MGM MIRAGE
Form 10-Q
November 09, 2007

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UNITED STATES
SECURITIES & EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2007

OR

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

For the transition period from __________ to __________

Commission File No. 0-16760

MGM MIRAGE

(Exact name of registrant as specified in its charter)

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

3600 Las Vegas Boulevard South, Las Vegas, Nevada 89109

(Address of principal executive offices - Zip Code)
(702) 693-7120

(Registrant s telephone number, including area code)

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

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

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer þ Accelerated filer o Non-accelerated filer o

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

Yes o No þ

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

Class	Outstanding at November 7, 2007
Common Stock, $.01 par value	299,380,038 shares

MGM MIRAGE AND SUBSIDIARIES
FORM 10-Q
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Part I. FINANCIAL INFORMATION
Item 1. Financial Statements

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

	September 30, 2007	December 31, 2006
ASSETS		
Current assets		
Cash and cash equivalents	$ 311,605	$ 452,944
Accounts receivable, net	378,697	362,921
Inventories	124,562	118,459
Income tax receivable	50,652	18,619
Deferred income taxes	65,105	68,046
Prepaid expenses and other	148,801	124,414
Assets held for sale	55,077	369,348
Total current assets	1,134,499	1,514,751
Real estate under development	478,318	188,433
Property and equipment, net	19,302,533	17,241,860
Other assets		
Investments in unconsolidated affiliates	1,107,179	1,092,257
Goodwill	1,269,591	1,300,747
Other intangible assets, net	360,553	367,200
Deposits and other assets, net	654,538	440,990
Total other assets	3,391,861	3,201,194
	$ 24,307,211	$ 22,146,238
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable	$ 186,870	$ 182,154
Construction payable	371,293	234,486
Accrued interest on long-term debt	179,724	232,957
Other accrued liabilities	964,462	958,244
Liabilities related to assets held for sale	3,396	40,259
Total current liabilities	1,705,745	1,648,100

Deferred income taxes	3,373,770	3,441,157
Long-term debt	14,131,377	12,994,869
Other long-term obligations	514,567	212,563
Commitments and contingencies (Note 5)		
Stockholders equity		
Common stock, $.01 par value: authorized 600,000,000 shares; issued 367,114,815 and 362,886,027 shares; outstanding 285,637,788 and 283,909,000 shares	3,671	3,629
Capital in excess of par value	3,000,476	2,806,636
Treasury stock, at cost: 81,477,027 and 78,997,027 shares	(1,771,707)	(1,597,120)
Retained earnings	3,348,197	2,635,989
Accumulated other comprehensive income	1,115	415
Total stockholders equity	4,581,752	3,849,549
	$ 24,307,211	$ 22,146,238

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

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MGM MIRAGE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Revenues				
Casino	$ 803,834	$ 782,047	$ 2,389,704	$ 2,296,999
Rooms	510,795	479,107	1,614,906	1,498,366
Food and beverage	406,620	369,383	1,248,786	1,108,161
Entertainment	141,093	125,290	418,578	329,123
Retail	75,608	73,027	222,930	207,535
Other	132,061	118,765	388,891	335,651
	2,070,011	1,947,619	6,283,795	5,775,835
Less: Promotional allowances	(172,941)	(152,577)	(520,874)	(445,917)
	1,897,070	1,795,042	5,762,921	5,329,918
Expenses				
Casino	412,165	395,253	1,240,441	1,187,794
Rooms	142,722	136,118	428,476	404,032
Food and beverage	242,034	228,799	736,115	667,418
Entertainment	101,164	91,056	303,558	240,052
Retail	47,917	46,359	141,807	135,941
Other	83,812	67,818	232,578	181,213
General and administrative	286,447	278,551	873,739	785,350
Corporate expense	63,050	35,184	140,673	110,415
Preopening and start-up expenses	25,851	6,083	54,275	27,308
Restructuring costs				1,035
Property transactions, net	(89,225)	282	(81,799)	36,455
Depreciation and amortization	170,780	156,280	506,566	461,506
	1,486,717	1,441,783	4,576,429	4,238,519
Income from unconsolidated affiliates	54,260	66,138	192,227	158,773
Operating income	464,613	419,397	1,378,719	1,250,172
Non-operating income (expense)				
Interest income	4,770	2,650	12,936	8,422
Interest expense, net	(180,033)	(189,368)	(547,473)	(572,993)
Non-operating items from unconsolidated affiliates	(4,599)	(4,627)	(14,419)	(11,563)

Other, net	(1,152)	(1,659)	(4,684)	(6,877)
	(181,014)	(193,004)	(553,640)	(583,011)
Income before income taxes and discontinued operations	283,599	226,393	825,079	667,161
Provision for income taxes	(99,736)	(72,628)	(295,308)	(230,293)
Income from continuing operations	183,863	153,765	529,771	436,868
Discontinued operations				
Income from discontinued operations		3,744	10,461	14,815
Gain on disposal of discontinued operations			263,881	
Provision for income taxes		(1,247)	(91,905)	(4,990)
		2,497	182,437	9,825
Net income	$ 183,863	$ 156,262	$ 712,208	$ 446,693
Basic earnings per share of common stock				
Income from continuing operations	$ 0.65	$ 0.55	$ 1.86	$ 1.54
Discontinued operations			0.65	0.04
Net income per share	$ 0.65	$ 0.55	$ 2.51	$ 1.58
Diluted earnings per share of common stock				
Income from continuing operations	$ 0.62	$ 0.53	$ 1.79	$ 1.50
Discontinued operations		0.01	0.62	0.03
Net income per share	$ 0.62	$ 0.54	$ 2.41	$ 1.53

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

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MGM MIRAGE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
Cash flows from operating activities		
Net income	$ 712,208	$ 446,693
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	506,566	483,793
Amortization of debt discounts, premiums and issuance costs	(3,128)	(1,577)
Provision for doubtful accounts	25,020	38,328
Stock-based compensation	34,487	58,281
Property transactions, net	(81,799)	36,455
Gain on disposal of discontinued operations	(263,881)	
Income from unconsolidated affiliates	(164,376)	(140,743)
Distributions from unconsolidated affiliates	152,451	139,418
Deferred income taxes	(19,855)	656
Change in operating assets and liabilities:		
Accounts receivable	(26,449)	(33,211)
Inventories	(6,737)	(6,112)
Income taxes receivable and payable	(22,467)	(93,303)
Prepaid expenses and other	(24,482)	(23,664)
Accounts payable and accrued liabilities	(18,259)	(28,662)
Real estate under development	(306,319)	(29,408)
Residential sales deposits, net	208,006	
Hurricane Katrina insurance recoveries	42,233	4,802
Change in Hurricane Katrina insurance receivable	(4,394)	(43,649)
Other	(41,437)	(31,801)
Net cash provided by operating activities	697,388	776,296
Cash flows from investing activities		
Purchases of property and equipment	(2,482,909)	(1,236,147)
Dispositions of property and equipment	15,332	11,002
Investments in joint ventures		(86,000)
Proceeds from disposal of discontinued operations, net	578,873	
Purchase of convertible note	(160,000)	
Hurricane Katrina insurance recoveries	124,917	113,947
Other	(34,529)	(17,992)
Net cash used in investing activities	(1,958,316)	(1,215,190)
Cash flows from financing activities		

Net borrowings under bank credit facilities maturities of 90 days or less	556,800	466,750
Borrowings under bank credit facilities maturities longer than 90 days	5,750,000	4,000,000
Repayments under bank credit facilities maturities longer than 90 days	(4,500,000)	(4,400,000)
Issuance of long-term debt	750,000	750,000
Retirement of senior notes	(1,402,233)	(200,000)
Debt issuance costs	(5,199)	(5,828)
Issuances of common stock	76,026	33,402
Purchases of common stock	(174,586)	(246,892)
Excess tax benefits from stock-based compensation	73,131	20,147
Other	(1,193)	(12,902)
Net cash provided by financing activities	1,122,746	404,677
Cash and cash equivalents		
Net decrease for the period	(138,182)	(34,217)
Cash related to assets held for sale	(3,157)	
Balance, beginning of period	452,944	377,933
Balance, end of period	$ 311,605	$ 343,716
Supplemental cash flow disclosures		
Interest paid, net of amounts capitalized	$ 609,678	$ 622,115
Federal, state and foreign income taxes paid, net of refunds	349,908	307,893
Non-cash investing and financing activities		
Increase in construction payable	136,806	148,317

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

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MGM MIRAGE AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Unaudited)*
NOTE 1 ORGANIZATION AND BASIS OF PRESENTATION

Organization. MGM MIRAGE (the Company) is a Delaware corporation, incorporated on January 29, 1986. As of September 30, 2007, approximately 54% of the outstanding shares of the Company s common stock were owned by Tracinda Corporation, a Nevada corporation which is wholly owned by Kirk Kerkorian. MGM MIRAGE acts largely as a holding company and, through wholly-owned subsidiaries, owns and/or operates casino resorts.

The Company owns and operates the following casino resorts in Las Vegas, Nevada: Bellagio, MGM Grand Las Vegas, Mandalay Bay, Mirage, Luxor, Treasure Island (TI), New York-New York, Excalibur, Monte Carlo, Circus Circus Las Vegas and Slots-A-Fun. Operations at MGM Grand Las Vegas include management of The Signature at MGM Grand Las Vegas, a condominium-hotel consisting of three towers. Other Nevada operations include Circus Circus Reno, Gold Strike in Jean, and Railroad Pass in Henderson. The Company has a 50% investment in Silver Legacy in Reno, which is adjacent to Circus Circus Reno. The Company also owns Shadow Creek, an exclusive world-class golf course located approximately ten miles north of its Las Vegas Strip resorts, and Primm Valley Golf Club at the California/Nevada state line.

In April 2007, the Company completed the sale of Buffalo Bill s, Primm Valley, and Whiskey Pete s casino resorts (the Primm Valley Resorts), not including the Primm Valley Golf Club, with net proceeds to the Company of approximately $398 million. In June 2007, the Company completed the sale of the Colorado Belle and Edgewater in Laughlin (the Laughlin Properties), with net proceeds to the Company of approximately $199 million. In February 2007, the Company entered into an agreement to contribute Gold Strike, Nevada Landing and surrounding land (the Jean Properties) to a joint venture. The joint venture s purpose is to develop a mixed-use community on the site. See Note 2 for further discussion of these transactions.

The Company and its local partners own and operate MGM Grand Detroit, which recently opened a new permanent hotel and casino complex in downtown Detroit, Michigan. The interim facility closed on September 30, 2007 and the new casino resort opened on October 2, 2007. Final construction cost of the new MGM Grand Detroit is estimated to be approximately $725 million, excluding preopening, land, and license costs. Preopening and start-up expenses are estimated to be approximately $30 million. The permanent casino is located on a 25-acre site with a carrying value of approximately $50 million. In addition, the Company recorded license rights with a carrying value of $100 million as a result of MGM Grand Detroit s obligations to the City of Detroit in connection with the permanent casino development agreement.

The Company also owns and operates two resorts in Mississippi Beau Rivage in Biloxi and Gold Strike Tunica. Beau Rivage reopened in August 2006, after having been closed due to damage sustained as a result of Hurricane Katrina in August 2005.

The Company has 50% interests in two resorts outside of Nevada Grand Victoria and Borgata. Grand Victoria is a riverboat in Elgin, Illinois an affiliate of Hyatt Gaming owns the other 50% of Grand Victoria and also operates the resort. Borgata is a casino resort located on Renaissance Pointe in the Marina area of Atlantic City, New Jersey. Boyd Gaming Corporation owns the other 50% of Borgata and also operates the resort. The Company owns additional land adjacent to Borgata, a portion of which consists of common roads, landscaping and master plan improvements, a portion of which is being utilized for an expansion of Borgata, and a portion of which is planned for a wholly-owned development, MGM Grand Atlantic City. The new resort is preliminarily estimated to cost approximately $4.5 $5.0 billion, not including land and associated costs. The proposed resort includes three towers with more than 3,000 rooms and suites, approximately 5,000 slot machines, 200 table games, 500,000 square-feet of retail, an extensive convention center, and other typical resort amenities.

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The Company owns 50% of MGM Grand Paradise Limited, a joint venture with Pansy Ho Chiu-king that is constructing and will operate a hotel-casino resort, MGM Grand Macau, in Macau S.A.R. Construction of MGM Grand Macau is estimated to cost approximately $880 million, excluding preopening, land rights and license costs. Preopening and start-up expenses are estimated to be $110 million. The land rights are estimated to cost approximately $60 million. The subconcession agreement, which allows MGM Grand Paradise Limited to operate casinos in Macau, cost $200 million. The resort is anticipated to open in late 2007.

The Company is developing CityCenter on the Las Vegas Strip, between Bellagio and Monte Carlo. CityCenter will feature a 4,000-room casino resort designed by world-famous architect Cesar Pelli; two 400-room non-gaming boutique hotels, one of which will be managed by luxury hotelier Mandarin Oriental; approximately 470,000 square feet of retail shops, dining and entertainment venues; and approximately 2.3 million square feet of residential space in approximately 2,700 luxury condominium and condominium-hotel units in multiple towers. The overall development cost of CityCenter is estimated at approximately $7.8 billion, excluding preopening and land costs. Preopening and start-up expenses are estimated to be $200 million. CityCenter is located on a 67-acre site with a carrying value of approximately $1 billion. After estimated net proceeds of $2.7 billion from the sale of residential units, net construction cost is estimated at approximately $5.1 billion. CityCenter is expected to open in late 2009. These estimates of net project costs do not reflect the joint venture transaction discussed below.

In August 2007, the Company entered into an agreement with Dubai World to form a 50/50 joint venture for the CityCenter development. The joint venture, CityCenter Holdings LLC, will be owned equally by the Company and Infinity World Development Corp., a wholly-owned subsidiary of Dubai World. The Company will contribute the CityCenter assets which the parties have valued at $5.4 billion, subject to adjustment based on actual construction spending and actual residential proceeds through the closing date. Dubai World will initially contribute $2.7 billion, subject to adjustment based on a) the potential adjustment to the initial valuation of $5.4 billion, and b) the need for interim additional funding until the joint venture obtains project-specific financing. At the close of the transaction, the Company will receive a cash distribution of $2.7 billion, subject to these same adjustments. The joint venture intends to obtain project-specific financing to fund remaining project costs. The Company will continue to serve as developer of CityCenter and will receive additional consideration of up to $100 million if the project is completed on time and actual development costs, net of residential proceeds, are within specified parameters. Upon completion of construction, the Company will manage CityCenter for a fee. The Company expects the joint venture transaction to close in the fourth quarter of 2007.

Financial statement impact of Hurricane Katrina. The Company maintained insurance covering both property damage and business interruption as a result of wind and flood damage sustained at Beau Rivage. Business interruption coverage covered lost profits and other costs incurred during the construction period and up to six months following the re-opening of the facility.

Non-refundable insurance recoveries received in excess of the net book value of damaged assets, clean-up and demolition costs, and post-storm costs have been recognized as income in the period received or committed based on the Company s estimate of the total claim for property damage and business interruption compared to the recoveries received at that time.

As of September 30, 2007, the Company had received insurance recoveries of $522 million and had executed a settlement agreement with one of its carriers for an additional $15 million. These amounts exceed the $263 million total of net book value of damaged assets, clean-up and demolition costs, and post-storm operating costs by $274 million; therefore, no write-down or demolition expense was recorded and post storm operating costs were offset by expected recoveries within General and administrative expenses. Depreciation of non-damaged assets was classified as Depreciation and amortization. Of the $274 million excess, $221 million was received on a non-refundable basis and has been reported as income. The remaining $53 million has been deferred because the related payments were submitted to the Company under reservation of rights on behalf of the insurance carriers; such amounts are included in Other accrued liabilities in the accompanying consolidated balance sheet as of September 30, 2007. During the three and nine months ended September 30, 2007 the Company recognized $135 million of insurance recoveries in income, of which $107 million was recorded within Property transactions, net and $28 million related to the business interruption portion of the Company s claim was recorded within General and administrative expenses. The remaining $86 million previously recognized in income was recorded within Property transactions, net in the fourth quarter of 2006.

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Insurance recoveries are classified in the statement of cash flows based on the coverage to which they relate. Recoveries related to business interruption are classified as operating cash flows and recoveries related to property damage are classified as investing cash flows. However, the Company s insurance policy includes undifferentiated coverage for both property damage and business interruption. Therefore, the Company classified insurance recoveries as being related to property damage until the full $160 million of damaged assets and demolition costs were recovered and classified additional recoveries up to the amount of the post-storm costs incurred as being related to business interruption. Insurance recoveries beyond that amount have been classified as operating or financing based on the total proceeds received to date compared to the total expected recoveries to be received upon final settlement of our insurance claims. During the nine months ended September 30, 2007 and 2006, insurance recoveries of $42 million and $5 million, respectively, have been classified as operating cash flows. During the nine months ended September 30, 2007 and 2006, insurance recoveries of $125 million and $114 million, respectively, have been classified as investing activities.

Investment in The M Resort LLC convertible note. In June 2007, the Company purchased a $160 million convertible note issued by The M Resort LLC, which is developing a casino resort on Las Vegas Boulevard, 10 miles south of Bellagio. The convertible note matures in June 2015, contains certain optional and mandatory redemption provisions, and is convertible into a 50% equity interest in The M Resort LLC beginning in December 2008. The convertible note earns interest at 6% which may be paid in cash or accrued in kind for the first five years; thereafter interest must be paid in cash. There are no scheduled principal payments before maturity.

The convertible note is accounted for as a hybrid financial instrument consisting of a host debt instrument and an embedded call option on The M Resort LLC s equity. The debt component is accounted for separately as an available-for-sale marketable security, with changes in value recorded in other comprehensive income. The call option is treated as a derivative with changes in value recorded in earnings. The initial value of the call option was $0 and the initial value of the debt was $155 million, with the discount accreted to earnings over the term of the note. The entire carrying value of the convertible note is included in Deposits and other assets, net in the accompanying consolidated balance sheets, as the security is not marketable.

Adoption of FIN 48. Effective January 1, 2007, the Company adopted Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109 (FIN 48). FIN 48 requires that tax positions be assessed 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 50 percent likely of being realized. Uncertain tax positions must be reviewed at each balance sheet date. Liabilities recorded as a result of this analysis must generally be recorded separately from any current or deferred income tax accounts, and are classified as current (Other accrued liabilities) or long-term (Other long-term liabilities) based on the time until expected payment. A cumulative effect adjustment to retained earnings was not required as a result of the implementation of FIN 48.

As of January 1, 2007, the Company had a total of $97 million of unrecognized tax benefits. The total amount of these unrecognized tax benefits that, if recognized, would affect the effective tax rate is $20 million.

As of September 30, 2007, the Company had a total of $68 million of unrecognized tax benefits. The total amount of these unrecognized tax benefits that, if recognized, would affect the effective tax rate is $23 million. The net decrease in the amount of unrecognized tax benefits from the date of adoption resulted primarily from the closure during the first quarter of 2007 of an Internal Revenue Service (IRS) examination of federal income tax returns for the years ended December 31, 2001 and 2002. The Company agreed to an additional assessment of taxes and associated interest of $2 million and is protesting at IRS Appeals certain issues that were not agreed upon at the closure of the examination. The Company reduced unrecognized tax benefits in the amount of $33 million and recorded corresponding reductions in goodwill related to the acquisition of Mirage Resorts, Incorporated and income tax expense of $29 million and $4 million, respectively. We do not expect a significant increase or decrease in unrecognized tax benefits over the next twelve months.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. This policy did not change as a result of the adoption of FIN 48. The Company had $3 million in interest, net of federal benefit, related to unrecognized tax benefits accrued as of January 1, 2007 and no amounts were accrued for penalties as of such date.

The Company files income tax returns in the U.S. federal jurisdiction, various state and local jurisdictions, and foreign jurisdictions, although the taxes paid in foreign jurisdictions are not material. As of January 1, 2007, the Company was no longer subject to examination of its U.S. federal income tax returns filed for years ended prior to 2001. While the IRS examination of the 2001 and 2002 tax years closed during the first quarter of 2007, the statute of limitations for assessing tax for such years has been extended in order for the Company to complete the appeals process for issues that were not agreed upon at the closure of the examination. The IRS is currently examining the Company s federal income tax returns for the 2003 and 2004 tax years. The tax returns for subsequent years are also subject to examination.

As of January 1, 2007, with few exceptions, the Company was no longer subject to examination of its various state and local tax returns filed for years ended prior to 2003. During the first quarter of 2007, the City of Detroit initiated an examination of a Mandalay Resort Group subsidiary return for the pre-acquisition year ended April 25, 2005. During the fourth quarter of 2007, the state of Mississippi initiated an examination of returns filed by subsidiaries of MGM MIRAGE and Mandalay Resort Group for the 2004 through 2006 tax years. No other state or local income tax returns are under examination.

Basis of presentation. As permitted by the rules and regulations of the Securities and Exchange Commission, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These consolidated financial statements should be read in conjunction with the Company s 2006 annual consolidated financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2006.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments which include only normal recurring adjustments necessary to present fairly the Company s financial position as of September 30, 2007, the results of its operations for the three and nine month periods ended September 30, 2007 and 2006, and its cash flows for the nine month periods ended September 30, 2007 and 2006. The results of operations for such periods are not necessarily indicative of the results to be expected for the full year. Certain reclassifications, which have no effect on previously reported net income, have been made to the 2006 financial statements to conform to the 2007 presentation.

NOTE 2 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The sale of the Primm Valley Resorts in April 2007 resulted in a pre-tax gain of $201 million. The sale of the Laughlin Properties in June 2007 resulted in a pre-tax gain of $63 million.

The assets and liabilities of the Jean Properties have not been contributed to the planned joint venture and therefore are classified as held for sale at September 30, 2007. The assets and liabilities of Primm Valley Resorts and the Laughlin Properties were classified as held for sale at December 31, 2006 in the accompanying consolidated balance sheets. Nevada Landing closed in March 2007 and the carrying value of its building assets were written-off. These amounts are included in Property transactions, net in the accompanying consolidated statements of income for the nine month period ended September 30, 2007 see Note 10 for further discussion.

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The following table summarizes the assets held for sale and liabilities related to assets held for sale in the accompanying consolidated balance sheets:

	September 30,	**December 31,**