

MGM MIRAGE Reports Fourth Quarter and Year-End Results

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PRNewswire-FirstCall

LAS VEGAS

MGM MIRAGE (NYSE: MGG) today reported its fourth quarter and year-end financial results. Adjusted earnings per diluted share ("Adjusted EPS") was \$0.28 in the fourth quarter of 2002, versus \$0.18 in the 2001 quarter.

Adjusted EPS (and Adjusted Earnings) excludes preopening and start-up expenses, restructuring costs, write-downs and impairments and extraordinary items. The Company previously announced that it expected fourth quarter earnings per share of \$0.24 to \$0.27 on a comparable basis.

Diluted EPS computed in accordance with generally accepted accounting principles ("GAAP EPS") increased to \$0.25 for the fourth quarter of 2002 from \$0.15 in the 2001 quarter.

2002 Company Highlights

- * Net revenue of over \$4.0 billion for the year, up 1% from 2001;
- * EBITDA(1) increased 8% to \$1.2 billion;
- * Adjusted EPS grew to \$1.87, up 36% from 2001;
- * Reduced debt by \$314 million, including the Company's \$44 million share of debt repaid by Monte Carlo;
- * Repurchased 6.4 million shares of Company common stock for \$208 million;
- * Invested \$295 million of capital in the Company's properties and for development and expansion projects.
- * Entered into a Revised Development Agreement with the City of Detroit for development of a permanent casino complex;
- * Completed the sale of the Company's South Africa interests;
- * Implemented several technological initiatives designed to enhance both revenues and the Company's industry-leading cost structure, including Players Club and IGT's EZ-Pay™;
- * Announced two agreements with Cirque du Soleil for new shows at

New York-New York and MGM Grand Las Vegas;

* Announced a \$375 million expansion program at Bellagio, including a 925-room Spa Tower and enhanced and expanded spa, retail, restaurant and conference offerings.

Overall Financial Results

Adjusted EPS of \$0.28 for the fourth quarter was significantly above the prior year, but was below expectations due to lower-than-expected casino volume in December, primarily from weakness in the national high-end business. Hotel and other operating results were generally above 2001's fourth quarter results.

"The fourth quarter proved that we are still in a challenging environment and that the economic recovery in the United States is still a work in progress," said Terry Lanni, MGM MIRAGE's Chairman and CEO. "We continue to refine the manner in which we market to our national customers, as we remain alert to global and national conditions which could have a short-term impact on leisure travel," Mr. Lanni said.

Full-year Adjusted EPS was \$1.87, compared with \$1.37 for the year ended December 31, 2001. Full-year GAAP EPS was \$1.83, an increase of 73% over the \$1.06 reported in 2001 and an all-time record for the Company. For the full year results, Adjusted EPS excludes the \$11.4 million (\$0.05 per share, net of tax) received from the early buyout of the Company's management agreements in South Africa.

"We are proud of our 2002 results, which produced record earnings for our company in spite of a difficult environment. This was clearly due to the tireless efforts of our 43,000 employees and their focus on our customers and cost efficiencies," Mr. Lanni said.

Detailed Financial Results

The following table shows key financial results on a Company-wide basis for the fourth quarter and for the full year.

	Three months ended		Year ended	
	December 31,		December 31,	
	2002	2001	2002	2001
	(In millions)			
Casino revenue, net	\$533.6	\$487.7	\$2,189.7	\$2,163.8
Non-casino revenue, net	449.1	402.0	1,841.6	1,809.0
Net revenue	982.7	889.7	4,031.3	3,972.8
EBITDA	262.0	228.2	1,228.4	1,133.1

Net income	39.0	23.7	292.4	169.8
Adjusted Earnings	43.4	27.9	299.1	220.5

Net revenue in the fourth quarter grew 10% from the 2001 fourth quarter, benefiting from the relatively easy comparisons after the events of September 11, 2001. Compared with the 2000 fourth quarter, net revenue was down 4%. Casino revenue increased by 9% in the 2002 quarter, but decreased 7% from the fourth quarter of 2000. Table games volume was up 7% over the 2001 quarter, due mostly to increased baccarat play, but was down 13% compared with the 2000 quarter. Table games volume was negatively impacted by weakness in the national high-end business. Table games hold percentages were within a normal range for all three periods. Slot revenue in the quarter was up 6% over 2001, led by strong performances at Bellagio and The Mirage.

Non-casino revenue was up 12% in this year's quarter, as a result of continued year-over-year improvement in visitation trends. Hotel occupancy was 84.6% in the fourth quarter of 2002, up from 82.7% in 2001, but still lower than occupancy of 88.6% in the 2000 quarter. For the fourth quarter of 2002, the average daily room rate ("ADR") was \$104, up 12% when compared with the fourth quarter of 2001 and back to even with rates earned in the 2000 period. As a result, revenue per available room ("REVPAR") increased 14% to \$88 in the 2002 fourth quarter when compared with 2001 and was slightly below 2000. These improving hotel trends continue to have a positive impact on food and beverage, entertainment and retail revenue.

For the quarter, EBITDA was up 15% over the year-ago period. The Company achieved a 26.7% EBITDA margin in the 2002 fourth quarter, up from 25.6% in 2001. The increase was primarily the result of increased revenues in the quarter. Operating expenses were 9% higher in the 2002 quarter than in 2001, primarily the result of increased payroll and insurance costs.

Adjusted Earnings increased by 56% in the fourth quarter due to the increase in EBITDA, offset by higher net interest expense. Net interest expense was higher due mostly to the Company's decision to suspend development of its wholly-owned Atlantic City development project, resulting in lower capitalized interest.

Net income for the fourth quarter of 2002 included a net \$4.6 million of items excluded from Adjusted Earnings. These items included preopening and start-up expenses of \$9.1 million related to the Company's Borgata investment, Players Club implementation and online activities; a restructuring credit of \$6.6 million, which included \$9.9 million reversal of lease buyout accruals no longer considered probable of payment, offset by \$3.3 million of early contract termination costs at MGM Grand Las Vegas for the EFX show and a restaurant lease; and write-downs and impairments of \$2.1 million related to assets abandoned or replaced with new construction. In the fourth quarter of 2001, similar items totaled \$6.4 million.

For the full year, net revenues were slightly higher than in 2001 as business levels continued to improve throughout the year, while EBITDA increased by 8%, largely as a result of a lower cost structure implemented in late 2001. The Company's EBITDA margin in 2002 was an impressive 30.5%. Net income increased by 72% as a result of improved EBITDA and lower net interest expense, restructuring charges, and write-downs and impairments.

Financial Position

- * Repaid \$314 million of debt in 2002, including the Company's \$44 million share of debt repaid by Monte Carlo;
- * Repurchased 4.4 million shares of Company common stock in the quarter at a total cost of \$138 million. For the year, the Company repurchased 6.4 million shares of Company common stock at a total cost of \$208 million. Including shares purchased so far in the first quarter of 2003, the Company has now completed its previously authorized 10 million share repurchase program initiated in September 2001.
- * Invested \$37 million of additional capital contributions in Borgata in 2002, along with expenditures for common areas of the Renaissance Pointe site.

The Company invested \$93 million of capital during the quarter on maintenance and growth initiatives, bringing the total for 2002 to \$295 million. At December 31, 2002, the Company had \$685 million of available borrowings under its senior credit facilities.

"We are well positioned financially as we move into 2003," said MGM MIRAGE President, CFO and Treasurer Jim Murren. "We have a strong balance sheet and will continue to repay debt and invest in our premier properties. We also believe the projects we've decided to invest in -- the Bellagio expansion, Detroit, Borgata, the Cirque du Soleil shows, resort upgrades and improvements in slot technology -- will enhance our portfolio and generate excellent returns on investment," Mr. Murren said.

Operational Highlights

- * Entered into an agreement with Turnberry Associates to jointly develop a luxury condominium-hotel complex at MGM Grand Las Vegas.
- * Successfully launched Players Club at The Mirage, Treasure Island, MGM Grand Detroit, MGM Grand Las Vegas and Bellagio, with final roll-outs expected at Beau Rivage, New York-New York and Golden Nugget Las Vegas in 2003.

- * Began installation of IGT's EZ-Pay™ cashless gaming system at the Company's resorts, with conversion of almost all of the Company's slot machines expected by mid-2003.
- * Earned second straight AAA Five-Diamond Award at Bellagio, the largest resort to ever earn the award, and restaurants Picasso at Bellagio and Renoir at The Mirage.
- * Further enhanced our resorts with world-class restaurants and entertainment offerings, including Craftsteak by James Beard Award-winning Chef Tom Colicchio and Zuri, an upscale lounge at MGM Grand Las Vegas, and Zax, an exciting restaurant and late night entertainment venue at Golden Nugget Las Vegas.

"We're constantly looking for new ways to improve our customers' experiences, which we believe is the key driver of our long-term success," Mr. Murren said. "Our technological, entertainment and expansion initiatives will generate returns in 2003, and will help us maintain our position as the premier gaming company."

Outlook

- * Anticipate the opening of Borgata in the summer of 2003.
- * Expect the new Cirque du Soleil show at New York-New York to open in summer of 2003.
- * Forecast capital expenditures of \$375 to \$425 million in 2003, including development expenditures related to the Bellagio expansion, EZ Pay™ system, and theatres for the two new Cirque du Soleil shows.

"Our objective is to continue to maximize free cash flow and, in turn, enhance shareholder value. Excess cash will largely be utilized to reduce debt," Mr. Lanni said. "We also continue to assess development opportunities and intend to maintain financial flexibility to capitalize on opportunities as they arise."

(1) EBITDA is earnings before interest, taxes, depreciation and amortization, restructuring, preopening and start-up expenses, write-downs and impairments and corporate expense. EBITDA information is presented solely as a supplemental disclosure because management believes that it is a widely used measure of operating performance in the gaming industry. EBITDA should not be construed as an alternative to operating income, as an indicator of the Company's operating performance, or as an alternative to cash flows from operating activities, as a measure of liquidity, or as any other measure of performance determined in accordance with generally accepted accounting principles. The Company has significant uses of cash flows, including capital expenditures, interest payments, taxes

and debt principal repayments, which are not reflected in EBITDA. It should also be noted that other gaming companies that report EBITDA information may calculate EBITDA in a different manner than the Company.

MGM MIRAGE is one of the world's leading and most respected entertainment, hotel and gaming companies that owns and operates 15 casino properties located in Nevada, Mississippi and Michigan. The company is headquartered in Las Vegas, Nev. and offers an unmatched collection of resort-casinos with a limitless range of choices for guests. Guest satisfaction is paramount, and the company has approximately 43,000 employees committed to that result. Its portfolio of brands include two-time AAA Five Diamond award-winner Bellagio, the MGM Grand Hotel and Casino - The City of Entertainment, The Mirage, Treasure Island, New York-New York Hotel and Casino, the Boardwalk Hotel and Casino and 50 percent of Monte Carlo, all located on the Las Vegas Strip; the Golden Nugget in Downtown Las Vegas; Whiskey Pete's, Buffalo Bill's, the Primm Valley Resort and two championship golf courses at the California/Nevada state line; the exclusive Shadow Creek golf course in North Las Vegas; the Golden Nugget in Laughlin, Nevada; the Beau Rivage resort on the Mississippi Gulf Coast; and the MGM Grand Detroit Casino in Detroit, Michigan. The Company is also a joint venture partner in Borgata at Renaissance Pointe, a \$1 billion destination resort-casino under development in Atlantic City, New Jersey. Borgata is scheduled to open summer 2003. Internationally, MGM MIRAGE owns and operates the MGM Grand Hotel and Casino in Darwin, Australia. For more information about MGM MIRAGE, please visit the company's website at www.mgmmirage.com.

Statements in this release which are not historical facts are "forward-looking" statements and "safe harbor statements" under the Private Securities Litigation Reform Act of 1995 that involve risks and/or uncertainties, including risks and/or uncertainties as described in the company's public filings with the Securities and Exchange Commission.

MGM MIRAGE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands)
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31,	December 31,	December 31,	December 31,
	2002	2001	2002	2001

Revenues:

Casino	\$533,583	\$487,677	\$2,189,720	\$2,163,808
Rooms	207,034	181,683	841,481	837,288
Food and beverage	190,224	167,708	757,602	725,335
Entertainment, retail and other	160,521	150,717	670,810	653,442
	1,091,362	987,785	4,459,613	4,379,873

Less:
 promotional
 allowances 108,643 98,051 428,318 407,071
 982,719 889,734 4,031,295 3,972,802

Expenses:
 Casino 277,234 266,375 1,104,124 1,123,583
 Rooms 60,092 51,927 229,568 233,434
 Food and beverage 115,752 94,596 427,763 412,684
 Entertainment,
 retail
 and other 108,734 100,114 433,585 439,205
 Provision for
 doubtful
 accounts 7,616 12,499 28,352 71,244
 General and
 administrative 158,564 142,574 611,866 596,334
 Corporate expense 11,671 8,117 43,856 37,724
 Preopening and
 start-up
 expenses 9,115 2,035 21,467 5,106
 Restructuring
 costs (credit) (6,600) 3,825 (17,021) 23,721
 Write-downs and
 impairments 2,134 571 14,712 47,955
 Depreciation and
 amortization 101,656 98,692 398,623 390,726
 845,968 781,325 3,296,895 3,381,716

Income from
 unconsolidated
 affiliate 7,268 6,547 32,361 36,816

Operating Income 144,019 114,956 766,761 627,902

Non-Operating Income

(Expense):
 Interest income 931 918 4,515 6,106
 Interest
 expense, net (82,414) (75,281) (295,626) (349,478)
 Interest
 expense from
 unconsolidated
 affiliate -- (378) (596) (2,370)
 Other, net (457) (1,660) (8,740) (4,571)
 (81,940) (76,401) (300,447) (350,313)

Income Before
 Income Taxes and

Extraordinary Item	62,079	38,555	466,314	277,589
Provision for income taxes	(23,035)	(14,867)	(173,551)	(106,996)

Income Before Extraordinary Item	39,044	23,688	292,763	170,593
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Extraordinary Item: Loss on Early Extinguishment of Debt, net	--	--	(328)	(778)
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Net Income	\$39,044	\$23,688	\$292,435	\$169,815
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Per Share Of

Common Stock:

Basic:

Income Before Extraordinary Item	\$0.25	\$0.15	\$1.85	\$1.07
Extraordinary Item, net	--	--	--	--
Net Income Per Share	\$0.25	\$0.15	\$1.85	\$1.07

Weighted

Average Shares

Outstanding (000's)	155,387	157,336	157,809	158,771
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Diluted:

Income Before Extraordinary Item	\$0.25	\$0.15	\$1.83	\$1.06
Extraordinary Item, net	--	--	--	--
Net Income Per Share	\$0.25	\$0.15	\$1.83	\$1.06

Weighted

Average Shares

Outstanding (000's)	157,229	158,994	159,940	160,822
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MGM MIRAGE AND SUBSIDIARIES
SUPPLEMENTAL DATA
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31, 2002		December 31, 2001	

Net Income	\$39,044	\$23,688	\$292,435	\$169,815
Preopening and start-up expenses, net	7,220	1,323	15,249	3,319
Restructuring costs (credit), net	(4,290)	2,486	(11,064)	15,418
Write-downs and impairments, net	1,387	371	9,563	31,171
Management agreement termination fee, net	--	--	(7,419)	--
Extraordinary item, net	--	--	328	778
Adjusted Earnings	\$43,361	\$27,868	\$299,092	\$220,501

Per Share Of Common Stock:

Basic:

Net Income	\$0.25	\$0.15	\$1.85	\$1.07
Preopening and start-up expenses, net	0.05	0.01	0.10	0.02
Restructuring costs (credit), net	(0.03)	0.02	(0.07)	0.10
Write-downs and impairments, net	0.01	--	0.06	0.20
Management agreement termination fee, net	--	--	(0.04)	--
Extraordinary item, net	--	--	--	--
Adjusted Earnings	\$0.28	\$0.18	\$1.90	\$1.39

Weighted

Average Shares

Outstanding

(000's)	155,387	157,336	157,809	158,771
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Diluted:				
Net Income	\$0.25	\$0.15	\$1.83	\$1.06
Preopening and start-up expenses, net	0.05	0.01	0.10	0.02
Restructuring costs (credit), net	(0.03)	0.02	(0.07)	0.10
Write-downs and impairments, net	0.01	--	0.06	0.19
Management agreement termination fee, net	--	--	(0.05)	--
Extraordinary item, net	--	--	--	--
Adjusted Earnings	\$0.28	\$0.18	\$1.87	\$1.37

Weighted Average Shares Outstanding (000's)				
	157,229	158,994	159,940	160,822

MGM MIRAGE AND SUBSIDIARIES
SUPPLEMENTAL DATA - PROPERTY OPERATING RESULTS
(in thousands)

Three Months Ended Twelve Months Ended
December 31, December 31, December 31, December 31,
2002 2001 2002 2001

NET REVENUES:

Bellagio	\$232,163	\$202,183	\$970,867	\$936,279
MGM Grand				
Las Vegas	190,840	156,545	734,086	714,859
The Mirage	137,749	124,280	571,305	602,566
Treasure Island	81,006	78,012	343,673	354,952
New York-New York	56,464	47,360	218,298	209,312
Primm Valley Resorts	48,330	46,920	209,538	206,676
Golden Nugget				
Las Vegas	46,152	43,033	176,729	176,242
Golden Nugget				
Laughlin	10,242	11,018	45,073	46,740
MGM Grand Detroit	95,130	96,294	391,064	360,334
Beau Rivage	66,750	67,375	290,585	294,543

Boardwalk	8,297	7,577	32,665	34,246
MGM Grand Australia	9,596	8,356	35,320	31,784
MGM Grand				
South Africa	--	781	12,092	4,269
	\$982,719	\$889,734	\$4,031,295	\$3,972,802

EBITDA:

Bellagio	\$67,985	\$56,186	\$336,304	\$288,352
MGM Grand				
Las Vegas	50,644	35,387	212,877	174,266
The Mirage	31,966	26,175	152,151	155,243
Treasure Island	19,986	17,074	95,004	94,160
New York-New York	21,010	17,251	86,145	82,527
Primm Valley				
Resorts	5,760	8,172	35,012	42,309
Golden Nugget				
Las Vegas	6,824	7,563	25,415	32,671
Golden Nugget				
Laughlin	554	704	4,658	3,613
MGM Grand Detroit	34,229	40,418	157,540	144,346
Beau Rivage	10,792	7,811	60,086	56,372
Income from				
Unconsolidated				
Affiliate	7,268	6,547	32,361	36,816
Boardwalk	962	307	4,450	4,539
MGM Grand Australia	4,015	3,838	14,314	13,715
MGM Grand				
South Africa	--	763	12,081	4,205
	\$261,995	\$228,196	\$1,228,398	\$1,133,134

MGM MIRAGE AND SUBSIDIARIES
SUPPLEMENTAL STATISTICAL INFORMATION

Three Months Ended Twelve Months Ended
December 31, December 31, December 31, December 31,
2002 2001 2002 2001

ROOM STATISTICS:

Bellagio				
Occupancy %	90.2%	91.3%	93.9%	94.1%
Average Daily				
Rate (ADR)	\$188	\$156	\$180	\$174
Revenue per				
Available Room				
(REVPAR)	\$170	\$143	\$169	\$163

MGM Grand Las Vegas

Occupancy %	85.6%	81.7%	90.6%	91.2%
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Average Daily Rate (ADR)	\$114	\$107	\$111	\$112
Revenue per Available Room (REVPAR)	\$98	\$87	\$101	\$103

The Mirage

Occupancy %	88.5%	89.7%	94.1%	94.3%
Average Daily Rate (ADR)	\$118	\$105	\$118	\$119
Revenue per Available Room (REVPAR)	\$104	\$94	\$111	\$112

Treasure Island

Occupancy %	92.6%	90.5%	94.9%	94.3%
Average Daily Rate (ADR)	\$94	\$84	\$93	\$95
Revenue per Available Room (REVPAR)	\$87	\$76	\$88	\$90

New York-New York

Occupancy %	92.8%	89.8%	95.2%	94.6%
Average Daily Rate (ADR)	\$96	\$81	\$92	\$86
Revenue per Available Room (REVPAR)	\$89	\$72	\$88	\$81

Primm Valley Resorts

Occupancy %	56.5%	51.2%	61.7%	57.9%
Average Daily Rate (ADR)	\$38	\$38	\$37	\$38
Revenue per Available Room (REVPAR)	\$21	\$19	\$23	\$22

Golden Nugget
Las Vegas

Occupancy %	89.3%	88.4%	94.3%	94.2%
Average Daily Rate (ADR)	\$62	\$61	\$60	\$62
Revenue per Available Room (REVPAR)	\$56	\$53	\$56	\$58

Golden Nugget

Laughlin				
Occupancy %	74.1%	81.4%	83.8%	90.8%
Average Daily Rate (ADR)	\$35	\$34	\$38	\$33
Revenue per Available Room (REVPAR)	\$26	\$28	\$32	\$30

Beau Rivage				
Occupancy %	88.8%	89.2%	92.1%	93.9%
Average Daily Rate (ADR)	\$75	\$73	\$86	\$79
Revenue per Available Room (REVPAR)	\$66	\$65	\$79	\$75

Boardwalk				
Occupancy %	75.0%	73.4%	73.8%	84.1%
Average Daily Rate (ADR)	\$62	\$58	\$62	\$64
Revenue per Available Room (REVPAR)	\$47	\$43	\$46	\$53

MGM Grand Australia				
Occupancy %	59.7%	70.7%	71.8%	74.1%
Average Daily Rate (ADR)	\$65	\$55	\$68	\$58
Revenue per Available Room (REVPAR)	\$39	\$39	\$49	\$43

MGM MIRAGE AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(Unaudited)

ASSETS

December 31, December 31,
2002 2001

CURRENT ASSETS:

Cash and cash equivalents	\$211,234	\$208,971
Accounts receivable, net	139,935	144,374
Inventories	83,582	78,037
Income tax receivable	--	12,077
Deferred income taxes	84,348	148,845

Prepaid expenses and other	86,311	69,623
Total current assets	605,410	661,927

PROPERTY AND EQUIPMENT, NET 8,762,445 8,891,645

OTHER ASSETS:

Investment in unconsolidated affiliates	710,802	632,949
Goodwill and other intangible assets, net	256,108	139,178
Deposits and other assets, net	170,220	171,744
Total other assets	1,137,130	943,871
	\$10,504,985	\$10,497,443

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$69,959	\$75,787
Income taxes payable	637	--
Current portion of long-term debt	6,956	168,079
Accrued interest on long-term debt	80,310	78,938
Other accrued liabilities	596,523	565,106
Total current liabilities	754,385	887,910

DEFERRED INCOME TAXES 1,765,114 1,746,272

LONG-TERM DEBT 5,213,778 5,295,313

OTHER LONG-TERM OBLIGATIONS 107,564 57,248

STOCKHOLDERS' EQUITY:

Common stock (\$.01 par value: authorized 300,000,000 shares, issued 166,393,025 and 163,685,876 shares and outstanding 154,574,225 and 157,396,176 shares)	1,664	1,637
Capital in excess of par value	2,125,626	2,049,841
Deferred compensation	(27,034)	--
Treasury stock, at cost (11,818,800 and 6,289,700 shares)	(317,432)	(129,399)
Retained earnings	890,206	597,771
Other comprehensive loss	(8,886)	(9,150)
Total stockholders' equity	2,664,144	2,510,700
	\$10,504,985	\$10,497,443

SOURCE: MGM MIRAGE

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Web site: <http://www.mgmmirage.com/>