



MGM National Harbor Video Lottery Terminal Allocation Request **August 17, 2016**



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VLT Unit Allocation Request

- MGM National Harbor, LLC requests that its Video Lottery Terminal allocation be conformed to reflect present market conditions
- MGM requests that its VLT allocation be temporarily adjusted from 3,600 units to a minimum of 3,321 units at opening
- This request is part of MGM's final preparation of its initial floor plan for opening and results from MGM's review of:
 - Updated Revenue Projections
 - Present Market Conditions
 - Guest Experience Factors

Legal Authority



- The State Lottery and Gaming Control Commission may allocate or reallocate video lottery terminals to video lottery operation licensees in a manner that ensures that the highest potential revenues are achieved. State Gov't § 9-1A-36(i)(3)(i)
- COMAR 36.04.02.02 expressly governs and authorizes video lottery terminal allocation adjustments



Facility Opening: Gaming Unit Allocation

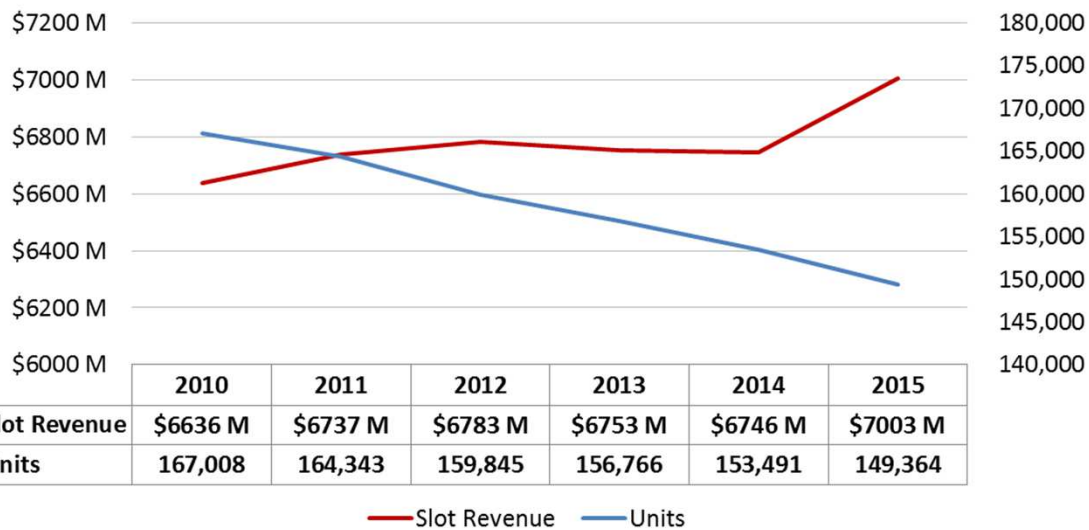
- Initial gaming unit allocation is based on a market driven approach that will drive near and long term positive impact for the State
- Requested allocation adjustment is expected to be tax revenue positive to the State
- The MGM National Harbor facility provides the flexibility to adjust the gaming floor layout to meet real world market conditions

After opening, MGM will continually monitor actual operating results to adjust, as necessary, the number of gaming units and mix to reflect market conditions.



Nevada Slot Revenue Trends

Nevada Slot Revenue



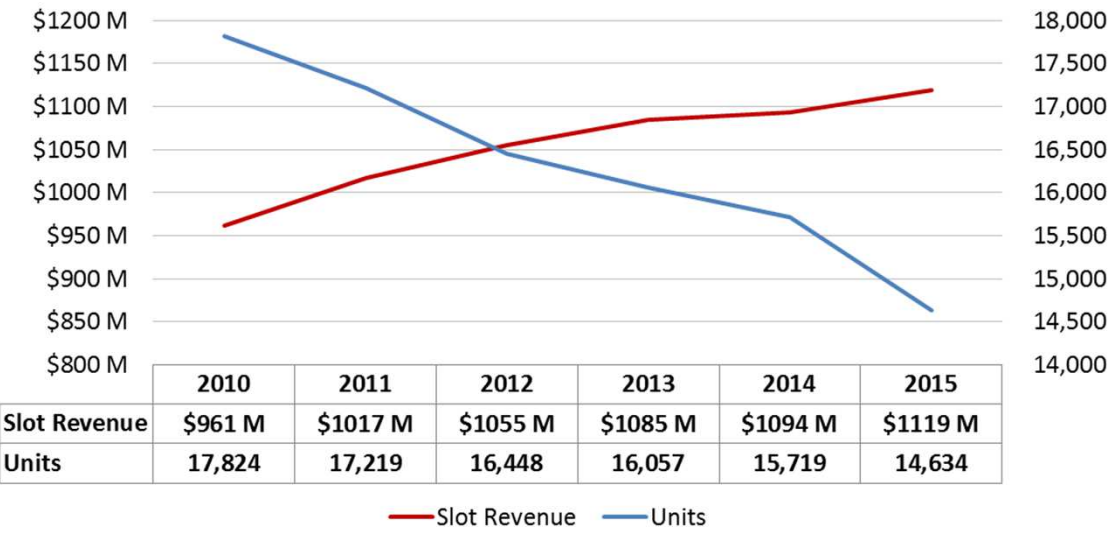
Nevada properties are optimizing their casino layouts based on actual customer demand

Over the past 6 years (2010-2015), Nevada state-wide Slot Revenues have increased +5% while units have decreased (10%)



MGM Resorts Strip Property Slot Revenue Trends

MGM Resorts Strip Results - Slot Revenue



MGM also monitors floor performance to optimize mix and revenue

Over the past 6 years (2010-2015), Slot Revenues at MGM Las Vegas Strip properties have increased +16% while units have decreased **(18%)**

MGM continuously monitors the market to maximize revenues in a data-driven manner that enables MGM to outperform the Nevada market

Maryland Live & Horseshoe – After VLT Reduction



Same Store Results



Quarter	Δ Slot Units	Δ Slot Rev	Δ Table Units	Δ Table Rev	Δ Total Rev
Q4 2015 vs 2014	-5%	+8%	+8%	-1%	+4%
Q1 2016 vs 2015	-7%	+7%	+9%	+11%	+8%
Total 6 Months	-6%	+7%	+9%	+4%	+6%



Quarter	Δ Slot Units	Δ Slot Rev	Δ Table Units	Δ Table Rev	Δ Total Rev
Q4 2015 vs 2014	-12%	+10%	+22%	+13%	+11%
Q1 2016 vs 2015	-2%	+6%	+14%	+10%	+8%
Total 6 Months	-7%	+8%	+18%	+11%	+9%

- Slot Revenues have increased YoY at both Maryland properties since reducing VLT counts



Right-Sizing the Gaming Floor

- **Since MGM submitted its RFP Response:**
 - Market demand for Table Games has increased in Maryland and other jurisdictions
 - VLT utilization has also increased in Maryland and other jurisdictions where the number of VLTs was adjusted to better meet actual market demand
- **MGM has a proven track record of monitoring its gaming floors and the market to maximize the mix and productivity of its table games and VLTs**
- **There is local Maryland market data available today that didn't exist when MGM originally submitted its RFP response in 2013. The data unquestionably demonstrates that:**
 - The Table Game Market in Maryland is far more robust than originally anticipated in 2013
 - Gaming revenue in Peer Group Casinos (e.g., Horseshoe and MD Live!) have responded in a similar manner as Nevada and other jurisdictions, i.e., with an increase in demand for table games and increased revenues from VLTs after “right-sizing”
- **VLTs have continued to evolve since 2013 with new game types and multiple denomination games that allow for increased utilization of VLTs with less machines**
- **MGM considered these factors when creating its gaming floor layout and will continue to monitor the productivity of its gaming floor to maximize revenues for both MGM and the State of Maryland**