

NEW YORK

Shares of MGM Resorts International tumbled Wednesday after the casino operator priced an offering of 47 million new shares at \$12.65 each and said it expect to post third-quarter loss.

THE SPARK: The company said Tuesday it hopes to raise as much as \$595 million

from the offering and use proceeds to repay debt and for other general purposes. Its largest investor, billionaire Kirk Kerkorian, plans to sell as many as 32 million shares at the same price. This would lower Kerkorian's stake in MGM. His investment firm, Tracinda Corp., currently has a 37 percent stake.

MGM also said it expects a third-quarter loss of 72 cents per share, compared with a loss of \$1.70 per share in the year-ago period. The forecast includes impairment charges of 51 cents per share. Without the charges, the adjusted loss of 21 cents per share would be slightly better than the loss of 24 cents that analysts polled by Thomson Reuters are expecting.

ANALYSIS: "The announcement suggests that MGM's cash flow position should improve from the offering. However, the fundamental indications for (the third quarter) and the intended stake sale by Tracinda are not positive," wrote Jefferies analyst David Katz in a note to investors.

SHARE ACTION: Shares of the Las Vegas-based company fell \$1.22, or 9 percent, to \$12.39 in afternoon trading. The stock has traded in the 52-week range of \$8.54 and \$16.66.

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