

## U.S. REGULATORY MATTERS

MGM Resorts International's association with us and Pansy Ho has been, currently is being and may in the future be subjected to review by gaming regulators in the jurisdictions in which MGM Resorts International and its subsidiaries are licensed to conduct gaming. In particular, MGM Resorts International's association with us and Pansy Ho has been reviewed by the gaming regulatory agencies in the states of New Jersey, Nevada and Mississippi.

Prior to entering into an association with MGM Resorts International in 2005, Pansy Ho and Daisy Ho voluntarily submitted to the scrutiny of the DGE to permit the DGE to evaluate the proposed association. In June 2005, the DGE stated to the New Jersey Commission that it would report to the New Jersey Commission any material information arising out of the evaluation that it deemed appropriate. There was no requirement for the New Jersey Commission to approve or waive approval of MGM Resorts International's participation in the Macau joint venture.

In February 2006, MGM Resorts International submitted to the Nevada Board an application for a finding of suitability of the actual or intended association with MGM Grand Paradise in a foreign gaming operation in respect of its joint venture with companies affiliated with Pansy Ho. In February 2007, following a formal investigation in which the suitability of both Pansy Ho and Daisy Ho was scrutinized, the Nevada Board unanimously recommended that the Nevada Gaming Commission approve MGM Resorts International's application, which was granted in March 2007.

In February 2005, the Mississippi Commission granted MGM Resorts International's request for a waiver of foreign gaming approval in respect of its proposed Macau gaming operations. The waiver was granted following a formal investigation of the application by the Executive Director of the Mississippi Commission.

There was no requirement for the Michigan Board to approve or waive approval of MGM Resorts International's participation in the Macau joint venture.

MGM Resorts International's association with Pansy Ho was disclosed in its application for licensure in Illinois in connection with its acquisition of Mandalay Resort Group in 2005. As in Michigan, there was no requirement for the Illinois Board to approve or waive approval of MGM Resorts International's participation in the Macau joint venture.

Following applicable state regulatory approvals (or waivers thereof) of MGM Resorts International's proposed joint venture with us, MGM Macau opened in December 2007.

In May 2009, the DGE provided its Special Report to the New Jersey Commission in relation to the DGE's investigation with respect to MGM Resorts International's investment in Macau and its relationship with Pansy Ho. The Special Report is from the DGE, a division of the New Jersey State Attorney General's Office, to the New Jersey Commission, the entity with responsibility for determining gaming suitability issues in the State of New Jersey. The Special Report recommended that the New Jersey Commission find Stanley Ho to be an unsuitable person under the Casino Control Act of the State of New Jersey. The DGE Report also recommended that the New Jersey Commission find Pansy Ho to be an unsuitable person under that Act based on grounds including her alleged dependence upon her father and her alleged association with certain individuals as disclosed in the Special Report. The Special Report also recommended that MGM Resorts International be directed to disengage from any business association with Pansy Ho. The Special Report comprises allegations of and recommendations by the DGE to the New Jersey Commission, rather than a finding by the New Jersey Commission itself. The New Jersey Commission has not taken any action on this recommendation and there has been no finding of any type of unsuitability of Pansy Ho in New Jersey. Since neither Stanley Ho nor Pansy Ho was an applicant for licensure in New Jersey, Pansy Ho filed a petition, based upon negotiations with the DGE, on October 20, 2009 with the New Jersey Commission seeking approval and execution of a stipulation confirming that neither the DGE nor the New Jersey Commission interpreted the relief requested in the Special Report regarding Pansy Ho's suitability as requiring a finding by the New Jersey Commission that Pansy Ho did not satisfy the necessary standards for licensure or qualification under the Casino Control Act of

## U.S. REGULATORY MATTERS

the State of New Jersey. The DGE never opposed the relief requested in the petition and the issue was rendered moot by the subsequent settlement agreement between MGM Resorts International and the DGE described below. MGM Resorts International was provided a copy of the Special Report substantially concurrently with its provision to the New Jersey Commission and in turn promptly provided copies of the confidential Special Report to its regulators in other states.

In response to a further DGE submission, and as required consequently under New Jersey law, the New Jersey Commission reopened the licensing of MGM Resorts International's jointly owned gaming property in New Jersey to address the ongoing suitability of MGM Resorts International as a licensee. MGM Resorts International reached a settlement with the DGE, which was approved by the New Jersey Commission on March 17, 2010, pursuant to which MGM Resorts International placed its 50% ownership interest in its New Jersey gaming property and the related leased land into a divestiture trust pending sale. The settlement agreement did not represent any finding as to the issues raised by the DGE in the Special Report. Pursuant to the settlement agreement, the previously confidential Special Report also was made public in redacted form<sup>(1)</sup>. As a result of the settlement agreement, MGM Resorts International ceased to be a regulated entity in New Jersey except to the limited extent set forth in the settlement agreement.

Following the public release of the Special Report, certain members of the Nevada Board have stated publicly that the Nevada Board does not intend to reassess its prior recommendation concerning the relationship between MGM Resorts International and Pansy Ho, as the Special Report does not contain information that was unknown by it at the time it recommended approval in 2007.

The Mississippi Commission has stated that it is reviewing the Special Report and has sought further information in relation to the DGE's investigation of Pansy Ho. The Mississippi Commission requested that Pansy Ho consent to their accessing certain information which was compiled in connection with such investigation and subsequently Pansy Ho consented to such access on the terms set out in a letter dated February 15, 2011. MGM Resorts International currently owns casino resorts in Biloxi, Mississippi and in Tunica County, Mississippi.

The Michigan Board has stated following the public release of the Special Report that it is reviewing MGM Resorts International. As part of its ongoing review, the Michigan Gaming Control Board requested in September 2010 that MGM Resorts International furnish all relevant agreements entered into between MGM Resorts International and Pansy Ho relating to the MGM Grand Paradise joint venture. MGM Resorts International complied with this request in September 2010. MGM Resorts International had also furnished these documents to the Michigan Gaming Control Board substantially contemporaneously with the formation of the joint venture. Subsequently, the Michigan Gaming Control Board requested that MGM Resorts International provide a written response to the issues related to the association with Pansy Ho raised by the Special Report and its application under Michigan law. MGM Resorts International provided this written response in February 2011. MGM Resorts International currently owns a controlling interest in and operates a casino and hotel in Detroit, Michigan.

The Illinois Board has opened an investigation into MGM Resorts International's association with Pansy Ho following the public release of the Special Report. MGM Resorts International currently has a 50% ownership interest in a riverboat casino in Elgin, Illinois.

MGM Resorts International is cooperating fully with the investigations and reviews of the relevant authorities in each of the foregoing jurisdictions following the public release of the Special Report. We do not believe that the results of these reviews or investigation in any of the foregoing

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*Note:*

- (1) As of the Latest Practicable Date, the redacted Special Report can be found at [http://www.state.nj.us/casinos/home/info/docs/MGM/dge\\_%20report\\_redacted.pdf](http://www.state.nj.us/casinos/home/info/docs/MGM/dge_%20report_redacted.pdf). The information contained in this website does not form part of this prospectus.

## U.S. REGULATORY MATTERS

jurisdictions will have adverse consequences for our business, reputation or association with MGM Resorts International or Pansy Ho. A compliance committee has been constituted in MGM Grand Paradise to monitor, and make recommendations to the Board of MGM Grand Paradise relating to, gaming regulatory compliance with all relevant standards applicable to MGM Grand Paradise, including U.S. regulatory standards to the extent appropriate. Nevertheless, there can be no assurance that we will not suffer adverse consequences in the future arising from these reviews and investigation. In the event that any of the U.S. domestic gaming regulators of MGM Resorts International or its subsidiaries were to find Pansy Ho to be an unsuitable person, MGM Resorts International and those of its subsidiaries which are subject to the jurisdiction of such regulators may be required to terminate their associations with Ms. Ho by divesting their interests in our Company or surrendering their gaming licenses in the relevant jurisdictions. MGM Resorts International may also need to curtail or sever its other relationships with us, including, but not limited to, termination of the Corporate Support Agreement, termination of the licenses to use certain trademarks, including the “MGM” and “Walking Lion Design” trademarks, and the resignation of those members of our Board that also hold positions in MGM Resorts International. See also the sections headed “Risk Factors — Risks Relating to Our Business — Risks Relating to Significant Shareholders — Certain laws, rules and regulations applicable to MGM Resorts International in other jurisdictions may require MGM Resorts International to curtail or sever its relationship with us or take other actions that are not in our best interests, each of which would have a material adverse effect on us” and “Connected Transactions” in this prospectus.