports, high limit areas and casino specific walkways, and excludes casino cage and other non-gaming space within the casino area.
(2) Includes slot machines, video poker machines and other electronic gaming devices.
(3) Includes blackjack (“21”), baccarat, craps, roulette and other table games; does not include poker.
(4) Includes 1,138 rooms at The Signature at MGM Grand Las Vegas.
(5) Includes 1,117 rooms at the Delano and 424 rooms at the Four Seasons Hotel.
(6) Includes 293 rooms at NoMad Las Vegas.
(7) Our local investors have an ownership interest of approximately 3% of MGM Grand Detroit.
(8) Our local investors have a non-voting economic interest in MGM National Harbor. Refer to Note 2 in the accompanying consolidated financial statements for further description of such interest.
(9) Our local investor has a 1% ownership interest in MGM Springfield.

(10) Includes Aria with 4,004 rooms. Vdara includes 1,495 condo-hotel units, which are predominantly being utilized as company-owned hotel rooms. The other 50% of CityCenter is owned by Infinity World Development Corp.
(11) Northfield is owned by MGP and managed by an affiliate of Hard Rock Café International (STP), Inc.

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

Customers and Competition

Our casino resorts operate in highly competitive environments. We compete against gaming companies, as well as other hospitality companies in the markets in which we operate, neighboring markets, and in other parts of the world, including non-gaming resort destinations such as Hawaii. Our gaming operations compete to a lesser extent with state-sponsored lotteries, off-track wagering, card parlors, online gambling and other forms of legalized gaming in the United States and internationally. For further discussion of the potential impact of competitive conditions on our business, see "Risk Factors — Risks Related to our Business." We face significant competition with respect to destination travel locations generally and with respect to our peers in the industries in which we compete, and failure to compete effectively could materially adversely affect our business, financial condition, results of operations and cash flow."

Our primary methods of successful competition include:

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

Las Vegas Strip Resorts and Regional Operations

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

Our Las Vegas casino resorts compete for customers with a large number of other hotel casinos in the Las Vegas area, including major hotel casinos on or near the Las Vegas Strip, major hotel casinos in the downtown area, which is about five miles from the center of the Las Vegas Strip, and several major hotel casinos elsewhere in the Las Vegas area. Our Las Vegas Strip Resorts also compete, in part, with each other. Major competitors, including new entrants, have either recently expanded their hotel room capacity or have plans to expand their capacity or construct new resorts in Las Vegas. Also, the growth of gaming in areas outside Las Vegas has increased the competition faced by our operations in Las Vegas.

Outside Nevada, our resorts primarily compete with other hotel casinos in their markets and for customers in surrounding regional gaming markets, where location is a critical factor to success. In addition, we compete with gaming operations in surrounding jurisdictions and other leisure destinations in each region.

MGM China

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

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

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

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

Marketing

Our marketing efforts are conducted through various means, including our loyalty programs. We advertise on radio, television, internet and billboards and in newspapers and magazines in selected cities throughout the United States and overseas, as well as by direct mail, email and through the use of social media. We also advertise through our regional marketing offices located in major U.S. and foreign cities. Our direct marketing efforts utilize advanced analytic techniques that identify customer preferences and help predict future customer behavior, allowing us to make more relevant offers to customers, influence incremental visits, and help build lasting customer relationships.

M life Rewards, our customer loyalty program, is a tiered program and allows customers to qualify for benefits across our participating resorts and in both gaming and non-gaming areas, encouraging customers to keep their total spend within our casino resorts. We also offer the Golden Lion Club for gaming focused customers, in addition to M life Rewards, at MGM China. The structured rewards systems based on member value and tier level ensure that customers can progressively access the full range of services that the resorts provide. Our loyalty programs focus on building a rewarding relationship with our customers, encouraging members to increase both visitation and spend.

Strategy

We strive to be the recognized global leader in entertainment and hospitality, embracing innovation and diversity to inspire excellence. The quality of our resorts and amenities can be measured by our success in winning numerous awards, both domestic and globally, including several Four and Five Diamond designations from the American Automobile Association as well as multiple Four and Five Star designations from Forbes Travel Guide, as well as numerous certifications of our Corporate Social Responsibility efforts.

Our strategic objectives include:

- Operational enhancements. Drive continuous improvements in operational performance to support enterprise-wide increases in revenue, market share, cash flow, and margins;
- Financial strength. Accelerate financial performance through optimal capital structure and disciplined investment of cash flows;
- Corporate social responsibility. Continue to solidify the Company’s reputation as a global leader in the principles of Corporate Social Responsibility;
- Geographic expansion. Execute a targeted approach to domestic and international expansion to increase global brand presence; and
- Business model innovation. Explore the evolution of the existing business model into new lines of business and key adjacencies.

Technology

Collectively we utilize various types of technology to maximize revenue, drive efficiency in our operations, and serve our customers more effectively. Information Technology continues to automate operations in an effort to control costs related to operations and implement leading edge solutions for all major lines of business. To aid this process, data and analytics are utilized to support making timely and accurate business decisions. A cloud first strategy is applied when possible to enable our technology solution delivery and speed to market. We are also focused on technology to enhance the guest experience. For example, our eCommerce platform provides our guests and business partners a premier digital experience where they have the ability to create an all-inclusive experience from accommodations to dining and entertainment with real time recommendations provided based on the preference.

Employees and Management

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

Corporate Social Responsibility

We believe that profitability and social responsibility can be linked for long-term sustainability and profitability in furtherance of value to all our stakeholders – our shareholders, our employees, our customers and our communities. Whether we refer to our philosophy as Corporate Social Responsibility ("CSR") or associated Environmental and Social Governance ("ESG") metrics, we strive to further two fundamental principles ethical, legal conduct in the way we conduct our business, and integration of social responsibility as a distinct, strategic discipline into the fabric of our culture and sustainable business operations.

Through investment of many years of dedicated effort and resources, our evolving CSR approaches – grounded in prudent fiscal management and long-term focused strategies – have advanced us beyond leadership in the gaming and hospitality industry to national recognition for our accomplishments.

Our core values of integrity, inclusion, teamwork and excellence shape our character and culture, the way we do business, and our CSR practices. Four strategic pillars guide our work.

Fostering diversity and inclusion. Our commitment to inclusion translates diversity as a fundamental paradigm of the 21st century global economy into long-term human capital leadership, customer market expansion and competitive business advantage. Inclusion is an important, multi-dimensional business imperative that attracts top talent; drives our culture of respect for humanity; leverages the broad diversity of our employees' talents to drive excellence in collaboration, innovation and financial performance; fuels expansion of our customer markets and supply chain; and forges stronger ties with our communities around the world.

Investing in community. The communities in which we operate, and our employees live, work and care for their families, are cornerstones of our business and our CSR system. We create economic opportunity for local residents, collaborate to promote educational and develop skills of local workforces, engage local businesses, and stimulate economic development in our communities. We promote responsible gaming practices and tools, such as GameSense, that keep gaming safe and entertaining. Beyond our tax support of public education, infrastructure and services, we make philanthropic and development-related investments in long-term institutions that benefit our employees and customers and elevate the quality of life and culture in our communities.

Caring for one another. We believe caring for less fortunate community neighbors is a deep-rooted part of our culture, and our actions help uplift the communities in which we operate, while simultaneously instilling employee pride and engagement in our business. Through three primary channels – our employee-driven MGM Resorts Foundation, our Employee Volunteer Program and our Corporate Giving Program, we contribute leadership, funding and manpower to an extensive array of nonprofit organizations that provide services, goods and resources indispensable to our communities' well-being, development and stability. Significantly, in 2018, our U.S. employees invested more than 123,000 hours of voluntary service with community non-profits and achieved a 71% participation level in giving through our MGM Resorts Foundation.

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

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

At MGM China, we incorporate the same commitment to environmental preservation. Our efforts to improve energy efficiency, indoor air quality, and environmental stewardship have resulted in MGM China being included in the Hang Seng Corporate Sustainability Benchmark Index on the Hong Kong Stock Exchange. MGM Cotai has achieved the China Green Building (Macau) Design label from the China Green Building and Energy Saving (Macau) Association.

Development and Leveraging Our Brand and Management Assets

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

We regularly evaluate possible expansion and acquisition opportunities in domestic and international markets. Opportunities we evaluate may include the ownership, management and operation of gaming and other entertainment facilities in Nevada, or in states other than Nevada, or outside of the United States, accessing new markets for sports and interactive, as well as online gaming. We leverage our management expertise and well-recognized brands through strategic partnerships and international expansion opportunities. We feel that several of our brands are well-suited to new projects in both gaming and non-gaming developments. We may undertake these opportunities either alone or in cooperation with one or more third parties.

During 2018, we entered into an agreement with GVC Holdings PLC to form Roar Digital LLC, a world-class sports betting and online gaming platform in the United States. The 50/50 venture will be capitalized with initial commitments of $100 million per partner. Under the agreement, the venture will benefit from the economics of our existing race and sports books and online gaming operations and will have exclusive access to certain U.S. land-based and online sports betting, online real money and free-to-play casino gaming, major tournament and online poker, and other similar future interactive businesses. The commencement of operations is subject to gaming regulatory approvals.

Intellectual Property

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

Employees and Labor Relations

As of December 31, 2018, we had approximately 55,000 full-time and 17,000 part-time employees domestically, of which approximately 6,000 and 3,000, respectively, support the Company’s management agreements with CityCenter. In addition, we had approximately 11,000 employees at MGM China. We had collective bargaining agreements with unions covering approximately 39,000 of our employees as of December 31, 2018. Collective bargaining agreements with three unions covering a substantial number of our employees in Las Vegas are scheduled to expire in the first half of 2019. We anticipate negotiations for successor contracts with all three of those unions will begin in the first quarter of 2019. In addition, in our regional properties, new collective bargaining agreements will be negotiated in 2019 at MGM National Harbor and MGM Springfield. As of December 31, 2018, none of the employees of MGM China are part of a labor union and the resorts are not party to any collective bargaining agreements. In January 2019, we acquired operations in New York that employ approximately 1,000 employees, a portion of which are covered by collective bargaining agreements. We anticipate several of these agreements will be negotiated in 2019. Also, in July 2018, MGP acquired its property in Northfield, Ohio, which continues to be operated (on behalf of MGP) by an affiliate of Hard Rock International (STP), Inc. MGM expects to acquire these operations in the first half of 2019, subject to certain customary closing conditions. The Ohio operation has employees covered by collective bargaining agreements, several of which we anticipate will be negotiated in 2019.

Regulation and Licensing

The gaming industry is highly regulated, and we must maintain our licenses and pay gaming taxes to continue our operations. Each of our casinos is subject to extensive regulation under the laws, rules and regulations of the jurisdiction in which it is located.

These laws, rules and regulations generally concern the responsibility, financial stability and character of the owners, managers, and persons with financial interest in the gaming operations. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions.

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

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

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

Cautionary Statement Concerning Forward-Looking Statements

This Form 10-K and our 2018 Annual Report to Stockholders contain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects,” “will,” “may” and similar references to fu periods. Examples of forward-looking statements include, but are not limited to, statements we make regarding expected market growth in Macau, our ability to generate significant cash flow and execute on ongoing and future projects, such as MGM 2020, and the expected results of MGM 2020, amounts we will spend in capital expenditures and investments, the opening of strategic resort developments, the estimated costs and components associated with those developments, our expectations with respect to future cash dividends on our common stock, dividends and distributions we will receive from MGM China, the Operating Partnership or CityCenter and amounts projected to be realized as deferred tax assets. The foregoing is not a complete list of all forward-looking statements we make.

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

- our substantial indebtedness and significant financial commitments, including the fixed component of our rent payments to MGP, could adversely affect our development options and financial results and impact our ability to satisfy our obligations;
- current and future economic, capital and credit market conditions could adversely affect our ability to service or refinance our indebtedness and to make planned expenditures;
- restrictions and limitations in the agreements governing our senior credit facility and other senior indebtedness could significantly affect our ability to operate our business, as well as significantly affect our liquidity;
- the fact that we are required to pay a significant portion of our cash flows as fixed and percentage rent under the master lease, which could adversely affect our ability to fund our operations and growth, service our indebtedness and limit our ability to react to competitive and economic changes;
- significant competition we face with respect to destination travel locations generally and with respect to our peers in the industries in which we compete;
- the fact that our businesses are subject to extensive regulation and the cost of compliance or failure to comply with such regulations could adversely affect our business;
- the impact on our business of economic and market conditions in the jurisdictions in which we operate and in the locations in which our customers reside;
- the possibility that we may not realize all of the anticipated benefits of MGM 2020;

- our ability to pay ongoing regular dividends is subject to the discretion of our board of directors and certain other limitations;
- a significant number of our domestic gaming facilities are leased and could experience risks associated with leased property, including risks relating to lease termination, lease extensions, charges and our relationship with the lessor, which could have a material adverse effect on our business, financial position or results of operations;
- financial, operational, regulatory or other potential challenges that may arise with respect to MGP, as our sole lessor for a significant portion of our properties, may adversely impair our operations;
- the fact that MGP has adopted a policy under which certain transactions with us, including transactions involving consideration in excess of $25 million, must be approved in accordance with certain specified procedures;
- restrictions on our ability to have any interest or involvement in gaming businesses in China, Macau, Hong Kong and Taiwan, other than through MGM China;
- the ability of the Macau government to terminate MGM Grand Paradise's subconcession under certain circumstances without compensating MGM Grand Paradise, exercise its redemption right with respect to the subconcession, or refuse to grant MGM Grand Paradise an extension of the subconcession in 2020;
- the dependence of MGM Grand Paradise upon gaming promoters for a significant portion of gaming revenues in Macau;
- changes to fiscal and tax policies;
- our ability to recognize our foreign tax credit deferred tax asset and the variability of the valuation allowance we may apply against such deferred tax asset;
- extreme weather conditions or climate change may cause property damage or interrupt business;
- the concentration of a significant number 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 such gaming receivables;
- the potential occurrence of impairments to goodwill, indefinite-lived intangible assets or long-lived assets which could negatively affect future profits;
- the susceptibility of leisure and business travel, especially travel by air, to global geopolitical events, such as terrorist attacks, other acts of violence or acts of war or hostility;
- the fact that co-investing in properties, including our investment in CityCenter, decreases our ability to manage risk;
- the fact that future construction, development, or expansion projects will be subject to significant development and construction risks;
- the fact that our insurance coverage may not be adequate to cover all possible losses that our properties could suffer, our insurance costs may increase and we may not be able to obtain similar insurance coverage in the future;
- the fact that a failure to protect our trademarks could have a negative impact on the value of our brand names and adversely affect our business;
- the risks associated with doing business outside of the United States and the impact of any potential violations of the Foreign Corrupt Practices Act or other similar anti-corruption laws;
- risks related to pending claims that have been, or future claims that may be brought against us;
- the fact that a significant portion of our labor force is covered by collective bargaining agreements;
- the sensitivity of our business to energy prices and a rise in energy prices could harm our operating results;
- the potential that failure to maintain the integrity of our computer systems and internal customer information could result in damage to our reputation and/or subject us to fines, payment of damages, lawsuits or other restrictions on our use or transfer of data;
- the potential reputational harm as a result of increased scrutiny related to our corporate social responsibility efforts;
- the potential failure of future efforts to expand through investments in other businesses and properties or through alliances or acquisitions, such as the Empire City and Northfield acquisitions, or to divest some of our properties and other assets;
- increases in gaming taxes and fees in the jurisdictions in which we operate; and
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the potential for conflicts of interest to arise because certain of our directors and officers are also directors of MGM China, which is a publicly traded company listed on the Hong Kong Stock Exchange.

Any forward-looking statement made by us in this Form 10-K or our 2018 Annual Report to Stockholders speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law. If we update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

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

Executive Officers of the Registrant

The following table sets forth, as of February 27, 2019, the name, age and position of each of our executive officers. Executive officers are elected by and serve at the pleasure of the Board of Directors.

Name	Age	Position
James J. Murren	57	Chairman and Chief Executive Officer
William J. Hornbuckle(1)	61	President and Chief Customer Development Officer
Corey I. Sanders(1)	55	Chief Operating Officer
Daniel J. D'Arrigo(1)	50	Executive Vice President, Chief Financial Officer and Treasurer
Phyllis A. James	66	Executive Vice President, Chief Diversity and Corporate Responsibility Officer
John M. McManus	51	Executive Vice President, General Counsel and Secretary
Robert C. Selwood	63	Executive Vice President and Chief Accounting Officer

(1) On February 21, 2019, the Company announced that Mr. D'Arrigo had voluntarily resigned as Executive Vice President, Chief Financial Officer and Treasurer, effective March 1, 2019, and that Mr. Sanders has been appointed Chief Financial Officer and Treasurer and Mr. Hornbuckle has been appointed President and Chief Operating Officer, each effective March 1, 2019.

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

Mr. Hornbuckle has served as President since December 2012 and as Chief Customer Development Officer since December 2018. He served as Chief Marketing Officer from August 2009 to August 2014 and President and Chief Operating Officer of Mandalay Bay Resort & Casino from April 2005 to August 2009.

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

Mr. D'Arrigo has served as Executive Vice President and Chief Financial Officer since August 2007 and as Treasurer since November 2018 and from September 2009 to June 2016. He served as Senior Vice President—Finance of the Company from February 2005 to August 2007 and as Vice President—Finance of the Company from December 2000 to

February 2005.

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

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

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

Available Information

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

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

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

ITEM 1A. RISK FACTORS

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

Risks Relating to Our Substantial Indebtedness

- Our substantial indebtedness and significant financial commitments, including the fixed component of our rent payments to MGP, could adversely affect our operations and financial results and impact our ability to satisfy our obligations. As of December 31, 2018, we had approximately $15.3 billion of principal amount of indebtedness outstanding, including $750 million of borrowings outstanding and $1.5 billion of available borrowing capacity under our senior secured credit facility, and $2.4 billion and $2.8 billion of debt outstanding under the MGM China and the Operating Partnership credit facilities, respectively. In addition, as of December 31, 2018, the Operating Partnership had $1.9 billion of senior notes outstanding. Any increase in the interest rates applicable to our existing or future borrowings would increase the cost of our indebtedness and reduce the cash flow available to fund our other liquidity needs. We do not guarantee MGM China's or the Operating Partnership's obligations under their respective debt agreements and, to the extent MGM China or the Operating Partnership were to cease to produce cash flow sufficient to service their indebtedness, our ability to make additional investments into such entities is limited by the covenants in our existing senior secured credit facility.

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

- increasing our exposure to general adverse economic and industry conditions;
- limiting our flexibility to plan for, or react to, changes in our business and industry;
- limiting our ability to borrow additional funds for working capital requirements, capital expenditures, debt service requirements, execution of our business strategy (including returning value to our shareholders) or other general operating requirements;
- making it more difficult for us to make payments on our indebtedness; or
- placing us at a competitive disadvantage compared to less-leveraged competitors.

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

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

We have a significant amount of indebtedness maturing in 2020, and thereafter. Our ability to timely refinance and replace our indebtedness in the future will depend upon the economic and credit market conditions discussed above. If we are unable to refinance our indebtedness on a timely basis, we might be forced to seek alternate forms of financing, dispose of certain assets or minimize capital expenditures and other investments. There is no assurance that any of these alternatives would be available to us, if at all, on satisfactory terms, on terms that would not be disadvantageous to us, or on terms that would not require us to breach the terms and conditions of our existing or future debt agreements.

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

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

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

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

- We are required to pay a significant portion of our cash flows as fixed and percentage rent under the master lease, which could adversely affect our ability to fund our operations and growth, service our indebtedness and limit our ability to react to competitive and economic changes. For the third lease year which commenced on April 1, 2018, we were required to make annual rent payments of $770 million under the master lease. The master lease also provides for fixed annual escalators of 2% on the base rent in the second through sixth years and the possibility for additional 2% increases thereafter subject to the tenant meeting an adjusted net revenue to rent ratio, as well as potential increases in percentage rent in year six and every five years thereafter based on a percentage of average actual annual net revenue during the preceding five year period. As a result, our ability to fund our own operations, raise capital, make acquisitions, make investments, service our debt and otherwise respond to competitive and economic changes may be adversely affected. For example, our obligations under the master lease may:

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

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

Risks Related to our Business

- We face significant competition with respect to destination travel locations generally and with respect to our peers in the industries in which we compete, and failure to compete effectively could materially adversely affect our business, financial condition, results of operations and cash flow. The hotel, resort and casino industries are highly competitive. We do not believe that our competition is limited to a particular geographic area, and hotel, resort and gaming operations in other states or countries could attract our customers. To the extent that new casinos enter our markets or hotel room capacity is expanded by others in major destination locations, competition will increase. Major competitors, including potential new entrants, may also expand their hotel room capacity, expand their range of amenities, improve their level of service, or construct new resorts in Las Vegas, Macau or in the domestic regional markets in which we operate, all of which could attract our customers. Also, the growth of gaming in areas outside Las Vegas, including California, has increased the competition faced by our operations in Las Vegas and elsewhere. While we believe our principal competitors are major gaming and hospitality resorts with well-established and recognized brands, we also compete against smaller hotel offerings and peer-to-peer inventory sources, which allow travelers to book short-term rentals of homes and apartments from owners. We expect that we will continue to face increased competition from new channels of distribution, innovations in consumer-facing technology platforms and other transformations in the travel industry that could impact our ability to attract and retain business.

In addition, competition could increase if changes in gaming restrictions in the United States and elsewhere result in the addition of new gaming establishments located closer to our customers than our casinos. For example, while our Macau operations compete to some extent with casinos located elsewhere in or near Asia, certain countries in the region have legalized casino gaming (including Japan) and others (such as Taiwan and Thailand) may legalize casino gaming (or online gaming) in the future (including, for example, a recent proposal by China to allow gambling on Hainan Island). Furthermore, currently MGM Grand Paradise holds one of only six gaming concessions authorized by the Macau government to operate casinos in Macau. If the Macau government were to allow additional competitors to operate in Macau through the grant of additional concessions or if current concessionaires and subconcessionaires open additional facilities, we would face increased competition.

Most jurisdictions where casino gaming is currently permitted place numerical and/or geographical limitations on the issuance of new gaming licenses. Although a number of jurisdictions in the United States and foreign countries are considering legalizing or expanding casino gaming, in some cases new gaming operations may be restricted to specific locations and we expect that there will be intense competition for any attractive new opportunities (which may include acquisitions of existing properties) that do arise. Furthermore, certain jurisdictions, including Nevada and New Jersey, have also legalized forms of online gaming and other jurisdictions, including Illinois, have legalized video gaming terminals. Additionally, in May 2018, the United States Supreme Court overturned a federal ban on sports betting that had prohibited single-game gambling in most states, raising the potential for increased competition in sports betting should additional states pass legislation to legalize it. The expansion of online gaming, sports betting, and other types of gaming in these and other jurisdictions may further compete with our operations by reducing customer visitation and spend in our casino resorts.

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

- Our businesses are subject to extensive regulation and the cost of compliance or failure to comply with such regulations may adversely affect our business and results of operations. Our ownership and operation of gaming facilities is subject to extensive regulation by the countries, states and provinces in which we operate. These laws, regulations and ordinances vary from jurisdiction to jurisdiction, but generally concern the responsibility, financial stability and character of the owners and managers of gaming operations as well as persons financially interested or involved in gaming operations. As such, our gaming regulators can require us to disassociate ourselves from suppliers or business partners found unsuitable by the regulators or, alternatively, cease operations in that jurisdiction. In addition, unsuitable activity on our part or on the part of our domestic or foreign unconsolidated affiliates or subsidiaries in any jurisdiction could have a negative effect on our ability to continue operating in other jurisdictions. The regulatory environment in any particular jurisdiction may change in the future and any such change could have a material adverse effect on our results of operations. For example, recently the U.S. Department of Justice reversed a 2011 opinion that had concluded that the Wire Act of 1961 was limited to gaming relating to sports; the Department of Justice concluded instead that certain of the Wire Act's provisions apply also to other forms of wagering activity. This may impact our ability to engage in online gaming in the future. In addition, we are subject to various gaming taxes, which are subject to possible increase at any time by various federal, state, local and foreign legislatures and officials. Increases in gaming taxation could also adversely affect our results. For a summary of gaming and other regulations that affect our business, see "Regulation and Licensing" and Exhibit 99.2 to this Annual Report on Form 10-K.

Further, our directors, officers, key employees and investors in our properties must meet approval standards of certain state and foreign regulatory authorities. If state regulatory authorities were to find such a person or investor unsuitable, we would be required to sever our relationship with that person or the investor may be required to dispose of his, her or its interest in the property. State regulatory agencies may conduct investigations into the conduct or associations of our directors, officers, key employees or investors to ensure compliance with applicable standards. Certain public and private issuances of securities and other transactions also require the approval of certain regulatory authorities.

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

In addition to gaming regulations, we are also subject to various federal, state, local and foreign laws and regulations affecting businesses in general. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, environmental matters, smoking, employees, currency transactions, taxation, zoning and building codes, and marketing and advertising. For instance, we are subject to certain federal, state and local environmental laws, regulations and ordinances, including the Clean Air Act, the Clean Water Act, the Resource Conservation Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act and the Oil Pollution Act of 1990. Under various federal, state and local environmental laws and regulations, an owner or operator of real property may be held liable for the costs of removal or remediation of certain hazardous or toxic substances or wastes located on its property, regardless of whether or not the present owner or operator knows of, or is responsible for, the presence of such substances or wastes. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. For example, Illinois has enacted a ban on smoking in nearly all public places, including bars, restaurants, work places, schools and casinos. In addition, effective January 1, 2019, smoking in casinos in Macau, including MGM Macau and MGM Cotai, will only be permitted inside specially ventilated smoking rooms, rather than outside smoking areas or VIP areas. The likelihood or outcome of similar legislation in other jurisdictions and referendums in the future cannot be predicted, though any smoking ban would be expected to negatively impact our financial performance.

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

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

In addition, since we expect a significant number of customers to come to MGM Macau and MGM Cotai from mainland China, general economic and market conditions in China could impact our financial prospects. Any slowdown in economic growth or changes to China's current restrictions on travel and currency conversion or movements, including market impacts resulting from China's recent anti-corruption campaign and related tightening of liquidity provided by non-bank lending entities and cross-border currency monitoring (including increased restrictions on Union Pay withdrawals and other ATM limits on the withdrawal of patacas imposed by the government), could disrupt the number of visitors from mainland China and/or the amounts they are willing to spend in the casino. Most recently, in July 2017, the Chinese government, along with Macau authorities, implemented new facial recognition technology on ATM machines in Macau to strictly enforce the "know your customer" regulations for mainland Chinese bank cardholders and in November 2017 new rules were adopted to control the cross-border transportation of cash and bearer negotiable instruments. It is unclear whether these and other measures will continue to be in effect, become more restrictive, or be readopted in the future. These developments have had, and any future policy developments that may be implemented may have, the effect of reducing the number of visitors to Macau from mainland China, which could adversely impact tourism and the gaming industry in Macau.

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

- We may not realize all of the anticipated benefits of our MGM 2020 Plan. We have undertaken an initiative to reduce costs, improve efficiencies and further position us for growth. While we believe these initiatives will result in approximately $200 million of annual Adjusted EBITDA benefit by the end of 2020 and an additional $100 million by the end of 2021, our efforts may fail to achieve expected results. Our MGM 2020 Plan is subject to numerous risks and uncertainties that may change at any time, and, therefore, our actual Adjusted EBITDA benefit may differ materially from what we anticipate.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- We are subject to taxation by various governments and agencies and the rate of taxation in the jurisdictions in which we operate could change in the future. We are subject to tax by various governments and agencies, both in the U.S. and in Macau. Changes in the rates of taxation, the amount of taxes we owe and the time when income is subject to taxation, the Macau income tax exemption or the imposition of foreign withholding taxes could increase our overall rate of taxation. Any of these changes could materially impact our business, financial condition, results of operations and cash flows.

- The future recognition of our foreign tax credit deferred tax asset is uncertain, and the amount of valuation allowance we may apply against such deferred tax asset may change materially in future periods. We currently have significant deferred tax assets resulting from foreign tax credit carryforwards that are available to reduce potential taxable foreign-sourced income in future periods, including the recapture of overall domestic losses to the extent of U.S. taxable income. We evaluate our foreign tax credit deferred tax asset for recoverability and record a valuation allowance to the extent that we determine it is not more likely than not such asset will be recovered. This evaluation is based on all available evidence, including assumptions concerning future U.S. operating profits and our interpretations of the U.S. Tax Cuts and Jobs Act (the "Tax Act") based upon guidance issued to date. As a result, significant judgment is required in assessing the possible need for a valuation allowance and changes to our assumptions could result in a material change in the valuation allowance with a corresponding impact on the provision for income taxes in the period including such change.

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

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

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

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

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

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

• We may incur impairments to goodwill, indefinite-lived intangible assets, or long-lived assets which could negatively affect our future profits. We review our goodwill, intangible assets and long-lived assets on an annual basis and during interim reporting periods in accordance with the authoritative guidance. Significant negative trends, reduced estimates of future cash flows, disruptions to our business, slower growth rates or lack of growth have resulted in write-downs and impairment charges in the past and, if one or more of such events occurs in the future, additional impairment charges or write-downs may be required in future periods. If we are required to record additional impairment charges or write-downs, this could have a material adverse impact on our consolidated results of operations.

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

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

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

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

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

- lack of sufficient, or delays in the availability of, financing;
- changes to plans and specifications;
- engineering problems, including defective plans and specifications;
- shortages of, and price increases in, energy, materials and skilled and unskilled labor, and inflation in key supply markets;
- delays in obtaining or inability to obtain necessary permits, licenses and approvals;
- changes in laws and regulations, or in the interpretation and enforcement of laws and regulations, applicable to gaming, leisure, residential, real estate development or construction projects;
- labor disputes or work stoppages;
- availability of qualified contractors and subcontractors;
- disputes with and defaults by contractors and subcontractors;
- personal injuries to workers and other persons;
- environmental, health and safety issues, including site accidents and the spread of viruses;
- weather interferences or delays;
- fires, typhoons and other natural disasters;
- geological, construction, excavation, regulatory and equipment problems; and
- other unanticipated circumstances or cost increases.

The occurrence of any of these development and construction risks could increase the total costs, delay or prevent the construction, development, expansion or opening or otherwise affect the design and features of any future projects which we might undertake. In addition, the regulatory approvals associated with our development projects may require us to open future casino resorts by a certain specified time and to the extent we are unable to meet those deadlines, and any such deadlines are not extended, we may lose our regulatory approval to open a casino resort in a proposed jurisdiction, or incur payment penalties in connection with any delays which could have an adverse effect on our results of operations and financial condition.

We also make significant capital expenditures to maintain and upgrade our resorts, which may disrupt operations and displace revenue at the properties, including revenue lost while rooms, restaurants and meeting spaces are under renovation and out of service.

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

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

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

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

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

- changes in laws and policies that govern operations of companies in Macau or other foreign jurisdictions;
- changes in non-United States government programs;
- possible failure by our employees or agents to comply with anti-bribery laws such as the United States Foreign Corrupt Practices Act and similar anti-bribery laws in other jurisdictions;
- general economic conditions and policies in China, including restrictions on travel and currency movements;
- difficulty in establishing, staffing and managing non-United States operations;
- different labor regulations;
- changes in environmental, health and safety laws;
- outbreaks of diseases or epidemics;

- potentially negative consequences from changes in or interpretations of tax laws;
- political instability and actual or anticipated military and political conflicts;
- economic instability and inflation, recession or interest rate fluctuations; and
- uncertainties regarding judicial systems and procedures.

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

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

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

- We face risks related to pending claims that have been, or future claims that may be, brought against us. Claims have been brought against us and our subsidiaries in various legal proceedings, and additional legal and tax claims arise from time to time. We may not be successful in the defense or prosecution of our current or future legal proceedings, which could result in settlements or damages that could significantly impact our business, financial condition, results of operations and reputation. Please see the further discussion in "Legal Proceedings" and Note 11 in the accompanying consolidated financial statements.

- A significant portion of our labor force is covered by collective bargaining agreements. Work stoppages and other labor problems could negatively affect our business and results of operations. As of December 31, 2018, approximately 39,000 of our employees are covered by collective bargaining agreements. In January 2019, we acquired operations in New York that employ approximately 1,000 employees, a portion of which are covered by collective bargaining agreements. We anticipate several of these agreements will be negotiated in 2019. Also, in July 2018, MGP acquired its property in Northfield, Ohio, which continues to be operated (on behalf of MGP) by an affiliate of Hard Rock International (STP), Inc. MGM expects to acquire these operations in the first half of 2019, subject to certain customary closing conditions. The Ohio operation has employees covered by collective bargaining agreements, several of which we anticipate will be negotiated in 2019. A prolonged dispute with the covered employees or any labor unrest, strikes or other business interruptions in connection with labor negotiations or others could have an adverse impact on our operations. Further, adverse publicity in the marketplace related to union messaging could further harm our reputation and reduce customer demand for our services. Also, wage and/or benefit increases resulting from new labor agreements may be significant and could also have an adverse impact on our results of operations. To the extent that our non-union employees join unions, we would have greater exposure to risks associated with labor problems. Furthermore, we may have, or acquire in the future, multi-employer plans that are classified as "endangered," "seriously endangered," or "critical" status. For instance, Borgata's most significant plan is the Legacy Plan of the National Retirement Fund (which spun-off into a newly established fund as of January 1, 2018), which has been listed in "critical status" and is subject to a rehabilitation plan. Plans in these classifications must adopt measures to improve their funded status through a funding improvement or rehabilitation plan, which may require additional contributions from employers (which may take the form of a surcharge on benefit contributions) and/or modifications to retiree benefits. In addition, while Borgata has no current intention to withdraw from these plans, a withdrawal in the future could result in the incurrence of a contingent liability that would be payable in an amount and at such time (or over a period of time) that would vary based on a number of factors at the time of (and after) withdrawal. Any such additional costs may be significant.

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

- The failure to maintain the integrity of our computer systems and customer information could result in damage to our reputation and/or subject us to fines, payment of damages, lawsuits and restrictions on our use of data. We collect and process information relating to our employees, guests, and others for various business purposes, including marketing and promotional purposes. The collection and use of personal data are governed by privacy laws and regulations enacted by the various states, the United States and other jurisdictions around the world. Privacy laws and regulations continue to evolve and on occasion may be inconsistent between jurisdictions. Various federal, state and foreign legislative or regulatory bodies may enact or adopt new or additional laws and regulations concerning privacy, data retention, data transfer, and data protection. For example, the European Union has adopted a data protection regulation known as the General Data Protection Regulation, which became fully enforceable in May 2018, that includes operational and compliance requirements with significant penalties for non-compliance. In addition, California has enacted a new privacy law, known as the California Consumer Privacy Act of 2018, which takes effect in 2020 and provides some of the strongest privacy requirements in the United States.

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

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

- We are subject to risks related to corporate social responsibility and reputation. Many factors influence our reputation and the value of our brands including the perception held by our customers, business partners, other key stakeholders and the communities in which we do business. Our business faces increasing scrutiny related to environmental, social and governance activities and risk of damage to our reputation and the value of our brands if we fail to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, supply chain management, climate change, workplace conduct, human rights, philanthropy and support for local communities. Any harm to our reputation could impact employee engagement and retention and the willingness of customers and our partners to do business with us, which could have a material adverse effect on our business, results of operations and cash flows.

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

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

We cannot assure you that we will be able to identify opportunities or complete transactions on commercially reasonable terms or at all, or that we will actually realize any anticipated benefits from such acquisitions, investments or alliances. In addition, even if we are able to successfully integrate new assets and businesses, the integration of such assets and businesses may result in unanticipated costs, competitive responses, loss or customer or other business relationships and the diversion of management attention.

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

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

- Conflicts of interest may arise because certain of our directors and officers are also directors of MGM China, the holding company for MGM Grand Paradise which owns and operates MGM Macau and MGM Cotai. As a result of the initial public offering of shares of MGM China common stock in 2011, MGM China has stockholders who are not affiliated with us, and we and certain of our officers and directors who also serve as officers and/or directors of MGM China may have conflicting fiduciary obligations to our stockholders and to the minority stockholders of MGM China. Decisions that could have different implications for us and MGM China, including contractual arrangements that we have entered into or may in the future enter into with MGM China, may give rise to the appearance of a potential conflict of interest or an actual conflict of interest.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The location and general characteristics of our properties are provided in Part I, Item 1. Business. Our significant land holdings are described below; unless otherwise indicated, all properties are indirectly owned by us. We also own or lease various other improved and unimproved properties in Las Vegas and other locations in the United States and certain foreign countries.

Domestic land holdings

The following table lists certain of our domestic land holdings on a consolidated basis as of December 31, 2018, including land and ground leases held by a subsidiary of the Operating Partnership, which we lease pursuant to the terms of the master lease.

Name and Location	Approximate Acres	Notes
Las Vegas Strip Resorts		
Bellagio	77	Approximately two acres of the site are subject to two ground leases.
MGM Grand Las Vegas	102	
Mandalay Bay	124	
The Mirage	77	
Luxor	73	Includes 15 acres of land located across the Las Vegas Strip from Luxor.
Excalibur	51	
New York-New York	23	Includes three acres of land related to The Park entertainment district development located between Park MGM and New York-New York.
Park MGM	21	
Circus Circus Las Vegas	102	Includes approximately 34 acres of land located north of Circus Circus Las Vegas.
Regional Operations		
MGM Grand Detroit (Detroit, Michigan)	27	
Beau Rivage (Biloxi, Mississippi)	42	10 acres are subject to a tidelands lease.
Gold Strike (Tunica, Mississippi)	24	
MGM National Harbor (Prince George's County, Maryland)	23	All 23 acres are subject to a ground lease.
Borgata (Atlantic City, New Jersey)	46	11 acres are subject to ground leases.
MGM Springfield (Springfield, Massachusetts)	14	
Other		
Hard Rock Rocksino Northfield Park (Northfield, Ohio)	113	

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

MGM China

MGM Macau occupies an approximately 10-acre site and MGM Cotai occupies an approximately 18-acre site, both of which are possessed under separate land concession agreements with the Macau government. The MGM China credit facility is secured by MGM Grand Paradise's interest in the MGM Cotai and MGM Macau land concessions, and MGM China, MGM Grand Paradise and their guarantor subsidiaries have granted a security interest in substantially all of their assets to secure the facility. The credit facility borrowings are non-recourse to us. See Note 9 to the accompanying consolidated financial statements for additional discussion on long-term debt.

Operating Partnership

Pursuant to a master lease agreement between a subsidiary of the Company and a subsidiary of the Operating Partnership (the "landlord"), the real estate assets of The Mirage, Mandalay Bay, Luxor, New York-New York, Park MGM, Excalibur, The Park, Gold Strike Tunica, MGM Grand Detroit, Beau Rivage, Borgata, and MGM National Harbor are leased from a subsidiary of the Operating Partnership. The land and substantially all of the assets of MGP's properties including the Hard Rock Rocksino Northfield Park, other than MGM National Harbor and Empire City, secure the obligations under the Operating Partnership's credit agreement. These borrowings are non-recourse to us. See Note 9 to the accompanying consolidated financial statements for additional discussion on long-term debt.

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

ITEM 3. LEGAL PROCEEDINGS

October 1 litigation. We and/or certain of our subsidiaries have been named as defendants in a number of lawsuits related to the October 1, 2017 shooting in Las Vegas. The matters involve in large degree the same legal and factual issues, each case being filed on behalf of individuals who are seeking damages for emotional distress, physical injury, medical expenses, economic damages and/or wrongful death based on assertions that we and/or certain of our subsidiaries were negligent. We also received letters from attorneys purporting to represent other persons with claims related to the October 1, 2017 shooting. Lawsuits were first filed in October 2017 and include actions filed by multiple individuals in the District Court of Clark County, Nevada and in the Superior Court of Los Angeles County, California. Some of the original actions have been voluntarily dismissed, and plaintiffs' counsel indicate they anticipate re-filing the lawsuits in similar form. In June 2018, we removed to federal court all actions that remained pending in California and Nevada state courts following the voluntary dismissals. Motions to remand have been filed in several cases, and we anticipate that there may be additional motions to remand filed in the future. We also initiated declaratory relief actions in federal courts in various districts against individuals who had sued or stated an intent to sue. Additional lawsuits related to this incident may be filed in the future. In February of 2019, we and plaintiffs' counsel commenced mediation of these matters. The above-described litigation currently is stayed pending mediation.

We are currently unable to reliably predict the future developments in, outcome of, and economic costs and other consequences of pending or future litigation related to this matter. We will continue to investigate the factual and legal defenses, and evaluate these matters based on subsequent events, new information and future circumstances. We intend to defend against these lawsuits and ultimately believe we should prevail, but litigation of this type is inherently unpredictable. Although there are significant procedural, factual and legal issues to be resolved that could significantly affect our belief as to the possibility of liability, we currently believe that it is reasonably possible that we could incur liability in connection with certain of these lawsuits. The foregoing determination was made in accordance with generally accepted accounting principles, as codified in ASC 450-20, and is not an admission of any liability on the part of us or any of our affiliates. Given that these cases are in the early stages and in light of the uncertainties surrounding them, we do not currently possess sufficient information to determine a range of reasonably possible liability. In the event we incur any liability, we believe it is unlikely we would incur losses in connection with these claims in excess of our insurance coverage. The insurance carriers have not expressed a reservation of rights or coverage defense that affects our evaluation of potential losses in connection with these claims. In addition, our general liability insurance coverage provides, as part of the contractual “duty to defend”, payment of legal fees and associated costs incurred to defend covered lawsuits that are filed arising from the October 1, 2017 shooting in Las Vegas. Payment of such fees and costs is in addition to (and not limited by) the limits of the insurance policies and does not erode the total liability coverage available.

Other. We are a party to various legal proceedings, most of which relate to routine matters incidental to our business. Management does not believe that the outcome of such proceedings will have a material adverse effect on our financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Common Stock Information

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "MGM."

There were approximately 3,657 record holders of our common stock as of February 22, 2019.

Dividend Policy

The Company implemented a dividend program in February 2017 pursuant to which it has paid regular quarterly dividends. The amount, declaration and payment of any future dividends will be subject to the discretion of our Board of Directors who will evaluate our dividend policy from time to time based on factors it deems relevant, and the contractual limitations described below. In addition, as a holding company with no independent operations, our ability to pay dividends will depend upon the receipt of cash from our operating subsidiaries to generate the funds from operations necessary to pay dividends on our common stock. Furthermore, our senior credit facility contains financial covenants and restrictive covenants that could restrict our ability to pay dividends, subject to certain exceptions. In addition, the Operating Partnership and MGM China credit facilities each contain limitations on the ability of the applicable subsidiary under each credit agreement to pay dividends to us. There can be no assurance that we will continue to pay dividends in the future.

Purchases of Equity Securities by the Issuer

The following table provides information about share repurchases made by the Company of its common stock during the quarter ended December 31, 2018:

		Total Number of Shares	Dollar Value of
	Total		

Period	Number of Shares Purchased	Average Price Paid per Share	Purchased as Part of a Publicly Announced Program	Shares that May Yet be Purchased Under the Program (In thousands)
October 1, 2018 — October 31, 2018	5,968,406	$ 25.13	5,968,406	$ 1,389,031
November 1, 2018 — November 30, 2018	—	$ —	—	$ 1,389,031
December 1, 2018 — December 31, 2018	—	$ —	—	$ 1,389,031

On May 10, 2018, the Company announced that its Board of Directors had adopted a $2.0 billion stock repurchase program, and that the previously announced $1.0 billion stock repurchase program had been completed. All repurchases under the stock repurchase program are made from time to time at the Company's discretion in the open market or in privately negotiated agreements. Repurchases of common stock may also be made under a Rule 10b5-1 plan, which would permit common stock to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws. Repurchases under the program may be suspended or discontinued at any time. All shares repurchased by the Company during the quarter ended December 31, 2018 were purchased pursuant to the Company's publicly announced stock repurchase programs and have been retired.

PERFORMANCE GRAPH

The graph below matches our cumulative Five-Year total shareholder return on common stock with the cumulative total returns of the Dow Jones US Total Return index, the S&P 500 index and the Dow Jones US Gambling index. The graph tracks the performance of a $100 investment in our common stock and in each index (with the reinvestment of all dividends as required by the SEC) from December 31, 2013 to December 31, 2018. The return shown on the graph is not necessarily indicative of future performance.

The following performance graph shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, nor shall this information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate it by reference into a filing.

ITEM 6. SELECTED FINANCIAL DATA

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

	2018	2017	2016	2015	2014
	(In thousands, except per share data)				
Net revenues	$11,763,096	$10,797,479	$9,478,269	$9,179,590	$10,081,984
Operating income (loss)	1,469,486	1,712,527	2,078,199	(152,838)	1,323,538
Net income (loss)	583,894	2,088,184	1,235,846	(1,037,444)	127,178
Net income (loss) attributable to MGM Resorts International	466,772	1,952,052	1,100,408	(445,515)	(149,873)
Earnings per share:					
Basic:					
Net income (loss) per share	$0.82	$3.38	$1.94	$(0.82)	$(0.31)
Weighted average common shares	544,253	572,253	568,134	542,873	490,875
Diluted:					
Net income (loss) per share	$0.81	$3.34	$1.92	$(0.82)	$(0.31)
Weighted average common shares	549,536	578,795	573,317	542,873	490,875
Dividends declared per common share	$0.48	$0.44	$—	$—	$—
At-year end:					
Total assets	$30,210,706	$29,160,042	$28,174,400	$25,215,178	$26,593,914
Total debt, including capital leases	15,153,203	12,922,712	13,000,792	12,713,416	14,063,563
Stockholders' equity	10,469,791	11,611,124	9,941,957	7,764,427	7,628,274
MGM Resorts International stockholders' equity	6,512,283	7,577,061	6,192,825	5,119,927	4,090,917
MGM Resorts International stockholders' equity per share	$12.35	$13.38	$10.79	$9.06	$8.33
Number of shares outstanding	527,480	566,276	574,124	564,839	491,292

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

Acquisitions, Dispositions, and Significant Transactions

- In 2015, we recorded a gain of $23 million related to the sale of Circus Circus Reno and our 50% interest in Silver Legacy and associated real property.
-

- In 2016, we recorded a $401 million gain for our share of CityCenter's gain on the sale of the Shops at Crystals ("Crystals").
- In 2016, we received net proceeds of $1.1 billion in connection with MGP's IPO.
- In 2016, we recorded a gain of $430 million on our acquisition of Boyd Gaming's ownership interest in Borgata on August 1, 2016, and began to consolidate Borgata beginning on that date.
- In 2016, we opened MGM National Harbor.
- In 2018, we opened MGM Cotai and MGM Springfield; MGP acquired Northfield.
- In 2018, we recorded a gain of $45 million related to the sale of our 50% ownership interest in Grand Victoria.

Other

- In 2014, we recorded an impairment charge of $29 million related to our investment in Grand Victoria.
- In 2015, we recorded a goodwill impairment charge of $1.5 billion at MGM China and a $17 million impairment charge related to our investment in Grand Victoria.
- In 2015, we recorded an $80 million gain for our share of CityCenter's gain resulting from the final resolution of its construction litigation and related settlements.
- In 2016, we recorded a $67 million loss on early retirement of debt.
- In 2016, we recorded a $152 million expense related to our strategic decision to exit the fully bundled sales system of NV Energy. In 2017, we then recorded a gain of $45 million related to the NV Energy exit fee modification.
- In 2017, we recorded a $44 million loss on early retirement of debt.
- In 2017, we recorded a gain of $36 million related to the Borgata property tax settlement.

- In 2017, we recorded a $1.4 billion tax benefit related to the enactment of the U.S. Tax Cuts and Jobs Act (“Tax Act”). In 2018, we then recorded a $20 million tax expense related to the Tax Act.
- In 2018, we received $24 million in business interruption insurance proceeds related to the October 1, 2017 shooting in Las Vegas.

Additionally, on January 1, 2018, we adopted ASC 606, “Revenue from Contracts with Customers (Topic 606)” on a full retrospective basis. Accordingly, financial data as of and for the years ended December 31, 2018, 2017, and 2016, and the income statement data for the years ended December 31, 2018, 2017, 2016 and 2015, reflect such adoption.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Overview

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

Our results of operations are affected by decisions we make related to our capital allocation, our access to capital and our cost of capital. While we continue to be focused on improving our financial position and returning capital to shareholders, we are also dedicated to capitalizing on strategic development or initiatives.

During the year ended December 31, 2018, Las Vegas visitor volume decreased 0.2%, Las Vegas Strip REVPAR increased 1% and Las Vegas Strip gaming revenue increased by 2% compared to the prior year period according to information published by the Las Vegas Convention and Visitors Authority. Results of operations for our Las Vegas Strip Resorts during 2018 were negatively impacted by disruption related to the repositioning and rebranding of Park MGM, discussed below.

Our Regional Operations results are driven and affected by the increasingly competitive jurisdictions that they operate in, including the expansion of other jurisdictions that permit gaming. Results of operations at our Regional Operations were negatively affected by the opening of two casino resorts in Atlantic City, New Jersey in June 2018, which impacted Borgata’s operating results, and benefitted from the opening of MGM Springfield in August 2018, discussed below.

Gross gaming revenue in the Macau market increased 14% in 2018 compared to 2017, primarily as a result of growth on the Cotai Strip. Additionally, according to statistics published by the Statistics and Census Service of the Macau Government, visitor arrivals increased 10% and overnight visitors increased 7% in 2018 compared to 2017. As a significant number of MGM Macau’s customers are from mainland China, we believe operating results at MGM Macau are affected by economic conditions in mainland China as well as certain policy initiatives enacted in mainland China and Macau. Despite concerns over the sustainability of economic growth in China, we expect the Macau market to grow on a long-term basis due to further development and penetration of the mainland China market and infrastructure improvements expected to facilitate more convenient travel to and within Macau. We believe recent trends reflect stabilization and growth within the Macau market as gross gaming revenue has increased consistently over the last several years. Additionally, we have seen growth due to the opening of MGM Cotai in February 2018.

Pursuant to a master lease agreement between the tenant and the landlord, the tenant leases the real estate assets of The Mirage, Mandalay Bay, Luxor, New York-New York, Park MGM, Excalibur, The Park, Gold Strike Tunica, MGM Grand Detroit, Beau Rivage, Borgata, and MGM National Harbor from the landlord. See Note 1 in the accompanying consolidated financial statements for information regarding MGP and the Operating Partnership, which we consolidate in our financial statements, and Note 17 in the accompanying consolidated financial statements for information regarding the master lease with MGP. All intercompany transactions, including transactions under the master lease, have been eliminated in consolidation.

In July 2018, MGP completed its acquisition of the membership interests of Northfield, an Ohio limited liability company that owns the real estate assets and operations of the Hard Rock Rocksino Northfield Park. Simultaneously with the close of the transaction, MGP entered into a new agreement with an affiliate of Hard Rock Café International (STP), Inc. to continue to serve as the manager of the property. See Note 4 and Note 17 in the accompanying financial statements for information regarding this acquisition, the Empire City Acquisition, the Northfield OpCo sale, and the Park MGM Lease Transaction.

In January 2019, we announced the implementation of the MGM 2020 plan to further reduce costs, improve efficiencies and position us for growth. We expect to deliver annualized Adjusted EBITDA benefit of $300 million in aggregate, consisting of $200 million by the end of 2020 and an additional $100 million by the end of 2021. The MGM 2020 plan will be a company-wide, business-optimization initiative aimed to leverage a more centralized organization to maximize profitability and, through key investments in technology, lay the groundwork for our digital transformation to drive revenue growth.

Key Performance Indicators

Key performance indicators related to gaming and hotel revenue are:

- Gaming revenue indicators: table games drop and slots handle (volume indicators); "win" or "hold" percentage, which is not fully controllable by us. Our normal table games hold percentage is in the range of 22% to 26% of table games drop and 18% to 21% of table games drop at our Las Vegas Strip Resorts and Regional Operations, respectively, and our normal slots hold percentage is in the range of 8.5% to 9% of slots handle and 9% to 9.5% of slots handle at our Las Vegas Strip Resorts and Regional Operations, respectively; and

- Hotel revenue indicators: hotel occupancy (a volume indicator); average daily rate ("ADR," a price indicator); and revenue per available room ("REVPAR," a summary measure of hotel results, combining ADR and occupancy rate). Our calculation of ADR, which is the average price of occupied rooms per day, includes the impact of complimentary rooms. Complimentary room rates are determined based on standalone selling price. Because the mix of rooms provided on a complimentary basis, particularly to casino customers, includes a disproportionate suite component, the composite ADR including complimentary rooms is slightly higher than the ADR for cash rooms, reflecting the higher retail value of suites.

Additional key performance indicators at MGM China are:

- Gaming revenue indicators: MGM China utilizes "turnover," which is the sum of nonnegotiable chip wagers won by MGM China calculated as nonnegotiable chips purchased plus nonnegotiable chips exchanged less nonnegotiable chips returned. Turnover provides a basis for measuring VIP casino win percentage. Win for VIP gaming operations at MGM China is typically in the range of 2.7% to 3.3% of turnover. Win for main floor gaming operations at MGM China is typically in the range of 16% to 22% of table games drop.

Results of Operations

The following discussion is based on our consolidated financial statements for the years ended December 31, 2018, 2017 and 2016.

Summary Financial Results

The following table summarizes our operating results:

Year Ended December 31,

	2018	2017	2016
	(In thousands)		
Net revenues	$11,763,096	$10,797,479	$9,478,269
Operating income	1,469,486	1,712,527	2,078,199
Net income	583,894	2,088,184	1,235,846
Net income attributable to MGM Resorts International	466,772	1,952,052	1,100,408

Summary Operating Results

Consolidated net revenues for 2018 increased 9% compared to 2017 due primarily to the opening of MGM Cotai on February 13, 2018 and the opening of MGM Springfield on August 24, 2018. Consolidated net revenues for 2017 increased 14% compared to 2016 due primarily to the full year of operations at Borgata and MGM National Harbor, an increase in casino revenue and rooms revenue at our Las Vegas Strip Resorts and an increase in casino revenue at MGM China, as discussed further below.

Consolidated operating income in 2018 decreased 14% compared to 2017. Consolidated operating income in 2018 benefited from a $45 million gain related to the sale of Grand Victoria and also included $24 million of business interruption insurance proceeds primarily at Mandalay Bay. The prior year period included a benefit of $36 million related to Borgata's share of a property tax settlement from Atlantic City and a benefit of $45 million related to the modification of the NV Energy exit fee, which included the benefit recognized at our Las Vegas Strip Resorts as well as our 50% share of the benefit recognized at CityCenter. Consolidated operating income was negatively affected by the ramp up of operations at our recently opened MGM Springfield and MGM Cotai resorts inclusive of depreciation expense associated with the new resorts, disruption related to the rebranding at Park MGM, and an increase in corporate expense discussed below. In addition, preopening and start-up expenses increased as discussed below in "Operating Results – Details of Certain Charges." Corporate expense, including share-based compensation for corporate employees, increased to $419 million in 2018 from $357 million in 2017, and included $19 million in transaction costs, MGM China corporate expense of $19 million, and costs incurred related to the corporate brand campaign and the MGM 2020 and finance modernization initiatives. Depreciation and amortization expense related to certain assets at MGM China of $166 million was included in corporate in our non-GAAP reconciliations included herein for 2018. Income from unconsolidated affiliates was $148 million in 2018 compared to $146 million in 2017.

Consolidated operating income was $1.7 billion in 2017 and included the impact of the items discussed above as well as a full year of operations at Borgata and MGM National Harbor. Operating income of $2.1 billion in 2016 included a $430 million gain recognized on the Borgata acquisition and a $401 million gain related to the sale of Crystals at CityCenter, which was partially offset by charges of $152 million of NV Energy exit expense associated with our strategic decision to exit the fully bundled sales system of NV Energy. Operating income in 2017 also benefitted from a decrease in preopening expense as discussed below in "Operating Results – Details of Certain Charges." Corporate expense increased to $357 million in 2017 from $313 million in 2016, primarily from a $16 million charge for the Operating Partnership's share of real estate transfer taxes recorded in connection with the MGM National Harbor transaction, with the remainder of the increase primarily related to corporate brand campaign expenses, legal expenses, and charitable contributions. Income from unconsolidated affiliates was $146 million in 2017 compared to $528 million in 2016, which included the gain related to the sale of Crystals.

Net Revenues by Segment

The following table presents a detail by segment of net revenues:

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
Las Vegas Strip Resorts			
Table games win	$949,055	$931,508	$909,101
Slots win	1,140,269	1,106,192	1,100,761
Other	62,249	67,150	60,620
Less: Incentives	(743,840)	(668,020)	(675,662)
Casino revenue	1,407,733	1,436,830	1,394,820
Rooms	1,776,029	1,778,869	1,762,850
Food and beverage	1,402,378	1,410,496	1,432,717
Entertainment, retail and other	1,130,532	1,119,928	1,074,307
Non-casino revenue	4,308,939	4,309,293	4,269,874
	5,716,672	5,746,123	5,664,694
Regional Operations			
Table games win	793,754	722,966	341,090
Slots win	1,947,325	1,784,452	1,137,719
Other	108,690	92,377	32,268
Less: Incentives	(822,844)	(764,992)	(493,220)
Casino revenue	2,026,925	1,834,803	1,017,857
Rooms	318,017	319,049	182,809
Food and beverage	428,934	410,143	235,383
Entertainment, retail and other	160,645	145,725	84,108
Non-casino revenue	907,596	874,917	502,300
	2,934,521	2,709,720	1,520,157
MGM China			
VIP table games win	1,235,387	1,099,303	1,111,904
Main floor table games win	1,391,454	1,044,415	990,520
Slots win	284,919	180,500	161,972
Less: Commissions and incentives	(716,616)	(582,583)	(569,373)
Casino revenue	2,195,144	1,741,635	1,695,023
Rooms	118,527	54,824	57,367
Food and beverage	114,862	51,330	51,237
Entertainment, retail and other	21,424	10,371	8,331
Non-casino revenue	254,813	116,525	116,935
	2,449,957	1,858,160	1,811,958
Reportable segment net revenues	11,101,150	10,314,003	8,996,809
Corporate and other	661,946	483,476	481,460
	$11,763,096	$10,797,479	$9,478,269

Las Vegas Strip Resorts

Las Vegas Strip Resorts casino revenue decreased 2% in 2018 compared to 2017, primarily due to an increase in customer incentives. Las Vegas Strip Resorts casino revenue increased 3% in 2017 compared to 2016, primarily due to a 2% increase in table games win.

The following table shows key gaming statistics for our Las Vegas Strip Resorts:

	Year Ended December 31,		
	2018	2017	2016
	(Dollars in millions)		
Table Games Drop	$3,857	$3,777	$3,723
Table Games Win %	24.6 %	24.7 %	24.4 %
Slots Handle	$12,569	$12,396	$12,437
Slots Hold %	9.1 %	8.9 %	8.9 %

Las Vegas Strip Resorts rooms revenue was $1.8 billion in both 2018 and 2017. Las Vegas Strip Resorts rooms revenue increased 1% in 2017 compared to 2016 as a result of a 2% increase in REVPAR.

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

	Year Ended December 31,		
	2018	2017	2016
Occupancy	91 %	91 %	93 %
Average Daily Rate (ADR)	$161	$160	$154
Revenue per Available Room (REVPAR)	147	146	143

Las Vegas Strip Resorts food and beverage revenue decreased 1% in 2018 compared to 2017 primarily driven by disruption related to the rebranding of Park MGM and NoMad Las Vegas and the closure of certain restaurants, partially offset by an increase in catering and banquets revenue. Las Vegas Strip Resorts food and beverage revenue decreased 2% in 2017 compared to 2016 primarily due to a decrease related to the rebranding of Park MGM and NoMad Las Vegas.

Las Vegas Strip Resorts entertainment, retail and other revenues increased 1% in 2018 compared to 2017 due primarily to an increase in parking fees and in-room mini bar revenue. Las Vegas Strip Resorts entertainment, retail and other revenues increased 4% in 2017 compared to 2016 due primarily to the opening of the Park Theater in December 2016, parking fees and ATM commissions.

Regional Operations

Regional Operations casino revenue increased 10% in 2018 compared to 2017 primarily due to the opening of MGM Springfield and an 18% increase in both table games win and slots win at MGM National Harbor. Regional Operations casino revenue increased 80% in 2017 compared to 2016 due primarily to a full year of contributions from Borgata and MGM National Harbor, compared to a partial year of contributions in 2016.

The following table shows key gaming statistics for our Regional Operations:

	Year Ended December 31,		
	2018	2017	2016
	(Dollars in millions)		
Table Games Drop	$4,038	$3,872	$1,877
Table Games Win %	19.7 %	18.7 %	18.2 %
Slots Handle	$21,468	$19,634	$12,590
Slots Hold %	9.1 %	9.1 %	9.0 %

Regional Operations rooms revenue decreased less than 1% in 2018 compared to 2017 due primarily to a 2% decrease in REVPAR primarily related to inclement weather and increased competition in the Atlantic City, New Jersey market, which was partially offset by contributions from MGM Springfield. Regional Operations rooms revenue increased 75% in 2017 compared to 2016 due primarily to a full year of contributions from Borgata and MGM National Harbor, compared to a partial year of contributions in 2016.

Regional Operations food and beverage revenue increased 5% in 2018 compared to 2017 due primarily to contributions from MGM Springfield. Regional Operations food and beverage revenue increased 74% in 2017 compared to 2016 due primarily to a full year of contributions from Borgata and MGM National Harbor, compared to a partial year of contributions in 2016.

Regional Operations entertainment, retail and other revenue increased 10% in 2018 compared to 2017 due primarily to contributions from MGM Springfield and an increase in revenue from headliner shows at Borgata. Regional Operations entertainment, retail and other revenue increased 73% in 2017 compared to 2016 due primarily to a full year of contributions from Borgata and MGM National Harbor, compared to a partial year of contributions in 2016.

MGM China

The following table shows key gaming statistics for MGM China:

	Year Ended December 31,		
	2018	2017	2016
	(Dollars in millions)		
VIP Table Games Turnover	$40,599	$34,533	$34,613
VIP Table Games Win %	3.0 %	3.2 %	3.2 %
Main Floor Table Games Drop	$7,566	$5,159	$5,256
Main Floor Table Games Win %	18.4 %	20.2 %	18.8 %

MGM China net revenue increased 32% in 2018 compared to 2017 and benefited from the opening of MGM Cotai, which contributed $729 million of net revenues. Main floor table games win increased 33% compared to the prior year period due to the opening of MGM Cotai. VIP table games win increased 12% compared to the prior year period due to the opening of VIP junket rooms in September 2018 at MGM Cotai. MGM China net revenue increased 3% in 2017 compared to 2016 primarily as a result of an increase in main floor table games win of 5%, which was partially offset by a 1% decrease in VIP table games win.

Corporate and other

Corporate and other revenue includes revenues from other corporate operations, management services and reimbursed costs revenue primarily related to our CityCenter management agreement and $133 million in net revenues from MGP's Northfield casino, subsequent to its acquisition in July 2018. Reimbursed costs revenue represents reimbursement of costs, primarily payroll-related, incurred by us in connection with the provision of management services and was $425 million, $402 million and $397 million for 2018, 2017 and 2016, respectively. See below for additional discussion of our share of operating results from unconsolidated affiliates.

Adjusted EBITDA

The following table presents a detail of Adjusted EBITDA. Management uses Adjusted Property EBITDA as the primary profit measure for its reportable segments. See “Non-GAAP Measures” for additional information.

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
Adjusted EBITDA			
Las Vegas Strip Resorts	$1,705,479	$1,780,600	$1,661,921
Regional Operations	759,096	731,916	399,701
MGM China	568,294	535,524	529,281
Reportable segment Adjusted Property EBITDA	3,032,869	3,048,040	2,590,903
Corporate and other	(224,800)	(213,908)	203,193
	$2,808,069	$2,834,132	$2,794,096

Las Vegas Strip Resorts

Adjusted Property EBITDA at our Las Vegas Strip Resorts decreased 4% in 2018 compared to 2017 due primarily to a decrease in casino revenue, as discussed above, and was also impacted by disruption related to the rebranding of Park MGM, which was partially offset by business interruption insurance proceeds, as discussed above. Adjusted Property EBITDA margin decreased in 2018 by 115 basis points compared to 2017 to 29.8%.

Adjusted Property EBITDA at our Las Vegas Strip Resorts increased 7% in 2017 compared to 2016 due primarily to an increase in casino and non-casino revenue, as discussed above. Adjusted Property EBITDA margin increased 165 basis points from 2016 to 31.0% due to an increase in casino and non-casino revenue as discussed above as well as a decrease in general and administrative expense related to payroll costs and utilities.

Regional Operations

Adjusted Property EBITDA at our Regional Operations increased 4% in 2018 compared to 2017 and benefitted from the opening of MGM Springfield and an increase in casino and non-casino revenue, as discussed above. Adjusted Property EBITDA margin decreased in 2018 by 114 basis points compared to 2017 to 25.9%, primarily as a result of the ramp up of operations at MGM Springfield, as well as a decrease in Adjusted Property EBITDA margin at Borgata due to a decrease in casino, rooms and food and beverage revenue as a result of inclement weather and increased competition in Atlantic City, New Jersey.

Adjusted Property EBITDA at our Regional Operations increased 83% in 2017 compared to 2016 and benefitted from a full year of operations at Borgata and National Harbor. Adjusted Property EBITDA margin was 27.0% in 2017 compared to 26.3% in 2016.

MGM China

MGM China's Adjusted Property EBITDA increased 6% in 2018 compared to 2017 due primarily to the opening of MGM Cotai. Excluding intercompany license fees of $43 million and $34 million for the years ended December 31, 2018 and 2017, respectively, Adjusted Property EBITDA increased 7% compared to 2017. Adjusted Property EBITDA margin was 23.2% in 2018 compared to 28.8% in 2017, decreasing primarily as a result of the ramp up of operations at MGM Cotai and a decrease in win percentages for both main floor and VIP table games at MGM Macau.

MGM China's Adjusted Property EBITDA increased 1% in 2017 compared to 2016. Excluding intercompany license fees of $34 million for both the years ended December 31, 2017 and 2016, Adjusted Property EBITDA increased 1% compared to 2016. Adjusted Property EBITDA margin was 28.8% in 2017 compared to 29.2% in 2016 and decreased in part as a result of a 7% increase in general and administrative expense.

Corporate and other

Adjusted EBITDA related to corporate and other in 2018 decreased compared to the prior year due primarily to an increase in stock-based compensation, and an increase in corporate expense as described in "Summary Operating Results," which was partially offset by the inclusion of $45 million of Adjusted Property EBITDA related to MGP's Northfield casino.

Adjusted EBITDA related to corporate and other in 2017 decreased compared to the prior year due to our share of the gain recognized in 2016 from the sale of Crystals at CityCenter, the gain on the acquisition of Borgata in 2016 and an increase in stock-based compensation, partially offset by the cessation of equity method accounting for Borgata subsequent to the acquisition and an increase in corporate expense as described in "Summary Operating Results." See "Operating Results – Income from Unconsolidated Affiliates" for further discussion regarding CityCenter.

Operating Results – Details of Certain Charges

Preopening and start-up expenses consisted of the following:

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
MGM China	$64,341	$86,970	$27,848
MGM Springfield	60,787	22,881	26,210
Park MGM rebranding	22,569	6,498	589
MGM National Harbor	163	366	77,242
Other	3,532	1,760	8,186
	$151,392	$118,475	$140,075

Preopening and start-up expenses increased in 2018 due primarily to an increase in preopening and start-up expenses at MGM Springfield (which opened in August 2018) and at Park MGM as part of the property's rebranding, which was partially offset by a decrease in preopening at MGM China due to the opening of MGM Cotai in February 2018.

Preopening and start-up expenses decreased in 2017 compared to 2016 due primarily to a decrease in preopening and start-up expenses at MGM National Harbor (as it opened in December 2016), partially offset by an increase in preopening and start-up expenses at MGM China related to MGM Cotai and at Park MGM as part of the property's rebranding.

Property transactions, net consisted of the following:

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
Gain on sale of Grand Victoria	$(44,703)	$—	$—
Other property transactions, net	53,850	50,279	17,078
	$9,147	$50,279	$17,078

See Note 15 to the accompanying consolidated financial statements for a discussion of property transactions, net for the years ended December 31, 2018, 2017 and 2016.

Operating Results – Income from Unconsolidated Affiliates

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

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
CityCenter	$138,383	$133,400	$445,852
Borgata (through July 31, 2016)	—	—	61,169
Other	9,307	12,822	21,266
	$147,690	$146,222	$528,287

We completed our acquisition of Borgata on August 1, 2016 and therefore began to consolidate Borgata beginning on that date. Prior thereto our 50% ownership interest in Borgata was accounted for under the equity method.

In 2018, our share of CityCenter's operating results, including certain basis difference adjustments, was $138 million compared to $133 million in 2017, primarily due to a $12 million gain on the sale of Mandarin Oriental that we recognized in 2018 related to the reversal of basis differences in excess of our share of the loss recorded by CityCenter. At Aria, casino revenues decreased 2% in 2018 compared to 2017 due to an increase in incentives and a decrease in table games hold. CityCenter's non-casino revenues increased 7% in 2018 compared to 2017 primarily related to an increase in food and beverage revenue due in part to an increase in restaurant revenues and an increase in catering and banquets during the year.

In 2017, our share of CityCenter's operating results, including certain basis difference adjustments, was $133 million compared to $446 million in 2016, primarily due to our $401 million share of a gain recognized by CityCenter on the sale of Crystals and the corresponding reversal of certain basis differences in 2016. At Aria, casino revenues increased 11% in 2017 compared to 2016 due to an increase in table games win and slots win. Rooms revenue increased 4% in 2017 compared to 2016 related to an increase in REVPAR and food and beverage revenue increased 6% in 2017 due in part to an increase in catering and banquets during the year.

Non-operating Results

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

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
Total interest incurred	$821,229	$779,855	$814,731
Interest capitalized	(51,716)	(111,110)	(119,958)
	$769,513	$668,745	$694,773

Gross interest expense in 2018 increased $41 million compared to 2017 due to an increase in the average debt outstanding relating to our senior notes and our credit facilities and an increase in the weighted average interest rate of our credit facilities, partially offset by a decrease in amortization of debt issuance costs. Gross interest expense decreased in 2017 compared to 2016 primarily as a result of a decrease in the average debt outstanding related to our senior notes and a decrease in the weighted average interest rate of our senior notes. This was partially offset by an increase in the average debt outstanding under our credit facilities and an increase in amortization of debt issuance costs. See Note 9 to the accompanying consolidated financial statements for additional discussion on long-term debt and see “Liquidity and Capital Resources” for additional discussion on issuances and repayments of long-term debt and other sources and uses of cash.

Capitalized interest in 2018 decreased from 2017 due primarily to the substantial completion of MGM Cotai in February 2018, partially offset by an increase related to the MGM Springfield project, which was substantially completed in August 2018. Capitalized interest in 2017 decreased from 2016 due primarily to the opening of MGM National Harbor in December 2016, partially offset by the MGM Cotai and MGM Springfield projects.

Non-operating items from unconsolidated affiliates. Non-operating expense from unconsolidated affiliates decreased $18 million in 2017 compared to 2016, due primarily to the acquisition of Borgata on August 1, 2016, at which time, we began to consolidate Borgata. Prior thereto, our 50% ownership interest in Borgata was accounted for under the equity method.

Other, net. Other expense in 2018 decreased $30 million compared to 2017 due primarily to the loss incurred on early retirement of debt in 2017 of $44 million related to our early retirement of the 11.375% senior notes due 2018 and the MGM National Harbor credit facility. Other expense in 2017 decreased $24 million compared to 2016 primarily due to the loss on the early retirement of debt in 2016 of $65 million related to our 7.625% senior notes due 2017, our 7.5% senior notes due 2016, our 10% senior notes due 2016, and our prior senior credit facility, offset by the loss on early retirement of debt incurred in 2017 as described above.

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

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
Income before income taxes	$634,006	$960,790	$1,257,589
Benefit (provision) for income taxes	(50,112)	1,127,394	(21,743)
Effective income tax rate	7.9 %	(117.3)%	1.7 %
Federal, state and foreign income taxes paid, net of refunds	$(10,100)	$181,651	$68,236

Our effective tax rate for 2018 was favorably impacted by the reduction in the U.S. federal income tax rate from 35% to 21%, the reversal of Macau shareholder dividend tax that was accrued in 2017 upon receipt of the extension of the annual fee arrangement, partially offset by SAB 118 measurement period tax expense related to the U.S. Tax Cuts and Jobs Act (the "Tax Act"). Our effective tax rate in 2017 was favorably impacted by a non-recurring, non-cash income tax benefit of $1.4 billion resulting from the remeasurement of deferred tax assets and liabilities required due to the enactment of the Tax Act, partially offset by the accrual of the Macau shareholder dividend tax. Our effective tax rate in 2016 was favorably impacted by income tax benefits attributable to a decrease in valuation allowance on foreign tax credit ("FTC") carryovers and permanent exclusion of a portion of the gain on the Borgata transaction, partially offset by income tax expense attributable to the remeasurement of Macau deferred tax liabilities resulting from a change in assumption concerning renewal of the exemption from the Macau complementary tax on gaming profits.

Cash taxes paid decreased in 2018 primarily due to the impact of the Tax Act changes, most notably the increase in the recapture of overall domestic losses from 50 percent of U.S. taxable income to 100 percent of U.S. taxable income, resulting in increased FTC carryover usage. Cash taxes paid increased in 2017 compared to 2016 primarily due to an increase in federal income taxes paid resulting from increased U.S. taxable income and state income taxes attributable to Borgata, which has been consolidated since the August 2016 acquisition of Boyd Gaming's interest in the company.

Non-GAAP Measures

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

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

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

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
Net income attributable to MGM Resorts International	$466,772	$1,952,052	$1,100,408
Plus: Net income attributable to noncontrolling interests	117,122	136,132	135,438
Net income	583,894	2,088,184	1,235,846
Provision (benefit) for income taxes	50,112	(1,127,394)	21,743
Income before income taxes	634,006	960,790	1,257,589
Non-operating expense			
Interest expense, net of amounts capitalized	769,513	668,745	694,773
Non-operating items from unconsolidated affiliates	47,827	34,751	53,139
Other, net	18,140	48,241	72,698
	835,480	751,737	820,610

Operating income	1,469,486	1,712,527	2,078,199
NV Energy exit expense	—	(40,629)	139,335
Preopening and start-up expenses	151,392	118,475	140,075
Property transactions, net	9,147	50,279	17,078
Gain on Borgata transaction	—	—	(430,118)
Depreciation and amortization	1,178,044	993,480	849,527
Adjusted EBITDA	$2,808,069	$2,834,132	$2,794,096

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

	Year Ended December 31, 2018					
	Operating Income (Loss)	NV Energy Exit Expense	Preopening and Start-up Expenses	Property Transactions, Net	Depreciation and Amortization	Adjusted EBITDA
	(In thousands)					
Bellagio	$405,221	$ —	$ —	$ 1,661	$ 82,984	$489,866
MGM Grand Las Vegas	304,590	—	—	750	66,226	371,566
Mandalay Bay	174,268	—	—	787	90,686	265,741
The Mirage	94,226	—	—	1,677	35,961	131,864
Luxor	81,197	—	114	562	38,876	120,749
New York-New York	112,570	—	—	250	24,802	137,622
Excalibur	91,394	—	—	68	19,793	111,255
Park MGM	(75,060)	—	22,569	19,901	46,880	14,290
Circus Circus Las Vegas	43,592	—	—	402	18,532	62,526
Las Vegas Strip Resorts	1,231,998	—	22,683	26,058	424,740	1,705,479
MGM Grand Detroit	173,515	—	—	(95)	22,397	195,817
Beau Rivage	76,855	—	51	510	26,490	103,906
Gold Strike Tunica	43,066	—	45	71	8,899	52,081
Borgata	139,935	—	—	936	57,523	198,394
MGM National Harbor	119,383	—	163	271	75,292	195,109
MGM Springfield	(34,757)	—	32,435	—	16,111	13,789
Regional Operations	517,997	—	32,694	1,693	206,712	759,096
MGM Macau	406,763	—	—	630	70,728	478,121
MGM Cotai	(190,959)	—	64,341	24,224	192,567	90,173
MGM China	215,804	—	64,341	24,854	263,295	568,294
Unconsolidated resorts	144,369	—	3,321	—	—	147,690
Management and other operations	55,465	—	—	178	19,147	74,790
	2,165,633	—	123,039	52,783	913,894	3,255,349
Stock compensation	(68,211)	—	—	—	—	(68,211)
Corporate	(627,936)	—	28,353	(43,636)	264,150	(379,069)
	$1,469,486	$ —	$ 151,392	$ 9,147	$ 1,178,044	$2,808,069

	Year Ended December 31, 2017					
	Operating Income (Loss)	NV Energy Exit Expense	Preopening and Start-up Expenses	Property Transactions, Net	Depreciation and Amortization	Adjusted EBITDA
	(In thousands)					
Bellagio	$419,462	$(6,970)	$ —	$ 924	$ 92,320	$505,736
MGM Grand Las Vegas	279,841	(7,424)	6	1,752	70,510	344,685
Mandalay Bay	169,828	(8,524)	—	590	96,577	258,471
The Mirage	140,881	(4,043)	—	304	39,854	176,996
Luxor	89,127	(3,394)	—	2,428	38,489	126,650
New York-New York	107,953	(2,025)	(162)	720	28,550	135,036
Excalibur	97,382	(2,658)	—	485	18,352	113,561
Park MGM	(30,659)	(2,461)	6,532	33,510	42,269	49,191
Circus Circus Las Vegas	55,256	(3,130)	452	940	16,756	70,274
Las Vegas Strip Resorts	1,329,071	(40,629)	6,828	41,653	443,677	1,780,600
MGM Grand Detroit	153,533	—	—	—	22,747	176,280
Beau Rivage	62,543	—	—	370	24,865	87,778
Gold Strike Tunica	43,722	—	—	91	9,069	52,882
Borgata	206,445	—	1,430	1,417	71,878	281,170
MGM National Harbor	50,696	—	366	—	82,744	133,806
Regional Operations	516,939	—	1,796	1,878	211,303	731,916
MGM China	204,190	—	86,970	6,286	238,078	535,524
Unconsolidated resorts	146,222	—	—	—	—	146,222
Management and other operations	18,913	—	—	—	7,925	26,838
	2,215,335	(40,629)	95,594	49,817	900,983	3,221,100
Stock compensation	(60,936)	—	—	—	—	(60,936)
Corporate	(441,872)	—	22,881	462	92,497	(326,032)
	$1,712,527	$(40,629)	$ 118,475	$ 50,279	$ 993,480	$2,834,132

	Year Ended December 31, 2016					
	Operating Income (Loss)	NV Energy Exit Expense	Preopening and Start-up Expenses	Property Transactions, Net and Gain on Borgata Transaction	Depreciation and Amortization	Adjusted EBITDA
	(In thousands)					
Bellagio	$368,106	$23,815	$ —	$ 118	$ 88,783	$480,822
MGM Grand Las Vegas	232,492	25,365	82	1,719	72,188	331,846
Mandalay Bay	114,717	29,123	252	2,377	89,655	236,124
The Mirage	86,035	13,813	—	44	40,270	140,162
Luxor	57,848	11,594	1,625	708	36,612	108,387
New York-New York	93,316	7,439	479	210	20,432	121,876
Excalibur	72,023	9,083	—	4,405	16,152	101,663
Park MGM	33,547	8,409	1,929	1,131	34,102	79,118
Circus Circus Las Vegas	33,450	10,694	—	816	16,963	61,923
Las Vegas Strip Resorts	1,091,534	139,335	4,367	11,528	415,157	1,661,921
MGM Grand Detroit	146,722	—	—	(59)	23,608	170,271
Beau Rivage	68,210	—	—	(172)	25,880	93,918
Gold Strike Tunica	39,409	—	—	67	9,792	49,268
Borgata	34,271	—	90	8,652	33,923	76,936
MGM National Harbor	(13,914)	—	17,986	—	5,236	9,308
Regional Operations	274,698	—	18,076	8,488	98,439	399,701
MGM China	263,809	—	27,848	(216)	237,840	529,281
Unconsolidated resorts	525,119	—	3,168	—	—	528,287
Management and other operations	3,382	—	1,150	29	7,505	12,066
	2,158,542	139,335	54,609	19,829	758,941	3,131,256
Stock compensation	(53,503)	—	—	—	—	(53,503)
Corporate	(26,840)	—	85,466	(432,869)	90,586	(283,657)
	$2,078,199	$139,335	$ 140,075	$ (413,040)	$ 849,527	$2,794,096

Liquidity and Capital Resources

Cash Flows – Summary

Our cash flows consisted of the following:

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
Net cash provided by operating activities	$1,722,539	$2,206,411	$1,533,972
Net cash used in investing activities	(2,083,021)	(1,580,592)	(2,276,204)
Net cash provided by (used in) financing activities	389,234	(568,778)	519,422

Cash Flows

Operating activities. Trends in our operating cash flows tend to follow trends in operating income, excluding non-cash charges, but can be affected by changes in working capital, the timing of significant interest payments, tax payments or refunds, and distributions from unconsolidated affiliates. Cash provided by operating activities was $1.7 billion in 2018 compared to $2.2 billion in 2017. Operating cash flows decreased in the current period primarily due to the change in working capital related to timing of significant purchases of chips by gaming promoters at MGM China, as well as a decrease in consolidated operating income, and an increase in cash paid for interest. In 2018 we received net cash tax refunds of $10 million compared to cash paid for taxes of $182 million in 2017 primarily as a result of the Tax Act.

Cash provided by operating activities in 2017 in comparison to 2016 was positively affected by increase in operating income at our Las Vegas Strip Resorts and Regional Operations and changes in working capital primarily related to the timing of significant purchases of chips by gaming promoters at MGM China, partially offset by an increase in cash paid for taxes to $182 million in 2017 compared to $68 million in 2016.

Investing activities. Our investing cash flows can fluctuate significantly from year to year depending on our decisions with respect to strategic capital investments in new or existing resorts, business acquisitions or dispositions, and the timing of maintenance capital expenditures to maintain the quality of our resorts. Capital expenditures related to regular investments in our existing resorts can also vary depending on timing of larger remodel projects related to our public spaces and hotel rooms.

Cash used in investing activities in 2018 increased in comparison to 2017 as a result of the $1.0 billion outflow by the Operating Partnership for the Northfield acquisition, partially offset by a decrease of $377 million in capital expenditures as well as an inflow of $164 million for proceeds received related to the sale of our investment in Grand Victoria. The decrease in capital expenditures from 2018 to 2017 of $377 million primarily reflects less expenditures for the developments of MGM Cotai and MGM National Harbor, partially offset by increased expenditures for MGM Springfield and the rebranding at Park MGM, as discussed in further detail below.

Cash used in investing activities in 2017 decreased in comparison to 2016 as a result of the $559 million outflow for the Borgata acquisition in 2016 as well as a $398 million decrease in capital expenditures, partially offset by a decrease of $240 million in the distributions received from CityCenter. The decrease in capital expenditures from 2016 to 2017 of $398 million primarily reflects less expenditures for the developments of MGM Cotai and MGM National Harbor, partially offset by increased expenditures for MGM Springfield and the rebranding of Park MGM, as discussed in further detail below.

Capital Expenditures

In 2018, we had capital expenditures of $1.5 billion, of which $376 million related to MGM China, excluding development fees and capitalized interest on development fees eliminated in consolidation. Capital expenditures at MGM China included $340 million related to the construction of MGM Cotai and $36 million related to projects at MGM Macau. Capital expenditures at our Las Vegas Strip Resorts, Regional Operations and corporate entities of $1.1 billion included $368 million related to the construction of MGM Springfield, $228 million related to the Park MGM rebranding project, as well as expenditures relating to the expansion of the convention center at MGM Grand Las Vegas and various room, restaurant, and entertainment venue remodels.

In 2017, we had capital expenditures of $1.9 billion, which included $908 million at MGM China, excluding development fees and capitalized interest on development fees eliminated in consolidation. Capital expenditures at MGM China included $856 million related to the construction of MGM Cotai and $53 million related to improvements at MGM Macau. Capital expenditures at our Las Vegas Strip Resorts, Regional Operations and corporate entities of $956 million included $269 million related to the construction of MGM Springfield, $221 million related to the rebranding at Park MGM, and $195 million primarily related to the finalization of construction of MGM National Harbor, as well as various resorts' room remodels, construction of additional convention space at MGM Grand Las Vegas, the parking garage at Excalibur, a waterpark at Circus Circus, and various restaurant and entertainment venue remodels.

In 2016, we had capital expenditures of $2.3 billion, which included $971 million at MGM China, excluding development fees and capitalized interest on development fees eliminated in consolidation. Capital expenditures at MGM China included $948 million related to the construction of MGM Cotai and $23 million related to improvements at MGM Macau. Capital expenditures at our Las Vegas Strip Resorts, Regional Operations and corporate entities of $1.3 billion included $741 million related to the construction of MGM National Harbor, $121 million related to the construction of MGM Springfield, $39 million related to the construction of The Park, as well as various room remodels including the tower rooms at Mandalay Bay, construction of additional exhibit space at the Mandalay Bay Convention Center, construction of the Park Theater and rebranding at Park MGM, construction of the parking garage at Excalibur and restaurant and entertainment venue remodels.

Financing activities. Cash provided by financing activities increased in 2018 from the cash used in financing activities in 2017 primarily as a result of net borrowings of debt in 2018 of $2.2 billion in comparison to net repayments of debt in 2017 of $138 million, partially offset by MGP’s issuance of class A shares in 2017, and an increase in shares repurchased in 2018 compared to 2017.

Cash used in financing activities decreased in 2017 from the cash provided by financing activities in 2016 primarily as a result of the net proceeds of $1.1 billion from MGP’s issuance of class A shares in 2016 compared to the net proceeds of $388 million from MGP’s issuance of class A shares in 2017, dividends that we began paying in 2017, as well as an increase of $67 million in distributions to noncontrolling interest owners, partially offset by net payments of debt in 2017 of $138 million compared to net repayments of debt of $301 million in 2016 as well as the $100 million paid in 2016 as part of consideration for the purchase of additional shares of MGM China.

Borrowings (repayments) of debt

In 2018, we borrowed net debt of $2.2 billion which primarily consisted of the issuance of $1.0 billion 5.750% senior notes due 2025, $368 million of net borrowings on our senior credit facility, $137 million of net borrowings on the MGM China credit facility, and $728 million of net borrowings on the Operating Partnership senior credit facility. Additionally, we paid $77 million of debt issuance costs related to the amendments of the Operating Partnership's senior credit facility in March and June 2018, the amendment of MGM China's credit facility in June 2018, the amendment of our senior credit facility in December 2018, and the issuance of the $1.0 billion 5.750% senior notes.

In 2017, we repaid net debt of $138 million which primarily consisted of a $135 million draw on our senior credit facility, a $462 million draw on the MGM China credit facility, and a $28 million draw on the MGM National Harbor credit facility, as well as the Operating Partnership's issuance of $350 million 4.50% senior notes due 2028 in connection with the MGM National Harbor transaction, partially offset by the redemption of our $475 million 11.375% senior notes at a premium, the repayment of $478 million MGM National Harbor credit facility, as well as amortization payments of $132 million on our term loan facilities.

In 2016, we repaid net debt of $301 million. In April 2016, in connection with the MGP IPO and related financing transactions we permanently repaid $2.7 billion under our prior senior secured credit facility and entered into an amended and restated senior secured credit facility under which we borrowed $250 million. The Operating Partnership borrowed net debt of $2.1 billion during 2016 under its senior credit facility. In addition, MGM National Harbor borrowed $450 million under its credit facility, MGM China borrowed $374 million under its revolving credit facility, and we permanently repaid $584 million under Borgata's credit facility. The following senior notes were issued during 2016:

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

We redeemed the following senior notes during 2016:

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

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

MGM Resorts International stock repurchase program. In May 2018, our Board of Directors authorized a $2.0 billion stock repurchase program and completed the previously announced $1.0 billion stock repurchase program. We repurchased approximately $1.3 billion and $328 million of our common stock in connection with the program in 2018 and 2017, respectively.

MGM Resorts International dividends. During 2018, we paid dividends each quarter of $0.12 per share, totaling $261 million for the year. On February 13, 2019 the Board of Directors approved a quarterly dividend to holders of record on March 8, 2019 of $0.13 per share, totaling approximately $70 million, which will be paid on March 15, 2019. During 2017, we paid dividends each quarter of $0.11 per share, totaling $252 million for the year.

Operating Partnership distributions and MGP dividends. The Operating Partnership paid the following distributions to its partnership unit holders:

- $119 million distribution paid in January 2019, of which we received $87 million and MGP received $32 million, which MGP concurrently paid as a dividend to its Class A shareholders;
- $454 million of distributions paid in 2018, of which we received $333 million and MGP received $121 million, which MGP concurrently paid as a dividend to its Class A shareholders;
- $385 million of distributions paid in 2017, of which we received $290 million and MGP received $95 million, which MGP concurrently paid as a dividend to its Class A shareholders; and
- $151 million of distributions paid in 2016, of which we received $113 million and MGP received $38 million, which MGP concurrently paid as a dividend to its Class A shareholders.

MGM China dividends. MGM China paid the following dividends to its shareholders:

- $78 million of dividends paid in 2018, of which we received $44 million and noncontrolling interests received $34 million;

- $134 million of dividends paid in 2017, of which we received $75 million and noncontrolling interests received $59 million; and
- $104 million of dividends paid in 2016, of which we received $53 million and noncontrolling interests received $51 million.

Other Factors Affecting Liquidity

Anticipated uses of cash. We require a certain amount of cash on hand to operate our resorts. In addition to required cash on hand for operations, we utilize corporate cash management procedures to minimize the amount of cash held on hand or in banks. Funds are swept from the accounts at most of our domestic resorts daily into central bank accounts, and excess funds are invested overnight or are used to repay borrowings under our senior secured credit facility. In addition, from time to time we may use excess funds to repurchase our outstanding debt and equity securities subject to limitations in our senior secured credit facility and Delaware law, as applicable. We have significant outstanding debt, interest payments, and contractual obligations in addition to planned capital expenditures and acquisitions.

We held cash and cash equivalents of $1.5 billion at December 31, 2018, of which MGM China held $510 million and the Operating Partnership held $60 million. At December 31, 2018, we had $15.3 billion in principal amount of indebtedness, including $750 million of borrowings outstanding under our $2.3 billion senior secured credit facility, $2.8 billion outstanding under the $3.6 billion Operating Partnership credit facility, and $2.4 billion outstanding under the $2.8 billion MGM China credit facility. We expect to make domestic capital investments at our resorts and corporate entities of $600 million to $650 million, which excludes $45 million to $50 million of construction closeout costs at MGM Springfield. Additionally, we expect to make capital investments at MGM China of $350 million to $375 million, which includes $250 million of construction closeout costs at MGM Cotai and $100 million to $125 million of maintenance capital expenditures.

We also closed the acquisition of Empire City in January 2019 for a purchase price of approximately $864 million. We funded the acquisition of Empire City with the issuance of approximately $266 million of our common stock, the assumption of approximately $246 million of debt, which was immediately assumed and repaid by the Operating Partnership, and the remaining balance in cash. Additionally, in January 2019, the Operating Partnership issued $750 million in aggregate principal amount of 5.75% senior notes due 2027 and, in February 2019, we repaid our $850 million 8.625% notes due 2019. We expect to meet our remaining debt maturities and planned capital expenditure requirements with future anticipated operating cash flows, cash and cash equivalents, and available borrowings under our credit facilities.

Principal Debt Arrangements

See Note 9 to the accompanying consolidated financial statements for information regarding our debt agreements as of December 31, 2018.

Off Balance Sheet Arrangements

Our off-balance sheet arrangements consist primarily of investments in unconsolidated affiliates, which consists primarily of our investment in CityCenter. We have not entered into any transactions with special purpose entities, nor have we engaged in any derivative transactions, other than the Operating Partnership's cash flow hedges. See Note 9 to the accompanying consolidated financial statements for additional information. Our unconsolidated affiliate investments allow us to realize the proportionate benefits of owning a full-scale resort or other entertainment facilities in a manner that minimizes our initial investment. In addition, there are no other provisions in the agreements with our investees which we believe are unusual or subject us to risks to which we would not be subjected if we had full ownership of the resort.

Commitments and Contractual Obligations

The following table summarizes our scheduled contractual obligations as of December 31, 2018:

	2019	2020	2021	2022	2023	Thereafter	Total
	(In millions)						
Long-term debt (1)	$1,273	$1,966	$1,716	$2,306	$2,885	$ 5,107	$15,253
Estimated interest payments on long-term debt (2)	809	737	636	465	351	420	3,418
Construction commitments	61	—	—	—	—	—	61
Operating leases (3)	107	83	62	47	45	1,358	1,702
Other long-term liabilities (4)	—	2	8	7	—	61	78
Other purchase obligations (5)	34	6	5	3	2	4	54
	$2,284	$2,794	$2,427	$2,828	$3,283	$ 6,950	$20,566

(1) Reflects scheduled amortization payments and debt maturities. Refer to Note 9 for further information on long-term debt.

(2) Estimated interest payments, including the impact of interest rate swap agreements, are based on principal amounts and expected maturities of debt outstanding at December 31, 2018 and management's forecasted LIBOR rates for our senior credit facility, the Operating Partnership senior credit facility and HIBOR rates for the MGM China credit facility.

(3) Refer to Note 11 for further information on operating leases.

(4) Reflects future expected cash outlays of our other long-term liabilities recorded on our balance sheet as of December 31, 2018, and, accordingly, we have not included such liabilities above that do not have future cash payments, such as deferred rent. We have also excluded deferred income tax liabilities and unrecognized tax benefits from the amounts presented in the table as the amounts that will be settled in cash are not known and the timing of any payments is uncertain.

(5) Our purchase obligations represent minimum obligations we have under agreements with certain of our vendors, primarily advertising and entertainment contracts. Also, although open purchase orders are considered enforceable and legally binding, the terms generally allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to the delivery of goods or performance of services, and hence, have not been included in the table above.

Critical Accounting Policies and Estimates

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

Allowance for Doubtful Casino Accounts Receivable

Marker play represents a significant portion of the table games volume at certain of our Las Vegas resorts. Our other casinos do not emphasize marker play to the same extent, although we offer markers to customers at those casinos as well. MGM China extends credit to certain in-house VIP gaming customers and gaming promoters. We maintain strict controls over the issuance of markers and aggressively pursue collection from our customers who fail to pay their marker balances timely. These collection efforts are similar to those used by most large corporations when dealing with overdue customer accounts, including the mailing of statements and delinquency notices, personal contacts, the use of outside collection agencies and civil litigation. Markers are generally legally enforceable instruments in the United States and Macau. Markers are not legally enforceable instruments in some foreign countries, but the United States assets of foreign customers may be reached to satisfy judgments entered in the United States. We consider the likelihood and difficulty of enforceability, among other factors, when we issue credit to customers at our domestic resorts who are not residents of the United States. MGM China performs background checks and investigates the credit worthiness of gaming promoters and casino customers prior to issuing credit. Refer to Note 2 for further discussion of the Company's casino receivables and those due from customers residing in foreign countries.

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

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

The following table shows key statistics related to our casino receivables, net of discounts:

	December 31,	
	2018	2017
	(In thousands)	
Casino receivables	$419,127	$343,869
Allowance for doubtful casino accounts receivable	85,544	86,126
Allowance as a percentage of casino accounts receivable	20%	25%

Approximately $48 million and $31 million of casino receivables and $12 million and $7 million of the allowance for doubtful casino accounts receivable relate to MGM China at December 31, 2018 and 2017, respectively. The allowance for doubtful accounts as a percentage of casino accounts receivable decreased in the current year due to a decrease in specific reserve at our Las Vegas Strip Resorts as a result of favorable collections. At December 31, 2018, a 100 basis-point change in the allowance for doubtful accounts as a percentage of casino accounts receivable would change income before income taxes by $4 million.

Fixed Asset Capitalization and Depreciation Policies

Property and equipment are stated at cost. A significant amount of our property and equipment was acquired through business combinations and was therefore recognized at fair value at the acquisition date. Maintenance and repairs that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets. When we construct assets, we capitalize direct costs of the project, including fees paid to architects and contractors, property taxes, and certain costs of our design and construction subsidiaries. In addition, interest cost associated with major development and construction projects is capitalized as part of the cost of the project. Interest is typically capitalized on amounts expended on the project using the weighted-average cost of our outstanding borrowings. Capitalization of interest starts when construction activities begin and ceases when construction is substantially complete or development activity is suspended for more than a brief period.

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

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

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

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

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

We review indefinite-lived intangible assets at least annually and between annual test dates in certain circumstances. We perform our annual impairment test for indefinite-lived intangible assets in the fourth quarter of each fiscal year. Indefinite-lived intangible assets consist primarily of license rights and trademarks. For our 2018 and 2017 annual impairment tests, we utilized the option to perform a qualitative (“step zero”) analysis for certain of our indefinite-lived intangibles and concluded it was more likely than not that the fair values of such intangibles exceeded their carrying values by a substantial margin. We elected to perform a quantitative analysis for the Borgata trade name using the relief-from -royalty method, for which the fair value exceeded its carrying value by approximately 14% in 2018 and 4% in 2017. For our 2016 annual impairment tests we utilized a quantitative analysis for all of our intangible assets, using a discounted cash flow approach for license rights and using the relief-from-royalty method for trademarks. The estimated fair values of the intangibles were substantially in excess of their carrying values, with the fair value of the Borgata trade name exceeding its carrying value by approximately 2%, reflecting the recentness of the Borgata acquisition which occurred in August 2016. As discussed below, management makes significant judgments and estimates as part of these analyses. If certain future operating results do not meet current expectations it could cause carrying values of the intangibles to exceed their fair values in future periods, potentially resulting in an impairment charge.

We review goodwill at least annually and between annual test dates in certain circumstances. None of our reporting units incurred any goodwill impairment charges in 2018, 2017 or 2016. For our 2018, 2017, and 2016 annual impairment tests, we utilized the option to perform a step zero analysis for certain of our reporting units and concluded it was more likely than not that the fair values of such reporting units exceeded their carrying values by a substantial margin. For reporting units for which we elected to perform a quantitative analysis, the fair value of such reporting units exceeded their carrying value by a substantial margin. As discussed below, management makes significant judgments and estimates as part of these analyses. If future operating results of our reporting units do not meet current expectations it could cause carrying values of our reporting units to exceed their fair values in future periods, potentially resulting in a goodwill impairment charge.

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

See Note 2 and Note 7 to the accompanying consolidated financial statements for further discussion of goodwill and other intangible assets.

Impairment of Investments in Unconsolidated Affiliates

See Note 2 to the accompanying consolidated financial statements for discussion of our evaluation of other-than-temporary impairment of investments in unconsolidated affiliates. None of our investments in unconsolidated affiliates had other-than-temporary impairment in 2018, 2017, or 2016.

Income Taxes

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

We file income tax returns in the U.S. federal jurisdiction, various state and local jurisdictions, and foreign jurisdictions, although the income taxes paid in foreign jurisdictions are not material. Our income tax returns are subject to examination by the Internal Revenue Service ("IRS") and other tax authorities. Positions taken in tax returns are sometimes subject to uncertainty in the tax laws and may not ultimately be accepted by the IRS or other tax authorities. See Note 10 in the accompanying consolidated financial statements for a discussion of the status and impact of examinations by tax authorities.

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

Refer to Note 10 in the accompanying consolidated financial statements for further discussion relating to income taxes.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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 and by utilizing interest rate swap agreements that provide for a fixed interest payment on the Operating Partnership's term loan B facility. A change in interest rates generally does not have an impact upon our future earnings and cash flow for fixed-rate debt instruments. As fixed-rate debt matures, however, and if additional debt is acquired to fund the debt repayment, future earnings and cash flow may be affected by changes in interest rates. This effect would be realized in the periods subsequent to the periods when the debt matures. We do not hold or issue financial instruments for trading purposes and do not enter into derivative transactions that would be considered speculative positions.

As of December 31, 2018, variable rate borrowings represented approximately 31% of our total borrowings after giving effect to the $500 million and $700 million notional amount Operating Partnership interest rate swaps with weighted average fixed rates that we pay 1.764% and 1.901%, respectively. In December 2018, the Operating Partnership entered into additional interest rate swap agreements, for which the Operating Partnership will pay a weighted average 2.735% on a total notional amount of $400 million. These swaps will be effective December 31, 2019, at which point the Operating Partnership will be paying a combined weighted average 2.066%. The following table provides additional information about our gross long-term debt subject to changes in interest rates excluding the effect of the Operating Partnership interest rate swaps discussed above:

	Debt maturing in,							Fair Value December 31,
	2019	2020	2021	2022	2023	Thereafter	Total	2018
	(In millions)							
Fixed-rate	$850	$1,500	$1,250	$1,000	$1,250	$ 3,401	$9,251	$ 9,179
Average interest rate	8.6 %	6.3 %	6.6 %	7.8 %	6.0 %	5.2 %	6.3 %	
Variable rate	$423	$466	$466	$1,306	$1,635	$ 1,706	$6,002	$ 5,893
Average interest rate	4.7 %	4.7 %	4.7 %	4.7 %	4.6 %	4.5 %	4.6 %	

In addition to the risk associated with our variable interest rate debt, we are also exposed to risks related to changes in foreign currency exchange rates, mainly related to MGM China and to our operations at MGM Macau and MGM Cotai. While recent fluctuations in exchange rates have not been significant, potential changes in policy by governments or fluctuations in the economies of the United States, China, Macau or Hong Kong could cause variability in these exchange rates. We cannot assure you that the Hong Kong dollar will continue to be pegged to the U.S. dollar or the current peg rate for the Hong Kong dollar will remain at the same level. The possible changes to the peg of the Hong Kong dollar may result in severe fluctuations in the exchange rate thereof. As of December 31, 2018, a 1% increase in the Hong Kong dollar (the functional currency of MGM China) to the U.S. dollar exchange rate would impact the carrying value of our cash balance by $5 million and a 1% decrease in the exchange rate would impact the carrying value of our debt balance by $25 million.

ITEM 8.FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial Statements:

Financial Statement Schedule:

The financial information included in the financial statement schedule should be read in conjunction with the consolidated financial statements. All other financial statement schedules have been omitted because they are not applicable, or the required information is included in the consolidated financial statements or the notes thereto.

Audited consolidated financial statements for CityCenter Holdings, LLC as of December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016 are presented in Exhibit 99.3 and are incorporated herein by reference.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of MGM Resorts International

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of MGM Resorts International and subsidiaries (the "Company") as of December 31, 2018, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2018, of the Company and our report dated February 27, 2019, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Definition and Limitations of Internal Control over Financial Reporting

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Las Vegas, Nevada

February 27, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of MGM Resorts International

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of MGM Resorts International and subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income, cash flows and stockholders' equity for each of the three years in the period ended December 31, 2018, and the related notes and the financial statement schedule of Valuation and Qualifying Accounts included in Item 15(a)(2), (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2019, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

Las Vegas, Nevada

February 27, 2019

We have served as the Company's auditor since 2002.

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	December 31, 2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	$1,526,762	$1,499,995
Accounts receivable, net	657,206	542,273
Inventories	110,831	102,292
Income tax receivable	28,431	42,551
Prepaid expenses and other	203,548	189,244
Total current assets	2,526,778	2,376,355
Property and equipment, net	20,729,888	19,635,459
Other assets		
Investments in and advances to unconsolidated affiliates	732,867	1,033,297
Goodwill	1,821,392	1,806,531
Other intangible assets, net	3,944,463	3,877,960
Other long-term assets, net	455,318	430,440
Total other assets	6,954,040	7,148,228
	$30,210,706	$29,160,042
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$302,578	$255,028
Construction payable	311,793	474,807
Current portion of long-term debt	43,411	158,042
Accrued interest on long-term debt	140,046	135,785
Other accrued liabilities	2,151,054	2,114,635
Total current liabilities	2,948,882	3,138,297
Deferred income taxes, net	1,342,538	1,295,375
Long-term debt, net	15,088,005	12,751,052
Other long-term obligations	259,240	284,416
Commitments and contingencies (Note 11)		
Redeemable noncontrolling interests	102,250	79,778
Stockholders' equity		