

REPORT
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stays at Wynn Macau and Wynn Las Vegas were paid by Universal from 2008 – 2011, Mr. Okada denied any knowledge of these events. However, Mr. Okada stated that “everything I believe [FSS] mentioned matches with what Mr. Tokuda is investigating right now. And I will have him write a paper that lists all the countermeasures and a progress report and what has been wrapped up and so forth.”

Mr. Okada stated that in approximately December 2011, he “clearly instructed” Mr. Tokuda to conduct an investigation about these matters. At the end of the interview, Mr. Okada stated that “I will look into all the expense that you have asked about and if it is someone who has an existing relationship I will for sure bill that person.”

VII. Conclusions

The investigation has produced substantial evidence that directly relates to Mr. Okada’s suitability under Nevada law as both a major shareholder and director of Wynn Resorts.

Nevada Gaming Commission Regulations regarding individual suitability issues encompass, among other things, a person’s “good character, honesty and integrity,” and whether a person’s “background, reputation and associations will not result in adverse publicity for the State of Nevada and its gaming industry” (Section 3.090 of the NRS). The NRS also require that a covered person satisfy the Commission that such person has “adequate business probity” (Section 463.170, paragraph 3).

Both Aruze USA , a Nevada corporation, and Mr. Okada personally, as a Director, President, Secretary and Treasurer of Aruze Inc., are covered parties under the jurisdiction of the FCPA.

As set forth above, the investigation has produced substantial evidence that Mr. Okada, his associates and companies have apparently been engaging in a longstanding practice and pattern of committing prima facie violations of anti-bribery laws, particularly the FCPA.

The testimonial and documentary evidence appear to prove that, since at least 2008, Mr. Okada, his associates and companies have made over US 110,000 in payments to his chief gaming regulators (2) in the Philippines (PAGCOR), their families and associates. Mr. Okada is building a multi-billion dollar gaming business and operation in the Philippines.

The practice and means of making these payments varied slightly but were regularly and repeatedly arranged in the same manner. For example, between June 2008 and August 2010, former PAGCOR Chairman Efraim Genuino (February 2001 – June 30, 2010), his son and other PAGCOR government officials, were hosted by Mr. Okada, his associates and companies at either Wynn Resorts Las Vegas or Wynn Resorts Macau. Mr. Okada, his associates and companies would arrange and pay thousands of dollars to cover the expenses of Chairman

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Genuino, his son and other then-current PAGCOR officials in his party. These payments were made by Mr. Okada, his associates and companies, using the City Ledger Account, which contained an average balance of US 100,000 funded and replenished by Universal. International money transfers and the facilities of interstate commerce were used to make these payments.

There is substantial evidence to show that Chairman Genuino's June 2010 stay at Wynn Macau was due to the fact that he was then Mr. Okada's principal Philippine gaming regulator. This is also demonstrated by the fact that after Chairman Genuino left his PAGCOR office in June 2010, he and his family were no longer the beneficiaries of such payments at Wynn Resorts facilities.

However, as set forth above in greater detail, Mr. Okada's current chief Philippine gaming regulator, Chairman Cristino Naguiat (July 2, 2010 – present) and his family quickly succeeded Chairman Genuino as the beneficiaries of payments by Universal for stays at Wynn Resorts Las Vegas and Wynn Resorts Macau (September 2010 in Macau; November 2010 in Las Vegas; and June 2011 in Macau, just over seven (7) months ago).

These payments were made using Mr. Okada's City Ledger Account, as was done regarding payments on behalf of the former PAGCOR Chairman. The evidence further suggests that Chairman Naguiat's luxury stays at Wynn Resorts facilities were fully known to Mr. Okada, who actively involved himself in some of the arrangements. For example, Chairman Naguiat's September 22-26, 2010 stay at Wynn Resorts Macau luxury Villa 81, the most expensive accommodation at Wynn Resorts Macau (about 7,000 square feet in size, which then cost about US 6,000 per day), was intended by Mr. Okada and his associates to be kept secret and concealed within Wynn Resorts Macau records. Initially, Mr. Okada's associates arranging for Chairman Naguiat's September 2010 stay at Wynn Resorts Macau purposefully withheld Naguiat's name and had him registered as an "Incognito" VIP guest of Universal, utilizing the named reservation of "Rogelio Bangsil" (another then-senior PAGCOR official). Chairman Naguiat then stayed at the Wynn Resorts Macau for four days, together with his wife, three children and a nanny, without ever once introducing himself to the constantly attending Wynn Resorts Macau VIP service managers.

Mr. Okada's associate, who made this reservation for Chairman Naguiat, requested a "more gorgeous room, such as "Villa" and "the best butler," for this unnamed "VIP for Universal," who turned out to be the chief gaming regulator for the Philippines. The evidence also shows that on September 24, 2010, Mr. Okada personally made clear (via an interpreter) to Ian Coughlan, the Wynn Resorts Macau Executive Director and President, that Chairman Naguiat and his party were important guests and that Mr. Coughlan should make sure that his staff took good care of them. The evidence further shows that on the evening of September 24, 2010, Mr. Okada hosted a dinner at Wynn Macau for Chairman Naguiat (and approximately 13 others). The US 1,673.07 cost of this dinner was charged to Mr. Okada's room.

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The testimonial and documentary evidence also shows that despite deliberate attempts to conceal Chairman Naguiat's identity while a guest at Wynn Resorts Macau in September 2010, hotel staff, acting on their own, soon identified Chairman Naguiat by means of a photo from the PAGCOR website. Their interest in doing so was sparked by the fact that the senior PAGCOR guest known to them, Mr. Bangsil, exercised great deference to Chairman Naguiat, who the staff determined must be the 'boss'. Nevertheless, the VIP service providers continued to refer to Chairman Naguiat only as "sir," thereby following the wishes and directions of Chairman Naguiat and Mr. Okada's associates. The evidence also shows that several weeks after Chairman Naguiat's intended "Incognito" stay at Villa 81, Mr. Okada's associates became concerned about the high cost of Chairman Naguiat's luxury stay at Wynn Resorts Macau. Specifically, Mr. Okada's associate advised Wynn Resorts Macau that the amount being charged for Chairman Naguiat's stay was too much over an ordinary business expense. Mr. Okada's associate then asked if Wynn Resorts Macau "could reconsider the matter [Chairman Naguiat's stay] and charge us [Mr. Okada's company] the original rate [and free upgrade to a Villa] since the party directly dealing with on this matter is our company [Mr. Okada's company] rather than each individual guest [Chairman Naguiat]." Mr. Okada's associate further stated that "since the amount charged [for Chairman Naguiat] is too much beyond the ordinary room charge, our company [Mr. Okada's company] will be put in a very difficult position to give reasonable explanations if we are inquired by someone." (Emphasis added).

Despite Mr. Okada's associate's efforts to have Wynn Resorts Macau reduce these payments and assist in covering up the beneficial amounts received by Chairman Naguiat, Wynn Resorts Macau denied this request.

Mr. Araki's later email ("Our Chairman Okada once again instructed us to take care of the group [PAGCOR], but not like the last time....") to Wynn Macau, dated October 5, 2010, also tends to confirm Mr. Okada's personal knowledge and direction of the payments made on behalf of Chairman Naguiat and his family for their luxury stay at Wynn Macau for September 22-26, 2010.

The evidence also shows that on September 24-25, 2010, Mr. Okada's associates obtained a total of US 20,000 cash from Wynn Resorts Macau's main cage as "cash advances" for Chairman Naguiat, his family and party. This same associate of Mr. Okada returned approximately US 503 of this advance on September 26, 2010 as the remainder from Chairman Naguiat's party. Mr. Okada's City Ledger Account was again used to pay for this advance.

The evidence also shows that the PAGCOR-related payments made by Mr. Okada and his associates are not the result of any misunderstanding of the applicable anti-bribery laws, including the FCPA. Conversely, by his own statements and declarations to fellow Wynn Resorts Board members, Mr. Okada apparently believes that there is nothing wrong with making payments and gifts to government officials when doing business in Asia. When advised by fellow directors and Wynn Resorts lawyers that such payments are bribes strictly prohibited by

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the FCPA and other laws, Mr. Okada responded that third party intermediaries or “consultants” can be used to make the payments.

The best evidence of Mr. Okada’s belief that it is permissible to make payments to government officials is his admission that Universal paid expenses for then-PAGCOR Chairman Genuino’s trip to the 2008 Beijing Olympics. Mr. Okada explained that since Mr. Genuino had previously invited Mr. Okada to “one of the islands in the Philippines,” Mr. Okada and Universal’s President Tokuda in turn had Universal pay for expenses related to Genuino’s trip to Beijing, which Mr. Okada stated was arranged by President Tokuda. This admission by Mr. Okada is consistent with his February 24, 2011 statements to board members that there is nothing wrong with making payments and gifts to government officials.

The evidence about the corporate structures utilized by Mr. Okada and his associates to initiate his multibillion dollar gaming business in the Philippines also appears to demonstrate Mr. Okada’s intent to do business as he desires, regardless of the applicable laws and regulations. FSS’s examination of the corporate documents relating to Mr. Okada’s gaming initiative in the Philippines appears to show that he has used a complex web of corporate structures and companies to evade laws which require Philippine nationals to own 60% interest in all real estate. A separate legal analysis by a Philippine attorney confirms this finding and suggests that Mr. Okada’s Philippine gaming initiative has been set up in violation of applicable law.

Additionally, the preliminary evidence also shows that in connection with Mr. Okada’s efforts to develop a gaming business in IFEZ, Mr. Okada and his associates may be engaging in the same pattern of proscribed payments to government officials. The preliminary evidence shows that in October 2011, Mr. Okada’s company signed a Memorandum of Understanding with IFEZ to develop a casino resort near the Incheon International Airport. Preliminary information indicates that IFEZ is overseen by the Incheon Free Economic Zone Authority, apparently part of the City of Incheon government. Mr. Okada’s City Ledger account reflects that from November 2010 through June 2011, four (4) individuals, including IFEZ Commissioner Jong Cheol Lee, had two stays at Wynn Resorts Las Vegas and Wynn Resorts Macau, where payments totaling US 5,945.52 were made on their behalf through Mr. Okada’s City Ledger account. Preliminary internet research identifies Jong Cheol Lee as the current IFEZ Commissioner, a position he has held since July 2010. It is not clear at this preliminary stage i) whether Mr. Okada’s announced gaming investment and operation within IFEZ has received any gaming licensing, and ii) whether the three (3) guests who accompanied Commissioner Lee were then Korean government officials.

The investigation has established that despite requests by Wynn Resorts since August 2011 that Mr. Okada acknowledge in writing that he has reviewed (and agreed to comply with) Wynn Resort’s “Code of Business Ethics” and “Policy Regarding Payments to Government Officials,” Mr. Okada has failed to do so.

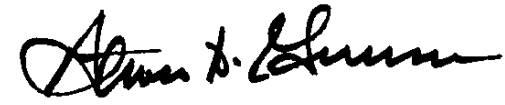
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Finally, Mr. Okada was interviewed by FSS on February 15, 2012 by FSS and was given the opportunity to present his version of the facts. Mr. Okada denied knowledge of Chairman Naguiat staying “incognito” at Wynn Macau in September 2010. He also denied knowledge that Mr. Shoji was actively involved in arranging for Chairman Naguiat’s stay. Although Mr. Shoji’s emails asking that Chairman Naguiat’s identity be kept secret, and that Chairman Naguiat be provided with cash in connection with his visit, were copied directly to Mr. Okada, the latter stated that because he rarely uses his personal computer, he would not have seen such emails. Mr. Okada acknowledged flying to Macau on September 24, 2010 in order to visit Chairman Naguiat but denied telling Ian Coughlan that Chairman Naguiat was an important Universal guest who should be treated well. Conversely, Mr. Okada stated that there is “no way” he would have said something like that, but would have said “be normal and don’t do anything out of the ordinary.” The substantial evidence relating to Chairman Naguiat’s September 2010 stay at Wynn Macau, including emails, Coughlan’s statements, and the facts and reasonable inferences regarding this evidence, cast substantial doubt on Mr. Okada’s credibility.

Mr. Okada also vehemently denied making statements to fellow board members to the effect that doing business in Asia requires and permits bribes to be made to government officials. Mr. Okada’s denials are directly contradicted by many of his fellow board members.

Similarly, Mr. Okada insists that all of his efforts to establish a gambling business in the Philippines prior to 2010 were undertaken solely on behalf of Wynn Resorts. His insistence is largely contradicted by the actions which he undertook. First, Mr. Okada and Universal invested US 300-400 million to buy property in the Manila Bay Entertainment Zone, which was to be used for his gaming operation. Mr. Okada admitted that Wynn Resorts had “no money involved in this investment.” Secondly, Mr. Okada and Universal set up an elaborate corporate structure in order to initiate, and operate in the future, a multimillion dollar casino operation. Wynn Resorts had no participation in any of these corporate initiatives or structures, all of which were controlled by Universal and Mr. Okada. Third, the provisional gaming license, which is required in order to establish a gaming business in the Philippines, was procured by Mr. Okada and his companies, without any relation to Wynn Resorts. Finally, when shown an April 25, 2008 Aruze Corp. press release, which states that the Aruze casino operation will be independently developed by Aruze with the mere intent that Wynn Resorts help guide its project, Mr. Okada denied any knowledge of this press release.

In sum, the substantial evidence developed by this investigation and set forth above, based on witness interviews, public information, documentary and electronic data, provide the Compliance Committee and Board of Directors a factual basis to review Mr. Okada’s continued suitability to be a major shareholder and director of Wynn Resorts.



CLERK OF THE COURT

PISANELLI BICE PLLC
3883 HOWARD HUGHES PARKWAY, SUITE 800
LAS VEGAS, NEVADA 89169

1 **AFFT**
James J. Pisanelli, Esq., Bar No. 4027
2 JJP@pisanellibice.com
Todd L. Bice, Esq., Bar No. 4534
3 TLB@pisanellibice.com
Debra L. Spinelli, Esq., Bar No. 9695
4 DLS@pisanellibice.com
PISANELLI BICE PLLC
5 3883 Howard Hughes Parkway, Suite 800
Las Vegas, Nevada 89169
6 Telephone: 702.214.2100

7 Paul K. Rowe, Esq. (*pro hac vice pending*)
pkrowe@wlrk.com
8 Bradley R. Wilson, Esq. (*pro hac vice pending*)
brwilson@wlrk.com
9 Grant R. Mainland, Esq. (*pro hac vice pending*)
grmainland@wlrk.com
10 WACHTELL, LIPTON, ROSEN & KATZ
51 West 52nd Street
11 New York, NY 10019
Telephone: 212.403.1000

12 Robert L. Shapiro, Esq. (*pro hac vice forthcoming*)
13 RS@glaserweil.com
GLASER WEIL FINK JACOBS HOWARD
14 AVCHEN & SHAPIRO, LLP
10259 Constellation Boulevard, 19th Floor
15 Los Angeles, CA 90067
Telephone: 310.553.3000

16 Attorneys for Wynn Resorts, Limited, Linda Chen,
17 Russell Goldsmith, Ray R. Irani, Robert J. Miller,
John A. Moran, Marc D. Schorr, Alvin V. Shoemaker,
18 Kimmarie Sinatra, D. Boone Wayson and Allan Zeman

19 **DISTRICT COURT**

20 **CLARK COUNTY, NEVADA**

21 WYNN RESORTS, LIMITED, a Nevada
Corporation,

22 Plaintiff,

23 vs.

24 KAZUO OKADA, an individual, ARUZE
USA, INC., a Nevada corporation, and
25 UNIVERSAL ENTERTAINMENT CORP.,
a Japanese corporation,

26 Defendants.
27
28

Case No.: A-12-656710-B

Dept. No.: XI

**AFFIDAVIT OF ROBERT J. MILLER
IN SUPPORT OF WYNN PARTIES'
OPPOSITION TO MOTION FOR
PRELIMINARY INJUNCTION**

Date of Hearing: October 2, 2012

Time of Hearing: 8:30 a.m.

1 STATE OF NEVADA

ss:

2 COUNTY OF CLARK

3 ROBERT J. MILLER, being duly sworn, deposes and says:

4 1. I am a resident of Clark County, Nevada and a director of Wynn Resorts, Limited
5 ("Wynn Resorts"), Chairman of the Compliance Committee of Wynn Resorts, and Chairman of
6 the Nominating and Corporate Governance Committee of the board. I also serve as presiding
7 director for executive sessions of the independent members of the Wynn Resorts board. From
8 1989 to 1999, I served as Governor of the State of Nevada.

9 2. I make this affidavit in opposition to the motion by Aruze USA, Inc. ("Aruze") and
10 Universal Entertainment Corp. ("Universal") for a preliminary injunction. I have personal
11 knowledge of the facts set forth herein unless otherwise so stated and could, if called to testify as
12 a witness, testify competently to them.

13 The Wynn Resorts board

14 3. Wynn Resorts has a twelve-member board of directors. Excluding Kazuo Okada,
15 eight of Wynn Resorts' eleven directors have no employment relationship with the Company
16 (myself, Russell Goldsmith, Ray R. Irani, John A. Moran, Alvin V. Shoemaker, D. Boone
17 Wayson, Elaine P. Wynn, and Allan Zeman). Stephen A. Wynn, Chairman and Chief Executive
18 Officer of Wynn Resorts, Linda Chen, President of Wynn International Marketing, Limited and
19 Chief Operating Officer of Wynn Resorts (Macau), S.A., and Marc D. Schorr, Chief Operating
20 Officer of Wynn Resorts, are the only members of Wynn Resorts' management on the board.

21 The Compliance Committee

22 4. In 2002, the Company adopted a "Compliance Program," which has been
23 periodically reviewed and amended. The Compliance Program states that it is designed to
24 mitigate the "dangers of unsuitable associations and compliance with regulatory requirements." It
25 describes the duties of the Compliance Committee and provides that the Committee has an
26 affirmative obligation to investigate all senior executives, directors, and key employees "in order
27 to protect the Company from becoming associated with an Unsuitable Person." Under the
28 program, the term "Unsuitable Person" refers to anyone "that the Company determines is

1 unqualified as a business associate of the Company or its Affiliates based on, without limitation,
2 that Person's antecedents, associations, financial practices, financial condition, or business
3 probity."

4 5. The Compliance Program also requires the Company to report to Nevada gaming
5 authorities to keep them "advised of the Company's compliance efforts in Nevada and other
6 jurisdictions." Specifically, the Company has an obligation to self-report — that is, to inform the
7 gaming regulators of significant compliance-related issues.

8 History of compliance concerns related to Mr. Okada

9 6. As Chairman of the Compliance Committee, I have reviewed certain investigative
10 reports, and from these, I have learned the following facts. Mr. Okada began developing a large
11 casino resort in the Philippines some time in 2007 or 2008. Wynn Resorts was not a partner or
12 participant in the project, and Mr. Okada attempted to persuade Wynn Resorts to participate in the
13 project in some way.

14 7. In the summer of 2010, a senior executive of Wynn Resorts prepared a report on
15 the business climate in the Philippines that caused the Compliance Committee to become
16 increasingly concerned about Mr. Okada's business involvement in that country. Thereafter, in
17 early 2011, management retained an independent third-party firm to do preliminary investigative
18 work concerning the Philippines and Mr. Okada's activities there.

19 8. The Wynn Resorts board discussed the results of that preliminary investigation at a
20 board meeting on February 24, 2011. Mr. Okada was present at the meeting. At that time,
21 Mr. Wynn advised the board that Mr. Okada had arranged a meeting for him with Philippine
22 President Aquino. Based on the information the board had received about endemic corruption in
23 the Philippines, the independent directors unanimously advised management that any involvement
24 in the Philippines was inadvisable, and the board strongly recommended that Mr. Wynn cancel
25 the meeting with President Aquino. Management agreed with the board's recommendation. At
26 this board meeting, Mr. Okada was clearly made aware that the board was greatly concerned
27 about any direct or indirect Wynn Resorts involvement in the Philippines.

1 9. Also at the February 24, 2011 board meeting, Kim Sinatra, Wynn Resorts' General
2 Counsel, updated the board on Foreign Corrupt Practices Act ("FCPA") matters, particularly with
3 respect to Wynn Resorts' program of director compliance and education. Such updates were and
4 are part of the Compliance Committee's efforts, as part of the overall Compliance Program, to
5 insure that Wynn Resorts does not risk compliance problems that could affect its present and
6 future licensing status, which in turn is critical to the Company's business and its prospects for the
7 future.

8 10. In the course of this meeting, Mr. Okada made the surprising and disturbing
9 comment that, in his view, making gifts to government officials was a recognized and accepted
10 way of doing business in parts of Asia, and that it was all a question of using third parties.
11 Needless to say, this comment raised concerns for me and others about Mr. Okada's ability and
12 willingness to comply with Wynn Resorts' compliance policies and with anti-corruption statutes
13 such as the FCPA.

14 11. The Wynn Resorts board again discussed Mr. Okada's business activities in the
15 Philippines at a board meeting held on July 28, 2011. Mr. Okada confirmed to the board that he
16 was proceeding with the Philippines project. In the course of the meeting, certain of the
17 Company's independent directors, including me, expressed concern with regard to probity issues
18 related to Mr. Okada and the possible effect that Mr. Okada's involvement in the Philippines
19 would have on Wynn Resorts. Following that board meeting, in August 2011, the Company
20 received additional information from a separate independent investigatory firm that raised further
21 questions about the business climate in the Philippines and Mr. Okada's activities there.

22 12. At a meeting held on September 27, 2011, the Compliance Committee reviewed
23 the results of a third-party investigative report that had been conducted at the Company's request
24 and that addressed the current political environment in the Philippines and the issues related to
25 Mr. Okada's project there. Three days later, at the direction of the Committee, representatives of
26 the Company met with Mr. Okada's lawyers to discuss the Committee's concerns with regard to
27 Mr. Okada's involvement in the Philippines project. These concerns included, among other
28

1 things, whether Mr. Okada had violated Philippine law in acquiring the land for his project. I was
2 informed that the discussion at this meeting with Mr. Okada's representatives was unproductive.

3 13. On October 31, 2011, Mr. Okada failed to attend a long-scheduled training session
4 for board members concerning the Foreign Corrupt Practices Act. Every other Wynn Resorts
5 director attended, either in person or by telephone. Management informed the directors that
6 Mr. Okada had RSVP'd for the training session in mid-September, and later asked the Company
7 to translate the training materials into Japanese, which they did. But in the end, Mr. Okada did
8 not participate.

9 The Freeh investigation

10 14. On October 29, 2011, the Compliance Committee determined to retain Freeh
11 Sporkin & Sullivan, LLP, and specifically Louis Freeh. Mr. Freeh is the former director of the
12 FBI and a former federal judge. We believed his experience and reputation were the finest in the
13 field, and that his firm had the resources to pursue the somewhat difficult task of investigating
14 matters arising out of Mr. Okada's conduct in Asia. That decision was based on the concerns
15 raised by and the information gathered in the preliminary investigations that had been conducted
16 by firms retained by the Company, and on Mr. Okada's troubling comments about FCPA
17 compliance.

18 15. The Wynn Resorts board met on November 1, 2011. Mr. Okada was told at this
19 meeting that the Compliance Committee intended to retain Mr. Freeh to do an in-depth
20 investigation of his activities, and Mr. Okada attempted to persuade us not to engage Mr. Freeh.
21 At this meeting, Mr. Wynn explained to Mr. Okada that Mr. Okada would be breaching his
22 fiduciary duties as a director of Wynn Resorts if Mr. Okada — as it appeared he was planning —
23 used information he obtained as a Wynn Resorts director concerning the Company's marketing to
24 Asian customers to siphon off to the Philippines profitable business from Wynn Resorts' existing
25 and planned Macau properties. Mr. Okada strongly disagreed.

26 16. Also at the November 1, 2011 board meeting, the Wynn Resorts board ratified the
27 Compliance Committee's decision to hire Mr. Freeh and the Committee formally retained
28

1 Mr. Freeh to conduct an investigation and produce a report related to Mr. Okada and his business
2 activities in the Philippines.

3 17. Over a three-month period, Mr. Freeh and/or his colleagues made several trips to
4 the Philippines and Macau; conducted numerous interviews; and engaged in detailed documentary
5 research of public records. By early 2012, Mr. Freeh and his team had uncovered detailed prima
6 facie evidence of serious wrongdoing by Mr. Okada and his associates.

7 18. In early 2012, I received a preliminary briefing from Mr. Freeh indicating that his
8 investigation had revealed serious issues concerning the legality, under Philippine law, of
9 Mr. Okada's purchase and title to the land on which his new casino project was to be built.
10 Moreover, Mr. Freeh had found evidence from records maintained by Wynn Macau, and from
11 interviews of Wynn Macau personnel, that Aruze provided gifts of value at Wynn Macau to
12 senior officials of PAGCOR (including its Chairman, Mr. Cristino Naguiat), and that Mr. Okada
13 was aware of this. (PAGCOR is a Philippine governmental agency that is both the regulator and
14 operator of gaming in that country.) Mr. Freeh also uncovered evidence that Mr. Okada's
15 associates had requested anonymity for a VIP guest they did not wish to be registered. This
16 individual was later determined to be Chairman Naguiat of PAGCOR.

17 19. As Chairman of the Compliance Committee, I decided that before Mr. Freeh
18 concluded his investigation and produced his report, Mr. Okada should be offered the opportunity
19 to submit exculpatory evidence. For several weeks, Mr. Okada would not commit to a date for an
20 interview with Mr. Freeh. Finally, Mr. Okada agreed to let Mr. Freeh interview him, in Tokyo,
21 on February 15, 2012. I was informed that one or more of Mr. Okada's attorneys from the Paul
22 Hastings firm were present at the interview.

23 20. As is reflected in the 47-page "Freeh Report" that was presented to the Compliance
24 Committee and the Wynn Resorts board on February 18, 2012, Mr. Freeh concluded that
25 Mr. Okada had not presented any persuasive evidence whatsoever to rebut what Mr. Freeh had
26 found, and that while Mr. Okada had offered broad denials of involvement in any of the
27 misconduct, the evidence uncovered in Mr. Freeh's investigation cast substantial doubt on
28 Mr. Okada's credibility. The Freeh Report is attached hereto as Exhibit 1.

The February 18, 2012 board meeting and the redemption of Aruze's shares

21. The first portion of the Wynn Resorts board meeting on February 18, 2012 was devoted to a consideration of the response to the Court's order in the books-and-records case brought by Mr. Okada. Mr. Okada then joined the meeting by telephone. In response to a question regarding whether Mr. Okada had joined the meeting alone, an attorney from Mr. Okada's U.S. law firm responded that he was in the room with Mr. Okada, along with a colleague and certain Universal executives. Mr. Okada was reminded that Company policy provided that board members attend meetings without personal lawyers. Thereafter, Mr. Okada's counsel advised that everyone would leave the room except for Mr. Okada and his translator. Following confirmation from Mr. Okada's translator that all other persons had departed, the meeting continued. As the focus of the meeting turned to the Freeh Report, the meeting was interrupted constantly by issues relating to translation. The question was asked of Mr. Okada's translator whether he was a licensed translator, and he replied that he was, in fact, not a professional translator, but a Japanese attorney for Mr. Okada. That person was asked to leave the meeting. Subsequently, the meeting proceeded with Mr. Okada having the discussion at the meeting translated for him by a professional translator provided by the Company.

22. Mr. Freeh provided the board (including Mr. Okada) with a detailed summary of his investigation and his findings. The Chairman then declared that there would be a two-hour recess to allow the board members who had executed a confidentiality agreement to read the Freeh Report — that is, all members other than Mr. Okada, who refused to execute the agreement, which had been translated into Japanese — following which the meeting would resume with a discussion of the Freeh Report. Prior to taking the recess, the Chairman inquired of Mr. Okada whether he had any questions or comments. Mr. Okada did not respond. Thereafter, the decision was made that Mr. Okada would not be re-connected to the portion of the meeting that would involve a discussion of the Freeh Report.

1 23. When the board meeting reconvened, there was a general discussion of the Freeh
2 Report and its implications for Wynn Resorts and its shareholders. The board then received
3 advice from two attorneys from separate law firms, each of whom is expert in gaming law, and
4 asked questions of them. There was a consensus among the members of the board that Aruze's
5 status as a substantial shareholder of the Company jeopardized the gaming licenses held by
6 Wynn Resorts and could jeopardize future efforts by Wynn Resorts to become licensed in other
7 jurisdictions.

8 24. After further extensive discussion, the directors present voted unanimously to
9 declare Mr. Okada, Aruze, and Universal "Unsuitable Persons" within the meaning and according
10 to the criteria specified in Article VII of the Wynn Resorts Articles of Incorporation. (The
11 Articles are attached as Exhibit 2 to this affidavit.) In connection with this determination, the
12 board received advice from the gaming law experts present at the meeting, including on the topics
13 of the likely response of Nevada gaming regulators to a lack of action by the board, to a delay in
14 action by the board, and related matters.

15 25. The board then considered the amount at which to value the Aruze shares within
16 the meaning of Article VII, and whether to redeem the Aruze shares with cash or with a
17 promissory note having the terms specified in Article VII. In connection with these questions, the
18 board received information and advice from the independent investment banking firm of
19 Moelis & Company, from Duff & Phelps, and from the Company's chief financial officer.

20 26. In determining the "fair value" of the securities to be redeemed, the board first
21 considered what would be the fair value of unrestricted shares of Wynn Resorts and determined
22 that it would be the then current NASDAQ market price. The board then considered the transfer
23 restrictions applicable to Aruze's shares under the stockholders agreement among Aruze,
24 Mr. Wynn, and Ms. Wynn, as well as the size of Aruze's block, and determined that it would be
25 appropriate to apply a discount to the then current NASDAQ market price to account for these
26 restrictions. In determining what discount to apply, the board was guided by the view of
27 Moelis & Company that the transfer restrictions on Aruze's shares (restrictions that would travel
28 with the shares to any potential buyer) were as restrictive as any other restrictions it had identified

1 in respect of the shares of a U.S. public company. In addition, the board was guided by the advice
2 of Moelis & Company that the size of Aruze's block would make it more difficult to sell. Based
3 on this information, and following further discussion, the board determined to apply a
4 30% discount to the then current NASDAQ market price of Wynn Resorts shares in calculating
5 the fair value of Aruze's shares.

6 27. The board then considered whether to pay cash or to issue a promissory note to
7 Aruze to effect the redemption. In consideration of the potential negative effects on the
8 Company's balance sheet and the borrowing costs associated with a cash payment, as well as the
9 related negative impact on the Company's public shareholders, the board determined to issue to
10 Aruze a promissory note on the terms set forth in the Articles of Incorporation. That promissory
11 note is attached as Exhibit 3 to this affidavit. In connection with the decision to pay by note
12 rather than by cash, the board received advice from outside expert gaming counsel, and it
13 considered the potential views of the Nevada gaming authorities.

14 28. The board instructed management to advise Aruze of the redemption of its shares
15 and the board's decision to issue to it a promissory note in exchange. That redemption notice is
16 attached as Exhibit 4 to this affidavit.

17 29. On February 18, 2012, Wynn Resorts gave notice to the Nevada State Gaming
18 Control Board that the board had found Mr. Okada, Aruze, and Universal to be "Unsuitable
19 Persons" and redeemed Aruze's shares pursuant to Article VII in exchange for a promissory note.
20 To my knowledge, the Gaming Control Board has expressed no concern with respect to the
21 board's unsuitability determination, the redemption of Aruze's shares, or the board's decision to
22 issue a promissory note to Aruze.

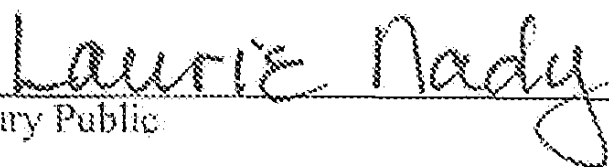
23 30. I understand that, in this motion, Aruze is making two main arguments — first,
24 that Aruze's shares are not subject to the redemption provisions that the board invoked because
25 Article VII has never applied to them; and, second, that the redemption was a "sham" meant to
26 advance a plan by Steve Wynn to increase control over Wynn Resorts, and that the board has
27
28

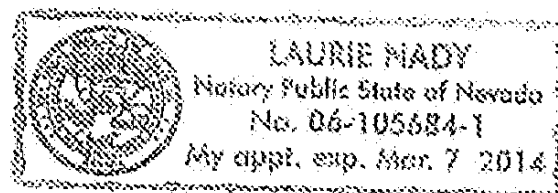
PISANELLO BICE PLLC
3883 HOWARD HUGHES PARKWAY, SUITE 800
LAS VEGAS, NEVADA 89169

1 treated Mr. Okada unfairly because the directors are simply carrying out Steve Wynn's personal
2 wishes. I am unaware of any evidence that would support these contentions.

3
4
5
6 
7 ROBERT J. MILLER

8 Subscribed and sworn to in my presence this
9 20th day of September, 2012

10 
11 Notary Public



**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2014

OR

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

For the transition period _____ to _____

Commission File No. 000-50028

WYNN RESORTS, LIMITED

(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction of
incorporation or organization)

46-0484987
(I.R.S. Employer
Identification Number)

3131 Las Vegas Boulevard South—Las Vegas, Nevada 89109
(Address of principal executive offices) (Zip Code)

(702) 770-7555
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class Common Stock, \$0.01 par value	Name of Each Exchange on Which Registered Nasdaq Global Select Market
--------------------------------------------------------------	---------------------------------------------------------------------------------

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant's voting and non-voting common stock held by non-affiliates based on the closing price as reported on the NASDAQ Global Select Market on June 30, 2014 was approximately \$16.8 billion.

As of February 13, 2015, 101,525,639 shares of the registrant's Common Stock, \$0.01 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for its 2015 Annual Meeting of Stockholders to be filed not later than 120 days after the end of the fiscal year covered by this report are incorporated by reference into Part III of this Form 10-K.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
FORM 10-K
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PART I

ITEM 1. BUSINESS

Overview

Wynn Resorts, Limited, ("Wynn Resorts", or together with its subsidiaries "we" or the "Company"), led by Chairman and Chief Executive Officer, Stephen A. Wynn, is a leading developer, owner and operator of destination casino resorts (integrated resorts) which integrate accommodations and amenities, including fine dining, premium retail offerings, distinctive entertainment and convention facilities.

Wynn Resorts currently owns 72% of Wynn Macau, Limited, which operates an integrated resort in the Macau Special Administrative Region of the People's Republic of China ("Macau"). Wynn Resorts also owns 100% of and operates an integrated resort in Las Vegas, Nevada.

We are currently constructing Wynn Palace, an integrated resort in the Cotai area of Macau, which we expect to open in the first half of 2016. In November 2014, we were awarded a gaming license in Massachusetts and expect to develop and construct an integrated resort in Everett, Massachusetts.

We present the operating results of our two existing integrated resorts in the following two segments: Macau Operations and Las Vegas Operations. For more information on our segments, see Item 8—"Financial Statements and Supplementary Data", Note 18 "Segment Information."

Wynn Resorts, a Nevada corporation, was formed in 2002. Wynn Resorts files annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments of such reports with the Securities and Exchange Commission ("SEC"). Any document Wynn Resorts files may be inspected, without charge, at the SEC's public reference room at 100 F Street, N.E. Washington, D.C. 20549 or at the SEC's internet site address at <http://www.sec.gov>. Information related to the operation of the SEC's public reference room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, through our own internet address at www.wynnresorts.com, Wynn Resorts provides a hyperlink to a third-party SEC filing website which posts these filings as soon as reasonably practicable, where they can be reviewed without charge. The information found on our website is not a part of this Annual Report on Form 10-K or any other report we file or furnish to the SEC.

Our Resorts

Macau Operations

Wynn Macau opened on September 6, 2006. On April 21, 2010, we opened Encore at Wynn Macau, an expansion of Wynn Macau. We refer to the integrated Wynn Macau and Encore at Wynn Macau resort as "Wynn Macau | Encore" or as our "Macau Operations." We operate Wynn Macau | Encore under a 20-year casino concession agreement granted by the Macau government in June 2002. See "Regulation and Licensing—Macau" for details on the casino concession agreement. We lease from the Macau government an approximately 16 acre parcel of land in downtown Macau's inner harbor where Wynn Macau | Encore is located. See "Item 2—Properties" for details on the land concession agreement.

Wynn Macau | Encore features the following as of February 13, 2015:

- Approximately 284,000 square feet of casino space offering 24-hour gaming and a full range of games with 498 table games and 625 slot machines, private gaming salons, sky casinos and a poker pit;
- Two luxury hotel towers with a total of 1,008 spacious guest rooms and suites;
- Casual and fine dining in eight restaurants;
- Approximately 57,000 square feet of high-end, brand-name retail shopping, including stores and boutiques by Bvlgari, Cartier, Chanel, Dior, Dunhill, Ermenegildo Zegna, Ferrari, Giorgio Armani, Graff, Gucci, Hermes, Hugo Boss, Jaeger-LeCoultre, Loro Piana, Louis Vuitton, Miu Miu, Piaget, Prada, Richard Mille, Roger Dubuis, Rolex, Tiffany, Vacheron Constantin, Van Cleef & Arpels, Versace, Vertu, and others;
- Approximately 31,000 square feet of space for lounges and meeting facilities;
- Recreation and leisure facilities, including two health clubs, spas, a salon and a pool; and
- Rotunda show featuring a Chinese zodiac-inspired ceiling along with gold "prosperity tree" and "dragon of fortune" attractions.

In response to our evaluation of our Macau Operations and the reactions of our guests, we have made and expect to continue to make enhancements and refinements to this resort. In February 2015, we completed the renovation of approximately 27,000 square feet of our casino space at Wynn Macau for new VIP gaming rooms.

Las Vegas Operations

Wynn Las Vegas opened on April 28, 2005. On December 22, 2008, we opened Encore at Wynn Las Vegas, an expansion of Wynn Las Vegas. We refer to the integrated Wynn Las Vegas and Encore at Wynn Las Vegas resort as “Wynn Las Vegas | Encore” or as our “Las Vegas Operations.” Wynn Las Vegas | Encore is located at the intersection of the Las Vegas Strip and Sands Avenue, and occupies approximately 215 acres of land fronting the Las Vegas Strip. In addition, we own approximately 18 acres across Sands Avenue, a portion of which is utilized for employee parking and an office building, and approximately 5 acres adjacent to the golf course on which an office building is located.

Wynn Las Vegas | Encore features the following as of February 13, 2015:

- Approximately 186,000 square feet of casino space, offering 24-hour gaming and a full range of games with 232 table games and 1,849 slot machines, private gaming salons, a sky casino, a poker room, and a race and sports book;
- Two luxury hotel towers with a total of 4,748 spacious guest rooms, suites and villas;
- 34 food and beverage outlets featuring signature chefs;
- Approximately 99,000 square feet of high-end, brand-name retail shopping, including stores and boutiques by Alexander McQueen, Brioni, Cartier, Chanel, Chloé, Chopard, Dior, Givenchy, Graff, Hermes, IWC Schaffhausen, Jaeger-LeCoultre, Loro Piana, Louis Vuitton, Manolo Blahnik, Nicholas Kirkwood, Oscar de la Renta, Piaget, Rolex, Vertu and others;
- Approximately 290,000 square feet of meeting and convention space;
- Three nightclubs and a beach club;
- Specially designed theater presenting “Le Rêve-The Dream,” a water-based theatrical production and a theater presenting “Steve Wynn’s Showstoppers,” a Broadway-style entertainment production;
- Recreation and leisure facilities, including an 18-hole golf course, swimming pools, private cabanas and two full service spas and salons;
- A Ferrari and Maserati automobile dealership; and
- Wedding chapels.

In response to our evaluation of our Las Vegas Operations and the reactions of our guests, we have and expect to continue to make enhancements and refinements to this resort.

Construction and Development Opportunities

In September 2011, Palo Real Estate Company Limited (“Palo”) and Wynn Resorts (Macau), S.A. (“Wynn Macau SA”), each an indirect subsidiary of Wynn Macau, Limited, formally accepted the terms and conditions of a land concession contract from the Macau government for approximately 51 acres of land in the Cotai area of Macau. On May 2, 2012, the land concession contract was gazetted by the government of Macau evidencing the final step in the granting of the land concession.

The initial term of the Cotai land concession contract is 25 years from May 2, 2012, and it may be renewed with government approval for successive periods. The total land premium payable, including interest as required by the land concession contract, is \$193.4 million. An initial payment of \$62.5 million was paid in December 2011, with eight additional semi-annual payments of approximately \$16.4 million each (including interest at 5%) which began in November 2012. As of December 31, 2014, the Company has recorded this obligation with \$30.8 million included as a current liability and \$16.0 million included as a long-term liability. The Company will also be required to make annual lease payments of \$0.8 million during the resort construction period and annual lease payments of approximately \$1.1 million once the development is completed.

On the land subject to the Cotai land concession, we are currently constructing Wynn Palace, an integrated resort containing a 1,700-room hotel, performance lake, meeting space, casino, spa, retail offerings and food and beverage outlets. The total project budget, including construction costs, capitalized interest, pre-opening expenses, land costs and financing fees,

is \$4.1 billion. As of December 31, 2014, we have invested \$1.8 billion in the project. We expect to open Wynn Palace in the first half of 2016.

On July 29, 2013, Wynn Macau SA and Palo executed a guaranteed maximum price construction ("GMP") contract with Leighton Contractors (Asia) Limited, acting as the general contractor. Under the GMP contract, the general contractor is responsible for both the construction and design of the project. The general contractor is obligated to substantially complete the project in the first half of 2016 for a guaranteed maximum price of HK\$20 billion (approximately \$2.57 billion). An early completion bonus for achievement of substantial completion on or before January 25, 2016, will be paid to the general contractor if certain conditions are satisfied under the GMP contract. While our general contractor has notified us that certain conditions will not be satisfied under the GMP contract by the early completion target, the contractor stated it was still on target to complete the project on time and we continue to expect to open the property in the first half of 2016. Both the contract time and guaranteed maximum price are subject to further adjustment under certain specified conditions. The performance of the general contractor is backed by a full completion guarantee given by Leighton Holdings Limited, the parent company of the general contractor, as well as a performance bond for 5% of the guaranteed maximum price.

On September 17, 2014, the Massachusetts Gaming Commission ("MGC") designated Wynn MA, LLC ("Wynn MA"), an indirect wholly owned subsidiary of the Company, the award winner of the Greater Boston (Region A) gaming license. On November 4, 2014, a vote upheld the expanded gaming law in Massachusetts. On November 7, 2014, the gaming license awarded to us became effective and we paid the \$85.0 million license fee.

On January 2, 2015, we purchased 33 acres of land in Everett, Massachusetts, along the Mystic River. On this land, we intend to develop and operate an integrated resort containing a hotel, restaurants, casino, spa, premium retail offerings, meeting and convention space and a waterfront boardwalk.

Our Strategy

We believe that Stephen A. Wynn is the preeminent designer, developer and operator of destination casino resorts and has developed brand name status. Mr. Wynn's involvement with our resorts provides a distinct advantage over other gaming enterprises. We integrate luxurious surroundings, distinctive entertainment and superior amenities, including convention facilities, entertainment, fine dining and premium retail offerings, to create resorts that appeal to our international customer base.

Our resorts are designed, built and operated to provide a premium experience for our guests. Our business is dependent upon repeat visitation from our guests and we believe superior customer experience and service is the best marketing strategy to attract and retain our customers. Our company heavily emphasizes human resources and staff training to ensure our employees are prepared to provide the luxury service that our guests expect. We market our resorts directly to gaming customers using database marketing techniques, as well as traditional incentives, including reduced room rates and complimentary meals and suites. Our rewards system offers discounted and complimentary meals, lodging and entertainment for our guests. We also create general market awareness for our resorts through various media channels, including social media, television, radio, newspapers, magazines, the internet, direct mail and billboards.

Mr. Wynn and his team bring significant experience in designing, developing and operating casino resorts. The senior executive team has an average of over 25 years of experience in the hotel and gaming industries. We also have an approximately 120-person design, development and construction subsidiary, the senior management of which has significant experience in all major construction disciplines.

For the seventh consecutive year, Wynn Macau and The Spa at Wynn Macau received the Forbes five-star distinction, while Encore at Wynn Macau and the Spa at Encore at Wynn Macau received the Forbes five-star distinction for the third consecutive year. For the ninth consecutive year, The Tower Suites at Wynn Las Vegas has received the Forbes five-star distinction. The Spa at Wynn Las Vegas earned five-star recognition from Forbes for the seventh year in a row. The Tower Suites at Encore at Wynn Las Vegas and the Spa at Encore at Wynn Las Vegas are also recipients of the Forbes five-star distinction. In addition, a number of restaurants in our resorts have earned star-distinction from Forbes, with 51 stars in total for the current year.

We continually seek out new opportunities for additional gaming or related businesses, in the United States, and worldwide.

Market and Competition

The casino resort industry is highly competitive. Both our Macau Operations and our Las Vegas Operations compete with other high-quality casino resorts. Resorts located on or near our properties compete on the basis of overall atmosphere, range of amenities, level of service, price, location, entertainment, themes and size, among other factors. We seek to differentiate our Macau and Las Vegas resorts from other major resorts by concentrating on our fundamental elements of superior design, atmosphere, personal service and luxury.

Macau

Macau is governed as a special administrative region of China and is located approximately 37 miles southwest of, and approximately one hour away via ferry from, Hong Kong. Macau, which has been a casino destination for more than 50 years, consists principally of a peninsula on mainland China, with two neighboring islands, Taipa and Coloane, between which the Cotai area is located. In 2002, the government of Macau ended a 40 year monopoly of the conduct of gaming operations by conducting a competitive process resulting in the issuance of concessions to conduct gaming operations to three concessionaires (including Wynn Macau), who in turn were permitted, subject to the approval of the government of Macau, to each grant one subconcession, resulting in a total of six gaming concessionaires. In addition to Wynn Macau, each of Sociedade de Jogos de Macau (“SJM”) and Galaxy Entertainment Group Limited are primary concessionaires and Sands China Ltd., Melco Crown and MGM China Holdings Limited operate under subconcessions. There is no limit to the number of casinos each concessionaire is permitted to operate, but each facility is subject to government approval. Currently, there are 35 operating casinos in Macau.

We believe that Macau is located in one of the world’s largest concentrations of potential gaming customers. According to Macau Statistical Information, casinos in Macau, the largest gaming market in the world, generated approximately \$44.1 billion in gaming revenue in 2014, a 2.6% decline from the approximately \$45.2 billion generated in 2013. The Macau market has experienced a significant increase in annual gaming revenue from the \$2.9 billion generated in 2002, with the 2014 year-over-year decline in annual gaming revenue being the first over this period.

Macau’s gaming market is primarily dependent on tourists. Tourist arrivals in 2014 were 31.5 million, compared to 29.3 million in 2013. The Macau market has also experienced tremendous growth in capacity in the last several years. As of December 31, 2014, there were 27,904 hotel rooms, 5,711 table games and 13,018 slot machines in Macau, compared to 12,978 hotel rooms, 2,762 table games and 6,546 slot machines as of December 31, 2006.

Gaming customers traveling to Macau have typically come from nearby destinations in Asia including Hong Kong, mainland China, Taiwan, South Korea and Malaysia. According to the Macau Statistics and Census Service Monthly Bulletin of Statistics, approximately 90% of the tourists who visited Macau in 2014 came from Hong Kong, mainland China and Taiwan. Travel to Macau by citizens of mainland China requires a visa. Chinese government officials have, on occasion, exercised their authority to adjust the visa policy and may do so in the future.

Wynn Macau faces competition from casinos located throughout the world, including Singapore, Australia, Philippines, Las Vegas and cruise ships in Asia that offer gaming.

Las Vegas

Las Vegas is the largest gaming market in the United States. During 2014, the economic environment in the gaming and hotel markets in Las Vegas continued to improve with increased visitation and hotel room demand. During 2014, the average daily room rate increased 5.2% and visitation increased 3.7% to 41.1 million visitors compared to 2013. Las Vegas Strip gaming revenues decreased by 2.1% from \$6.5 billion for the year ended December 31, 2013 to \$6.4 billion for the year ended December 31, 2014. During 2013, the average daily room rate increased 2.4%, visitation remained relatively flat at 39.7 million visitors, and Las Vegas Strip gaming revenues increased 4.8%, all as compared to the year ended December 31, 2012. Las Vegas Strip resorts experienced 2014 year-over-year increases of 2.2% and 7.8% in occupancy and revenue per available room, respectively.

Our Las Vegas Operations are located on the Las Vegas Strip and compete with other high-quality resorts and hotel casinos in Las Vegas. Our Las Vegas Operations also compete, to some extent, with other casino resorts throughout the United States, and elsewhere in the world. The legalization of casino gaming in or near metropolitan areas from which we attract customers could have a negative effect on our business. New or renovated casinos in Asia, including Singapore, the Philippines, South Korea and Macau, could draw gaming customers away from Las Vegas.

Geographic Data

Geographic data are reported in Item 8—“Financial Statements and Supplementary Data”, Note 18 “Segment Information.” Additional financial data about our geographic operations is provided in Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Regulation and Licensing

Macau

General. As a casino concessionaire, Wynn Macau, an indirect 72% owned subsidiary of the Company, is subject to the regulatory control of the Government of Macau. The government has adopted Laws and Administrative Regulations governing the operation of casinos in Macau. Only concessionaires or subconcessionaires are permitted to operate casinos. Subconcessions may be awarded subject to the approval of the Macau government and each concessionaire has issued one subconcession. Each concessionaire was required to enter into a concession agreement with the Macau government which, together with the Law and Administrative Regulations, form the framework for the regulation of the activities of the concessionaire.

Under the Law and Administrative Regulations, concessionaires are subject to suitability requirements relating to background, associations and reputation, as are stockholders of 5% or more of a concessionaire’s equity securities, officers, directors and key employees. The same requirements apply to any entity engaged by a concessionaire to manage casino operations. Concessionaires are required to satisfy minimum capitalization requirements, demonstrate and maintain adequate financial capacity to operate the concession and submit to continuous monitoring of their casino operations by the Macau government. Concessionaires also are subject to periodic financial reporting requirements and reporting obligations with respect to, among other things, certain contracts, financing activities and transactions with directors, financiers and key employees. Transfers or the encumbering of interests in concessionaires must be reported to the Macau government and are ineffective without government approval.

Each concessionaire is required to engage an executive director who must be a permanent resident of Macau and the holder of at least 10% of the capital stock of the concessionaire. The appointment of the executive director and of any successor is ineffective without the approval of the Macau government. All contracts placing the management of a concessionaire’s casino operations with a third party also are ineffective without the approval of the Macau government.

Concessionaires are subject to a special gaming tax of 35% of gross gaming revenue, and must also make an annual contribution of up to 4% of gross gaming revenue for the promotion of public interests, social security, infrastructure and tourism. Concessionaires are obligated to withhold applicable taxes, according to the rate in effect as set by the government, from any commissions paid to games promoters. The withholding rate may be adjusted from time to time.

A games promoter, also known as a junket representative, is a person who, for the purpose of promoting casino gaming activity, arranges customer transportation and accommodations, and provides credit in their sole discretion, food and beverage services and entertainment in exchange for commissions or other compensation from a concessionaire. Macau law provides that games promoters must be licensed by the Macau government in order to do business with and receive compensation from concessionaires. For a license to be obtained, direct and indirect owners of 5% or more of a games promoter (regardless of its corporate form or sole proprietor status), its directors and its key employees must be found suitable. Applicants are required to pay the cost of license investigations, and are required to maintain suitability standards during the period of licensure. The term of a games promoters’ license is one calendar year, and licenses can be renewed for additional periods upon the submission of renewal applications. Natural person junket representative licensees are subject to a suitability verification process every three years and business entity licensees are subject to the same requirement every six years. The Gaming Inspection and Coordination Bureau (“DICJ”) implemented certain instructions in 2009, which have the force of law, relating to commissions paid to, and by, games promoters. Such instructions also impose certain financial reporting and audit requirements on games promoters.

Under Macau law, licensed games promoters must identify outside contractors who assist them in their promotion activities. These contractors are subject to approval of the Macau government. Changes in the management structure of business entity games promoters licensees must be reported to the Macau government and any transfer or the encumbering of interests in such licensees is ineffective without prior government approval. To conduct gaming promotion activities licensees must be registered with one or more concessionaires and must have written contracts with such concessionaires, copies of which must be submitted to the Macau government.

Macau law further provides that concessionaires are jointly responsible with their games promoters for the activities of such representatives and their directors and contractors in the concessionaires' casinos, and for their compliance with applicable laws and regulations. Concessionaires must submit annual lists of their games promoters, and must update such lists on a quarterly basis. The Macau government may designate a maximum number of games promoters and specify the number of games promoters a concessionaire is permitted to engage. Concessionaires are subject to periodic reporting requirements with respect to commissions paid to their games promoters representatives and are required to oversee their activities and report instances of unlawful activity.

The government of Macau may assume temporary custody and control over the operation of a concession in certain circumstances. During any such period, the costs of operations must be borne by the concessionaire. The government of Macau also may redeem a concession starting at an established date after the entering into effect of a concession. The government of Macau may also terminate a concession for cause, including, without limitation, failure of the concessionaire to fulfill its obligations under law or the concession contract.

Concession Agreement. The concession agreement between Wynn Macau SA and the Macau government required Wynn Macau SA to construct and operate one or more casino gaming properties in Macau, including, at a minimum, one full-service casino resort by the end of December 2006, and to invest not less than a total of 4 billion Macau patacas (approximately \$500 million) in Macau-related projects by June 2009. These obligations were satisfied upon the opening of Wynn Macau in 2006.

Wynn Macau SA was also obligated to obtain, and did obtain, a 700 million Macau pataca (approximately \$87 million) bank guarantee from Banco National Ultramarino, S.A. ("BNU") that was effective until March 31, 2007. The amount of this guarantee was reduced to 300 million Macau patacas (approximately \$37 million) for the period from April 1, 2007 until 180 days after the end of the term of the concession agreement. This guarantee, which is for the benefit of the Macau government, assures Wynn Macau SA's performance under the casino concession agreement, including the payment of premiums, fines and indemnity for any material failure to perform the concession agreement. Wynn Macau SA is obligated, upon demand by BNU, to promptly repay any claim made on the guarantee by the Macau government. BNU is currently paid an annual fee by Wynn Macau SA for the guarantee of approximately 2.3 million patacas (approximately \$0.3 million).

The government of Macau may redeem the concession beginning on June 24, 2017, and in such event Wynn Macau SA will be entitled to fair compensation or indemnity. The amount of such compensation or indemnity will be determined based on the amount of revenue generated during the tax year prior to the redemption multiplied for the remaining years under the concession.

The government of Macau may unilaterally rescind the concession if Wynn Macau SA fails to fulfill its fundamental obligations under the concession agreement. The concession agreement expressly provides that the government of Macau may unilaterally rescind the concession agreement if Wynn Macau SA:

- conducts unauthorized games or activities that are excluded from its corporate purpose;
- abandons or suspends gaming operations in Macau for more than seven consecutive days (or more than 14 days in a civil year) without justification;
- defaults in payment of taxes, premiums, contributions or other required amounts;
- does not comply with government inspections or supervision;
- systematically fails to observe its obligations under the concession system;
- fails to maintain bank guarantees or bonds satisfactory to the government;
- is the subject of bankruptcy proceedings or becomes insolvent;
- engages in serious fraudulent activity, damaging to the public interest; or,
- repeatedly and seriously violates applicable gaming laws.

If the government of Macau unilaterally rescinds the concession agreement for one of the reasons stated above, Wynn Macau SA will be required to compensate the government in accordance with applicable law, and the areas defined as casino under Macau law and all of the gaming equipment pertaining to the gaming operations of Wynn Macau SA will be transferred to the government without compensation. In addition, the government of Macau may, in the public interest, unilaterally terminate the concession at any time, in which case Wynn Macau SA would be entitled to reasonable compensation.

Nevada

Introduction. The ownership and operation of casino gaming facilities in the State of Nevada are subject to the Nevada Gaming Control Act and the regulations made under the Act, as well as to various local ordinances. Our Las Vegas Operations are subject to the licensing and regulatory control of the Nevada Gaming Commission, the Nevada State Gaming Control Board and the Clark County Liquor and Gaming Licensing Board, which we refer to herein collectively as the “Nevada Gaming Authorities.”

Policy Concerns of Gaming Laws. The laws, regulations and supervisory procedures of the Nevada Gaming Authorities are based upon declarations of public policy. Such public policy concerns include, among other things:

- preventing unsavory or unsuitable persons from being directly or indirectly involved with gaming at any time or in any capacity;
- establishing and maintaining responsible accounting practices and procedures;
- maintaining effective controls over the financial practices of licensees, including establishing minimum procedures for internal fiscal affairs and safeguarding assets and revenue, providing reliable recordkeeping and requiring the filing of periodic reports with the Nevada Gaming Authorities;
- preventing cheating and fraudulent practices; and
- providing a source of state and local revenue through taxation and licensing fees.

Changes in applicable laws, regulations and procedures could have significant negative effects on our Las Vegas gaming operations and our financial condition and results of operations.

Owner and Operator Licensing Requirements. Our subsidiary, Wynn Las Vegas, LLC, the owner and operator of our Las Vegas Operations, has been approved by the Nevada Gaming Authorities as a limited liability company licensee, referred to as a company licensee, which includes approval to conduct casino gaming operations, including a race book and sports pool and pari-mutuel wagering. These gaming licenses are not transferable.

Company Registration Requirements. Wynn Resorts was found suitable by the Nevada Gaming Commission to own the equity interests of Wynn Resorts Holdings, LLC (“Wynn Resorts Holdings”), a wholly owned subsidiary of Wynn Resorts, and to be registered by the Nevada Gaming Commission as a publicly traded corporation, referred to as a registered company, for the purposes of the Nevada Gaming Control Act. Wynn Resorts Holdings was found suitable by the Nevada Gaming Commission to own the equity interests of Wynn Las Vegas, LLC and to be registered by the Nevada Gaming Commission as an intermediary company. In addition to being licensed, Wynn Las Vegas, LLC, as an issuer of debt securities registered with the SEC, also qualified as a registered company. Wynn Las Vegas Capital Corp., a co-issuer of the debt securities, was not required to be registered or licensed, but may be required to be found suitable as a lender or financing source.

Periodically, we are required to submit detailed financial and operating reports to the Nevada Gaming Commission and provide any other information that the Nevada Gaming Commission may require. Substantially all of our material loans, leases, sales of securities and similar financing transactions must be reported to, and/or approved by, the Nevada Gaming Commission.

Individual Licensing Requirements. No person may become a more than 5% stockholder or member of, or receive any percentage of the profits of, an intermediary company or company licensee without first obtaining licenses and approvals from the Nevada Gaming Authorities. The Nevada Gaming Authorities may investigate any individual who has a material relationship to or material involvement with us to determine whether the individual is suitable or should be licensed as a business associate of a gaming licensee. Certain of our officers, directors and key employees have been or may be required to file applications with the Nevada Gaming Authorities and are or may be required to be licensed or found suitable by the Nevada Gaming Authorities. All applications required as of the date of this report have been filed. However, the Nevada Gaming Authorities may require additional applications and may also deny an application for licensing for any reason which they deem appropriate. A finding of suitability is comparable to licensing, and both require submission of detailed personal and financial information followed by a thorough investigation. An applicant for licensing or an applicant for a finding of suitability must pay or must cause to be paid all the costs of the investigation. Changes in licensed positions must be reported to the Nevada Gaming Authorities and, in addition to their authority to deny an application for a finding of suitability or licensing, the Nevada Gaming Authorities have the jurisdiction to disapprove a change in a corporate position.

If the Nevada Gaming Authorities were to find an officer, director or key employee unsuitable for licensing or unsuitable to continue having a relationship with us, we would have to sever all relationships with that person. In addition, the Nevada

Gaming Commission may require us to terminate the employment of any person who refuses to file appropriate applications. Determinations of suitability or questions pertaining to licensing are not subject to judicial review in Nevada.

Redemption of Securities Owned By an Unsuitable Person. The Company's articles of incorporation provide that, to the extent required by the gaming authority making the determination of unsuitability or to the extent the Board of Directors determines, in its sole discretion, that a person is likely to jeopardize the Company's or any affiliate's application for, receipt of, approval for, right to the use of, or entitlement to, any gaming license, shares of Wynn Resorts' capital stock that are owned or controlled by an unsuitable person or its affiliates are subject to redemption by Wynn Resorts. The redemption price will be the amount, if any, required by the gaming authority or, if the gaming authority does not determine the price, the sum deemed by the Board of Directors to be the fair value of the securities to be redeemed. If Wynn Resorts determines the redemption price, the redemption price will be capped at the closing price of the shares on the principal national securities exchange on which the shares are listed on the trading day before the redemption notice is given. If the shares are not listed on a national securities exchange, the redemption price will be capped at the closing sale price of the shares as quoted on The NASDAQ Global Select Market or if the closing price is not reported, the mean between the bid and ask prices, as quoted by any other generally recognized reporting system. Wynn Resorts' right of redemption is not exclusive of any other rights that it may have or later acquire under any agreement, its bylaws or otherwise. The redemption price may be paid in cash, by promissory note, or both, as required, and pursuant to the terms established by, the applicable Gaming Authority and, if not, as the Board of Directors of Wynn Resorts elects, and as set forth in the Company's articles of incorporation.

On February 18, 2012, Wynn Resorts' Gaming Compliance Committee concluded an investigation after receiving an independent report by Freeh, Sporkin & Sullivan, LLP (the "Freeh Report") detailing a pattern of misconduct by Aruze USA, Inc. ("Aruze") (at the time a stockholder of Wynn Resorts), Universal Entertainment Corporation, Aruze's parent company, and Kazuo Okada, (the majority shareholder of Universal Entertainment Corporation and a former member of the Board of Directors of Wynn Resorts and Wynn Macau, Limited) (collectively, the "Okada Parties").

Based on the Freeh Report, the Board of Directors of Wynn Resorts determined that the Okada Parties are "unsuitable persons" under Article VII of the Company's articles of incorporation. The Board of Directors was unanimous (other than Mr. Okada) in its determination. After authorizing the redemption of the Aruze shares, as discussed below, the Board of Directors took certain actions to protect the Company and its operations from any influence of an unsuitable person, including placing limitations on the provision of certain operating information to unsuitable persons and formation of an Executive Committee of the Board to manage the business and affairs of the Company during the period between each annual meeting. The Charter of the Executive Committee provides that "Unsuitable Persons" are not permitted to serve on the Committee. All members of the Board, other than Mr. Okada, were appointed to the Executive Committee on February 18, 2012. The Board of Directors also requested that Mr. Okada resign as a director of Wynn Resorts (under Nevada corporation law, a board of directors does not have the power to remove a director) and recommended that Mr. Okada be removed as a member of the Board of Directors of Wynn Macau, Limited. On February 18, 2012, Mr. Okada was removed from the Board of Directors of Wynn Las Vegas Capital Corp., an indirect wholly owned subsidiary of Wynn Resorts. On February 24, 2012, Mr. Okada was removed from the Board of Directors of Wynn Macau, Limited and on February 22, 2013, he was removed from the Board of Directors of Wynn Resorts by a stockholder vote in which 99.6% of the over 86 million shares voted were cast in favor of removal. Mr. Okada resigned from the Board of Directors of Wynn Resorts on February 21, 2013. Although the Company has retained the structure of the Executive Committee, the Board has resumed its past role in managing the business and affairs of the Company.

Based on the Board of Directors' finding of "unsuitability," on February 18, 2012, Wynn Resorts redeemed and canceled Aruze's 24,549,222 shares of Wynn Resorts' common stock. Following a finding of "unsuitability," Article VII of Wynn Resorts' articles of incorporation authorizes redemption at "fair value" of the shares held by the unsuitable persons. The Company engaged an independent financial advisor to assist in the fair value calculation and concluded that a discount to the then current trading price was appropriate because of, among other things, restrictions on most of the shares held by Aruze under the terms of the Stockholders Agreement (as defined below). Pursuant to its articles of incorporation, Wynn Resorts issued the Redemption Price Promissory Note (the "Redemption Note") to Aruze in redemption of the shares. The Redemption Note has a principal amount of \$1.94 billion, matures on February 18, 2022 and bears interest at the rate of 2% per annum, payable annually in arrears on each anniversary of the date of the Redemption Note. The Company may, in its sole and absolute discretion, at any time and from time to time, and without penalty or premium, prepay the whole or any portion of the principal or interest due under the Redemption Note. In no instance shall any payment obligation under the Redemption Note be accelerated except in the sole and absolute discretion of Wynn Resorts or as specifically mandated by law. The indebtedness evidenced by the Redemption Note is and shall be subordinated in right of payment, to the extent and in the manner provided in the Redemption Note, to the prior payment in full of all existing and future obligations of Wynn Resorts or any of its affiliates in respect of indebtedness for borrowed money of any kind or nature.

The Okada Parties have challenged the redemption of Aruze's shares and the Company is currently involved in litigation with those parties as well as related shareholder derivative litigation. See Item 1A—"Risk Factors", Item 3—"Legal Proceedings" and Item 8—"Financial Statements and Supplementary Data", Note 17 "Commitments and Contingencies". The outcome of these various proceedings cannot be predicted. The Company's claims and the Okada Parties' counterclaims are in a preliminary stage and management has determined that based on proceedings to date, it is currently unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any. An adverse judgment or settlement involving payment of a material amount could cause a material adverse effect on our financial condition.

Consequences of Violating Gaming Laws. If the Nevada Gaming Commission determines that we have violated the Nevada Gaming Control Act or any of its regulations, it could limit, condition, suspend or revoke our registrations and gaming license. In addition, we and the persons involved could be subject to substantial fines for each separate violation of the Nevada Gaming Control Act, or of the regulations of the Nevada Gaming Commission, at the discretion of the Nevada Gaming Commission. Further, the Nevada Gaming Commission could appoint a supervisor to operate our Las Vegas Operations and, under specified circumstances, earnings generated during the supervisor's appointment (except for the reasonable rental value of the premises) could be forfeited to the State of Nevada. Limitation, conditioning or suspension of any of our gaming licenses and the appointment of a supervisor could, and revocation of any gaming license would, have a significant negative effect on our gaming operations.

Requirements for Voting or Nonvoting Securities Holders. Regardless of the number of shares held, any beneficial owner of Wynn Resorts' voting or nonvoting securities may be required to file an application, be investigated and have that person's suitability as a beneficial owner of voting securities determined if the Nevada Gaming Commission has reason to believe that the ownership would be inconsistent with the declared policies of the State of Nevada. If the beneficial owner of the voting or nonvoting securities of Wynn Resorts who must be found suitable is a corporation, partnership, limited partnership, limited liability company or trust, it must submit detailed business and financial information including a list of its beneficial owners. The applicant must pay all costs of the investigation incurred by the Nevada Gaming Authorities in conducting any investigation.

The Nevada Gaming Control Act requires any person who acquires more than 5% of the voting securities of a registered company to report the acquisition to the Nevada Gaming Commission. The Nevada Gaming Control Act requires beneficial owners of more than 10% of a registered company's voting securities to apply to the Nevada Gaming Commission for a finding of suitability within 30 days after the Chairman of the Nevada State Gaming Control Board mails the written notice requiring such filing. However, an "institutional investor," as defined in the Nevada Gaming Control Act, which beneficially owns more than 10% but not more than 11% of a registered company's voting securities as a result of a stock repurchase by the registered company may not be required to file such an application. Further, an institutional investor which acquires more than 10%, but not more than 25%, of a registered company's voting securities may apply to the Nevada Gaming Commission for a waiver of a finding of suitability if the institutional investor holds the voting securities for investment purposes only. An institutional investor that has obtained a waiver may hold more than 25% but not more than 29% of a registered company's voting securities and maintain its waiver where the additional ownership results from a stock repurchase by the registered company. An institutional investor will not be deemed to hold voting securities for investment purposes unless the voting securities were acquired and are held in the ordinary course of business as an institutional investor and not for the purpose of causing, directly or indirectly, the election of a majority of the members of the Board of Directors of the registered company, a change in the corporate charter, bylaws, management, policies or operations of the registered company, or any of its gaming affiliates, or any other action which the Nevada Gaming Commission finds to be inconsistent with holding the registered company's voting securities for investment purposes only. Activities which are not deemed to be inconsistent with holding voting securities for investment purposes only include:

- voting on all matters voted on by stockholders or interest holders;
- making financial and other inquiries of management of the type normally made by securities analysts for informational purposes and not to cause a change in management, policies or operations; and,
- other activities that the Nevada Gaming Commission may determine to be consistent with such investment intent.

The articles of incorporation of Wynn Resorts include provisions intended to assist its implementation of the above restrictions.

Wynn Resorts is required to maintain a current stock ledger in Nevada which may be examined by the Nevada Gaming Authorities at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to the Nevada Gaming Authorities. A failure to make the disclosure may be

grounds for finding the record holder unsuitable. We are required to provide maximum assistance in determining the identity of the beneficial owner of any of Wynn Resorts' voting securities. The Nevada Gaming Commission has the power to require the stock certificates of any registered company to bear a legend indicating that the securities are subject to the Nevada Gaming Control Act. The certificates representing shares of Wynn Resorts' common stock note that the shares are subject to a right of redemption and other restrictions set forth in Wynn Resorts' articles of incorporation and bylaws and that the shares are, or may become, subject to restrictions imposed by applicable gaming laws.

Consequences of Being Found Unsuitable. Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by the Nevada Gaming Commission or by the Chairman of the Nevada State Gaming Control Board, or who refuses or fails to pay the investigative costs incurred by the Nevada Gaming Authorities in connection with the investigation of its application, may be found unsuitable. The same restrictions apply to a record owner if the record owner, after request, fails to identify the beneficial owner. Any person found unsuitable and who holds, directly or indirectly, any beneficial ownership of any voting security or debt security of a registered company beyond the period of time as may be prescribed by the Nevada Gaming Commission may be guilty of a criminal offense. We will be subject to disciplinary action if, after we receive notice that a person is unsuitable to hold an equity interest or to have any other relationship with us, we:

- pay that person any dividend or interest upon any voting securities;
- allow that person to exercise, directly or indirectly, any voting right held by that person relating to Wynn Resorts;
- pay remuneration in any form to that person for services rendered or otherwise; or,
- fail to pursue all lawful efforts to require the unsuitable person to relinquish such person's voting securities including, if necessary, the immediate purchase of the voting securities for cash at fair market value.

Gaming Laws Relating to Debt Securities Ownership. The Nevada Gaming Commission may, in its discretion, require the owner of any debt or similar securities of a registered company, to file applications, be investigated and be found suitable to own the debt or other security of the registered company if the Nevada Gaming Commission has reason to believe that such ownership would otherwise be inconsistent with the declared policies of the State of Nevada. If the Nevada Gaming Commission decides that a person is unsuitable to own the security, then under the Nevada Gaming Control Act, the registered company can be sanctioned, including the loss of its approvals if, without the prior approval of the Nevada Gaming Commission, it:

- pays to the unsuitable person any dividend, interest or any distribution whatsoever;
- recognizes any voting right by the unsuitable person in connection with the securities;
- pays the unsuitable person remuneration in any form; or,
- makes any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation or similar transaction.

Approval of Public Offerings. Wynn Resorts and Wynn Las Vegas, LLC may not make a public offering (debt or equity) without the prior approval of the Nevada Gaming Commission if the proceeds from the offering are intended to be used to construct, acquire or finance gaming facilities in Nevada, or to retire or extend obligations incurred for those purposes or for similar transactions. On March 21, 2013, the Nevada Gaming Commission granted us and Wynn Las Vegas, LLC prior approval, subject to certain conditions, to make public offerings for a period of three years (the "Shelf Approval"). The Shelf Approval also applies to any affiliated company wholly owned by us which is a publicly traded corporation or would thereby become a publicly traded corporation pursuant to a public offering. The Shelf Approval may be rescinded for good cause without prior notice upon the issuance of an interlocutory stop order by the Chairman of the Nevada State Gaming Control Board. The Shelf Approval does not constitute a finding, recommendation or approval by any of the Nevada Gaming Authorities as to the accuracy or adequacy of the offering memorandum or the investment merits of the securities. Any representation to the contrary is unlawful.

Approval of Changes in Control. A registered company must obtain the prior approval of the Nevada Gaming Commission with respect to a change in control through merger; consolidation; stock or asset acquisitions; management or consulting agreements; or any act or conduct by a person by which the person obtains control of the registered company.

Entities seeking to acquire control of a registered company must satisfy the Nevada State Gaming Control Board and Nevada Gaming Commission with respect to a variety of stringent standards before assuming control of the registered company. The Nevada Gaming Commission may also require controlling stockholders, officers, directors and other persons

having a material relationship or involvement with the entity proposing to acquire control to be investigated and licensed as part of the approval process relating to the transaction.

Approval of Defensive Tactics. The Nevada legislature has declared that some corporate acquisitions opposed by management, repurchases of voting securities and corporate defense tactics affecting Nevada corporate gaming licensees or affecting registered companies that are affiliated with the operations of Nevada gaming licensees may be harmful to stable and productive corporate gaming. The Nevada Gaming Commission has established a regulatory scheme to reduce the potential adverse effects of these business practices upon Nevada's gaming industry and to further Nevada's policy in order to:

- assure the financial stability of corporate gaming licensees and their affiliated companies;
- preserve the beneficial aspects of conducting business in the corporate form; and,
- promote a neutral environment for the orderly governance of corporate affairs.

Approvals may be required from the Nevada Gaming Commission before a registered company can make exceptional repurchases of voting securities above its current market price and before a corporate acquisition opposed by management can be consummated. The Nevada Gaming Control Act also requires prior approval of a plan of recapitalization proposed by a registered company's Board of Directors in response to a tender offer made directly to its stockholders for the purpose of acquiring control.

Fees and Taxes. License fees and taxes, computed in various ways depending on the type of gaming or activity involved, are payable to the State of Nevada and to the counties and cities in which the licensed subsidiaries' respective operations are conducted. Depending upon the particular fee or tax involved, these fees and taxes are payable monthly, quarterly or annually and are based upon:

- a percentage of the gross revenue received;
- the number of gaming devices operated; or,
- the number of table games operated.

A live entertainment tax also is imposed on admission charges and sales of food, beverages and merchandise where live entertainment is furnished.

Foreign Gaming Investigations. Any person who is licensed, required to be licensed, registered, required to be registered in Nevada, or is under common control with such persons (collectively, "licensees"), and who proposes to become involved in a gaming venture outside of Nevada, is required to deposit with the Nevada State Gaming Control Board, and thereafter maintain, a revolving fund in the amount of \$10,000 to pay the expenses of investigation of the Nevada State Gaming Control Board of the licensee's or registrant's participation in such foreign gaming. The revolving fund is subject to increase or decrease at the discretion of the Nevada Gaming Commission. Licensees and registrants are required to comply with the foreign gaming reporting requirements imposed by the Nevada Gaming Control Act. A licensee or registrant is also subject to disciplinary action by the Nevada Gaming Commission if it:

- knowingly violates any laws of the foreign jurisdiction pertaining to the foreign gaming operation;
- fails to conduct the foreign gaming operation in accordance with the standards of honesty and integrity required of Nevada gaming operations;
- engages in any activity or enters into any association that is unsuitable because it poses an unreasonable threat to the control of gaming in Nevada, reflects or tends to reflect, discredit or disrepute upon the State of Nevada or gaming in Nevada, or is contrary to the gaming policies of Nevada;
- engages in activities or enters into associations that are harmful to the State of Nevada or its ability to collect gaming taxes and fees; or,
- employs, contracts with or associates with a person in the foreign operation who has been denied a license or finding of suitability in Nevada on the ground of unsuitability.

Licenses for Conduct of Gaming and Sale of Alcoholic Beverages. The conduct of gaming activities and the service and sale of alcoholic beverages at Wynn Las Vegas are subject to licensing, control and regulation by the Clark County Liquor and Gaming Licensing Board, which has granted Wynn Las Vegas, LLC licenses for such purposes. In addition to approving Wynn Las Vegas, LLC, the Clark County Liquor and Gaming Licensing Board has the authority to approve all persons owning or controlling the stock of any corporation controlling a gaming license. Clark County gaming and liquor licenses are not transferable. The County has full power to limit, condition, suspend or revoke any license. Any disciplinary action could, and revocation would, have a substantial negative impact upon our operations.

Massachusetts

Introduction. On November 22, 2011, Massachusetts Governor Deval Patrick signed Chapter 194 of the Acts of 2011 "An Act Establishing Expanded Gaming in the Commonwealth," legislation (the "Gaming Act") designed to provide significant benefits to the Commonwealth of Massachusetts by advancing job creation and economic development. The Gaming Act allows for up to three destination resort casinos located in three geographically diverse regions across the Commonwealth and a single slots facility, not pegged in any particular region. The licensing fee for each resort casino is \$85 million and requires a capital investment, to include a hotel facility, of at least \$500 million. The Commonwealth will receive 25% of gross gaming revenues.

The Gaming Act also called for the creation of a five member independent body, the MGC, to oversee the implementation and licensing process. The MGC is in the process of promulgating detailed regulations to govern the operations of the resort casinos and the slot parlor facility. These regulations and any changes in applicable laws, regulations and procedures could have significant negative effects on our future Massachusetts gaming operations and results of operations.

Owner and Operator Licensing Requirements. Our indirect wholly owned subsidiary, Wynn MA, LLC, the future owner and operator of the Wynn resort in Massachusetts, was the "applicant" under the MGC's Phase 1 regulations and was determined to be suitable for the purpose of holding a Category 1 Gaming License. On September 17, 2014, the MGC designated Wynn MA, LLC the award winner of the Greater Boston (Region A) gaming license. On November 7, 2014, the gaming license awarded to us became effective.

Company Registration Requirements. In addition, pursuant to the Phase 1 regulations, the following entities and person are deemed to be "qualifiers" subject to investigation: all members, transferees of a member's interest, directors and managers of the licensee and, in the judgment of the MGC, each lender, each holder of indebtedness, each underwriter, each close associate, each executive and each agent. As a result, Wynn Resorts, its key employees and its directors were therefore subject to a suitability investigation. Wynn Resorts and all individual qualifiers were found suitable by the MGC. As our progress in Massachusetts continues, additional entities and key employees may be required to file applications with the MGC and are or may be required to be licensed or found suitable by the MGC. Following Wynn America, LLC ("Wynn America"), an indirect wholly owned subsidiary of Wynn Resorts, Limited, entering into a senior secured credit facility in November 2014, the MGC has requested additional applications, which are pending. A finding of suitability is comparable to licensing, and both require submission of detailed personal and financial information followed by a thorough investigation. An applicant for licensing or an applicant for a finding of suitability must pay or must cause to be paid all the costs of the investigation. Changes in licensed positions must be reported to the MGC.

If the MGC were to find an officer, director or key employee unsuitable for licensing or unsuitable to continue having a relationship with us, we would have to sever all relationships with that person. In addition, the MGC may require us to terminate the employment of any person who refuses to file appropriate applications. Determinations of suitability or questions pertaining to licensing are not subject to judicial review.

Consequences of Violating Gaming Laws. If the MGC determines that we have violated the Gaming Act or any of its regulations, it could limit, condition, suspend or revoke our registrations and gaming license. In addition, the MGC set forth certain conditions in our gaming license. Any violation of the Gaming Act, its regulations or any of our license conditions resulting in a limitation, conditioning or suspension of our gaming license would have a significant negative effect on our Massachusetts gaming operations.

Licenses for Conduct of Gaming and Sale of Alcoholic Beverages. Pursuant to the Gaming Act, the MGC may grant a gaming beverage license for the sale and distribution of alcoholic beverages for a gaming establishment. The division of gaming liquor enforcement of the Alcoholic Beverage Control Commission will have the authority to enforce, regulate and control the distribution of alcoholic beverages in a gaming establishment. The MGC may revoke, suspend, refuse to renew or refuse to transfer a gaming beverage license for violations of the Gaming Act that pertain to the sale and distribution of alcohol consumed on the premises and the regulations adopted by the MGC. The MGC is in the process of adopting regulations for the issuance of gaming beverage licenses. These regulations and any changes in applicable laws, regulations and procedures could have significant negative effects on our future Massachusetts gaming operations and results of operations.

Other Regulations

In addition to gaming regulations, we are subject to extensive local, state, federal and foreign laws and regulations in the jurisdictions in which we operate. These include, but are not limited to, laws and regulations relating to alcoholic beverages, environmental matters, employment and immigration, currency and other transactions, taxation, zoning and building codes, marketing and advertising, lending, debt collection, privacy, telemarketing, money laundering, laws and regulations administered by the Office of Foreign Assets Control, and anti-bribery laws, including the Foreign Corrupt Practices Act. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Any material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could adversely affect our business and operating results.

Seasonality

We may experience fluctuations in revenues and cash flows from month to month, however, we do not believe that our business is materially impacted by seasonality.

Employees

As of December 31, 2014, we had approximately 16,800 full-time equivalent employees (including approximately 7,200 in Macau and 9,600 in Las Vegas).

We entered into a ten year collective bargaining agreement with the Culinary and Bartenders Union local covering approximately 5,612 employees at our Las Vegas Operations that will expire in July 2015. We also entered into a ten year collective bargaining agreement with the Transportation Workers Union in November 2010, which covers 425 table games dealers at our Las Vegas Operations. Certain other unions may seek to organize the workers of our Las Vegas Operations.

Intellectual Property

Among our most important marks are our trademarks and service marks that use the name “WYNN.” Wynn Resorts has registered with the U.S. Patent and Trademark Office (“PTO”) a variety of the WYNN-related trademarks and service marks in connection with a variety of goods and services.

We have also filed applications with various foreign patent and trademark registries, including in Macau, China, Singapore, Hong Kong, Taiwan, Japan, certain European countries and various other jurisdictions throughout the world, to register a variety of WYNN-related trademarks and service marks in connection with a variety of goods and services.

We recognize that our intellectual property assets, including the word and logo version of “WYNN,” are among our most valuable assets. As a result, and in connection with expansion of our resorts and gaming activities outside the United States, we have undertaken a program to register our trademarks and other intellectual property rights in relevant jurisdictions. We have retained counsel and intend to take all steps necessary to protect our intellectual property rights against unauthorized use throughout the world.

On August 6, 2004, we entered into agreements with Mr. Wynn that confirm and clarify our rights to use the “Wynn” surname and Mr. Wynn’s persona in connection with our casino resorts. Under a Surname Rights Agreement, Mr. Wynn has acknowledged our exclusive, fully paid-up, perpetual, worldwide right to use, and to own and register trademarks and service marks incorporating, the “Wynn” surname for casino resorts and related businesses, together with the right to sublicense the name and marks to our affiliates. Under a Rights of Publicity License, Mr. Wynn has granted us the exclusive, royalty-free, worldwide right to use his full name, persona and related rights of publicity for casino resorts and related businesses, together with the ability to sublicense the persona and publicity rights to our affiliates, until October 24, 2017.

We have also registered various domain names with various domain registrars around the world. Our domain registrations extend to various foreign countries such as “.com.cn” and “.com.hk.” We pursue domain related infringement on a case by case basis depending on the infringing domain in question. The information found on these websites is not a part of this Annual Report on Form 10-K or any other report we file or furnish to the SEC.

For more information regarding the Company's intellectual property matters see Item 1A—“Risk Factors”.

Forward-Looking Statements

We make forward-looking statements in this Annual Report on Form 10-K based upon the beliefs and assumptions of our management and on information currently available to us. Forward-looking statements include, but are not limited to, information about our business strategy, development activities, competition and possible or assumed future results of operations, throughout this report and are often preceded by, followed by or include the words “may,” “will,” “should,” “would,” “could,” “believe,” “expect,” “anticipate,” “estimate,” “intend,” “plan,” “continue” or the negative of these terms or similar expressions.

Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those we express in these forward-looking statements, including the risks and uncertainties in Item 1A—“Risk Factors” and other factors we describe from time to time in our periodic filings with the SEC, such as:

- our dependence on Stephen A. Wynn;
- restrictions or conditions on visitation by citizens of mainland China to Macau;
- general global political and economic conditions, which may impact levels of travel, leisure and consumer spending;
- potential violations of law by Mr. Kazuo Okada, a former shareholder of ours;
- changes in the valuation of the promissory note we issued in connection with the redemption of Mr. Okada’s shares;
- pending or future legal proceedings, regulatory or enforcement actions or probity investigations;
- any violations by us of the anti-money laundering laws or Foreign Corrupt Practices Act;
- competition in the casino/hotel and resort industries and actions taken by our competitors, including new development and construction activities of competitors;
- our dependence on a limited number of resorts and locations for all of our cash flow;
- our relationships with Macau games promoters;
- factors affecting the development and success of new gaming and resort properties (including limited labor resources in Macau and government labor policies, unexpected cost increases, environmental regulation and our ability to secure federal, state and local permits and approvals necessary for our construction projects);
- our ability to maintain our customer relationships and collect and enforce gaming receivables;
- extensive regulation of our business and the cost of compliance or failure to comply with applicable laws and regulations;
- our ability to maintain our gaming licenses and concessions;
- changes in gaming laws or regulations (including stricter smoking regulations in Macau);
- changes in federal, foreign, or state tax laws or the administration of such laws;
- cybersecurity risk including misappropriation of customer information or other breaches of information security;
- our current and future insurance coverage levels;
- conditions precedent to funding under our credit facilities;
- continued compliance with all provisions in our debt agreements;
- leverage and debt service (including sensitivity to fluctuations in interest rates);
- the impact on the travel and leisure industry from factors such as an outbreak of an infectious disease, extreme weather patterns or natural disasters, military conflicts and any future security alerts and/or terrorist attacks;
- our subsidiaries’ ability to pay us dividends and distributions;
- our ability to protect our intellectual property rights;
- doing business in foreign locations such as Macau;
- legalization of gaming in certain jurisdictions; and
- changes in exchange rates.

Further information on potential factors that could affect our financial condition, results of operations and business are included in this report and our other filings with the SEC. You should not place undue reliance on any forward-looking statements, which are based only on information available to us at the time this statement is made. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

ITEM 1A. RISK FACTORS

You should carefully consider the risk factors set forth below, as well as the other information contained in this Annual Report on Form 10-K, regarding matters which could have an adverse effect, including a material one, on our business, financial condition, results of operations and cash flows. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our business, financial condition, results of operations and cash flows.

Risks Related to our Business

The loss of Stephen A. Wynn could significantly harm our business.

Our ability to maintain our competitive position is dependent to a large degree on the efforts, skills and reputation of Stephen A. Wynn, the Chairman of the Board, Chief Executive Officer and one of the principal stockholders of Wynn Resorts. Mr. Wynn's employment agreement expires in October 2022. However, we cannot assure you that Mr. Wynn will remain with Wynn Resorts. If we lose the services of Mr. Wynn, or if he is unable to devote sufficient attention to our operations for any other reason, our business may be significantly impaired.

Visitation to Macau may decline due to economic disruptions in mainland China, restrictions on visitations to Macau from citizens of mainland China and the anti-corruption campaign.

A significant number of our gaming customers at Wynn Macau come from mainland China. Any economic disruption or contraction in China could disrupt the number of patrons visiting our property or the amount they may be willing to spend. In addition, policies adopted from time to time by the Chinese government, including any travel restrictions imposed by China on its citizens such as restrictions imposed on exit visas granted to residents of mainland China for travel to Macau, could disrupt the number of visitors from mainland China to our property. It is not known when, or if, policies similar to those implemented in 2009 restricting visitation by mainland Chinese citizens to Macau and Hong Kong, will be put in place and travel policies may be adjusted, without notice, in the future. Furthermore, the Chinese government's ongoing anti-corruption campaign has had an overall chilling effect on the behavior of Chinese consumers and their spending patterns both domestically and abroad. The campaign has specifically led to tighter monetary transfer regulations, including real time monitoring of certain financial channels, which could disrupt the number of visitors and the amount of money they can bring from mainland China to Macau. The overall effect of the campaign and monetary transfer restrictions may result in decreased visitation and negatively affect our revenues and results of operations.

Our business is particularly sensitive to reductions in discretionary consumer and corporate spending as a result of downturns in the global economy.

Consumer demand for casino/hotel resorts, trade shows and conventions and for the type of luxury amenities that we offer is particularly sensitive to downturns in the global economy which adversely impact discretionary spending on leisure activities. Changes in discretionary consumer spending or consumer preferences brought about by factors such as perceived or actual general global economic conditions, high unemployment, the housing foreclosure crisis, perceived or actual changes in disposable consumer income and wealth, an economic recession and changes in consumer confidence in the global economy, or fears of war and future acts of terrorism could reduce customer demand for the luxury amenities and leisure activities we offer, and may have a significant negative impact on our operating results.

Potential violations of law by Mr. Okada (former director and formerly the largest beneficial owner of our shares) and his affiliates could have adverse consequences to the Company.

On February 18, 2012, the Board of Directors of Wynn Resorts received a report from Freeh, Sporkin & Sullivan, LLP detailing numerous instances of conduct constituting prima facie violations of the Foreign Corrupt Practices Act (the “FCPA”) by Kazuo Okada (formerly the largest beneficial owner of our shares) and certain of his affiliates. See Item 3—“Legal Proceedings” and Item 8—“Financial Statements and Supplementary Data”, Note 17 “Commitments and Contingencies.” The Company has provided the Freeh Report to applicable regulators and has been cooperating with related investigations of such regulators. The conduct of Mr. Okada and his affiliates and the outcome of any resulting regulatory findings could have adverse consequences to the Company. A finding by regulatory authorities that Mr. Okada violated the FCPA on Company property and/or otherwise involved the Company in criminal or civil violations could result in actions by regulatory authorities against the Company. Relatedly, regulators have and may pursue separate investigations into the Company’s compliance with applicable laws in connection with the Okada matter, as discussed in Item 3—“Legal Proceedings”. While the Company believes that it is in full compliance with all applicable laws, any such investigations could result in actions by regulators against the Company, which could negatively affect the Company’s financial condition or results of operations.

Mr. Okada and his affiliates have challenged the redemption of Aruze’s Shares. An adverse judgment or settlement resulting from the related litigation could reduce our profits or limit our ability to operate our business.

On February 18, 2012, after receiving the Freeh Report, the Board of Directors of Wynn Resorts determined that each of the Okada Parties was “unsuitable” within the meaning of Article VII of Wynn Resorts’ articles of incorporation and redeemed all of Aruze’s shares of Wynn Resorts’ common stock. See Item 3—“Legal Proceedings” and Item 8—“Financial Statements and Supplementary Data”, Note 17 “Commitments and Contingencies”. On February 19, 2012, Wynn Resorts filed a complaint in the Eighth Judicial District Court, Clark County, Nevada against the Okada Parties (as amended, the “Complaint”), alleging breaches of fiduciary duty and related claims (the “Redemption Action”) arising from the activities addressed in the Freeh Report. The Company is seeking compensatory and special damages as well as a declaration that it acted lawfully and in full compliance with its articles of incorporation, bylaws and other governing documents in redeeming and canceling the shares of Aruze. On March 12, 2012, the Okada Parties filed an answer denying the claims and a counterclaim (as amended, the “Counterclaim”) against the Company, each of the members of the Company’s Board of Directors (other than Mr. Okada) and Wynn Resorts’ General Counsel (collectively, the “Wynn Parties”), seeking, among other things a declaration that the redemption of Aruze’s shares was void, an injunction restoring Aruze’s share ownership, damages in an unspecified amount and rescission of the Amended and Restated Stockholders Agreement, dated as of January 6, 2010, by and among Aruze, Stephen A. Wynn, and Elaine P. Wynn (the “Stockholders Agreement”). In connection with the Redemption Action and Counterclaim (1) various Okada Parties filed a complaint in the Tokyo District Court against the Company, all members of the Board of Directors (other than Mr. Okada) and the Company’s General Counsel alleging that the press release issued by the Company in connection with the Redemption Action has damaged their social evaluation and credibility and seeking damages and legal fees, (2) four federal derivative actions were commenced against the Company and all members of its Board of Directors, (3) two state derivative actions were commenced against the Company and all members of its Board of Directors and (4) regulatory inquiries and investigations were initiated against the Company. See Item 3—“Legal Proceedings”, for a full description of these matters and status as of the date of this report. The Company is vigorously pursuing its claims against the Okada Parties, and together with the other counter-defendants, vigorously defending against the Counterclaim and other actions asserted against them. However, as with all litigation, the outcome of these proceedings cannot be predicted. Any adverse judgments or settlements involving payment of a material sum of money could cause a material adverse effect on our financial condition and results of operations and could expose us to additional claims by third parties, including current or former investors or regulators. Any adverse judgments or settlements would reduce our profits and could limit our ability to operate our business.

Change in valuation of our Redemption Price Promissory Note could have a negative impact on our results of operations.

In connection with the redemption of the shares previously held by Aruze, we recorded the fair value of the Redemption Note of approximately \$1.94 billion in accordance with applicable accounting guidance. We utilized an independent third party valuation to assist in the determination of this fair value. In determining this fair value, we estimated the Redemption Note’s present value using discounted cash flows with a probability weighted expected return for redemption assumptions and a discount rate which included time value and non-performance risk adjustments commensurate with risk of the Redemption Note.

Considerations for the redemption assumptions included the stated maturity of the Redemption Note, uncertainty of the related cash flows as well as potential effects of the following: uncertainties surrounding the potential outcome and timing of

pending litigation with the Okada Parties (see Item 8—“Financial Statements and Supplementary Data”, Note 17 “Commitments and Contingencies”); the outcome of on-going investigations of Aruze by the United States Attorney’s Office, the U.S. Department of Justice and the Nevada Gaming Control Board; and other potential legal and regulatory actions. In addition, in the furtherance of various future business objectives, we considered our ability, at our sole option, to prepay the Redemption Note at any time in accordance with its terms without penalty. Accordingly, we reasonably determined that the estimated life of the Redemption Note could be less than the contractual life of the Redemption Note.

In determination of the appropriate discount rate to be used in the estimated present value, the Redemption Note’s subordinated position relative to all other debt in our capital structure and credit ratings associated with our traded debt were considered. Observable inputs for the risk free rate based on Federal Reserve rates for U.S. Treasury securities and credit risk spread based on a yield curve index of similarly rated debt was used. As a result of this analysis, we concluded the Redemption Notes’ stated rate of 2% approximated a market rate.

A change in any of the assumptions discussed above could result in a change in the fair value of this Redemption Note and significantly impact our results of operations.

Ongoing litigation and other disputes with Mr. Okada and certain of his affiliates could distract management and result in negative publicity and additional scrutiny of regulators.

There has been widespread publicity of the findings in the Freeh Report of prima facie violations of law by Mr. Okada and his affiliates, the Board of Director’s unsuitability finding, the redemption of shares and related litigation. The actions, litigation, and publicity could reduce demand for shares of Wynn Resorts and Wynn Macau, Limited and thereby have a negative impact on the trading prices of their respective shares. The disputes may also lead to additional scrutiny from regulators, which could lead to investigations relating to, and possibly a negative impact on, the Company’s gaming licenses, and possibly have a negative impact on the Company’s ability to bid successfully for new gaming market opportunities.

Any violation of applicable Anti-Money Laundering laws or regulations or the Foreign Corrupt Practices Act could adversely affect our business, performance, prospects, value, financial condition, and results of operations.

We deal with significant amounts of cash in our operations and are subject to various reporting and anti-money laundering laws and regulations. Recently, U.S. governmental authorities have evidenced an increased focus on the gaming industry and compliance with anti-money laundering laws and regulations. The Company has been subject to governmental and regulatory inquiries about compliance with such laws and regulations and continues to cooperate with all such inquiries. Any violation of anti-money laundering laws or regulations could adversely affect our business, performance, prospects, value, financial condition, and results of operations.

Further, we have operations, and a significant portion of our revenue is derived from customers, outside of the United States. We are therefore subject to regulations imposed by the FCPA and other anti-corruption laws that generally prohibit U.S. companies and their intermediaries from offering, promising, authorizing or making improper payments to foreign government officials for the purpose of obtaining or retaining business. Violations of the FCPA and other anti-corruption laws, may result in severe criminal and civil sanctions as well as other penalties and the SEC and U.S. Department of Justice have increased their enforcement activities with respect such laws and regulations.

Internal control policies and procedures and employee training and compliance programs that we have implemented to deter prohibited practices may not be effective in prohibiting our directors, employees, contractors or agents from violating or circumventing our policies and the law. If we or our directors, employees or agents fail to comply with applicable laws or Company policies governing our operations, the Company may face investigations, prosecutions and other legal proceedings and actions which could result in civil penalties, administrative remedies and criminal sanctions. Any such government investigations, prosecutions or other legal proceedings or actions could adversely affect our business, performance, prospects, value, financial condition, and results of operations.

Mr. Okada failed to comply with internal training in these matters and failed to return to Wynn Resorts an executed Acknowledgment agreeing to comply with the Wynn Resorts Code of Business Conduct and Ethics. On February 19, 2012, Wynn Resorts’ filed a complaint in Nevada state court against Mr. Okada and other entities alleging, among other things, breach of fiduciary duty in connection with alleged violations of the FCPA. For information on such complaint, the Freeh Report, which detailed numerous instances of conduct constituting prima facie violations of FCPA by Mr. Okada and certain of his affiliates, and the redemption Aruze’s shares, see Item 8—“Financial Statements and Supplementary Data”, Note 17 “Commitments and Contingencies”.

Our casino, hotel, convention and other facilities face intense competition, which may increase in the future.

The casino/hotel industry is highly competitive. Our Macau operations face intense competition with approximately 35 casinos currently operating in Macau. We hold a concession under one of only three gaming concessions and three subconcessions authorized by the Macau government to operate casinos in Macau. The Macau government has had the ability to grant additional gaming concessions since April 2009. If the Macau government were to allow additional competitors to operate in Macau through the grant of additional concessions or subconcessions, we would face additional competition, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Several of the current concessionaires and subconcessionaires are expected to open additional facilities in the Cotai area of Macau over the next few years. The additional Cotai facilities currently with planned opening dates in 2015 and 2016 are expected to increase total hotel room inventory by over 40% and significantly increase other gaming and non-gaming offerings in Macau.

Our Macau resort complex also faces competition from casinos located in other areas of Asia, including the Marina Bay Sands and Resorts World Sentosa resorts operating in Singapore, Genting Highlands Resort, a major gaming and resort destination located outside of Kuala Lumpur, Malaysia, and casinos in the Philippines. We also encounter competition from other major gaming centers located around the world, including Australia and Las Vegas, cruise ships in Asia that offer gaming, and other casinos throughout Asia. Further, if current efforts to legalize gaming in other Asian countries are successful, our Wynn Macau resort will face additional regional competition.

In Las Vegas, we compete with other Las Vegas Strip hotels and with other hotel casinos in Las Vegas on the basis of overall atmosphere, range of amenities, level of service, price, location, entertainment, theme and size, among other factors.

Wynn Las Vegas also competes with other casino/hotel facilities in other cities. The proliferation of gaming activities in other areas could significantly harm our business as well. In particular, the legalization or expansion of casino gaming in or near metropolitan areas from which we attract customers could have a negative effect on our business. In addition, new or renovated casinos in Macau or elsewhere in Asia could draw Asian gaming customers away from our Las Vegas Operations.

We are entirely dependent on a limited number of resorts for all of our cash flow, which subjects us to greater risks than a gaming company with more operating properties.

We are currently entirely dependent upon our Macau Operations and Las Vegas Operations for all of our operating cash flow. As a result, we are subject to a greater degree of risk than a gaming company with more operating properties or greater geographic diversification. The risks to which we have a greater degree of exposure include the following:

- local economic and competitive conditions;
- changes in local and state governmental laws and regulations, including gaming laws and regulations;
- natural and other disasters;
- a decline in the number of visitors to Las Vegas or Macau;
- a decrease in gaming and non-casino activities at our resorts; and
- the outbreak of infectious diseases.

Any of the factors outlined above could negatively affect our ability to generate sufficient cash flow to make payments or maintain our covenants with respect to our debt.

We could encounter substantial cost increases higher than expected in the development of our projects.

We are currently constructing Wynn Palace, in the Cotai area of Macau, and in development of a Wynn resort in Massachusetts. The total project budget for Wynn Palace, including construction costs, capitalized interest, pre-opening expenses, land costs and financing fees, is \$4.1 billion.

The projected development costs for Wynn Palace reflect our best estimates and the actual development costs may be higher than expected. Contingencies that have been set aside by us to cover cost overruns may be insufficient to cover the full amount of such overruns. If these contingencies are not sufficient to cover these costs, we may not have the funds required to pay the excess costs and these projects may not be completed. Failure to complete these projects may negatively affect our financial condition, our results of operations and our ability to pay our debt.

All our current and future construction projects will be subject to significant development and construction risks, which could have an adverse effect on our financial condition, results of operations or cash flows from this planned facility.

Major construction projects of the scope and scale of Wynn Palace and the Wynn resort in Massachusetts entail significant risks, including:

- shortages of, and price increases in, materials or skilled labor;
- changes to plans and specifications;
- delays in obtaining or inability to obtain requisite licenses, permits and authorizations from regulatory authorities;
- changes in laws and regulations, or in the interpretation and enforcement of laws and regulations, applicable to gaming, leisure, real estate development or construction projects;
- unforeseen engineering, environmental and/or geological problems;
- labor disputes or work stoppages;
- disputes with and defaults by contractors and subcontractors;
- personal injuries to workers and other persons;
- environment, health and safety issues, including site accidents;
- delays or interference from severe weather or natural disasters;
- geological, construction, excavation, regulatory and equipment problems;
- unanticipated cost increases; and
- unavailability of construction equipment.

Construction, equipment or staffing problems or difficulties in obtaining any of the requisite licenses, permits and authorizations from regulatory authorities could increase the total cost, delay or prevent the construction or opening or otherwise affect the design and features of Wynn Palace.

We anticipate that only some of the subcontractors engaged for these projects will post bonds guaranteeing timely completion of the subcontractor's work and payment for all of that subcontractor's labor and materials. These bonds may not be adequate to ensure completion of the work.

Our Wynn Palace facility or the Wynn resort in Massachusetts facility may not commence operations on schedule and construction costs for these projects may exceed budgeted amounts. Failure to complete these projects on schedule or within budget may have a significant negative effect on us and on our ability to make payments on our debt.

Our new projects may not be successful.

In addition to the construction and regulatory risks associated with our current and future construction projects, we cannot assure you that the level of consumer demand for our casino resorts or for the type of luxury amenities that we will offer will meet our expectations. The operating results of our new projects may be materially different than the operating results of our current integrated resorts due to, among other reasons, differences in consumer and corporate spending and preferences in new geographic areas, increased competition from other markets or other developments that may be beyond our control. In addition, our new projects may be more sensitive to certain risks, including risks associated with downturns in the economy, than the integrated resorts we currently operate. The demands caused by new developments on our managerial, operational and other resources may impact our operation of our existing results. If any of these issues were to occur, it could adversely affect our prospects, financial condition, or results of operations.

Our business relies on high-end, international customers. We often extend credit, and we may not be able to collect gaming receivables from our credit players or credit play may decrease.

General. A significant portion of our table games revenue at our resorts is attributable to the play of a limited number of international customers. The loss or a reduction in the play of the most significant of these customers could have a material adverse effect on our business, financial condition, results of operations and cash flows. A downturn in economic conditions in the countries in which these customers reside could cause a further reduction in the frequency of visits by and revenue generated from these customers.

We conduct our gaming activities on a credit as well as a cash basis. This credit is unsecured. We will extend credit to those customers whose level of play and financial resources, in the opinion of management, warrant such an extension. The collectability of receivables from international customers could be negatively affected by future business or economic trends or by significant events in the countries in which these customers reside.

In addition, premium gaming is more volatile than other forms of gaming, and variances in win-loss results attributable to high-end gaming may have a positive or negative impact on cash flow and earnings in a particular quarter.

Wynn Las Vegas. While gaming debts evidenced by a credit instrument, including what is commonly referred to as a “marker,” are enforceable under the current laws of Nevada, and judgments on gaming debts are enforceable in all states of the United States under the Full Faith and Credit Clause of the United States Constitution, other jurisdictions may determine that direct or indirect enforcement of gaming debts is against public policy. Although courts of some foreign nations will enforce gaming debts directly and the assets in the United States of foreign debtors may be used to satisfy a judgment, judgments on gaming debts from U.S. courts are not binding on the courts of many foreign nations. We cannot assure that we will be able to collect the full amount of gaming debts owed to us, even in jurisdictions that enforce them. Changes in economic conditions may make it more difficult to assess creditworthiness and more difficult to collect the full amount of any gaming debt owed to us. Our inability to collect gaming debts could have a significant negative impact on our operating results.

Wynn Macau. Although the law in Macau permits casino operators to extend credit to gaming customers, Wynn Macau may not be able to collect all of its gaming receivables from its credit players. We expect that Wynn Macau will be able to enforce these obligations only in a limited number of jurisdictions, including Macau. To the extent our gaming customers are visitors from other jurisdictions, we may not have access to a forum in which we will be able to collect all of our gaming receivables because, among other reasons, courts of many jurisdictions do not enforce gaming debts and we may encounter forums that will refuse to enforce such debts. Our inability to collect gaming debts could have a significant negative impact on our operating results.

Currently, the gaming tax in Macau is calculated as a percentage of gross gaming revenue. However, unlike Nevada, the gross gaming revenue calculation in Macau does not include deductions for uncollectible gaming debts. As a result, if we extend credit to our customers in Macau and are unable to collect on the related receivables from them, we remain obligated to pay taxes on our winnings from these customers.

We are subject to extensive state and local regulation and licensing and gaming authorities have significant control over our operations. The cost of compliance or failure to comply with such regulations and authorities could have a negative effect on our business.

The operations of our resorts are contingent upon our obtaining and maintaining all necessary licenses, permits, approvals, registrations, findings of suitability, orders and authorizations in the jurisdictions in which our resorts are located. The laws, regulations and ordinances requiring these licenses, permits and other approvals generally relate to the responsibility, financial stability and character of the owners and managers of gaming operations, as well as persons financially interested or involved in gaming operations. The Nevada Gaming Commission may require the holder of any debt or securities we or Wynn Las Vegas, LLC issue to file applications, be investigated and be found suitable to own Wynn Resorts’ securities if it has reason to believe that the security ownership would be inconsistent with the declared policies of the State of Nevada.

The Company’s articles of incorporation also provide that, to the extent required by the gaming authority making the determination of unsuitability or to the extent the Board of Directors determines, in its sole discretion, that a person is likely to jeopardize the Company’s or any affiliate’s application for, receipt of, approval for, right to the use of, or entitlement to, any gaming license, shares of Wynn Resorts’ capital stock that are owned or controlled by an unsuitable person or its affiliates are subject to redemption by Wynn Resorts. The redemption price may be paid in cash, by promissory note, or both, as required, and pursuant to the terms established by, the applicable gaming authority and, if not, as Wynn Resorts elects.

On February 18, 2012, after receiving the Freeh Report, the Board of Directors of Wynn Resorts determined that the Okada Parties were “unsuitable” within the meaning of Article VII of Wynn Resorts’ articles of incorporation and redeemed all of Aruze’s shares of Wynn Resorts’ common stock. See Item 3 —“Legal Proceedings” and Item 8—“Financial Statements and Supplementary Data”, Note 17 “Commitments and Contingencies”.

Nevada and Massachusetts regulatory authorities also have broad powers to request detailed financial and other information, to limit, condition, suspend or revoke a registration, gaming license or related approvals, approve changes in our operations and levy fines or require forfeiture of assets for violations of gaming laws or regulations. Complying with gaming laws, regulations and license requirements is costly. Any change in the Nevada and Massachusetts laws, regulations or licenses applicable to our business or a violation of any current or future laws or regulations applicable to our business or gaming licenses could require us to make substantial expenditures and forfeit assets, and would negatively affect our gaming operations.

Wynn Macau's operations are subject to unique risks. Failure to adhere to the regulatory and gaming environment in Macau could result in the revocation of Wynn Macau's concession or otherwise negatively affect its operations in Macau. Moreover, we are subject to the risk that U.S. regulators could determine that Macau's gaming regulatory framework has not developed in a way that would permit us to conduct operations in Macau in a manner consistent with the way in which we intend, or the Nevada gaming authorities require us, to conduct our operations in the United States.

Compliance with changing laws and regulations may result in additional expenses and compliance risks.

Changing laws and regulations are creating uncertainty for gaming companies. These changing laws and regulations are subject to varying interpretations in many cases due to their lack of specificity, recent issuance and/or lack of guidance. As a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. In addition, further regulation of casinos, financial institutions and public companies is possible. This could result in continuing uncertainty and higher costs regarding compliance matters. Due to our commitment to maintain high standards of compliance with laws and public disclosure, our efforts to comply with evolving laws, regulations and standards have resulted in and are likely to continue to result in increased general and administrative expense. In addition, we are subject to different parties' interpretation of our compliance with these new and changing laws and regulations.

Win rates for our gaming operations depend on a variety of factors, some of which are beyond our control.

The gaming industry is characterized by an element of chance. In addition to the element of chance, win rates are also affected by other factors, including players' skill and experience, the mix of games played, the financial resources of players, the spread of table limits, the volume of bets played and the amount of time played. Our gaming profits are mainly derived from the difference between our casino winnings and the casino winnings of our gaming customers. Since there is an inherent element of chance in the gaming industry, we do not have full control over our winnings or the winnings of our gaming customers.

Our information technology and other systems are subject to cyber security risk including misappropriation of customer information or other breaches of information security.

We rely on information technology and other systems (including those maintained by third-parties with whom we contract to provide data services) to maintain and transmit large volumes of customer financial information, credit card settlements, credit card funds transmissions, mailing lists and reservations information and other personally identifiable information. We also maintain important internal company data such as personally identifiable information about our employees and information relating to our operations. The systems and processes we have implemented to protect customers, employees and company information are subject to the ever-changing risk of compromised security. These risks include cyber and physical security breaches, system failure, computer viruses, and negligent or intentional misuse by customers, company employees, or employees of third party vendors. The steps we take to deter and mitigate these risks may not be successful and our insurance coverage for protecting against cybersecurity risks may not be sufficient. Our third-party information system service providers face risks relating to cybersecurity similar to ours, and we do not directly control any of such parties' information security operations. A significant theft, loss or fraudulent use of customer or company data maintained by us or by a third-party service provider could have an adverse effect on our reputation, cause a material disruption to our operations and management team, and result in remediation expenses, regulatory penalties and litigation by customers and other parties whose information was subject to such attacks, all of which could have a material adverse effect on our business, results of operations and cash flows.

Our collection and use of personal data are governed by privacy laws and regulations and privacy law is an area that changes often and varies significantly by jurisdiction. Compliance with applicable privacy regulations may increase our operating costs and/or adversely impact our ability to market our products, properties and services to our guests. In addition, non-compliance with applicable privacy regulations by us (or in some circumstances non-compliance by third parties engaged by us) or a breach of security on systems storing our data may result in damage of reputation and/or subject us to fines, payment of damages, lawsuits or restrictions on our use or transfer of data.

Our insurance coverage may not be adequate to cover all possible losses that we could suffer, including losses resulting from terrorism, and our insurance costs may increase.

We have comprehensive property and liability insurance policies for our properties with coverage features and insured limits that we believe are customary in their breadth and scope. However, in the event of a substantial loss, the insurance

coverage we carry may not be sufficient to pay the full market value or replacement cost of our lost investment or could result in certain losses being totally uninsured. As a result, we could lose some or all of the capital we have invested in a property, as well as the anticipated future revenue from the property, and we could remain obligated for debt or other financial obligations related to the property.

Market forces beyond our control may limit the scope of the insurance coverage we can obtain in the future or our ability to obtain coverage at reasonable rates. Certain catastrophic losses may be uninsurable or too expensive to justify obtaining insurance. As a result, if we suffer such a catastrophic loss, we may not be successful in obtaining future insurance without increases in cost or decreases in coverage levels. Furthermore, our debt instruments and other material agreements require us to maintain a certain minimum level of insurance. Failure to satisfy these requirements could result in an event of default under these debt instruments or material agreements, which would negatively affect our business and financial condition.

Our business is particularly sensitive to the willingness of our customers to travel. Acts of terrorism, regional political events and developments in the conflicts in certain countries could cause severe disruptions in air travel that reduce the number of visitors to our facilities, resulting in a material adverse effect on our business and financial condition, results of operations or cash flows.

We are dependent on the willingness of our customers to travel. Only a small amount of our business is and will be generated by local residents. Most of our customers travel to reach our Las Vegas and Macau properties. Acts of terrorism may severely disrupt domestic and international travel, which would result in a decrease in customer visits to Las Vegas and Macau, including our properties. Regional conflicts could have a similar effect on domestic and international travel. Disruptions in air or other forms of travel as a result of any further terrorist act, outbreak of hostilities or escalation of war or worldwide infectious disease outbreak would have an adverse effect on our business and financial condition, results of operations or cash flows.

We are a parent company and our primary source of cash is and will be distributions from our subsidiaries.

We are a parent company with limited business operations of our own. Our main asset is the capital stock of our subsidiaries. We conduct most of our business operations through our direct and indirect subsidiaries. Accordingly, our primary sources of cash are dividends and distributions with respect to our ownership interests in our subsidiaries that are derived from the earnings and cash flow generated by our operating properties. Our subsidiaries might not generate sufficient earnings and cash flow to pay dividends or distributions in the future.

Our subsidiaries' payments to us will be contingent upon their earnings and upon other business considerations. In addition, our subsidiaries' debt instruments and other agreements limit or prohibit certain payments of dividends or other distributions to us. We expect that future debt instruments for the financing of our other developments will contain similar restrictions. An inability of our subsidiaries to pay us dividends and distributions would have a significant negative effect on our liquidity.

If a third party successfully challenges our ownership of, or right to use, the Wynn-related trademarks and/or service marks, our business or results of operations could be harmed.

Our intellectual property assets, especially the logo version of "Wynn," are among our most valuable assets. We have filed applications with the PTO and with various foreign patent and trademark registries including registries in Macau, China, Hong Kong, Singapore, Taiwan, Japan, certain European countries and various other jurisdictions throughout the world, to register a variety of WYNN-related trademarks and service marks in connection with a variety of goods and services. These marks include "WYNN RESORTS," "WYNN DESIGN AND DEVELOPMENT," "WYNN LAS VEGAS," "WYNN MACAU," "WYNN PALACE" and "ENCORE." Some of the applications are based upon ongoing use and others are based upon a bona fide intent to use the marks in the future.

A common element of most of these marks is the use of the surname "WYNN." As a general rule, a surname (or the portion of a mark primarily constituting a surname) is not eligible for registration unless the surname has acquired "secondary meaning." To date, we have been successful in demonstrating to the PTO such secondary meaning for the Wynn name, in certain of the applications, based upon factors including Mr. Wynn's prominence as a resort developer, but we cannot assure you that we will be successful with the other pending applications.

Federal registrations are not completely dispositive of the right to such marks. Third parties who claim prior rights with respect to similar marks may nonetheless challenge our right to obtain registrations or our use of the marks and seek to overcome the presumptions afforded by such registrations.

Furthermore, due to the increased use of technology in computerized gaming machines and in business operations generally, other forms of intellectual property rights (such as patents and copyrights) are becoming of increased relevance. It is possible that, in the future, third parties might assert superior intellectual property rights or allege that their intellectual property rights cover some aspect of our operations. The defense of such allegations may result in substantial expenses, and, if such claims are successfully prosecuted, may have a material impact on our business. Efforts we take to acquire and protect our intellectual property rights against unauthorized use throughout the world, which may include retaining counsel and commencing litigation in various jurisdictions, may be costly and may not be successful in protecting and preserving the status and value of our intellectual property assets.

We are subject to taxation by various governments and agencies. The rate of taxation could change.

We are subject to tax by various governments and agencies, both in the U.S. and in Macau. Changes in the rates of taxation, the amount of taxes we owe and the time when income is subject to taxation, our ability to claim U.S. foreign tax credits, failure to renew our Macau dividend agreement and Macau income tax exemption after 2015 and the imposition of foreign withholding taxes could increase our overall rate of taxation.

Because we own real property, we are subject to extensive environmental regulation, which creates uncertainty regarding future environmental expenditures and liabilities.

We have incurred costs to comply with environmental requirements, such as those relating to discharges into the air, water and land, the handling and disposal of solid and hazardous waste and the cleanup of properties affected by hazardous substances. Under these and other environmental requirements we may be required to investigate and clean up hazardous or toxic substances or chemical releases at our property. As an owner or operator, we could also be held responsible to a governmental entity or third parties for property damage, personal injury and investigation and cleanup costs incurred by them in connection with any contamination.

These laws typically impose cleanup responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the contaminants. The liability under those laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of the responsibility. The costs of investigation, remediation or removal of those substances may be substantial, and the presence of those substances, or the failure to remediate a property properly, may impair our ability to use our property.

Contamination has been identified at and in the vicinity of our site in Everett, Massachusetts. The ultimate cost of remediating contaminated sites is difficult to accurately predict and we could exceed our current estimates. While we believe that we have adequate resources to cover the costs of the cleanup, we may be required to conduct additional investigations and remediation with respect to this site. As a result, we also could incur material costs in excess of our estimates as a result of additional cleanup obligations imposed or contamination identified in the future. Our proposed expenditures related to environmental matters are not currently expected to have a material adverse effect on our business, financial condition or results of operations. However, the environmental laws under which we operate are complicated and often increasingly more stringent, and may be applied retroactively. Accordingly, we may be required to make additional expenditures to remain in, or to achieve compliance with, environmental laws in the future.

Risks Associated with our Macau Operations

We depend upon games promoters for a significant portion of our gaming revenue. If we are unable to maintain, or develop additional, successful relationships with reputable games promoters, our ability to maintain or grow our gaming revenues could be adversely affected.

We may lose the clientele of our games promoters, who generate a significant portion of our gaming revenue. There is intense competition among casino operators in Macau for services provided by games promoters, which we expect to intensify as additional casinos open in Macau. If we are unable to maintain, or develop additional, successful relationships with reputable games promoters, or lose a significant number of our games promoters to our competitors, our ability to maintain or grow our gaming revenues will be adversely affected and we will have to seek alternative ways of developing relationships with VIP customers. In addition, if our games promoters are unable to develop or maintain relationships with our VIP customers, our ability to maintain or grow our gaming revenues will be hampered.

Increased competition for the services of games promoters may require us to pay increased commission rates to games promoters.

Certain games promoters have significant leverage and bargaining strength in negotiating operational agreements with casino operators. This leverage could result in games promoters negotiating changes to our operational agreements, including higher commissions, or the loss of business to a competitor or the loss of certain relationships with games promoters. If we need to increase our commission rates or otherwise change our practices with respect to games promoters due to competitive forces, our results of operations could be adversely affected.

Failure by the games promoters with whom we work to comply with Macau gaming laws and high standards of probity and integrity might affect our reputation and ability to comply with the requirements of our concession, Macau gaming laws and other gaming licenses.

The reputations and probity of the games promoters with whom we work are important to our own reputation and to our ability to operate in compliance with our concession, Macau gaming laws and other gaming licenses. We conduct periodic reviews of the probity and compliance programs of our gaming promoters. However, we are not able to control our games promoters' compliance with these high standards of probity and integrity, and our games promoters may violate provisions in their contracts with us designed to ensure such compliance. In addition, if we enter into a new business relationship with a games promoter whose probity is in doubt, this may be considered by regulators or investors to reflect negatively on our own probity. If our games promoters are unable to maintain required standards of probity and integrity, we may face consequences from gaming regulators with authority over our operations. Furthermore, if any of our games promoters violate the Macau gaming laws while on our premises, the Macau government may, in its discretion, take enforcement action against us, the games promoter, or each concurrently, and we may be sanctioned and our reputation could be harmed.

The financial resources of our games promoters may be insufficient to allow them to continue doing business in Macau which could adversely affect our business and financial condition. Our games promoters may experience difficulty in attracting patrons.

Given present market conditions in Macau and certain economic and other factors occurring in the region, games promoters may encounter difficulties in attracting patrons to come to Macau. Further, gaming promoters may experience decreased liquidity, limiting their ability to grant credit to their patrons, resulting in decreased gaming volume in Macau and at Wynn Macau. Credit already extended by our games promoters to their patrons may become increasingly difficult for them to collect. This inability to attract sufficient patrons, grant credit and collect amounts due in a timely manner can negatively affect our games promoters' operations, cause games promoters to wind up or liquidate their operations or result in our gaming promoters leaving Macau, and as a result, our results of operations could be adversely impacted.

Revenues from our Macau gaming operations will end if we cannot secure an extension of our concession in 2022 or if the Macau government exercises its redemption right in 2017.

Our concession agreement with the Macau government expires in June 2022. Unless our concession is extended, in June 2022, all of our gaming operations and related equipment in Macau will be automatically transferred to the Macau government without compensation to us and we will cease to generate any revenues from these operations. Beginning in June 2017, the Macau government may redeem the concession agreement by providing us at least one year's prior notice. In the event the Macau government exercises this redemption right, we are entitled to fair compensation or indemnity. The amount of such compensation or indemnity will be determined based on the amount of revenue generated during the tax year prior to the redemption multiplied for the remaining years under the concession. We may not be able to renew or extend our concession agreement on terms favorable to us or at all and, if our concession is redeemed, the compensation paid to us may not be adequate to compensate us for the loss of future revenues. The redemption of or failure to extend our concession would have a material adverse effect on our results of operations.

If Wynn Macau fails to comply with the concession agreement, the Macau government can terminate our concession without compensation to us, which would have a material adverse effect on our business and financial condition.

The Macau government has the right to unilaterally terminate our concession in the event of our material non-compliance with the basic obligations under the concession and applicable Macau laws. The concession agreement expressly provides that the government of Macau may unilaterally rescind the concession agreement if Wynn Macau:

- conducts unauthorized games or activities that are excluded from its corporate purpose;

- suspends gaming operations in Macau for more than seven consecutive days (or more than 14 days in a civil year) without justification;
- defaults in payment of taxes, premiums, contributions or other required amounts;
- does not comply with government inspections or supervision;
- systematically fails to observe its obligations under the concession system;
- fails to maintain bank guarantees or bonds satisfactory to the government;
- is the subject of bankruptcy proceedings or becomes insolvent;
- engages in serious fraudulent activity, damaging to the public interest; or
- repeatedly violates applicable gaming laws.

If the government of Macau unilaterally rescinds the concession agreement, Wynn Macau will be required to compensate the government in accordance with applicable law, and the areas defined as casino space under Macau law and all of the gaming equipment pertaining to our gaming operations will be transferred to the government without compensation. The loss of our concession would prohibit us from conducting gaming operations in Macau, which would have a material adverse effect on our business and financial condition.

Our Macau subsidiaries' indebtedness is secured by a substantial portion of their assets.

Subject to applicable laws, including gaming laws, and certain agreed upon exceptions, our Macau subsidiaries' debt is secured by liens on substantially all of their assets. In the event of a default by such subsidiaries under their financing documents, or if such subsidiaries experience insolvency, liquidation, dissolution or reorganization, the holders of such secured debt would first be entitled to payment from their collateral security, and only then would holders of our Macau subsidiaries' unsecured debt be entitled to payment from their remaining assets.

We compete for limited labor resources in Macau and Macau government policies may also affect our ability to employ imported labor.

The success of our operations in Macau will be affected by our success in hiring and retaining employees. We compete with a large number of casino resorts in Macau for a limited number of qualified employees. In addition, the Macau government requires that we only hire Macau residents as dealers in our casinos. Competition for these individuals in Macau is likely to increase as we open Wynn Palace, and as other competitors expand their operations. We have to seek employees from other countries to adequately staff our resort and certain Macau government policies affect our ability to import labor in certain job classifications. Despite our coordination with the Macau labor and immigration authorities to assure that our labor needs are satisfied, we may not be able to recruit and retain a sufficient number of qualified employees for our operations or obtain required work permits for those employees. If we are unable to obtain, attract, retain and train skilled employees, our ability to adequately manage and staff our existing and planned casino and resort properties in Macau could be impaired, which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Wynn Macau may be affected by adverse political and economic conditions.

Our Macau operations are subject to significant political, economic and social risks inherent in doing business in an emerging market. Macau's legislative, regulatory, legal, economic and cultural institutions are in a period of transition. The continued success of Wynn Macau will depend on political and economic conditions in Macau and mainland China. For example, fiscal decline and civil, domestic or international unrest in Macau, China or the surrounding region could significantly harm our business, not only by reducing customer demand for casino resorts, but also by increasing the risk of imposition of taxes and exchange controls or other governmental restrictions, laws or regulations that might impede Wynn Macau's operations or ability to repatriate funds.

We are currently required to complete Wynn Palace by May 2017. If we are unable to meet this deadline, we may lose the respective land concession, which could prohibit us from operating any facilities developed under such land concession.

The Company has capitalized approximately \$1.8 billion, including the land premium (net of amortization) and \$148.4 million in outstanding construction payables, as of December 31, 2014. Under the Company's land concession for Wynn Palace, the Company is required to complete the development by May 2017. Should the Company determine that it is unable to complete Wynn Palace by this deadline, the Company would expect to apply for an extension from the Macau government. If the Company is unable to meet the current deadline and the deadline for the development is not extended, the Company could lose its land concession for Wynn Palace, which would prohibit the Company from operating any facilities developed under the land concession. As a result, the Company could record a charge for all or some portion of its capitalized construction costs and land premiums (net of amortization).

Macau may not have an adequate transportation infrastructure to accommodate the demand from future development.

Because of additional casino projects which are under construction and to be developed in the future, the ferry and helicopter services which provide transportation between Macau and Hong Kong may need to be expanded to accommodate the increased visitation of Macau. If transportation facilities to and from Macau are inadequate to meet the demands of an increased volume of gaming customers visiting Macau, the desirability of Macau as a gaming destination, as well as the results of operations of Wynn Macau, could be negatively impacted.

The smoking control legislation in Macau could have an adverse effect on our business, financial condition, results of operations or cash flows.

In 2014, the Macau government approved smoking control legislation, which prohibits smoking in casinos starting on October 6, 2014. The legislation, however, permits casinos to maintain certain limited smoking areas open to VIP patrons if such areas are within restricted access areas, comply with certain square footage ratios based on overall gaming area square footage and comply with the conditions set out in the Dispatch of the Chief Executive, dated November 1, 2012, as amended by the Dispatch of the Chief Executive, dated June 3, 2014. Recent public announcements by the Macau government indicate that the Macau government intends to pursue a full smoking ban within all Macau casinos. The existing smoking legislation, and any smoking legislation intended to fully ban all smoking in casinos, may deter potential gaming customers who are smokers from frequenting casinos in Macau and disrupt the number of patrons visiting or the amount of time visiting patrons spend at our property, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Extreme weather conditions may have an adverse impact on Wynn Macau.

Macau's subtropical climate and location on the South China Sea are subject to extreme weather conditions including typhoons and heavy rainstorms. Unfavorable weather conditions could negatively affect the profitability of our resort complex and prevent or discourage guests from traveling to Macau.

Conflicts of interest may arise because certain of our directors and officers are also directors of Wynn Macau, Limited.

In October 2009, Wynn Macau, Limited, an indirect wholly owned subsidiary of Wynn Resorts and the developer, owner and operator of Wynn Macau, listed its ordinary shares of common stock on The Stock Exchange of Hong Kong Limited. Wynn Macau, Limited sold through an initial public offering, 1,437,500,000 shares, 27.7% of this subsidiary's common stock. As a result of Wynn Macau, Limited having stockholders who are not affiliated with us, we and certain of our officers and directors who also serve as officers and/or directors of Wynn Macau, Limited may have conflicting fiduciary obligations to our stockholders and to the minority stockholders of Wynn Macau, Limited. Decisions that could have different implications for Wynn Resorts and Wynn Macau, Limited, including contractual arrangements that we have entered into or may in the future enter into with Wynn Macau, Limited, may give rise to the appearance of a potential conflict of interest.

Certain Nevada gaming laws apply to Wynn Macau's gaming activities and associations.

Certain Nevada gaming laws also apply to gaming activities and associations in jurisdictions outside the State of Nevada. With respect to our Wynn Macau operations, we and our subsidiaries that must be licensed to conduct gaming operations in Nevada are required to comply with certain reporting requirements concerning gaming activities and associations in Macau conducted by our Macau-related subsidiaries. We and our licensed Nevada subsidiaries also will be subject to disciplinary action by the Nevada Gaming Commission if our Macau-related subsidiaries:

- knowingly violate any Macau laws relating to their Macau gaming operations;
- fail to conduct Wynn Macau's operations in accordance with the standards of honesty and integrity required of Nevada gaming operations;
- engage in any activity or enter into any association that is unsuitable for us because it poses an unreasonable threat to the control of gaming in Nevada, reflects or tends to reflect discredit or disrepute upon the State of Nevada or gaming in Nevada, or is contrary to Nevada gaming policies;
- engage in any activity or enter into any association that interferes with the ability of the State of Nevada to collect gaming taxes and fees; or
- employ, contract with or associate with any person in the foreign gaming operation who has been denied a license or a finding of suitability in Nevada on the ground of unsuitability, or who has been found guilty of cheating at gambling.

Such disciplinary action could include suspension, conditioning, limitation or revocation of the registration, licenses or approvals held by us and our licensed Nevada subsidiaries, including Wynn Las Vegas, LLC, and the imposition of substantial fines.

In addition, if the Nevada State Gaming Control Board determines that any actual or intended activities or associations of our Macau-related subsidiaries may be prohibited pursuant to one or more of the standards described above, the Nevada State Gaming Control Board can require us and our licensed Nevada subsidiaries to file an application with the Nevada Gaming Commission for a finding of suitability of the activity or association. If the Nevada Gaming Commission finds that the activity or association in Macau is unsuitable or prohibited, our Macau-related subsidiaries will either be required to terminate the activity or association, or will be prohibited from undertaking the activity or association. Consequently, should the Nevada Gaming Commission find that our Macau-related subsidiary's gaming activities or associations in Macau are unsuitable, those subsidiaries may be prohibited from undertaking their planned gaming activities or associations in Macau, or be required to divest their investment in Macau, possibly on unfavorable terms.

Unfavorable changes in currency exchange rates may increase Wynn Macau's obligations under the concession agreement and cause fluctuations in the value of our investment in Macau.

The currency delineated in Wynn Macau's concession agreement with the government of Macau is the Macau pataca. The Macau pataca, which is not a freely convertible currency, is linked to the Hong Kong dollar, and the two are often used interchangeably in Macau. The Hong Kong dollar is linked to the U.S. dollar and the exchange rate between these two currencies has remained relatively stable over the past several years. However, the exchange linkages of the Hong Kong dollar and the Macau pataca, and the Hong Kong dollar and the U.S. dollar, are subject to potential changes due to changes in Chinese governmental policies and international economic and political developments.

If the Hong Kong dollar and the Macau pataca are no longer linked to the U.S. dollar, the exchange rate for these currencies may severely fluctuate. The current rate of exchange fixed by the applicable monetary authorities for these currencies may also change.

Because many of Wynn Macau's payment and expenditure obligations are in Macau patacas, in the event of unfavorable Macau pataca or Hong Kong dollar rate changes, Wynn Macau's obligations, as denominated in U.S. dollars, would increase. In addition, because we expect that most of the revenues for any casino that we operate in Macau will be in Hong Kong dollars, we are subject to foreign exchange risk with respect to the exchange rate between the Hong Kong dollar and the U.S. dollar. Also, if any of our Macau-related entities incur U.S. dollar-denominated debt, fluctuations in the exchange rates of the Macau pataca or the Hong Kong dollar, in relation to the U.S. dollar, could have adverse effects on our results of operations, financial condition and ability to service its debt.

Currency exchange controls and currency export restrictions could negatively impact Wynn Macau.

Currency exchange controls and restrictions on the export of currency by certain countries may negatively impact the success of Wynn Macau. For example, there are currently existing currency exchange controls and restrictions on the export of the renminbi, the currency of China. Restrictions on the export of the renminbi may impede the flow of gaming customers from China to Macau, inhibit the growth of gaming in Macau and negatively impact Wynn Macau's gaming operations.

Risks Related to Share Ownership and Stockholder Matters

Our largest stockholders are able to exert significant influence over our operations and future direction.

As of December 31, 2014, Mr. Wynn and Elaine P. Wynn own 10,026,708 shares and 9,608,334 shares, respectively, or in the aggregate approximately 19.4%, of our outstanding common stock. As a result, Mr. Wynn and Elaine P. Wynn, to the extent they vote their shares in a similar manner, may be able to exert significant influence over all matters requiring our stockholders' approval, including the approval of significant corporate transactions. In addition, until February 2012, Aruze owned 24,549,222 shares of our outstanding common stock. On February 18, 2012, the Company redeemed all of the shares of the Company's common stock held by Aruze. For additional information on the redemption, see Item 8—"Financial Statements and Supplementary Data", Note 17 "Commitments and Contingencies".

Under the Stockholders Agreement, Mr. Wynn and Elaine P. Wynn have agreed to vote the shares of the Company's common stock held by them subject to the terms of the Stockholders Agreement in a manner so as to elect to our Board of

Directors each of the nominees contained on each and every slate of directors endorsed by Mr. Wynn, which slate will include, subject to certain exceptions, Elaine P. Wynn. As a result of this voting arrangement, Mr. Wynn, as a practical matter, exercises significant influence over the slate of directors to be elected to our Board of Directors. In addition, with stated exceptions, the Stockholders Agreement requires the written consent of the other party prior to any party selling any shares of the Company's common stock that it owns.

In June 2012, in connection with the pending litigation between the Company and Aruze, Elaine P. Wynn submitted a cross claim against Mr. Wynn and Mr. Okada seeking to void the Stockholders Agreement. Certain Wynn Las Vegas, LLC indentures provide that if Mr. Wynn, together with certain related parties, in the aggregate beneficially owns a lesser percentage of the outstanding common stock of the Company than is beneficially owned by any other person, a change of control will have occurred. If Elaine P. Wynn prevails in her cross claim, Mr. Wynn would not beneficially own or control Elaine P. Wynn's shares and a change in control may result under the Wynn Las Vegas, LLC debt documents. For additional information on the cross claim, see Item 8—"Financial Statements and Supplementary Data", Note 8 "Long-Term Debt" and Note 17 "Commitments and Contingencies".

In November 2006, the Board of Directors of Wynn Resorts approved an amendment of its bylaws that exempts future acquisitions of shares of Wynn Resorts' common stock by either Mr. Wynn or Aruze from Nevada's acquisition of controlling interest statutes. In light of the determination by the Board of Directors on February 18, 2012 that each of the Okada Parties is an "Unsuitable Person" under the Company's articles of incorporation and the redemption and cancellation of Aruze's shares of Company common stock, our Fifth Amended and Restated Bylaws amended these provisions to delete the reference to Aruze and its affiliates. The Nevada acquisition of controlling interest statutes require stockholder approval in order to exercise voting rights in connection with any acquisition of a controlling interest in certain Nevada corporations unless the articles of incorporation or bylaws of the corporation in effect on the 10th day following the acquisition of a controlling interest by certain acquiring persons provide that these statutes do not apply to the corporation or to the acquisition specifically by types of existing or future stockholders. These statutes define a "controlling interest" as (i) one-fifth or more but less than one third, (ii) one-third or more but less than a majority, or (iii) a majority or more, of the voting power in the election of directors. As a result of these bylaws provisions, Mr. Wynn or his affiliates may acquire ownership of outstanding voting shares of Wynn Resorts permitting him or them to exercise more than one-third but less than a majority, or a majority or more, of all of the voting power of the Company in the election of directors, without requiring a resolution of the Company's stockholders granting voting rights in the control shares acquired.

Our stock price may be volatile.

The trading price of our common stock may be subject to wide fluctuations. Our stock price may fluctuate in response to a number of events and factors, such as general United States, China, and world economic and financial conditions, our own quarterly variations in operating results, increased competition, changes in financial estimates and recommendations by securities analysts, changes in applicable laws or regulations, and changes affecting the travel industry. The stock market in general, and prices for companies in our industry in particular, has experienced extreme volatility that may be unrelated to the operating performance of a particular company. These broad market and industry fluctuations may adversely affect the price of our common stock, regardless of our operating performance.

Risks Related to our Substantial Indebtedness

We are highly leveraged and future cash flow may not be sufficient for us to meet our obligations, and we might have difficulty obtaining more financing.

We have a substantial amount of consolidated debt in relation to our equity. As of December 31, 2014, we had total outstanding debt of approximately \$7.3 billion, which includes a portion of the funds we expect to need for the development and construction of our projects, Wynn Palace and the Wynn resort in Massachusetts. We may, however, incur additional indebtedness in connection with the construction of these projects. See Item 1—"Business", "Construction and Development Opportunities". In addition, we are permitted to incur additional indebtedness if certain conditions are met, including conditions under our Wynn Macau credit facilities, our Wynn America credit facilities and our Wynn Las Vegas, LLC indentures in connection with other future potential development plans. On February 18, 2012, we issued a Redemption Note with a principal amount of approximately \$1.94 billion in redemption of all of the shares of Wynn Resorts common stock held by Aruze. For additional information on the redemption and the Redemption Note, see Item 3—"Legal Proceedings" and Item 8—"Financial Statements and Supplementary Data", Note 17 "Commitments and Contingencies".

Our substantial indebtedness could have important consequences. For example:

- failure to meet our payment obligations or other obligations could result in acceleration of our indebtedness, foreclosure upon our assets that serve as collateral or bankruptcy and trigger cross defaults under other agreements;
- servicing our indebtedness requires a substantial portion of our cash flow from the operations of Wynn Las Vegas and Wynn Macau and reduces the amount of available cash, if any, to fund working capital and other cash requirements;
- The Okada Parties have challenged the redemption of Aruze's shares and we are currently involved in litigation with those parties as well as related shareholder derivative litigation. The outcome of these various proceedings cannot be predicted. Any adverse judgments or settlements involving payment of a material sum of money could cause a material adverse effect on our financial condition and results of operations and could expose us to additional claims by third parties including current or former investors or regulators. Any adverse judgments or settlements would reduce our profits and could limit our ability to operate our business. See Item 3—"Legal Proceedings" and Item 8—"Financial Statements and Supplementary Data", Note 17 "Commitments and Contingencies";
- we may experience decreased revenues from our operations due to decreased consumer spending levels and high unemployment, and could fail to generate sufficient cash to fund our liquidity needs and/or fail to satisfy the financial and other restrictive covenants to which we are subject under our existing indebtedness. Our business may not generate sufficient cash flow from operations to pay our indebtedness or to fund our other liquidity needs;
- we may not be able to obtain additional financing, if needed, to satisfy working capital requirements or pay for other capital expenditures, debt service or other obligations; and
- rates with respect to a portion of the interest we pay will fluctuate with market rates and, accordingly, our interest expense will increase if market interest rates increase.

Under the terms of the documents governing our debt facilities, subject to certain limitations, we are permitted to incur indebtedness. If we incur additional indebtedness, the risks described above will be exacerbated.

The agreements governing our debt facilities contain certain covenants that restrict our ability to engage in certain transactions and may impair our ability to respond to changing business and economic conditions.

Some of our debt facilities require us to satisfy various financial covenants, which include requirements for minimum interest coverage ratios and leverage ratios pertaining to total debt to earnings before interest, tax, depreciation and amortization and a minimum earnings before interest, tax, depreciation and amortization. For more information on financial covenants we are subject to under our debt facilities, see Item 8—"Financial Statements and Supplementary Data", Note 8 "Long-Term Debt." Future indebtedness or other contracts could contain covenants more restrictive than those contained in our existing debt facilities.

The agreements governing our debt facilities also contain restrictions on our ability to engage in certain transactions and may limit our ability to respond to changing business and economic conditions. These restrictions include, among other things, limitations on our ability and the ability of our restricted subsidiaries to:

- pay dividends or distributions or repurchase equity;
- incur additional debt;
- make investments;
- create liens on assets to secure debt;
- enter into transactions with affiliates;
- issue stock of, or member's interests in, subsidiaries;
- enter into sale-leaseback transactions;
- engage in other businesses;
- merge or consolidate with another company;
- transfer, sell or otherwise dispose of assets;
- issue disqualified stock;
- create dividend and other payment restrictions affecting subsidiaries; and
- designate restricted and unrestricted subsidiaries.

Our ability to comply with the terms of our outstanding facilities may be affected by general economic conditions, industry conditions and other events outside of our control. As a result, we may not be able to maintain compliance with these covenants. If our or our properties' operations fail to generate adequate cash flow, we may violate those covenants, causing a default under our agreements, which would materially and adversely affect our operating results and our financial condition or result in our lenders or holders of our debt taking action to enforce their security interests in our various assets or cause all outstanding amounts to be due and payable immediately.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Macau Land Concessions

The government of Macau owns most of the land in Macau. In most cases, private interests in real property located in Macau are obtained through long-term leases known as concessions and other grants of rights to use land from the government. In July 2004, our subsidiary, Wynn Macau, entered into a land concession contract under which Wynn Macau leases from the Macau government an approximately 16-acre parcel of land in downtown Macau's inner harbor area where Wynn Macau is located. The term of the land concession contract is 25 years from August 2004, and it may be renewed with government approval for successive periods. Wynn Macau paid a land concession premium of approximately 319.4 million Macau patacas (approximately US \$40 million) for this land concession. In 2009, the Company and the Macau government agreed to modify this land concession as a result of the expansion of Wynn Macau with Encore at Wynn Macau and the additional square footage that was added as a result of such expansion. In November 2009, the Company made an additional one-time land premium payment of approximately 113.4 million Macau patacas (approximately US \$14.2 million). Annual rent of approximately 4.2 million Macau patacas (approximately US \$525,000) is being paid in accordance with the land concession contract.

In September 2011, Palo and Wynn Macau SA, each an indirect subsidiary of Wynn Macau Limited, formally accepted the terms and conditions of a draft land concession contract from the Macau government for approximately 51 acres of land in the Cotai area of Macau. On May 2, 2012, the land concession contract was gazetted by the government of Macau evidencing the final step in the granting of the land concession. We are currently constructing Wynn Palace in the Cotai area of Macau, an integrated resort containing a 1,700-room hotel, performance lake, meeting space, casino, spa, retail offerings and food and beverage outlets. The total project budget, including construction costs, capitalized interest, pre-opening expenses, land costs and financing fees, is \$4.1 billion. As of December 31, 2014, we have invested approximately \$1.8 billion in the project. We continue to remain on schedule for an opening in the first half of 2016.

Las Vegas Land

We own approximately 238 acres of land on or near the Las Vegas Strip consisting of approximately 75 acres at the northeast corner of the intersection of Las Vegas Boulevard and Sands Avenue, on which Wynn Las Vegas is located, the approximately 140-acre golf course behind Wynn Las Vegas, approximately 5 acres adjacent to the golf course on which an office building is located, and approximately 18 acres located across from the Wynn Las Vegas site at Koval Lane and Sands Avenue, a portion of which is improved with an employee parking garage and an office building.

Las Vegas Water Rights

We own approximately 834 acre-feet of permitted and certificated water rights, which we currently use to irrigate the golf course. We also own approximately 151.5 acre-feet of permitted and certificated water rights for commercial use. There are significant cost savings and conservation benefits associated with using water supplied pursuant to our water rights. We anticipate using our water rights to support future development of the golf course land.

Massachusetts Land

On January 2, 2015, we purchased 33 acres of land in Everett, Massachusetts, along the Mystic River. On this land, we intend to develop and operate an integrated resort containing a hotel, restaurants, casino, spa, premium retail offerings, meeting and convention space and a waterfront boardwalk.

ITEM 3. LEGAL PROCEEDINGS

We are occasionally party to lawsuits. As with all litigation, no assurance can be provided as to the outcome of such matters and we note that litigation inherently involves significant costs. For more information regarding the Company's legal matters see Item 1A—"Risk Factors" and Item 8—"Financial Statements and Supplementary Data", Note 17 "Commitments and Contingencies," in this Annual Report on Form 10-K.

Determination of Unsuitability and Redemption of Aruze and Affiliates

On February 18, 2012, Wynn Resorts' Gaming Compliance Committee received the Freeh Report detailing a pattern of misconduct by the Okada Parties. The factual record presented in the Freeh Report included evidence that the Okada Parties had provided valuable items to certain foreign gaming officials who were responsible for regulating gaming in a jurisdiction in which entities controlled by Mr. Okada were developing a gaming resort. Mr. Okada denied the impropriety of such conduct to members of the Board of Directors of Wynn Resorts and, while serving as one of the Company's directors, Mr. Okada refused to acknowledge or abide by Wynn Resorts' anti-bribery policies and refused to participate in the training all other directors received concerning these policies.

Based on the Freeh Report, the Board of Directors of Wynn Resorts determined that the Okada Parties are "unsuitable persons" under Article VII of the Company's articles of incorporation. The Board of Directors was unanimous (other than Mr. Okada) in its determination. After authorizing the redemption of the Aruze shares, as discussed below, the Board of Directors took certain actions to protect the Company and its operations from any influence of an unsuitable person, including placing limitations on the provision of certain operating information to unsuitable persons and formation of an Executive Committee of the Board to manage the business and affairs of the Company during the period between each annual meeting. The Charter of the Executive Committee provides that "Unsuitable Persons" are not permitted to serve on the Committee. All members of the Board, other than Mr. Okada, were appointed to the Executive Committee on February 18, 2012. The Board of Directors also requested that Mr. Okada resign as a director of Wynn Resorts (under Nevada corporation law, a board of directors does not have the power to remove a director) and recommended that Mr. Okada be removed as a member of the Board of Directors of Wynn Macau, Limited. On February 18, 2012, Mr. Okada was removed from the Board of Directors of Wynn Las Vegas Capital Corp., an indirect wholly owned subsidiary of Wynn Resorts. On February 24, 2012, Mr. Okada was removed from the Board of Directors of Wynn Macau, Limited and on February 22, 2013, he was removed from the Board of Directors of Wynn Resorts by a stockholder vote in which 99.6% of the over 86 million shares voted were cast in favor of removal. Mr. Okada resigned from the Board of Directors of Wynn Resorts on February 21, 2013. Although the Company has retained the structure of the Executive Committee, the Board has resumed its past role in managing the business and affairs of the Company.

Based on the Board of Directors' finding of "unsuitability," on February 18, 2012, Wynn Resorts redeemed and canceled Aruze's 24,549,222 shares of Wynn Resorts' common stock. Following a finding of "unsuitability," Article VII of Wynn Resorts' articles of incorporation authorizes redemption at "fair value" of the shares held by unsuitable persons. The Company engaged an independent financial advisor to assist in the fair value calculation and concluded that a discount to the then current trading price was appropriate because of, among other things, restrictions on most of the shares held by Aruze under the terms of the Stockholders Agreement (as defined below). Pursuant to its articles of incorporation, Wynn Resorts issued the Redemption Note to Aruze in redemption of the shares. The Redemption Note has a principal amount of \$1.94 billion, matures on February 18, 2022, and bears interest at the rate of 2% per annum, payable annually in arrears on each anniversary of the date of the Redemption Note. The Company may, in its sole and absolute discretion, at any time and from time to time, and without penalty or premium, prepay the whole or any portion of the principal or interest due under the Redemption Note. In no instance shall any payment obligation under the Redemption Note be accelerated except in the sole and absolute discretion of Wynn Resorts or as specifically mandated by law. The indebtedness evidenced by the Redemption Note is and shall be subordinated in right of payment, to the extent and in the manner provided in the Redemption Note, to the prior payment in full of all existing and future obligations of Wynn Resorts or any of its affiliates in respect of indebtedness for borrowed money of any kind or nature.

The Company provided the Freeh Report to appropriate regulators and law enforcement agencies and has been cooperating with related investigations that such regulators and agencies have undertaken. The conduct of the Okada Parties and any resulting regulatory investigations could have adverse consequences to the Company and its subsidiaries. A finding by regulatory authorities that Mr. Okada violated anti-corruption statutes and/or other laws or regulations applicable to persons affiliated with a gaming licensee on Company property and/or otherwise involved the Company in criminal or civil violations could result in actions by regulatory authorities against the Company and its subsidiaries.

Redemption Action and Counterclaim

On February 19, 2012, Wynn Resorts filed a complaint in the Eighth Judicial District Court, Clark County, Nevada against the Okada Parties (as amended, the "Complaint"), alleging breaches of fiduciary duty and related claims (the "Redemption Action") arising from the activities addressed in the Freeh Report. The Company is seeking compensatory and special damages as well as a declaration that it acted lawfully and in full compliance with its articles of incorporation, bylaws and other governing documents in redeeming and canceling the shares of Aruze.

On March 12, 2012, the Okada Parties removed the action to the United States District Court for the District of Nevada (the action was subsequently remanded to Nevada state court). On that same date, the Okada Parties filed an answer denying the claims and a counterclaim (as amended, the "Counterclaim") that purports to assert claims against the Company and the Wynn Parties. The Counterclaim alleges, among other things: (1) that the shares of Wynn Resorts common stock owned by Aruze were exempt from the redemption-for-unsuitability provisions in the Wynn Resorts articles of incorporation (the "Articles") pursuant to certain agreements executed in 2002; (2) that the Wynn Resorts directors who authorized the redemption of Aruze's shares acted at the direction of Stephen A. Wynn and did not independently and objectively evaluate the Okada Parties' suitability, and by so doing, breached their fiduciary duties; (3) that the Wynn Resorts directors violated the terms of the Wynn Resorts Articles by failing to pay Aruze fair value for the redeemed shares; and (4) that the terms of the Redemption Note that Aruze received in exchange for the redeemed shares, including the Redemption Note's principal amount, duration, interest rate, and subordinated status, were unconscionable. Among other relief, the Counterclaim seeks a declaration that the redemption of Aruze's shares was void, an injunction restoring Aruze's share ownership, damages in an unspecified amount and rescission of the Amended and Restated Stockholders Agreement, dated as of January 6, 2010, by and among Aruze, Stephen A. Wynn, and Elaine Wynn (the "Stockholders Agreement").

On June 19, 2012, Elaine Wynn asserted a cross claim against Stephen A. Wynn and Aruze seeking a declaration that (1) any and all of Elaine Wynn's duties under the Stockholders Agreement shall be discharged; (2) the Stockholders Agreement is subject to rescission and is rescinded; (3) the Stockholders Agreement is an unreasonable restraint on alienation in violation of public policy; and/or (4) the restrictions on sale of shares shall be construed as inapplicable to Elaine Wynn. The indenture for Wynn Las Vegas, LLC's 4 1/4% Senior Notes due 2023 (the "2023 Indenture") provides that if Stephen A. Wynn, together with certain related parties, in the aggregate beneficially owns a lesser percentage of the outstanding common stock of the Company than are beneficially owned by any other person, a change of control will have occurred. The indenture for Wynn Las Vegas, LLC's 5 1/2% Senior Notes due 2025 (the "2025 Indenture") provides that if any event constitutes a "change of control" under the 2023 Indenture, it will constitute a change of control under the 2025 Indenture. If Elaine Wynn prevails in her cross claim, Stephen A. Wynn would not beneficially own or control Elaine Wynn's shares, which could increase the likelihood that a change in control may occur under the Wynn Las Vegas debt documents. Under the 2023 Indenture and the 2025 Indenture, if a change of control occurs and within 60 days after that occurrence, the 4 1/4% Senior Notes due 2023 or the 5 1/2% Senior Notes due 2025, as applicable, are rated below investment grade by both rating agencies that rate such notes, the Company is required to make an offer to each applicable holder to repurchase all or any part of such holder's notes at a purchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest on the notes purchased, if any, to the date of repurchase (unless the notes have been previously called for redemption). Mr. Wynn is opposing Ms. Wynn's cross claim.

The Company's Complaint and the Okada Parties' Counterclaim have been, and continue to be, challenged through motion practice. At a hearing held on November 13, 2012, the Nevada state court granted the Wynn Parties' motion to dismiss the Counterclaim with respect to the Okada Parties' claim under the Nevada Racketeer Influenced and Corrupt Organizations Act with respect to certain Company executives but otherwise denied the motion. At a hearing held on January 15, 2013, the court denied the Okada Parties' motion to dismiss the Company's Complaint. On April 22, 2013, the Company filed a second amended complaint. On August 30, 2013, the Okada Parties filed their third amended Counterclaim. On September 18, 2013, the Company filed a Partial Motion to Dismiss related to a claim in the third amended Counterclaim alleging civil extortion by Mr. Wynn and the Company's General Counsel. On October 29, 2013, the court granted the motion and dismissed the claim. On November 26, 2013, the Okada Parties filed their fourth amended Counterclaim, and the Company filed an answer to that pleading on December 16, 2013.

On each of February 14, 2013 and February 13, 2014, the Company issued a check to Aruze in the amount of \$38.7 million, representing the interest payments due on the Redemption Note at those times. However, those checks were not cashed. In February 2014, the Okada Parties advised of their intent to deposit any checks for interest and principal, past and future, due under the terms of the Redemption Note to the clerk of the court for deposit into the clerk's trust account. On March 17, 2014, the parties stipulated that the checks be returned to the Company for reissue in the same amounts, payable to the clerk of the court for deposit into the clerk's trust account. Pursuant to the stipulation, on March 20, 2014, the Company delivered to the clerk of the court the reissued checks that were deposited into the clerk's trust account and filed a notice with the court with respect to the same. On February 13, 2015, the Company issued a check for the interest payment due at that time to the clerk of the court for deposit into the clerk's trust account.

On April 8, 2013, the United States Attorney's Office and the U.S. Department of Justice filed a Motion to Intervene and for Temporary and Partial Stay of Discovery in the Redemption Action. The parties had been engaged in discovery at the time of the filing. The motion stated that the federal government has been conducting a criminal investigation of the Okada Parties involving the "same underlying allegations of misconduct-that is, potential violations of the Foreign Corrupt Practice Act and related fraudulent conduct-that form the basis of" the Company's complaint, as amended, in the Redemption Action. The motion sought to stay all discovery in the Redemption Action related to the Okada Parties' allegedly unlawful activities in

connection with their casino project in the Philippines until the conclusion of the criminal investigation and any resulting criminal prosecution, with an interim status update to the court in six months. At a hearing on May 2, 2013, the court granted the motion and ordered that all discovery in the Redemption Action be stayed for a period of six months (the “Stay”). On May 30, 2013, Elaine Wynn filed a motion for partial relief from the Stay, to allow her to conduct limited discovery related to her cross and counterclaims. The Wynn Parties opposed the motion so as to not interfere with the United States government’s investigation. At a hearing on August 1, 2013, the court denied the motion. On October 29, 2013, the United States Attorney’s Office and the U.S. Department of Justice filed a Motion to Extend the Stay for a further period of six months. At a hearing on October 31, 2013, the court granted the requested extension based upon an affidavit provided under seal that outlined, among other things, concerns for witness safety. The court did, however, order the parties to exchange written discovery propounded prior to May 2, 2013, including discovery related to the Elaine Wynn cross and counterclaims referred to above. The extended Stay expired on May 5, 2014. On April 29, 2014, the United States Attorney’s Office and the U.S. Department of Justice filed a Motion for a Second Extension of Temporary Stay of Discovery for a further six months. At a hearing on May 1, 2014, the court denied the motion. On September 22, 2014, the court entered a new stipulation between the parties for discovery schedule with closing on August 1, 2016.

On September 16, 2014, Aruze filed a motion for partial summary judgment related to its counterclaim alleging the Company’s directors violated the terms of the Articles by failing to pay Aruze fair value for the redeemed shares. At a hearing held on October 21, 2014, the court denied Aruze’s motion.

On October 10, 2014, the Okada Parties filed a motion for partial judgment on the pleadings principally to seek dismissal of certain breach of fiduciary claims against Mr. Okada included in the Company’s Complaint. On November 13, 2014, the court denied the motion and issued an order setting the trial and trial-related dates. The trial is scheduled to begin on February 6, 2017.

The Company will continue to vigorously pursue its claims against the Okada Parties, and the Company and the Wynn Parties will continue to vigorously defend against the counterclaims asserted against them. The Company’s claims and the Okada Parties’ counterclaims remain in an early stage and management has determined that based on proceedings to date, it is currently unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any. An adverse judgment or settlement involving payment of a material amount could cause a material adverse effect on our financial condition.

Litigation Commenced by Kazuo Okada

Japan Action

On August 28, 2012, Mr. Okada, Universal Entertainment Corporation and Okada Holdings (“Okada Japan Parties”) filed a complaint in Tokyo District Court against the Wynn Parties, alleging that the press release issued by the Company with respect to the redemption has damaged plaintiffs’ social evaluation and credibility. The Okada Japan Parties seek damages and legal fees from the Wynn Parties. After asking the Okada Japan Parties to clarify the allegations in their complaint, the Wynn Parties objected to the jurisdiction of the Japanese court. On April 30, 2013, the Wynn Parties filed a memorandum in support of their jurisdictional position. On October 21, 2013, the court dismissed the action on jurisdictional grounds. On November 1, 2013, the Okada Japan Parties filed an appeal moving the matter to the Tokyo High Court. On June 11, 2014, the Tokyo High Court ruled in favor of the Wynn Parties and upheld the motion for dismissal. On June 25, 2014, the Okada Japan Parties filed a notice of appeal to the Supreme Court of Japan. On October 28, 2014, the Wynn Parties received a copy of the brief that the Okada Japan Parties had filed to explain why they believe the Supreme Court of Japan should hear the case. The Wynn Parties filed a reply brief on February 16, 2015.

Indemnification Action

On March 20, 2013, Mr. Okada filed a complaint against the Company in Nevada state court for indemnification under the Company’s Articles, bylaws and agreements with its directors. The complaint sought advancement of Mr. Okada’s costs and expenses (including attorney’s fees) incurred pursuant to the various legal proceedings and related regulatory investigations described above. The Company’s answer and counterclaim was filed on April 15, 2013. The counterclaim named each of the Okada Parties as defendants and sought indemnification under the Company’s Articles for costs and expenses (including attorney’s fees) incurred pursuant to the various legal proceedings and related regulatory investigations described above. On April 30, 2013, Mr. Okada filed his reply to the counterclaim. On February 4, 2014, the court entered an order on the parties’ stipulation that: (1) dismissed all claims Mr. Okada asserted against the Company; (2) reserved Mr. Okada’s right to assert, in the future, any claims for indemnity following the resolution of the Redemption Action; and (3) stayed the claims asserted by the Company against Mr. Okada pending the resolution of the Redemption Action.

Management has determined that based on proceedings to date, it is currently unable to determine the probability of the outcome of this action or the range of reasonably possible loss, if any.

Related Investigations and Derivative Litigation

Investigations

In the U.S. Department of Justice's Motion to Intervene and for Temporary and Partial Stay of Discovery in the Redemption Action, the Department of Justice states in a footnote that the government also has been conducting a criminal investigation into the Company's previously disclosed donation to the University of Macau. The Company has not received any target letter or subpoena in connection with such an investigation. The Company intends to cooperate fully with the government in response to any inquiry related to the donation to the University of Macau.

Other regulators may pursue separate investigations into the Company's compliance with applicable laws arising from the allegations in the matters described above and in response to the Counterclaim and other litigation filed by Mr. Okada suggesting improprieties in connection with the Company's donation to the University of Macau. While the Company believes that it is in full compliance with all applicable laws, any such investigations could result in actions by regulators against the Company. Prior investigations by the Nevada Gaming Control Board and SEC were closed with no actions taken.

Derivative Claims

Six derivative actions were commenced against the Company and all members of its Board of Directors: four in the United States District Court, District of Nevada, and two in the Eighth Judicial District Court of Clark County, Nevada.

The four federal actions brought by the following plaintiffs have been consolidated: (1) The Louisiana Municipal Police Employees' Retirement System, (2) Maryanne Solak, (3) Excavators Union Local 731 Welfare Fund, and (4) Boilermakers Lodge No. 154 Retirement Fund (collectively, the "Federal Plaintiffs").

The Federal Plaintiffs filed a consolidated complaint on August 6, 2012, asserting claims for: (1) breach of fiduciary duty; (2) waste of corporate assets; (3) injunctive relief; and (4) unjust enrichment. The claims were against the Company and all Company directors, including Mr. Okada, however, the plaintiffs voluntarily dismissed Mr. Okada as a defendant in this consolidated action on September 27, 2012. The Federal Plaintiffs claimed that the individual defendants breached their fiduciary duties and wasted assets by: (a) failing to ensure the Company's officers and directors complied with federal and state laws and the Company's Code of Conduct; (b) voting to allow the Company's subsidiary to make the donation to the University of Macau; and (c) redeeming Aruze's stock such that the Company incurs the debt associated with the redemption. The Federal Plaintiffs seek unspecified compensatory damages, restitution in the form of disgorgement, reformation of corporate governance procedures, an injunction against all future payments related to the donation/pledge, and all fees (attorneys, accountants, and experts) and costs. The directors responded to the consolidated complaint by filing a motion to dismiss on September 14, 2012. On February 1, 2013, the federal court dismissed the complaint for failure to plead adequately the futility of a pre-suit demand on the Board. The dismissal was without prejudice to the Federal Plaintiffs' ability to file a motion within 30 days seeking leave to file an amended complaint. On April 9, 2013, the Federal Plaintiffs filed their amended complaint. The Company and the directors filed their motion to dismiss the amended complaint on May 23, 2013. On March 13, 2014, the federal court granted the motion to dismiss and entered judgment in favor of the Company and directors and against the Federal Plaintiffs without prejudice. On April 10, 2014, the Federal Plaintiffs filed a notice of appeal to the United States Court of Appeals for the Ninth Circuit. The Federal Plaintiffs' opening brief was filed on September 19, 2014. The Company filed a response on December 18, 2014 and the Federal Plaintiffs' filed a reply brief on January 30, 2015.

The two state court actions brought by the following plaintiffs have also been consolidated: (1) IBEW Local 98 Pension Fund and (2) Danny Hinson (collectively, the "State Plaintiffs"). Through a coordination of efforts by all parties, the directors and the Company (a nominal defendant) have been served in all of the actions. The State Plaintiffs filed a consolidated complaint on July 20, 2012 asserting claims for (1) breach of fiduciary duty; (2) abuse of control; (3) gross mismanagement; and (4) unjust enrichment. The claims are against the Company and all Company directors during the applicable period, including Mr. Okada, as well as the Company's Chief Financial Officer who signed financial disclosures filed with the SEC during the applicable periods. The State Plaintiffs claim that the individual defendants failed to disclose to the Company's stockholders the investigation into, and the dispute with director Okada as well as the alleged potential violations of the FCPA related to, the University of Macau Development Foundation donation. The State Plaintiffs seek unspecified monetary damages (compensatory and punitive), disgorgement, reformation of corporate governance procedures, an order directing the Company to internally investigate the donation, as well as attorneys' fees and costs. On October 13, 2012, the court entered the parties'

stipulation providing for a stay of the state derivative action for 90 days, subject to the parties' obligation to monitor the progress of the pending litigation, discussed above, between Wynn Resorts (among others) and Mr. Okada (among others). Per the stipulation, the Company and the individual defendants were not required to respond to the consolidated complaint while the stay remained in effect. Following the expiration of the stay, the State Plaintiffs advised the Company and the individual defendants that they intended to resume the action by filing an amended complaint, which they did, on April 26, 2013. The Company and directors filed their motion to dismiss on June 10, 2013. However, on July 31, 2013, the parties agreed to a stipulation that was submitted to, and approved by the court. The stipulation contemplates a stay of the consolidated state court derivative action of equal duration as the Stay entered by the court in the Redemption Action. On June 18, 2014, the court entered a new stipulation between the parties that provides for further stay of the state derivative action and directs the parties, within 45 days of the conclusion of the latter of the Redemption Action or the federal derivative action, to discuss how the state derivative action should proceed and to file a joint report with the court.

The individual defendants are vigorously defending against the claims pleaded against them in the state derivative action. Management has determined that based on proceedings to date, it is currently unable to determine the probability of the outcome of this action or the range of reasonably possible loss, if any.

Massachusetts Gaming License Related Actions

On September 17, 2014, the MGC designated Wynn MA, an indirect wholly owned subsidiary of the Company, the award winner of the Greater Boston (Region A) gaming license. On November 7, 2014, the gaming license awarded to us became effective.

On October 16, 2014, the City of Revere, the host community to the unsuccessful bidder for the same license, and the International Brotherhood of Electrical Workers, Local 103, filed a complaint against the MGC and each of the five gaming commissioners in Suffolk Superior Court. On December 4, 2014, the City of Somerville, a surrounding community to the proposed site which Wynn MA will develop and construct an integrated resort, filed a similar complaint against the MGC and each of the five gaming commissioners in Suffolk Superior Court. The complaints challenge the MGC's decision and allege that the MGC failed to follow statutory requirements outlined in the Gaming Act. The complaints (1) seek to appeal the administrative decision, (2) assert that certiorari provides a remedy to correct errors in proceedings by an agency such as the MGC, (3) challenge the constitutionality of that section of the gaming law which bars judicial review of the Commission's decision to deny an applicant a gaming license, and (4) allege violations of the open meeting law requirements.

On January 5, 2015, the City of Boston, filed a complaint against the MGC and each of the five gaming commissioners in Suffolk Superior Court for certiorari and declaratory relief in connection with the MGC's award of the license to Wynn MA. The complaint seeks to contest the MGC's decision that Boston is a surrounding community, rather than a host community to the Wynn resort in Massachusetts.

Wynn MA is not named in the complaints. Wynn MA has been advised that the Attorney General for the Commonwealth of Massachusetts will be responding to the complaints.

CCAC Information Request

In July 2014, Wynn Macau SA was contacted by the Macau Commission Against Corruption of Macau ("CCAC") requesting certain information related to its land in the Cotai area of Macau. Wynn Macau SA is cooperating with CCAC's request.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information**

Our common stock trades on the NASDAQ Global Select Market under the symbol "WYNN." The following table sets forth the high and low sale prices for the indicated periods, as reported by the NASDAQ Global Select Market.

	High	Low
Year Ended December 31, 2014		
First Quarter	\$ 249.31	\$ 189.03
Second Quarter	\$ 231.00	\$ 188.43
Third Quarter	\$ 220.50	\$ 172.53
Fourth Quarter	\$ 192.45	\$ 133.58
Year Ended December 31, 2013		
First Quarter	\$ 126.98	\$ 113.39
Second Quarter	\$ 144.99	\$ 114.41
Third Quarter	\$ 159.85	\$ 124.57
Fourth Quarter	\$ 194.53	\$ 155.77

Holders

There were approximately 193 holders of record of our common stock as of February 13, 2015.

Dividends

Wynn Resorts is a holding company and, as a result, our ability to pay dividends is dependent on our ability to obtain funds and our subsidiaries' ability to provide funds to us. Restrictions imposed by our subsidiaries' debt instruments significantly restrict certain key subsidiaries, including Wynn Las Vegas, LLC, Wynn America, LLC and Wynn Macau SA, from making dividends or distributions to Wynn Resorts. These restrictions are subject to certain exceptions for affiliated overhead expenses as defined in the agreements governing the debt instruments, unless certain financial and non-financial criteria have been satisfied.

In November 2014, we paid a cash dividend of \$2.50 per share. In each of February 2014, May 2014, August 2014, we paid a cash dividend of \$1.25 per share. In December 2013, we paid a cash dividend of \$3.00 per share. In each of March 2013, June 2013, August 2013 and November 2013, we paid a cash dividend of \$1.00 per share.

On February 3, 2015, we announced a cash dividend of \$1.50 per share, payable on February 23, 2015 to Stockholders of record as of February 13, 2015.

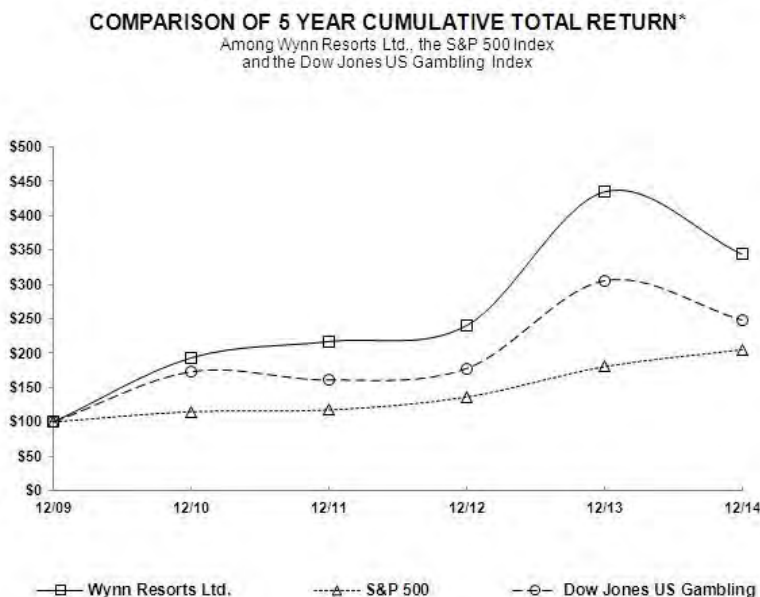
Our Board of Directors will continue to periodically assess the level and appropriateness of any cash dividends.

Issuer Purchases of Equity Securities

During the fourth quarter of 2014, we had no repurchases of our common stock.

Stock Performance Graph

The graph below compares the five year cumulative total return on our common stock to the cumulative total return of the Standard & Poor's 500 Stock Index ("S&P 500") and the Dow Jones US Gambling Index. The performance graph assumes that \$100 was invested on December 31, 2009 in each of the Company's common stock, the S&P 500 and the Dow Jones US Gambling Index, and that all dividends were reinvested. The stock price performance shown in this graph is neither necessarily indicative of, nor intended to suggest, future stock price performance.



*\$100 invested on 12/31/09 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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ITEM 6. SELECTED FINANCIAL DATA

The following financial information for each of the five years ended December 31, 2014, 2013, 2012, 2011 and 2010 has been derived from our consolidated financial statements. This selected consolidated financial data should be read together with Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations", our consolidated financial statements and related notes and other information contained in this Annual Report on Form 10-K. Operating results for the periods presented are not indicative of the results that may be expected for future years.

	Years Ended December 31,					
	2014	2013	2012 (1)	2011	2010 (2)	
	(in thousands, except per share amounts)					
Consolidated Statements of Income Data:						
Net revenues	\$ 5,433,661	\$ 5,620,936	\$ 5,154,284	\$ 5,269,792	\$ 4,184,698	
Pre-opening costs	30,146	3,169	466	—	9,496	
Operating income	1,266,278	1,290,091	1,029,276	1,008,240	625,252	
Net income	962,644	1,004,157	728,699	825,113	316,596	
Less: net income attributable to noncontrolling interest	(231,090)	(275,505)	(226,663)	(211,742)	(156,469)	
Net income attributable to Wynn Resorts, Limited	731,554	728,652	502,036	613,371	160,127	
Basic income per share	\$ 7.25	\$ 7.25	\$ 4.87	\$ 4.94	\$ 1.30	
Diluted income per share	\$ 7.18	\$ 7.17	\$ 4.82	\$ 4.88	\$ 1.29	

	As of December 31,									
	2014		2013		2012 (1)		2011		2010	
	(in thousands, except per share amounts)									
Consolidated Balance Sheets Data:										
Cash and cash equivalents	\$	2,182,164	\$	2,435,041	\$	1,725,219	\$	1,262,587	\$	1,258,499
Construction in progress		1,666,326		558,624		110,490		28,477		22,901
Total assets		9,062,861		8,377,030		7,276,594		6,899,496		6,674,497
Total long-term obligations (3)		7,538,605		6,789,145		6,041,285		3,096,149		3,405,983
Stockholders' equity		211,091		132,351		103,932		2,223,454		2,380,585
Cash distributions declared per common share	\$	6.25	\$	7.00	\$	9.50	\$	6.50	\$	8.50

- (1) On February 18, 2012, we redeemed and canceled Aruze's 24,549,222 shares of Wynn Resorts common stock. In connection with the redemption and cancellation, stockholders' equity was reduced by \$1.94 billion, the face amount of the Redemption Note. Aruze has challenged the redemption and cancellation of the 24,549,222 shares and legal proceedings are ongoing. Please see Item 3—"Legal Proceedings".
- (2) On April 21, 2010, we opened Encore at Wynn Macau, a further expansion of Wynn Macau.
- (3) Includes long-term debt, the required contract premium payments under our land concession contract at Wynn Macau, future charitable contributions and deferred income taxes.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements and the notes thereto included elsewhere in this Annual Report on Form 10-K.

Overview

We are a developer, owner and operator of destination casino resorts (integrated resorts). In the Macau Special Administrative Region of the People's Republic of China ("Macau"), we own 72% of and operate Wynn Macau and Encore at Wynn Macau. We refer to the integrated Wynn Macau and Encore at Wynn Macau resort as Wynn Macau | Encore or as our Macau Operations. In Las Vegas, Nevada, we own 100% of and operate Wynn Las Vegas and Encore at Wynn Las Vegas, which we refer to as Wynn Las Vegas | Encore or our Las Vegas Operations. We are currently constructing Wynn Palace, an integrated casino resort in the Cotai area of Macau. In addition, we are developing an integrated casino resort in Everett, Massachusetts.

Macau Operations

Our Macau integrated resort of Wynn Macau and Encore at Wynn Macau features approximately 284,000 square feet of casino space with 498 table games and 625 slot machines and two luxury hotel towers with a total of 1,008 spacious guest rooms and suites. Wynn Macau | Encore includes casual and fine dining in eight restaurants, approximately 57,000 square feet of retail space, approximately 31,000 square feet of lounge and meeting facilities and recreation and leisure facilities.

In response to our evaluation of our Macau Operations and the reactions of our guests, we have made and expect to continue to make enhancements and refinements to our resort. In February 2015, we completed a renovation of approximately 27,000 square feet of our casino space at Wynn Macau into new VIP gaming rooms.

Las Vegas Operations

Our integrated Las Vegas resort of Wynn Las Vegas and Encore at Wynn Las Vegas features approximately 186,000 square feet of casino space with 232 table games, 1,849 slot machines and two luxury hotel towers with a total of 4,748 spacious guest rooms, suites and villas. Wynn Las Vegas | Encore includes 34 food and beverage outlets, approximately 99,000 square feet of retail space, approximately 290,000 square feet of meeting and convention space, an on-site 18 hole golf course, a Ferrari and Maserati dealership, as well as two showrooms, three nightclubs and a beach club.

In response to our evaluation of our Las Vegas Operations and the reactions of our guests, we have and expect to continue to make enhancements and refinements to our resort.

Future Development

We are currently constructing Wynn Palace, an integrated resort containing a 1,700-room hotel, performance lake, meeting space, casino, spa, retail offerings and food and beverage outlets in the Cotai area of Macau. In July 2013, we signed a \$2.6 billion GMP contract for the project's construction. The total project budget, including construction costs, capitalized interest, pre-opening expenses, land costs and financing fees, is approximately \$4.1 billion. As of December 31, 2014, we have invested approximately \$1.8 billion in the project. We expect to open Wynn Palace in the first half of 2016.

On September 17, 2014, the Massachusetts Gaming Commission designated Wynn MA, LLC, an indirect wholly owned subsidiary of the Company, the award winner of the Greater Boston (Region A) gaming license. On November 4, 2014, a vote upheld the expanded gaming law in Massachusetts. On November 7, 2014, the gaming license awarded to us became effective.

On January 2, 2015, we purchased 33 acres of land in Everett, Massachusetts, along the Mystic River. On this land, we intend to develop and operate an integrated resort containing a hotel, restaurants, casino, spa, premium retail offerings, meeting and convention space and a waterfront boardwalk.

We continually seek out new opportunities for additional gaming or related businesses, in the United States, and worldwide.

Key Operating Measures

Certain key operating measures specific to the gaming industry are included in our discussion of our operational performance for the periods for which a Consolidated Statement of Income is presented. Below are definitions of these key operating measures discussed:

- Table games win is the amount of drop or turnover that is retained and recorded as casino revenue.
- Drop is the amount of cash and net markers issued that are deposited in a gaming table's drop box.
- Turnover is the sum of all losing rolling chip wagers within our Macau Operations' VIP program.
- Rolling chips are identifiable chips that are used to track turnover for purposes of calculating incentives.
- Slot win is the amount of handle (representing the total amount wagered) that is retained by us and is recorded as casino revenue.
- Average daily rate ("ADR") is calculated by dividing total rooms revenue including the retail value of promotional allowances (less service charges, if any) by total rooms occupied including complimentary rooms.
- Revenue per available room ("REVPAR") is calculated by dividing total rooms revenue including the retail value of promotional allowances (less service charges, if any) by total rooms available.
- Occupancy is calculated by dividing total occupied rooms, including complimentary rooms, by the total rooms available.

Below is a discussion of the methodologies used to calculate win percentage at our resorts.

In our VIP casino in Macau, customers primarily purchase non-negotiable chips, commonly referred to as rolling chips, from the casino cage and there is no deposit into a gaming table drop box from chips purchased from the cage. Non-negotiable chips can only be used to make wagers. Winning wagers are paid in cash chips. The loss of the non-negotiable chips in the VIP casino is recorded as turnover and provides a base for calculating VIP casino win percentage. It is customary in Macau to measure VIP casino play using this rolling chip method. We expect our win as a percentage of turnover in this segment to be within the range of 2.7% to 3.0%.

The measurement base used in the mass market casino in Macau is not the same as that used in the VIP casino. In our mass market casino in Macau, customers may purchase cash chips at either the gaming tables or at the casino cage. The cash used to purchase the cash chips at the gaming tables is deposited into the gaming table's drop box. This is the base of measurement that we use for calculating win percentage in our mass market casino. We do not report an expected range for the win percentage in our mass market casino as chips purchased at the casino cage are excluded from table games drop and distort our expected win percentage. Because of the large number of chip purchases occurring at the casino cage, we believe the relevant indicator of volumes in the mass market segment should be table games win.

The measurements in our VIP casino and the mass market casino are not comparable as the mass market casino tracks the initial purchase of chips at the table while the measurement method in our VIP casino tracks the sum of all losing wagers. Accordingly, the base measurement in the VIP casino is much larger than the base measurement in the mass market casino. As a result, the expected win percentage with the same amount of gaming win is smaller in the VIP casino when compared to the mass market casino.

In Las Vegas, customers purchase chips at the gaming tables. The cash and net markers used to purchase chips are deposited in the gaming table's drop box. This is the base of measurement that we use for calculating win percentage in Las Vegas. Each type of table game has its own theoretical win percentage. Our expected table games win percentage in Las Vegas is 21% to 24%.

Results of Operations

Summary annual results

The following table summarizes our financial results for the periods presented (in thousands, except per share data).

	Years Ended December 31,		
	2014	2013	2012
Net revenues	\$ 5,433,661	\$ 5,620,936	\$ 5,154,284
Net income attributable to Wynn Resorts, Limited	\$ 731,554	\$ 728,652	\$ 502,036
Diluted net income per share	\$ 7.18	\$ 7.17	\$ 4.82
Adjusted Property EBITDA	\$ 1,773,278	\$ 1,810,801	\$ 1,575,812

During the year ended December 31, 2014, our net income attributable to Wynn Resorts, Limited was \$731.6 million, an increase of 0.4% over the same period of 2013, resulting in diluted earnings per share of \$7.18. Adjusted Property EBITDA decreased year-over-year by 2.1%, from \$1,810.8 million for the year ended December 31, 2013 to \$1,773.3 million for the same period of 2014. Our results for the year ended December 31, 2014 compared to the same period of 2013 were primarily attributable to a 5.8% decline in casino revenues from our Macau Operations offset by non-casino revenue growth from our Las Vegas Operations. Although we experienced stable overall visitation to our Macau Operations, a significant slowdown in activity from our premium customers drove the decline in casino revenues.

During the year ended December 31, 2013, our net income attributable to Wynn Resorts, Limited was \$728.7 million, an increase of 45.1% over the same period of 2012, resulting in diluted earnings per share of \$7.17. Adjusted Property EBITDA increased year-over-year by 14.9%, from \$1,575.8 million for the year ended December 31, 2012 to \$1,810.8 million for the same period of 2013. Our results for the year ended December 31, 2013 compared to the same period of 2012 were primarily driven by an increase of 10.6%, or \$365.4 million in casino revenue from our Macau Operations and an increase of 15.3%, or \$90.5 million in casino revenues from our Las Vegas Operations.

Financial results for the year ended December 31, 2014 compared to the year ended December 31, 2013.
Net revenues

The following table presents net revenues from our Macau and Las Vegas Operations (in thousands):

	Years Ended December 31,		Percent Change
	2014	2013	
Net revenues			
Macau Operations	\$ 3,796,750	\$ 4,040,526	(6.0)
Las Vegas Operations	1,636,911	1,580,410	3.6
	<u>\$ 5,433,661</u>	<u>\$ 5,620,936</u>	(3.3)

Net revenues decreased 3.3% to \$5,433.7 million for the year ended December 31, 2014, from \$5,620.9 million for the same period in 2013. The decline in net revenues was primarily driven by a decrease of 5.8%, or \$221.1 million in casino revenue from our Macau Operations, partially offset by an increase of 5.8%, or \$51.8 million, in non-casino revenues from our Las Vegas Operations.

Non-casino revenues consist of operating revenues from rooms, food and beverage, entertainment, retail and other, less promotional allowances. The following table presents net revenues from our casino revenues and non-casino revenues (in thousands).

	Years Ended December 31,		Percent Change
	2014	2013	
Net revenues			
Casino revenues	\$ 4,274,221	\$ 4,490,637	(4.8)
Non-casino revenues	1,159,440	1,130,299	2.6
	<u>\$ 5,433,661</u>	<u>\$ 5,620,936</u>	(3.3)

Casino revenues were 78.7% of total net revenues for the year ended December 31, 2014 compared to 79.9% of total net revenues for the same period of 2013, while non-casino revenues were 21.3% of total net revenues compared to 20.1% in the prior year.

Casino revenues

Casino revenues decreased 4.8% to \$4,274.2 million for the year ended December 31, 2014, from \$4,490.6 million in the same period of 2013. Our Macau Operations experienced a year-over-year decrease in casino revenues of 5.8% from \$3,807.9 million to \$3,586.8 million. The decrease is primarily due to a decrease from our VIP gaming operations, partially offset by an increase of 7.1% in table games win percentage from our mass market gaming operations. Our VIP gaming operations experienced a 12.1% reduction in turnover and a decline in win as a percentage of turnover from 3.01% to 2.82%. Las Vegas Operations were relatively flat year-over-year with casino revenues of \$687.4 million for the year ended December 31, 2014 compared to \$682.8 million in the same period of 2013.

The table below sets forth our casino revenues and associated key operating measures for our Macau and Las Vegas Operations (in thousands, except for win per unit per day and average number of table games and slots).

	Years Ended December 31,			
	2014	2013	Increase/ (Decrease)	Percent Change
Macau Operations:				
Total casino revenues	\$ 3,586,781	\$ 3,807,850	\$ (221,069)	(5.8)
Average number of table games	461	491	(30)	(6.1)
VIP				
VIP turnover	\$ 108,077,342	\$ 122,991,763	\$ (14,914,421)	(12.1)
VIP win as a % of turnover	2.82%	3.01%	(0.19)	
Mass market				
Drop (1)	\$ 2,650,359	\$ 2,633,870	\$ 16,489	0.6
Table games win	\$ 1,187,997	\$ 992,872	\$ 195,125	19.7
Table games win % (1)	44.8%	37.7%	7.1	
Table games win per unit per day	\$ 16,154	\$ 13,098	\$ 3,056	23.3
Average number of slot machines	679	866	(187)	(21.6)
Slot machine handle	\$ 5,415,127	\$ 4,846,938	\$ 568,189	11.7
Slot machine win	\$ 264,763	\$ 245,578	\$ 19,185	7.8
Slot machine win per unit per day	\$ 1,068	\$ 777	\$ 291	37.5
Las Vegas Operations:				
Total casino revenues	\$ 687,440	\$ 682,787	\$ 4,653	0.7
Average number of table games	232	233	(1)	(0.4)
Drop	\$ 2,556,452	\$ 2,617,634	\$ (61,182)	(2.3)
Table games win	\$ 623,968	\$ 657,927	\$ (33,959)	(5.2)
Table games win %	24.4%	25.1%	(0.7)	
Table games win per unit per day	\$ 7,354	\$ 7,729	\$ (375)	(4.9)
Average number of slot machines	1,858	2,030	(172)	(8.5)
Slot machine handle	\$ 3,008,563	\$ 2,874,646	\$ 133,917	4.7
Slot machine win	\$ 186,458	\$ 177,452	\$ 9,006	5.1
Slot machine win per unit per day	\$ 275	\$ 239	\$ 36	15.1

- (1) Customers purchase mass market casino gaming chips at either the gaming tables or the casino cage. Chips purchased at the casino cage are excluded from table games drop and will increase the expected win percentage. Because of the large number of chip purchases occurring at the casino cage in our Macau mass market casino, we believe the relevant indicator of volumes in the mass market casino should be actual table games win.

Non-casino revenues

Non-casino revenues increased 2.6%, or \$29.1 million, to \$1,159.4 million for the year ended December 31, 2014, from \$1,130.3 million for the same period of 2013, driven by a 10.3% increase in rooms revenue.

Rooms revenue increased 10.3%, or \$50.5 million, to \$542.8 million for the year ended December 31, 2014, from \$492.2 million in the same period of 2013. Our Las Vegas Operations accounted for \$31.4 million of the increase, while Macau Operations accounted for \$19.1 million, both experiencing an increase in ADR and occupancy.

The table below sets forth our rooms revenue and associated key operating measures for our Macau and Las Vegas Operations.

	Years Ended December 31,		Percent Change (a)
	2014	2013	
Macau Operations:			
Total rooms revenue (in thousands)	\$ 133,781	\$ 114,638	16.7
Occupancy	98.4%	95.5%	2.9
ADR	\$ 333	\$ 313	6.4
REVPAR	\$ 327	\$ 299	9.4
Las Vegas Operations:			
Total rooms revenue (in thousands)	\$ 408,981	\$ 377,592	8.3
Occupancy	86.9%	84.6%	2.3
ADR	\$ 274	\$ 258	6.2
REVPAR	\$ 238	\$ 218	9.2

(a) Except occupancy, which is presented as a percentage point change.

Food and beverage revenues increased 3.1%, or \$18.0 million, to \$604.7 million for the year ended December 31, 2014, from \$586.7 million for the same period of 2013. The increase is primarily a result of an increase in revenues at our Las Vegas Operations.

Entertainment, retail and other decreased 4.2%, or \$17.5 million, to \$401.2 million for the year ended December 31, 2014, from \$418.7 million for the same period of 2013. The decrease is primarily due to a decline in revenue from retail shops at our Macau Operations.

Promotional allowances increased 6.0%, or \$21.9 million, to \$389.2 million for the year ended December 31, 2014, from \$367.3 million for the same period of 2013. As a percentage of total casino revenues, promotional allowances were 9.1% for the year ended December 31, 2014 compared to 8.2% for the same period of 2013.

Operating costs and expenses

Operating costs and expenses decreased 3.8%, or \$163.5 million, to \$4,167.4 million for the year ended December 31, 2014, from \$4,330.8 million for the same period of 2013. The reduction was primarily driven by decreases of casino expenses and depreciation and amortization, partially offset by increases in general and administrative expenses and pre-opening costs.

Casino expenses decreased 6.3%, or \$179.5 million, to \$2,667.0 million for the year ended December 31, 2014, from \$2,846.5 million for the same period of 2013, primarily due to lower gaming taxes from the 39.0% gross win tax incurred at our Macau Operations. The decline in gaming taxes was commensurate with the 5.8% decrease in casino revenues at our Macau Operations.

Rooms expense increased 11.1%, or \$14.8 million, to \$148.3 million for the year ended December 31, 2014, from \$133.5 million for the same period of 2013. The increase is due to certain rooms expense from our Las Vegas Operations to maintain a premium guest experience and expenses associated with the increase in occupancy over the prior year at both our Macau and Las Vegas Operations.

Food and beverage expenses increased 4.2%, or \$13.6 million, to \$337.2 million for the year ended December 31, 2014, from \$323.6 million for the same period of 2013. The increase in food and beverage expenses is primarily a result of higher costs in the current period for entertainment at Wynn Las Vegas nightclubs.

General and administrative expenses increased 9.7%, or \$43.7 million, to \$492.5 million for the year ended December 31, 2014, from \$448.8 million in the same period of 2013 primarily from our Macau Operations. Our Macau Operations experienced an increase compared to the prior year in labor costs, along with certain property maintenance and repair expenses

and other miscellaneous items. Our Macau Operations incurred additional general and administrative labor costs associated with a new 2014 bonus program for non-management employees.

Pre-opening costs were \$30.1 million for the year ended December 31, 2014, compared to \$3.2 million for the same period of 2013 and were primarily associated with the design and planning for Wynn Palace. We expect our pre-opening costs to increase in the future as the construction and development of Wynn Palace progresses toward the expected completion in the first half of 2016 and with the beginning of development for the Wynn resort in Massachusetts.

Depreciation and amortization decreased 15.3%, or \$56.9 million, to \$314.1 million for the year ended December 31, 2014, from \$371.1 million for the same period of 2013 due to certain Las Vegas Operations assets with a five year useful life becoming fully depreciated.

Interest expense, net of capitalized interest

Interest expense, net of capitalized interest, increased 5.4%, or \$16.0 million, to \$315.1 million for the year ended December 31, 2014, up from \$299.0 million for the same period of 2013, attributable to a \$39.0 million increase in interest expense partially offset by a \$23.0 million increase in capitalized interest. During 2013, we completed issuances of \$500 million 4 1/4% senior notes, \$600 million 5 1/4% senior notes and exercised our option to increase our Macau senior term loan facility by \$200 million. During the first quarter of 2014, we issued an additional \$750 million of 5 1/4% senior notes. These issuances of long-term debt were partially offset by the principal repayment of \$500 million 7 7/8% first mortgage notes through a cash tender offer in May 2013 and redemption of untendered notes in November 2013. In addition, our interest expense associated with our first mortgage notes reduced year-over-year as a result of open market repurchases we made during 2014. Capitalized interest increased due to the construction costs of Wynn Palace. Capitalized interest will continue to increase with the ongoing borrowings and construction costs related to Wynn Palace.

Other non-operating income and expenses

We incurred a loss of \$9.6 million on the extinguishment of debt for the year ended December 31, 2014 compared to a loss of \$40.4 million for the same period of 2013. During the year ended December 31, 2014, the loss was due to the premium paid on the purchase of first mortgage notes due in 2020 through open market transactions and the write-off of related unamortized deferred financing costs and original issue discount. During the year ended December 31, 2013, the loss was primarily from the premium paid in the cash tender offer of our first mortgage notes due in 2017 and the write-off of related unamortized deferred financing costs and original issue discount.

We incurred a loss of \$4.4 million for the year ended December 31, 2014 from the decrease in the fair value of our interest rate swaps compared to a gain of \$14.2 million from the increase in fair value for the same period in 2013.

Interest income was \$20.4 million for the year ended December 31, 2014, compared to \$15.7 million for the same period in 2013. During 2014 and 2013, our short-term investment strategy has been to preserve capital while retaining sufficient liquidity. The majority of our short-term investments were in time deposits, fixed deposits and money market accounts with a maturity of three months or less.

Income Taxes

For the years ended December 31, 2014 and 2013, we recorded a tax benefit of \$3.8 million and \$17.6 million, respectively. For the year ended December 31, 2014, our benefit for income taxes primarily relates to a release of valuation allowance on prior year foreign tax credits resulting from the implementation of a tax planning strategy. For the year ended December 31, 2013, our income tax benefit is primarily related to a decrease in our deferred tax liabilities reduced by foreign taxes assessable on the dividends of Wynn Macau SA. Since June 30, 2010, we have no longer considered our portion of the tax earnings and profits of Wynn Macau, Limited to be permanently reinvested. No additional U.S. tax provision has been made with respect to amounts not considered permanently reinvested as we anticipate that U.S. foreign tax credits should be sufficient to eliminate any U.S. tax provision relating to such repatriation. We have not provided deferred U.S. income taxes or foreign withholding taxes on temporary differences which are considered indefinitely reinvested.

Wynn Macau SA received an exemption from Macau's 12% Complementary Tax on casino gaming profits through December 31, 2015. Accordingly, we were exempt from the payment of \$99.4 million and \$107.3 million in such taxes during the year ended December 31, 2014 and 2013, respectively. Our non-gaming profits remain subject to the Macau Complementary Tax and casino winnings remain subject to the Macau Special Gaming tax and other levies together totaling 39% in accordance with our concession agreement.

In December 2013, we received notification that for the 2014 tax year we had been accepted for the Compliance Maintenance phase of the Internal Revenue Service ("IRS") Compliance Assurance Program ("CAP"), which accelerates IRS examination of key transactions with the goal of resolving any issues before the taxpayer files its return. In the Compliance Maintenance phase, the IRS, at its discretion, may reduce the level of review of the taxpayer's tax positions based on the complexity and number of issues, and the taxpayer's history of compliance, cooperation and transparency in the CAP.

In February 2014, we received notification that the IRS completed its examination of our 2012 U.S. income tax return and had no changes. In December 2014, we received notification that we were accepted into the Compliance Maintenance phase of CAP for the 2015 tax year.

In March 2013, the Financial Services Bureau commenced an examination of the 2009, 2010, and 2011 Macau income tax returns of Wynn Macau SA. In December 2014, Wynn Macau SA reached an agreement with the Macau Financial Services Bureau regarding issues raised during its examination. While no additional tax was due as a result of the examination, adjustments were made to Wynn Macau SA's foreign net operating loss carryforwards. On December 31, 2014, the statute of limitations for the 2009 Macau Complementary tax return expired.

Net income attributable to noncontrolling interests

Net income attributable to noncontrolling interests was \$231.1 million for the year ended December 31, 2014, compared to \$275.5 million for the year ended December 31, 2013. These amounts represent the noncontrolling interests' share of net income from Wynn Macau, Limited for each year.

Financial results for the year ended December 31, 2013 compared to the year ended December 31, 2012.

Net Revenues

The following table presents net revenues from our Macau and Las Vegas Operations (in thousands):

	Years Ended December 31,		Percent Change
	2013	2012	
Net revenues			
Macau Operations	\$ 4,040,526	\$ 3,667,454	10.2
Las Vegas Operations	1,580,410	1,486,830	6.3
	<u>\$ 5,620,936</u>	<u>\$ 5,154,284</u>	9.1

Net revenues increased 9.1% to \$5,620.9 million for the year ended December 31, 2013, from \$5,154.3 million for the same period in 2012. The net revenue growth was primarily driven by an increase of 10.6%, or \$365.4 million in casino revenue from our Macau Operations and an increase of 15.3%, or \$90.5 million in casino revenues from our Las Vegas Operations.

The following table presents net revenues from our casino revenues and non-casino revenues (in thousands).

	Years Ended December 31,		Percent Change
	2013	2012	
Net revenues			
Casino revenues	\$ 4,490,637	\$ 4,034,759	11.3
Non-casino revenues	1,130,299	1,119,525	1.0
	<u>\$ 5,620,936</u>	<u>\$ 5,154,284</u>	9.1

Casino revenues were 79.9% of total net revenues for the year ended December 31, 2013 compared to 78.3% of total net revenues for the same period of 2012, while non-casino revenues were 20.1% of total net revenues compared to 21.7% in the prior year.

Casino Revenues

Casino revenues increased 11.3% to \$4,490.6 million for the year ended December 31, 2013, from \$4,034.8 million in the same period of 2012. Our Macau Operations experienced a year-over-year increase in casino revenues of 10.6% from \$3,442.5 million to \$3,807.9 million. The increase is primarily due to stronger table game volumes in both mass market and VIP gaming operations. Our Las Vegas Operations experienced a 15.3% increase in casino revenues from \$592.3 million for the year ended December 31, 2012 to \$682.8 million in the same period of 2013 due to a significant increase in our table games win percentage.

The table below sets forth our casino revenues and associated key operating measures for our Macau and Las Vegas Operations (in thousands, except for win per unit per day and average number of table games and slots).

	Years Ended December 31,			
	2013	2012	Increase/ (Decrease)	Percent Change
Macau Operations:				
Total casino revenues	\$ 3,807,850	\$ 3,442,451	\$ 365,399	10.6
Average number of table games	491	489	2	0.4
VIP				
VIP turnover	\$ 122,991,763	\$ 119,251,854	\$ 3,739,909	3.1
VIP win as a % of turnover	3.01%	2.84%	0.17	
Mass market				
Drop (1)	\$ 2,633,870	\$ 2,764,664	\$ (130,794)	(4.7)
Table games win	\$ 992,872	\$ 843,001	\$ 149,871	17.8
Table games win % (1)	37.7%	30.5%	7.2	
Table games win per unit per day	\$ 13,098	\$ 11,549	\$ 1,549	13.4
Average number of slot machines	866	941	(75)	(8.0)
Slot machine handle	\$ 4,846,938	\$ 4,697,463	\$ 149,475	3.2
Slot machine win	\$ 245,578	\$ 247,020	\$ (1,442)	(0.6)
Slot machine win per unit per day	\$ 777	\$ 718	\$ 59	8.2
Las Vegas Operations:				
Total casino revenues	\$ 682,787	\$ 592,308	\$ 90,479	15.3
Average number of table games	233	220	13	5.9
Drop	\$ 2,617,634	\$ 2,591,833	\$ 25,801	1.0
Table games win	\$ 657,927	\$ 567,014	\$ 90,913	16.0
Table games win %	25.1%	21.9%	3.2	
Table games win per unit per day	\$ 7,729	\$ 7,031	\$ 698	9.9
Average number of slot machines	2,030	2,358	(328)	(13.9)
Slot machine handle	\$ 2,874,646	\$ 2,908,678	\$ (34,032)	(1.2)
Slot machine win	\$ 177,452	\$ 177,420	\$ 32	—
Slot machine win per unit per day	\$ 239	\$ 206	\$ 33	16.0

- (1) Customers purchase mass market casino gaming chips at either the gaming tables or the casino cage. Chips purchased at the casino cage are excluded from table games drop and will increase the expected win percentage. Because of the large number of chip purchases occurring at the casino cage in our Macau mass market casino, we believe the relevant indicator of volumes in the mass market casino should be table games win.

Non-casino revenues

Non-casino revenues increased 1.0%, or \$10.8 million, to \$1,130.3 million for the year ended December 31, 2013, from \$1,119.5 million for the same period of 2012.

Rooms revenue increased 2.6%, or \$12.2 million, to \$492.2 million for the year ended December 31, 2013, from \$480.0 million in the same period of 2012. Rooms revenue at our Las Vegas Operations increased 4.2%, or \$15.3 million, due to increased occupancy and an increase in room rates compared to 2012. Rooms revenue at our Macau Operations decreased 2.6%, or \$3.0 million, to \$114.6 million compared to the prior year period of \$117.7 million. During 2013, we renovated approximately 600 guest rooms in the original Wynn Macau tower, contributing to an approximate 4.8% reduction in the number of available room-nights during the year.

The table below sets forth our rooms revenue and associated key operating measures for our Macau and Las Vegas Operations.

	Years Ended December 31,		
	2013	2012	Percent Change (a)
Macau Operations:			
Total rooms revenue (in thousands)	\$ 114,638	\$ 117,666	(2.6)
Occupancy	95.5%	93.0%	2.5
ADR	\$ 313	\$ 315	(0.6)
REVPAR	\$ 299	\$ 293	2.0
Las Vegas Operations:			
Total rooms revenue (in thousands)	\$ 377,592	\$ 362,317	4.2
Occupancy	84.6%	82.9%	1.7
ADR	\$ 258	\$ 252	2.4
REVPAR	\$ 218	\$ 209	4.3

(a)Except occupancy, which is presented as a percentage point change.

Entertainment, retail and other revenues were relatively flat at \$418.7 million for the year ended December 31, 2013 compared \$417.2 million for the same period in 2012. An increase in retail revenues at our Macau Operations from stronger business in leased stores and Las Vegas Operations with the completed reconfiguration of certain stores in our retail area during 2012 was offset by a decrease in entertainment revenues. Decline in entertainment revenues was driven by a Las Vegas show which ended its run in November 2012.

Operating costs and expenses

Operating costs and expenses increased 5.0%, or \$205.8 million, to \$4,330.8 million for the year ended December 31, 2013, from \$4,125.0 million for the same period of 2012.

Casino expenses increased 8.4%, or \$219.7 million, to \$2,846.5 million for the year ended December 31, 2013, from \$2,626.8 million for the same period of 2012. The increase was due primarily to higher gaming taxes commensurate with the increase in casino revenue at our Las Vegas Operations and Macau Operations (where we incur a gaming tax and other levies at a rate totaling 39% in accordance with the concession agreement).

Food and beverage expenses increased 4.9%, or \$15.2 million, to \$323.6 million for the year ended December 31, 2013, from \$308.4 million for the same period of 2012. The increase in food and beverage expenses is primarily due to additional nightclub promotional costs at our Las Vegas Operations.

Entertainment, retail and other expenses decreased 7.7%, or \$14.6 million, to \$175.3 million for the year ended December 31, 2013, from \$189.8 million for the same period of 2012 due primarily to a Las Vegas show that ended its run in November 2012.

General and administrative expenses increased 1.6%, or \$7.1 million, to \$448.8 million for the year ended December 31, 2013 from \$441.7 million in the same period of 2012. The increase was primarily due to higher stock-based compensation expense related to the accelerated vesting of a restricted stock award that was previously granted to our former chief operating officer and increased development costs. The increase was partially offset by higher expenses incurred during the prior year related to the share redemption and litigation with a former shareholder.

Provision for doubtful accounts decreased 34.3%, or \$6.2 million, to \$11.9 million for the year ended December 31, 2013, from \$18.1 million for the same period of 2012. During years ended 2013 and 2012, we recorded adjustments of \$14.9 million and \$30.9 million, respectively, to our reserve estimates for casino accounts receivable based on the results of historical collection patterns and current collection trends.

Pre-opening costs were \$3.2 million for the year ended December 31, 2013, compared to \$0.5 million for the same period of 2012 and were attributable to Wynn Palace. We began to incur pre-opening costs during October 2012 related to the design and planning for Wynn Palace.

Depreciation and amortization for the year ended December 31, 2013, was \$371.1 million compared to \$373.2 million for the year ended December 31, 2012. During the construction of our resorts, costs incurred in the construction of the buildings, improvements to land and the purchases of assets for use in operations were capitalized. Once these resorts opened, their assets were placed into service and we began recognizing the associated depreciation expense. Depreciation expenses will continue throughout the estimated useful lives of these assets. In addition, we continually evaluate the useful life of our property and equipment, intangible assets and other assets and adjust them when warranted. The maximum useful life of assets at our Macau Operations is the remaining life of the gaming concession or land concession, which currently expire in June 2022 and August 2029, respectively. Consequently, depreciation related to our Macau Operations is charged on an accelerated basis when compared to our Las Vegas Operations.

Property charges and other

Property charges and other for the year ended December 31, 2013, was \$17.1 million compared to \$40.0 million for the year ended December 31, 2012. For the year ended December 31, 2013, property charges and other related primarily to miscellaneous renovations and abandonments at our resorts, a contract termination fee and entertainment development costs. For the year ended December 31, 2012, property charges and other related primarily to a remodel of a Las Vegas restaurant, charges related to the cancellation of a Las Vegas show which ended its run in November 2012, and miscellaneous renovations and abandonments.

Interest expense, net of capitalized interest

Interest expense was \$299.0 million, net of capitalized interest of \$10.5 million, for the year ended December 31, 2013, compared to \$288.8 million, net of capitalized interest of \$2.0 million, for the year ended December 31, 2012. Our interest expense increased compared to the prior year period primarily due to the issuance of \$500 million 4 1/4% senior notes in May 2013 and a full period of expense for the \$1.94 billion Redemption Note and \$900 million 5 3/8% first mortgage notes, which were issued in 2012. Capitalized interest increased due to the construction costs of Wynn Palace.

Other non-operating costs and expenses

Interest income was \$15.7 million and \$12.5 million for the years ended December 31, 2013 and 2012, respectively. This increase is mainly due to higher cash balances during 2013. During 2013 and 2012, our short-term investment strategy was to preserve capital while retaining sufficient liquidity. The majority of our short-term investments were primarily in money market accounts, time deposits and fixed deposits with a maturity of three months or less.

We recorded a gain of \$14.2 million and \$1.0 million for the years ended December 31, 2013 and December 31, 2012, respectively, resulting from the changes in the fair value of our interest rate swaps during those years.

During the year ended December 31, 2013, we recognized \$40.4 million in loss from extinguishment of debt. On May 22, 2013, Wynn Las Vegas completed the purchase of \$274.7 million of the 7 7/8% First Mortgage Notes due 2017 (the "2017 Notes") pursuant to a tender offer for any and all of the 2017 Notes. In connection with this tender offer, Wynn Las Vegas, LLC paid \$19.6 million in consideration to holders who tendered their notes. Additionally, Wynn Las Vegas, LLC expensed \$6.7 million of unamortized financing costs and original issue discount related to the 2017 Notes and incurred other fees of approximately \$0.3 million related to the tender offer. On November 1, 2013, Wynn Las Vegas, LLC redeemed the untendered 2017 Notes plus accrued and unpaid interest. As a result of the redemption, we incurred redemption fees of \$8.9 million and expensed \$4.9 million of unamortized financing costs and original issue discount.

During the year ended December 31, 2012, we recognized \$25.2 million in loss from extinguishment of debt primarily attributable to the amendment of our credit agreements. In March 2012, Wynn Las Vegas, LLC entered into an eighth amendment to its Amended and Restated Credit Agreement (the "Wynn Las Vegas Credit Agreement"). In connection with this

amendment, Wynn Las Vegas, LLC prepaid all term loans under the Wynn Las Vegas Credit Agreement, terminated all of its revolving credit commitments that were due to expire in 2013, and terminated all but \$100 million of its revolving credit commitments expiring in 2015. In connection with this transaction, we expensed deferred financing fees of \$4.8 million. Additionally, as described in Item 8—"Financial Statements and Supplementary Data", Note 8 "Long-Term Debt" to our Consolidated Financial Statements, we amended our Wynn Macau credit facilities in July 2012. In connection with amending the Wynn Macau credit facilities, we expensed \$17.7 million of deferred financing costs and third party fees.

Income Taxes

For the year ended December 31, 2013, we recorded a tax benefit of \$17.6 million, and for the year ended December 31, 2012, we recorded a tax expense of \$4.3 million. Our income tax benefit was primarily related to a decrease in our deferred tax liabilities reduced by foreign taxes assessable on the dividends of Wynn Macau SA. Since June 30, 2010, we have no longer considered our portion of the tax earnings and profits of Wynn Macau, Limited to be permanently reinvested. No additional U.S. tax provision has been made with respect to amounts not considered permanently reinvested as we anticipate that U.S. foreign tax credits should be sufficient to eliminate any U.S. tax provision relating to such repatriation. We have not provided deferred U.S. income taxes or foreign withholding taxes on temporary differences which are considered indefinitely reinvested.

On November 30, 2010, Wynn Macau SA received an exemption from Macau's 12% Complementary Tax on casino gaming profits, thereby exempting the casino gaming profits of Wynn Macau SA through December 31, 2015. Accordingly, we were exempted from the payment of approximately \$107.3 million and \$87.1 million in such taxes for the years ended December 31, 2013 and 2012, respectively. Our non-gaming profits remain subject to the Macau Complementary Tax and casino winnings remain subject to the Macau Special Gaming tax and other levies at a rate totaling 39% in accordance with our concession agreement.

In April 2012, the Company reached an agreement with the Appellate division of the IRS regarding issues raised during the examination of the 2006 through 2009 U.S. income tax returns. The settlement with the Appellate division did not impact the Company's unrecognized tax benefits. The settlement of the 2006 through 2009 examination issues resulted in a cash tax payment of \$1.3 million and the utilization of \$3.1 million and \$0.9 million in foreign tax credit and general business credit carryforwards, respectively.

During December 2012, the IRS completed an examination of the Company's 2010 U.S. income tax return and had no changes. In May 2013, the Company received notification that the IRS completed its examination of the Company's 2011 U.S. income tax return and had no changes.

In July 2012, the Macau Financial Services Bureau commenced an examination of the 2008 Macau income tax return of Wynn Macau SA. In November 2012, the Company received the results of the examination. While no additional tax was due, adjustments were made to the Company's foreign net operating loss carryforwards.

In January 2013, the Macau Financial Services Bureau examined the 2009 and 2010 Macau income tax returns of Palo, which is a co-holder of the land concession for Wynn Palace. The exam resulted in no change to the tax returns.

Net income attributable to noncontrolling interests

Net income attributable to noncontrolling interests of \$275.5 million for the year ended December 31, 2013, compared to \$226.7 million for the year ended December 31, 2012. These amounts represent the noncontrolling interests' share of net income from Wynn Macau, Limited for each year.

Adjusted Property EBITDA

We use Adjusted Property EBITDA to manage the operating results of our segments. Adjusted Property EBITDA is earnings before interest, taxes, depreciation, amortization, pre-opening costs, property charges and other, corporate expenses, intercompany golf course and water rights leases, stock-based compensation, and other non-operating income and expenses, and includes equity in income from unconsolidated affiliates. Adjusted Property EBITDA is presented exclusively as a supplemental disclosure because we believe that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. We use Adjusted Property EBITDA as a measure of the operating performance of our segments and to compare the operating performance of our properties with those of our competitors. We also present Adjusted Property EBITDA because it is used by some investors as a way to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. Gaming companies have historically reported EBITDA as a supplement to financial measures in accordance with U.S. generally accepted accounting principles ("GAAP"). In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including us, have historically excluded from their EBITDA calculations pre-opening expenses, property charges, corporate expenses and stock-based compensation that do not relate to the management of specific casino properties. However, Adjusted Property EBITDA should not be considered as an alternative to operating income as an indicator of our performance, as an alternative to cash flows from operating activities as a measure of liquidity, or as an alternative to any other measure determined in accordance with GAAP. Unlike net income, Adjusted Property EBITDA does not include depreciation or interest expense and therefore does not reflect current or future capital expenditures or the cost of capital. We have significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, taxes and other non-recurring charges, which are not reflected in Adjusted Property EBITDA. Also, our calculation of Adjusted Property EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

The following table summarizes Adjusted Property EBITDA (in thousands) for our Macau and Las Vegas Operations as reviewed by management and summarized in Item 8—"Financial Statements and Supplementary Data", Note 18 "Segment Information." That footnote also presents a reconciliation of Adjusted Property EBITDA to net income.

	Years Ended December 31,		
	2014	2013	2012
Macau Operations	\$ 1,258,082	\$ 1,324,119	\$ 1,167,340
Las Vegas Operations	515,196	486,682	408,472
	<u>\$ 1,773,278</u>	<u>\$ 1,810,801</u>	<u>\$ 1,575,812</u>

Adjusted Property EBITDA at our Macau Operations decreased year-over-year by 5.0% for the year ended December 31, 2014 due to decline in VIP turnover, partially offset by an increase in table games win from our mass market gaming operations. Adjusted Property EBITDA at our Las Vegas Operations increased year-over-year by 5.9% for the year ended December 31, 2014 driven by our non-casino revenue performance.

Adjusted Property EBITDA at our Macau and Las Vegas Operations increased year-over-year by 13.4% and 19.1% for the year ended December 31, 2013, respectively. Both benefited from stronger operating results primarily in the casino department due to an increase in table games volume and win percentage.

Refer to the discussions above regarding the specific details of our results of operations.

Liquidity and Capital Resources

Operating Activities

Our operating cash flows primarily consist of our operating income generated by our Macau and Las Vegas Operations (excluding depreciation and other non-cash charges), interest paid and earned, and changes in working capital accounts such as receivables, inventories, prepaid expenses, and payables. Our table games play both in Macau and Las Vegas is a mix of cash play and credit play, while our slot machine play is conducted primarily on a cash basis. A significant portion of our table games revenue is attributable to the play of a limited number of premium international customers that gamble on credit. The ability to collect these gaming receivables may impact our operating cash flow for the period. Our rooms, food and beverage, and entertainment, retail, and other revenue is conducted primarily on a cash basis or as a trade receivable. Accordingly, operating cash flows will be impacted by changes in operating income and accounts receivables.

Net cash provided by operations for the year ended December 31, 2014 was \$1,098.3 million compared to \$1,676.6 million provided by operations for the year ended December 31, 2013. The decline in cash provided by operations was primarily due to a decrease in our accounts payable, accrued expenses and customer deposits and from a reduction in operating income driven by our casino revenue results. Net cash provided by operations for the year ended December 31, 2013 was \$1,676.6 million compared to \$1,185.7 million provided by operations for the year ended December 31, 2012. Cash flow from operations improved due to significant changes in ordinary working capital accounts such as accounts payable and accrued expenses. Also benefiting operating cash flow for the year ended December 31, 2013 was increased operating income that was driven primarily by stronger operating results in the casino department.

Investing Activities

Net cash used in investing activities for the year ended December 31, 2014 was \$1,114.4 million compared to net cash used in investing activities of \$677.6 million for the same period in 2013. During the year ended December 31, 2014, we had \$1,127.0 million in capital expenditures, net of construction payables and retention, primarily for Wynn Palace construction. In addition, we used \$218.9 million in cash for deposits primarily associated with the Wynn Palace construction and for payment of our Massachusetts gaming license. Net cash used in investing activities for the year ended December 31, 2014 was partially offset by proceeds of \$198.9 million provided by restricted cash that we applied to repayment of certain Wynn Palace related construction and development costs. The primary use of cash for the year ended December 31, 2013 was \$506.8 million for capital expenditures related to site preparation costs for Wynn Palace land and various renovations at our resorts including Wynn Macau guest room renovations.

Net cash used in investing activities for the year ended December 31, 2012 was \$344.9 million. During 2012, our primary uses were capital expenditures of \$241.0 million and the restriction of \$99.2 million in proceeds from our debt instruments for the payment of certain Wynn Palace related construction and development costs. Capital expenditures included site preparation costs for the Wynn Palace land, a one-time payment in consideration of an unrelated third party's relinquishment of certain rights in and future development on the Wynn Palace land, remodel of two Las Vegas restaurants and the conversion of certain storage and office areas in Macau to two new retail outlets.

Financing Activities

Net cash flows used in financing activities was \$235.6 million for the year ended December 31, 2014, mainly due to the payment of dividends of \$942.9 million and payments on our long-term debt, primarily offset by proceeds of \$755.6 million from the issuance of senior notes and \$132.6 million from borrowings, net of repayments, under our Wynn Macau revolving credit facility. During 2014, we used \$98.4 million for open market purchases of principal on our first mortgage notes and \$31.5 million for the repayment of remaining principal on our note payable secured by aircraft.

Net cash flows used in financing activities of \$291.1 million for the year ended December 31, 2013 was primarily for the payment of dividends of \$1,035.0 million and the redemption of first mortgage notes of \$500.0 million, offset by proceeds from the issuance of senior notes of \$1,100.0 million and the increase in our senior term loan facility of \$200.0 million.

Net cash flows used in financing activities were \$382.5 million for the year ended December 31, 2012, which was primarily attributable to principal payments of \$1,022.8 million on term loan facilities and payment of dividends of \$955.5 million, partially offset by proceeds of \$1,648.6 million from the issuance of first mortgage notes of \$900.0 million and proceeds of \$748.6 million from the fully funded senior term loan facility.

Capital Resources

At December 31, 2014, we had approximately \$2,182.2 million of cash and cash equivalents and \$250.3 million of available-for-sale investments in domestic debt securities. Cash and cash equivalents include cash in bank and fixed deposits, investments in money market funds, domestic and foreign bank time deposits and commercial paper, all with maturities of less than 90 days. Of these amounts, Wynn Macau, Limited and its subsidiaries held \$1,391.0 million in cash, of which we own 72%. If our portion of this cash was repatriated to the U.S. on December 31, 2014, approximately 72% of this amount would be subject to U.S. tax in the year of repatriation. Wynn Resorts, Limited, which is not a guarantor of the debt of its subsidiaries, held \$524.8 million (including cash of its subsidiaries other than those of Wynn Las Vegas, LLC and Wynn Macau, Limited) and \$250.3 million of cash and available-for-sale investments, respectively. Wynn Las Vegas, LLC held cash balances of \$266.4 million.

We expect that our future cash needs will relate primarily to the funding of our development projects, debt service and retirement, general corporate purposes and enhancements to our operating resorts. We intend to primarily fund our development projects with the available borrowing capacity under our bank credit facilities.

The Wynn Macau credit facilities consist of a \$950 million equivalent fully funded senior secured term loan facility and a \$1.55 billion equivalent senior secured revolving credit facility (together, the "Wynn Macau Credit Facilities"). Borrowings under the Wynn Macau Credit Facilities, which consist of both Hong Kong and United States dollar tranches, will be used to fund the design, development, construction and pre-opening expenses of Wynn Palace, and for general corporate purposes. As of December 31, 2014, the Company had \$1.42 billion of available borrowing capacity under the senior secured revolving credit facility.

The Wynn America credit facilities consist of a \$375 million senior secured revolving credit facility and an \$875 million delay draw senior secured term loan facility (together, the "Wynn America Credit Facilities"). Borrowings under the Wynn America Credit Facilities will be used to fund the design, development, construction and pre-opening expenses of the Wynn resort in Massachusetts and for other general corporate purposes. As of December 31, 2014, there were no amounts drawn under the Wynn America Credit Facilities, however there were outstanding letters of credit totaling \$8.9 million reducing the available borrowing capacity to \$1.24 billion.

We believe that cash flow from operations, availability under our bank credit facilities and our existing cash balances will be sufficient to satisfy our currently anticipated cash requirements through at least the next 12 months. If any additional financing becomes necessary, we cannot provide assurance that future borrowings will be available.

Macau Related Debt

Our Macau related debt consists of senior notes and the Wynn Macau Credit Facilities.

On March 20, 2014, Wynn Macau, Limited ("WML"), an indirect subsidiary of Wynn Resorts, Limited, issued \$750 million aggregate principal amount of 5 1/4% Senior Notes due 2021 (the "Additional 2021 Notes"), which were consolidated and form a single series with the \$600 million aggregate principal amount of 5 1/4% Senior Notes due 2021 issued by WML on October 16, 2013 (the "Original 2021 Notes" and together with the "Additional 2021 Notes", the "2021 Notes"). WML received net proceeds of approximately \$748.8 million after adding the original issue premium and deducting commissions and expenses of the offering. WML will use the net proceeds for working capital requirements and general corporate purposes.

The Additional 2021 Notes have the same terms and conditions as those of the Original 2021 Notes. The 2021 Notes will bear interest at the rate of 5 1/4% per annum and will mature on October 15, 2021. Interest on the 2021 Notes is payable semi-annually in arrears on April 15 and October 15 of each year, beginning on April 15, 2014. At any time on or before October 14, 2016, WML may redeem the 2021 Notes, in whole or in part, at a redemption price equal to the greater of (a) 100% of the aggregate principal amount of the 2021 Notes or (b) a "make-whole" amount as determined by an independent investment banker in accordance with the terms of the indenture for the 2021 Notes, dated as of October 16, 2013 (the "WML Indenture"). In either case, the redemption price would include accrued and unpaid interest. In addition, on or after October 15, 2016, WML may redeem the 2021 Notes, in whole or in part, at a premium decreasing annually from 103.94% of the principal amount to zero, plus accrued and unpaid interest. If WML undergoes a Change of Control (as defined in the WML Indenture), it must offer to repurchase the 2021 Notes at a price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest. In addition, the Company may redeem the 2021 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest, in response to any change in or amendment to certain tax laws or tax positions. Further, if a holder or beneficial owner of the 2021 Notes fails to meet certain requirements imposed by any Gaming Authority (as defined in the WML Indenture), WML may require the holder or beneficial owner to dispose of or redeem its 2021 Notes.

The 2021 Notes are WML's general unsecured obligations and rank pari passu in right of payment with all of WML's existing and future senior unsecured indebtedness; will rank senior to all of WML's future subordinated indebtedness, if any; will be effectively subordinated to all of WML's future secured indebtedness to the extent of the value of the assets securing such debt; and will be structurally subordinated to all existing and future obligations of WML's subsidiaries, including Wynn Macau Credit Facilities' existing credit facilities. The 2021 Notes are not registered under the Securities Act of 1933, as amended (the "Securities Act"), and the 2021 Notes are subject to restrictions on transferability and resale.

The WML Indenture contains covenants limiting WML's (and certain of its subsidiaries') ability to, among other things: merge or consolidate with another company; transfer or sell all or substantially all of its properties or assets; and lease all or substantially all of its properties or assets. The terms of the WML Indenture contain customary events of default, including, but

not limited to: default for 30 days in the payment when due of interest on the 2021 Notes; default in the payment when due of the principal of, or premium, if any, on the 2021 Notes; failure to comply with any payment obligations relating to the repurchase by WML of the 2021 Notes upon a change of control; failure to comply with certain covenants in the WML Indenture; certain defaults on certain other indebtedness; failure to pay judgments against WML or certain subsidiaries that, in the aggregate, exceed \$50 million; and certain events of bankruptcy or insolvency. In the case of an event of default arising from certain events of bankruptcy or insolvency, all 2021 Notes then outstanding will become due and payable immediately without further action or notice.

Under the Wynn Macau Credit Facilities, the revolving credit facility matures in July 2017 and the term loan facility matures in July 2018. The principal amount of the term loan is required to be repaid in two equal installments in July 2017 and July 2018. The Wynn Macau Credit Facilities bear interest for the first six months after closing at LIBOR or HIBOR plus a margin of 2.50% and thereafter is subject to LIBOR or HIBOR plus a margin of between 1.75% to 2.50% based on Wynn Macau SA's leverage ratio. The annual fee required to pay for unborrowed amounts, if any, is 0.61% per annum, payable quarterly in arrears, calculated based on the daily average of the unborrowed amounts under such credit facilities.

Borrowings under the Wynn Macau Credit Facilities are guaranteed by Palo, a subsidiary of Wynn Macau SA, and by certain subsidiaries of the Company that own equity interests in Wynn Macau SA, and are secured by substantially all of the assets of Wynn Macau SA, the equity interests in Wynn Macau SA and substantially all of the assets of Palo.

The Wynn Macau Credit Facilities contain a requirement that Wynn Macau SA must make mandatory repayments of indebtedness from specified percentages of excess cash flow. If Wynn Macau SA meets a Consolidated Leverage Ratio, as defined in the Wynn Macau Credit Facilities, of greater than 4.0 to 1, such repayment is defined as 50% of Excess Cash Flow, as defined in the Wynn Macau Credit Facilities. If the Consolidated Leverage Ratio is equal or less than 4.0 to 1, then no repayment is required.

The Wynn Macau Credit Facilities contain customary covenants restricting certain activities including, but not limited to: the incurrence of additional indebtedness, the incurrence or creation of liens on any of its property, sale and leaseback transactions, the ability to dispose of assets, and making loans or other investments. In addition, Wynn Macau SA was required by the financial covenants to maintain a Leverage Ratio, as defined in the Wynn Macau Credit Facilities, of not greater than 4.5 to 1 as of December 31, 2014, and an Interest Coverage Ratio, as defined in the Wynn Macau Credit Facilities, of not less than 2.00 to 1.

In connection with the initial financing of Wynn Macau SA, Wynn Macau SA entered into a Bank Guarantee Reimbursement Agreement with Banco Nacional Ultramarino, S.A. ("BNU") for the benefit of the Macau government. This guarantee assures Wynn Macau SA's performance under the casino concession agreement, including the payment of premiums, fines and indemnity for any material failure to perform under the terms of the concession agreement. As of December 31, 2014, the guarantee was in the amount of 300 million Macau patacas (approximately \$37 million) and will remain at such amount until 180 days after the end of the term of the concession agreement (2022). BNU, as issuer of the guarantee, is currently secured by a second priority security interest in the senior lender collateral package. From and after repayment of all indebtedness under the Wynn Macau Credit Facilities, Wynn Macau SA is obligated to promptly, upon demand by BNU, repay any claim made on the guarantee by the Macau government. BNU is paid an annual fee for the guarantee of approximately 2.3 million Macau patacas (approximately \$0.3 million).

U.S. and Corporate Related Debt

Our U.S. related debt consists of first mortgage notes, senior notes and the Wynn America Credit Facilities. The Corporate related debt consists of the Redemption Price Promissory Note ("Redemption Note").

The first mortgage notes are issued by Wynn Las Vegas, LLC and Wynn Las Vegas Capital Corp., an indirect wholly owned subsidiary of Wynn Resorts, Limited (together, the "Issuers"). Our first mortgage notes are senior obligations of the Issuers and are unsecured (except by the first priority pledge by Wynn Resorts Holdings, LLC of its equity interests in Wynn Las Vegas, LLC (the "Holdings pledge"). These issuances rank *pari passu* in right of payment with each issuance and are not guaranteed by any of our subsidiaries. If the Issuers undergo a change of control, they must offer to repurchase the first mortgage notes at 101% of the principal amount, plus accrued and unpaid interest. The indentures governing the first mortgage notes contain customary negative covenants and financial covenants, including, but not limited to, covenants that restrict Wynn Las Vegas, LLC's ability to: pay dividends or distributions or repurchase equity; incur additional debt; make investments; create liens on assets to secure debt; enter into transactions with affiliates; enter into sale-leaseback transactions; merge or consolidate with another company; transfer and sell assets or create dividend and other payment restrictions affecting subsidiaries.

In February 2015, the Issuers commenced a cash tender offer for any and all of the outstanding aggregate principal amounts of the 7 3/4% first mortgage notes and the 7 7/8% first mortgage notes (together the "2020 Notes"). Separately, the Issuers completed the issuance of \$1.8 billion aggregate principal amount of 5 1/2% senior notes due 2025 (the "2025 Notes"). We used the net proceeds from the 2025 Notes to cover the cost of purchasing the 2020 Notes tendered in the tender offer. We also satisfied and discharged the indentures under which the 2020 Notes were issued and will use the remaining net proceeds to redeem the 2020 Notes not tendered and for general corporate purposes. For more information on the cash tender offer of the 2020 Notes and the issuance of the 2025 Notes, see Item 8—"Financial Statements and Supplementary Data", Note 20 "Subsequent Events".

In May 2013, the Issuers completed the issuance of \$500 million aggregate principal amount of 4 1/4% Senior Notes due 2023 (the "2023 Notes") pursuant to an indenture, dated as of May 22, 2013 (the "2023 Indenture"), among the Issuers, the Guarantors (as defined below) and U.S. Bank National Association, as trustee. The 2023 Notes were issued at par. The Issuers used the net proceeds from the 2023 Notes to cover the cost of purchasing the 2017 Notes tendered in a tender offer. In addition, the Issuers satisfied and discharged the 2017 Indenture and, in November 2013, used the remaining net proceeds to redeem all of the 2017 Notes not previously tendered. In connection with the issuance of the 2023 Notes, the Company capitalized approximately \$4.1 million of financing costs.

The 2023 Notes will mature on May 30, 2023 and bear interest at the rate of 4 1/4% per annum. The Issuers may, at their option, redeem the 2023 Notes, in whole or in part, at any time or from time to time prior to their stated maturity. The redemption price for 2023 Notes that are redeemed before February 28, 2023 will include a make-whole premium. The 2023 Notes are also subject to mandatory redemption requirements imposed by gaming laws and regulations of gaming authorities in Nevada.

The 2023 Notes are the Issuers' senior unsecured obligations and rank pari passu in right of payment with the Issuers' first mortgage notes. The 2023 Notes are secured by a first priority pledge of the Company's equity interests. The equity interests of the Company also secure the first mortgage notes. If Wynn Resorts, Limited receives an investment grade rating from one or more ratings agencies, the first priority pledge securing the 2023 Notes will be released.

The 2023 Notes are jointly and severally guaranteed by all of the Issuers' subsidiaries, other than Wynn Las Vegas Capital Corp. which was a co-issuer (the "Guarantors"). The guarantees are senior unsecured obligations of the Guarantors and rank senior in right of payment to all of their existing and future subordinated debt. The guarantees rank equally in right of payment with all existing and future liabilities of the Guarantors that are not so subordinated and will be effectively subordinated in right of payment to all of such Guarantors' existing and future secured debt (to the extent of the collateral securing such debt).

The 2023 Indenture contains covenants limiting the Issuers' and the Guarantors' ability to create liens on assets to secure debt; enter into sale-leaseback transactions; and merge or consolidate with another company. These covenants are subject to a number of important and significant limitations, qualifications and exceptions.

On November 20, 2014, Wynn America, an indirect wholly owned subsidiary, and certain subsidiaries of Wynn America entered into a \$1.25 billion senior secured credit facility. Borrowings under the Wynn America Credit Facilities will be used by us primarily to fund the design, development, construction and pre-opening expenses of the Wynn resort in Massachusetts and for other general corporate purposes.

The revolving credit facility matures in November 2019. The term loan facility matures in November 2020 and will require quarterly principal payments, scheduled to begin in June 2018. Subject to certain exceptions, the Wynn America Credit Facilities bear interest at either base rate plus 0.75% per annum or the reserve adjusted eurodollar rate plus 1.75% per annum. The annual fee required to pay for unborrowed amounts, if any, is 0.30% per annum, payable quarterly in arrears, calculated based on the daily average of the unborrowed amounts under such credit facilities.

Certain subsidiaries of Wynn America will guarantee the obligation of Wynn America under the credit facilities. Wynn America has agreed to use commercially reasonable efforts to cause a series of corporate restructurings and related transactions, including receipt of gaming approvals from relevant gaming authorities, pursuant to which Wynn Las Vegas, LLC and its subsidiaries will become subsidiaries of Wynn Las Vegas Holdings, LLC, a direct subsidiary of Wynn America (the "Wynn Las Vegas Reorganization"). Upon the consummation of the Wynn Las Vegas Reorganization (including receipt of all approvals required under applicable gaming laws and regulations), Wynn Las Vegas, LLC and its subsidiaries shall be restricted subsidiaries under the credit facilities but shall not guarantee the obligations of Wynn America until such time, and then only to such extent, as may be permitted by any then existing Wynn Las Vegas, LLC's senior secured notes.

The Wynn America Credit Facilities contain customary representation and warranties, events of default and negative and affirmative covenants, including, among other things, limitations on: indebtedness; investments; restricted payments; mergers and acquisitions; payments of indebtedness; negative pledges; liens; transactions with affiliates and sales of assets. In addition, Wynn America is subject to financial covenants including maintaining a Maximum Consolidated Senior Secured Net Leverage Ratio and a Minimum Consolidated EBITDA, each as defined in the Wynn America Credit Facilities. Commencing with the second full fiscal quarter ending after the fiscal quarter in which the opening of the Wynn resort in Massachusetts occurs, the Maximum Consolidated Senior Secured Net Leverage Ratio is not to exceed 2.75 to 1. Commencing with the first full fiscal quarter ending with the fiscal quarter in which the Wynn Las Vegas Reorganization occurs, the Minimum Consolidated EBITDA is not to be less than \$200.0 million.

The Company has provided a completion guaranty in favor of the lenders under the Wynn America Credit Facilities to support the development and opening of the Wynn resort in Massachusetts.

Wynn America and the guarantors have entered into a security agreement in favor of the lenders under the Wynn America Credit Facilities pursuant to which, subject to certain exceptions, Wynn America and the guarantors have pledged all equity interests in the guarantors to the extent permitted by applicable law and granted a first priority security interest in substantially all of the other existing and future assets of the guarantors.

Based on the Board of Director's finding of "unsuitability," on February 18, 2012, we redeemed and canceled Aruze's 24,549,222 shares of Wynn Resorts' common stock. Following a finding of "unsuitability," our articles of incorporation authorize redemption at "fair value" of the shares held by unsuitable persons. Pursuant to the articles of incorporation, we issued the Redemption Note to Aruze, a former stockholder and related party, in redemption of the shares. The Redemption Note has a principal amount of approximately \$1.94 billion, matures on February 18, 2022 and bears interest at the rate of 2% per annum, payable annually in arrears on each anniversary of the date of the Redemption Note. We may, in our sole and absolute discretion, at any time and from time to time, and without penalty or premium, prepay the whole or any portion of the principal or interest due under the Redemption Note. In no instance shall any payment obligation under the Redemption Note be accelerated except in the sole and absolute discretion of Wynn Resorts or as specifically mandated by law. The indebtedness evidenced by the Redemption Note, to the prior payment in full of all existing and future obligations of Wynn Resorts and any of its affiliates in respect of indebtedness for borrowed money of any kind or nature. Aruze, Universal Entertainment Corporation and Kazuo Okada have challenged the redemption of Aruze's shares and we are currently involved in litigation with those parties as well as related shareholder derivative litigation. The outcome of these various proceedings cannot be predicted. Any adverse judgments or settlements involving payment of a material sum of money could cause a material adverse effect on our financial condition and results of operations and could expose us to additional claims by third parties, including current or former investors or regulators. Any adverse judgments or settlements would reduce our profits and could limit our ability to operate our business. See Item 1A—"Risk Factors", Item 3—"Legal Proceedings" and Item 8—"Financial Statements and Supplementary Data", Note 17 "Commitments and Contingencies".

Other Factors Affecting Liquidity

Wynn Resorts is a holding company and, as a result, our ability to pay dividends is highly dependent on our ability to obtain funds and our subsidiaries' ability to provide funds to us. Restrictions imposed by our Wynn Las Vegas, LLC, Wynn America and Wynn Macau SA debt instruments restrict our ability to pay dividends. Specifically, Wynn Las Vegas, LLC and certain of its subsidiaries are restricted under the indentures governing its first mortgage notes from making certain "restricted payments" as defined in the indentures. These restricted payments include the payment of dividends or distributions to any direct or indirect holders of equity interests of Wynn Las Vegas, LLC. These restricted payments may not be made unless certain financial and non-financial criteria have been satisfied. The Wynn Macau Credit Facilities contain similar restrictions, including a specified leverage ratio, which must be met in order to pay dividends and Wynn Macau is presently able to pay dividends in accordance with the Wynn Macau Credit Facilities.

Wynn Las Vegas, LLC intends to fund its operations and capital requirements from cash on hand and operating cash flow. We cannot assure you however, that our Las Vegas Operations will generate sufficient cash flow from operations or the availability of additional indebtedness will be sufficient to enable us to service and repay Wynn Las Vegas, LLC's indebtedness and to fund its other liquidity needs. Similarly, we expect that our Macau Operations will fund Wynn Macau, Limited's debt service obligations with existing cash, operating cash flow and availability under the Wynn Macau Credit Facilities. However, we cannot assure you that operating cash flows will be sufficient to do so. We may refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of the indebtedness on acceptable terms or at all.

Legal proceedings in which we are involved also may impact our liquidity. No assurance can be provided as to the outcome of such proceedings. In addition, litigation inherently involves significant costs. For information regarding legal proceedings, see Item 8—"Financial Statements and Supplementary Data", Note 17 "Commitments and Contingencies".

We have in the past repurchased, and in the future, we may periodically consider repurchasing our outstanding notes for cash. The amount of any notes to be repurchased, as well as the timing of any repurchases, will be based on business, market and other conditions and factors, including price, contractual requirements or consents, and capital availability. Any repurchases might be made using a variety of methods, which may include open market purchases, privately negotiated transactions, or by any combination of those methods, in compliance with applicable securities laws and regulations.

Our Board of Directors has authorized an equity repurchase program of up to \$1.7 billion. The repurchase program may include repurchases from time to time through open market purchases, in privately negotiated transactions, and under plans complying with Rules 10b5-1 and 10b-18 under the Exchange Act. As of December 31, 2014, we had purchased a cumulative total of 12,804,954 shares of our common stock for a net cost of \$1.1 billion under the program, with no purchases made under this program during the years ended December 31, 2014, 2013 and 2012.

New business developments or other unforeseen events may occur, resulting in the need to raise additional funds. We continue to explore opportunities to develop additional gaming or related businesses in domestic and international markets. There can be no assurances regarding the business prospects with respect to any other opportunity. Any new development would require us to obtain additional financing. We may decide to conduct any such development through Wynn Resorts or through subsidiaries separate from the Las Vegas or Macau-related entities.

The Company's articles of incorporation provide that, to the extent required by the gaming authority making the determination of unsuitability or to the extent the Board of Directors determines, in its sole discretion, that a person is likely to jeopardize the Company's or any affiliate's application for, receipt of, approval for, right to the use of, or entitlement to, any gaming license, shares of Wynn Resorts' capital stock that are owned or controlled by an unsuitable person or its affiliates are subject to redemption by the Company. The redemption price may be paid in cash, by promissory note or both, as required by the applicable gaming authority and, if not, as we elect. Any promissory note that we issue to an unsuitable person or its affiliate in exchange for its shares could increase our debt to equity ratio and would increase our leverage ratio.

Off Balance Sheet Arrangements

We have not entered into any transactions with special purpose entities nor do we engage in any derivatives except for previously discussed interest rate swaps. We do not have any retained or contingent interest in assets transferred to an unconsolidated entity. At December 31, 2014, we had outstanding letters of credit totaling \$8.9 million.

Contractual Obligations and Commitments

The following table summarizes our scheduled contractual commitments at December 31, 2014 (in millions):

	Payments Due By Period				
	Less Than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years	Total
Long-term debt obligations	\$ —	\$ 508.9	\$ 576.3	\$ 6,260.0	\$ 7,345.2
Fixed interest payments	301.6	603.2	603.2	457.5	1,965.5
Estimated variable interest payments (1)	25.1	44.4	6.5	—	76.0
Operating leases	12.6	21.2	16.8	31.1	81.7
Construction contracts and commitments	1,269.4	252.3	—	—	1,521.7
Leasehold interest in land	30.8	16.0	—	—	46.8
Employment agreements	61.4	63.7	14.0	3.5	142.6
Other (2)	239.8	112.2	65.1	78.3	495.4
Total commitments	\$ 1,940.7	\$ 1,621.9	\$ 1,281.9	\$ 6,830.4	\$ 11,674.9

- (1) Amounts for all periods represent our estimated future interest payments on our debt facilities based upon amounts outstanding and LIBOR or HIBOR rates at December 31, 2014. Such rates continue at historical lows as of December 31, 2014. Actual rates will vary.

- (2) Other includes open purchase orders, future charitable contributions, fixed gaming tax payments in Macau, aircraft purchase obligations and other contracts. As further discussed in Item 8—"Financial Statements and Supplementary Data", Note 16 "Income Taxes", of this report, we had \$88.9 million of unrecognized tax benefits as of December 31, 2014. Due to the inherent uncertainty of the underlying tax positions, it is not practicable to assign this liability to any particular year and therefore it is not included in the table above as of December 31, 2014.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements. Our consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America. A summary of our significant accounting policies are presented in Item 8—"Financial Statements and Supplementary Data", Note 2 "Summary of Significant Accounting Policies". Certain of our accounting policies require management to apply significant judgment in defining the appropriate assumptions integral to financial estimates. On an ongoing basis, management evaluates those estimates, including those relating to the estimated lives of depreciable assets, asset impairment, allowances for doubtful accounts, accruals for customer loyalty programs, contingencies, litigation and other items. Judgments are based on historical experience, terms of existing contracts, industry trends and information available from outside sources, as appropriate. However, by their nature, judgments are subject to an inherent degree of uncertainty, and therefore actual results could differ from our estimates.

Development, Construction and Property and Equipment Estimates

During the construction and development of a resort, pre-opening or start-up costs are expensed when incurred. In connection with the construction and development of our resorts, significant start-up costs are incurred and charged to pre-opening costs through their respective openings. Once our resorts open, expenses associated with the opening of the resorts are no longer charged as pre-opening costs.

During the construction and development stage, direct costs such as those incurred for the design and construction of our resorts, including applicable portions of interest, are capitalized. Accordingly, the recorded amounts of property and equipment increase significantly during construction periods. Depreciation expense related to capitalized construction costs is recognized when the related assets are placed in service. Upon the opening of our resorts, we began recognizing depreciation expense on the resort's fixed assets. The remaining estimated useful lives of assets are periodically reviewed.

Our leasehold interest in land in Macau under the land concession contracts entered into in August 2004 and May 2012 are being amortized over 25 years, to the initial term of the concession contract, which currently terminate in August 2029 and May 2037. Depreciation on a majority of the assets comprising Wynn Macau commenced in September of 2006, when Wynn Macau opened. The maximum useful life of assets at Wynn Macau is deemed to be the remaining life of the land concession which currently expires in August 2029, or the gaming concession which currently expires in June 2022. Consequently, depreciation related to Wynn Macau will generally be charged over shorter periods when compared to Wynn Las Vegas.

Costs of repairs and maintenance are charged to expense when incurred. The cost and accumulated depreciation of property and equipment retired or otherwise disposed of are eliminated from the respective accounts and any resulting gain or loss is included in property charges and other.

We also evaluate our property and equipment and other long-lived assets for impairment in accordance with applicable accounting standards. For assets to be disposed of, we recognize the asset at the lower of carrying value or fair market value less costs of disposal, as estimated based on comparable asset sales, solicited offers, or a discounted cash flow model. For assets to be held and used, we review for impairment whenever indicators of impairment exist. In reviewing for impairment, we compare the estimated future cash flows of the asset, on an undiscounted basis, to the carrying value of the asset. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, an impairment is recorded based on the fair value of the asset, typically measured using a discounted cash flow model. If an asset is still under development, future cash flows include remaining construction costs. All recognized impairment losses, whether for assets to be disposed of or assets to be held and used, are recorded as operating expenses.

Redemption Price Promissory Note

In connection with the redemption of the shares previously held by Aruze, we recorded the fair value of the Redemption Note of approximately \$1.94 billion in accordance with applicable accounting guidance. We utilized an independent third party valuation to assist in the determination of this fair value. In determining this fair value, we estimated the Redemption Note's

present value using discounted cash flows with a probability weighted expected return for redemption assumptions and a discount rate which included time value and non-performance risk adjustments commensurate with risk of the Redemption Note.

Considerations for the redemption assumptions included the stated maturity of the Redemption Note, uncertainty of the related cash flows as well as potential effects of the following: uncertainties surrounding the potential outcome and timing of pending litigation with the Okada Parties (see Item 8 —"Financial Statements and Supplementary Data", Note 17 "Commitments and Contingencies"); the outcome of on-going investigations of Aruze by the United States Attorney's Office, the U.S. Department of Justice and the Nevada Gaming Control Board; and other potential legal and regulatory actions. In addition, in the furtherance of various future business objectives, we considered our ability, at our sole option, to prepay the Redemption Note at any time in accordance with its terms without penalty. Accordingly, we reasonably determined that the estimated life of the Redemption Note could be less than the contractual life of the Redemption Note.

In determination of the appropriate discount rate to be used in the estimated present value, the Redemption Note's subordinated position relative to all other debt in our capital structure and credit ratings associated with our traded debt were considered. Observable inputs for the risk free rate based on Federal Reserve rates for U.S. Treasury securities and credit risk spread based on a yield curve index of similarly rated debt were used. As a result of this analysis, we concluded the Redemption Notes' stated rate of 2% approximated a market rate.

Investments and Fair Value

We have made investments in domestic and foreign corporate debt securities and commercial paper. Our investment policy requires investments to be investment grade and limits the amount of exposure to any one issuer with the objective of minimizing the potential risk of principal loss. We determine the appropriate classification (held-to-maturity/available-for-sale) of our investments at the time of purchase and reevaluate such designation as of each balance sheet date. Our investments are reported at fair value, with unrealized gains and losses, net of tax, reported in other comprehensive income (loss). Adjustments are made for amortization of premiums and accretion of discounts to maturity computed under the effective interest method. Such amortization is included in interest income together with realized gains and losses and the stated interest on such securities.

We measure certain of our financial assets and liabilities, such as cash equivalents, available-for-sale securities and interest rate swaps, at fair value on a recurring basis pursuant to accounting standards for fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These accounting standards establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

We obtain pricing information in determining the fair value of our available-for-sale securities from independent pricing vendors. Based on our inquiries, the pricing vendors use various pricing models consistent with what other market participants would use. The assumptions and inputs used by the pricing vendors are derived from market observable sources including: reported trades, broker/dealer quotes, issuer spreads, benchmark curves, bids, offers and other market-related data. We have not made adjustments to such prices. Each quarter, we validate the fair value pricing methodology to determine the fair value consistent with applicable accounting guidance and to confirm that the securities are classified properly in the fair value hierarchy. We also compare the pricing received from our vendors to independent sources for the same or similar securities.

Allowance for Estimated Doubtful Accounts Receivable

A substantial portion of our outstanding receivables relates to casino credit play. Credit play, through the issuance of markers, represents a significant portion of the table games volume at our Las Vegas Operations. While offered, the issuance of credit at our Macau Operations is less significant when compared to Las Vegas. Our goal is to maintain strict controls over the issuance of credit and aggressively pursue collection from those customers who fail to pay their balances in a timely fashion. These collection efforts may include the mailing of statements and delinquency notices, personal contacts, the use of outside collection agencies, and litigation. Markers issued at our Las Vegas Operations are generally legally enforceable instruments in the United States, and United States assets of foreign customers may be used to satisfy judgments entered in the United States.

The enforceability of markers and other forms of credit related to gaming debt outside of the United States varies from country to country. Some foreign countries do not recognize the enforceability of gaming related debt, or make enforcement

burdensome. We closely consider the likelihood and difficulty of enforceability, among other factors, when issuing credit to customers who are not residents of the United States. In addition to our internal credit and collection departments, located in both Las Vegas and Macau, we have a network of legal, accounting and collection professionals to assist us in our determinations regarding enforceability and our overall collection efforts.

As of December 31, 2014 and 2013, approximately 85% and 86% of our casino accounts receivable were owed by customers from foreign countries, primarily in Asia. In addition to enforceability issues, the collectability of markers given by foreign customers is affected by a number of factors including changes in currency exchange rates and economic conditions in the customers' home countries.

We regularly evaluate our reserve for bad debts based on a specific review of customer accounts as well as management's prior experience with collection trends in the casino industry and current economic and business conditions. In determining our allowance for estimated doubtful accounts receivable, we apply loss factors based on historical marker collection history to aged account balances and we specifically analyze the collectability of each account with a balance over a specified dollar amount, based upon the age, the customer's financial condition, collection history and any other known information.

The following table presents key statistics related to our casino accounts receivable (in thousands):

	December 31,	
	2014	2013
Casino accounts receivable	\$ 257,930	\$ 252,998
Allowance for doubtful casino accounts receivable	\$ 74,149	\$ 73,561
Allowance as a percentage of casino accounts receivable	28.7%	29.1%
Percentage of casino accounts receivable outstanding over 180 days	32.5%	30.3%

Our reserve for doubtful casino accounts receivable is based on our estimates of amounts collectible and depends on the risk assessments and judgments by management regarding realizability, the state of the economy and our credit policy. In June 2014, the Company recorded an adjustment to its reserve estimates for casino accounts receivable based on the results of historical collection patterns and current collection trends. For the year ended December 31, 2014, this adjustment benefited operating income by \$8.7 million and net income attributable to Wynn Resorts, Limited by \$6.8 million (or \$0.07 per share on a fully diluted basis). For the year ended December 31, 2013, this adjustment benefited operating income by \$30.9 million and net income attributable to Wynn Resorts, Limited by \$23.3 million (or \$0.22 per share on a fully diluted basis). Our reserve methodology is applied similarly to credit extended at each of our resorts. As of December 31, 2014 and 2013, approximately 28.2% and 24.8%, respectively, of our outstanding casino account receivable balance originated at our Macau Operations.

At December 31, 2014, a 100 basis-point change in the allowance for doubtful accounts as a percentage of casino accounts receivable would change the provision for doubtful accounts by approximately \$2.6 million.

As our customer payment experience evolves, we will continue to refine our estimated reserve for bad debts. Accordingly, the associated provision for doubtful accounts expense may fluctuate. Because individual customer account balances can be significant, the reserve and the provision can change significantly between periods, as we become aware of additional information about a customer or changes occur in a region's economy or legal system.

Derivative Financial Instruments

We seek to manage our market risk, including interest rate risk associated with variable rate borrowings, through balancing fixed-rate and variable-rate borrowings and the use of derivative financial instruments. We account for derivative financial instruments in accordance with applicable accounting standards. Derivative financial instruments are recognized as assets or liabilities, with changes in fair value affecting net income. As of December 31, 2014, changes in our interest rate swap fair values are being recorded in our Consolidated Statements of Income, as the swaps do not qualify for hedge accounting.

We measure the fair value of our interest rate swaps on a recurring basis. We categorize our interest rate swap contracts as Level 2 in the hierarchy as described above. The fair value approximates the amount we would receive (pay) if these contracts were settled at the respective valuation dates. Fair value is estimated based upon current, and predictions of future, interest rate levels along a yield curve, the remaining duration of the instruments and other market conditions, and therefore is subject to significant estimation and a high degree of variability of fluctuation between periods. We adjust this amount by applying a non-performance valuation, considering our creditworthiness or the creditworthiness of our counterparties at each settlement date, as applicable.

Stock-Based Compensation

Accounting standards for stock-based payments establish standards for the accounting for transactions in which an entity exchanges its equity instruments for goods and services or incurs a liability in exchange for goods and services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. It requires an entity to measure the costs of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award and recognize that cost over the service period. We use the Black-Scholes option pricing model to determine grant-date fair value of our stock options. The Black-Scholes model uses assumptions of expected volatility, risk-free interest rates, the expected term of options granted, and expected rates of dividends. Management determines these assumptions by reviewing current market rates, making industry comparisons and reviewing conditions relevant to our Company.

The expected volatility and expected term assumptions can significantly impact the fair value of stock options. We believe that the valuation techniques and the approach utilized to develop our assumptions are reasonable in calculating the fair value of the options we grant. We estimate the expected stock price volatility using a combination of implied and historical factors related to our stock price in accordance with applicable accounting standards. As our stock price fluctuates, this estimate will change. A hypothetical 10% change in the volatility assumption for the 25,800 options granted in 2014 would not have a material effect on the change in fair value. Expected term represents the estimated average time between the option's grant date and its exercise date. A hypothetical 10% change in the expected term assumption for the 25,800 options granted in 2014 would not have a material effect on the change in fair value. These assumed changes in fair value would have been recognized over the vesting schedule of such awards.

Accounting standards also require the classification of stock compensation expense in the same financial statement line items as cash compensation, and therefore impacts our departmental expenses (and related operating margins), pre-opening costs and construction in progress for our development projects, and our general and administrative expenses (including corporate expenses).

Income Taxes

We are subject to income taxes in the United States and other foreign jurisdictions where we operate. Accounting standards require the recognition of deferred tax assets, net of applicable reserves, and liabilities for the estimated future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on the income tax provision and deferred tax assets and liabilities is recognized in the results of operations in the period that includes the enactment date. Accounting standards require recognition of a future tax benefit to the extent that realization of such benefit is more likely than not. Otherwise, a valuation allowance is applied.

As of December 31, 2014, we have a foreign tax credit carryover of \$3,284 million and we have recorded a valuation allowance of \$3,242 million against this asset based on our estimate of future realization. The foreign tax credits are attributable to the Macau special gaming tax which is 35% of gross gaming revenue in Macau. The U.S. taxing regime only allows a credit for 35% of "net" foreign source income. Due to our recent operating history of U.S. losses, we currently do not rely on forecasted taxable income in order to support the utilization of the foreign tax credits. We assess the recoverability of our deferred tax asset for foreign tax credits ("FTCs") and the appropriateness for a valuation allowance on a quarterly basis. We consider factors such as: our three year cumulative pre-tax book income, the reversal of taxable timing differences, expectations regarding the occurrence of U.S. source income versus foreign source income within the FTCs carryforward period and tax planning strategies. Historically, we have recorded a partial valuation allowance on FTCs. Based on the expectations for these factors in the next year, we may determine that the deferred tax asset is not recoverable and an additional valuation allowance is necessary. This determination would have a significant impact on the effective tax rate.

Our income tax returns are subject to examination by the IRS and other tax authorities in the locations where we operate. We assess potentially unfavorable outcomes of such examinations based on accounting standards for uncertain income taxes. The accounting standards prescribe a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements.

Uncertain tax position accounting standards apply to all tax positions related to income taxes. These accounting standards utilize a two-step approach for evaluating tax positions. The tax benefit is measured as the largest amount of benefit that is more likely than not to be realized upon settlement.

As applicable, we recognize accrued penalties and interest related to unrecognized tax benefits in the provision for income taxes.

Recently Issued Accounting Standards

See related disclosure at Item 8—"Financial Statements and Supplementary Data", Note 2 "Summary of Significant Accounting Policies."

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices.

Interest Rate Risks

One of our primary exposures to market risk is interest rate risk associated with our debt facilities that bear interest based on floating rates. We attempt to manage interest rate risk by managing the mix of long-term fixed rate borrowings and variable rate borrowings, supplemented by hedging activities as believed by us to be appropriate. We cannot assure you that these risk management strategies have had the desired effect, and interest rate fluctuations could have a negative impact on our results of operations.

The following table provides estimated future cash flow information derived from our best estimates of repayments at December 31, 2014 of our expected long-term indebtedness and related weighted average interest rates by expected maturity dates. However, we cannot predict the LIBOR or HIBOR rates that will be in effect in the future. As of December 31, 2014, such rates remain at historic lows. Actual rates will vary. The one-month LIBOR and HIBOR rates at December 31, 2014 of 0.17% and 0.24%, respectively were used for all variable rate calculations in the table below.

The information is presented in U.S. dollar equivalents as applicable.

Years Ending December 31,														
Expected Maturity Date														
	2015		2016		2017		2018		2019		Thereafter		Total	
	(in millions)													
<u>Long-term debt:</u>														
Fixed rate	\$	—	\$	—	\$	—	\$	—	\$	—	\$	6,260	\$	6,260
Average interest rate		—%		—%		—%		—%		—%		4.8%		4.8%
Variable rate	\$	—	\$	—	\$	509	\$	576	\$	—	\$	—	\$	1,085
Average interest rate		—%		—%		2.0%		2.0%		—%		—		2.0%

Interest Rate Swap Information

We have entered into floating-for-fixed interest rate swap arrangements relating to certain of our floating-rate debt facilities. We measure the fair value of our interest rate swaps on a recurring basis. Changes in the fair values of our interest rate swaps for each reporting period recorded are, and will continue to be, recognized as an increase (decrease) in swap fair value in our Consolidated Statements of Income, as the swaps do not qualify for hedge accounting.

Macau Operations

We currently have three interest rate swap agreements intended to hedge a portion of the underlying interest rate risk on borrowings under our Wynn Macau Credit Facilities. Under two of the swap agreements, we pay a fixed interest rate (excluding the applicable interest margin) of 0.73% on notional amounts corresponding to borrowings of HK\$3.95 billion (approximately \$509.4 million) incurred under the Wynn Macau Credit Facilities in exchange for receipts on the same amount at a variable interest rate based on the applicable HIBOR at the time of payment. These interest rate swaps fix the all-in interest rate on such amounts at 2.48% to 3.23%. These interest rate swap agreements mature in July 2017.

Under the third swap agreement, we pay a fixed interest rate (excluding the applicable interest margin) of 0.68% on notional amounts corresponding to borrowings of \$243.8 million incurred under the Wynn Macau Credit Facilities in exchange

for receipts on the same amount at a variable rate based on the applicable LIBOR at the time of payment. This interest rate swap fixes the all-in interest rate on such amounts at 2.43% to 3.18%. This interest rate swap agreement matures in July 2017.

As of December 31, 2014 and 2013, the interest rate swaps were recorded as an asset of \$5.9 million and \$10.3 million, respectively, and included in deposits and other assets.

The fair value approximates the amount we would pay or receive if these contracts were settled at the respective valuation dates. Fair value is estimated based upon current, and predictions of future, interest rate levels along a yield curve, the remaining duration of the instruments and other market conditions, and therefore, is subject to significant estimation and a high degree of variability of fluctuation between periods. We adjust this amount by applying a non-performance valuation, considering our creditworthiness or the creditworthiness of our counterparties at each settlement date, as applicable.

Las Vegas Operations

In June 2012, we terminated our only Wynn Las Vegas, LLC swap for a payment of \$2.4 million.

Other Interest Rate Swap Information

The following table provides information about our interest rate swaps, by contractual maturity dates, as of December 31, 2014 and using estimated future LIBOR and HIBOR rates based upon implied forward rates in the yield curve. The information is presented in U.S. dollar equivalents, which is our reporting currency:

	Years Ending December 31,						
	Expected Maturity Date						
	2015	2016	2017	2018	2019	Thereafter	Total
	(in millions)						
Average notional amount	\$ —	\$ —	\$ 753	\$ —	\$ —	\$ —	\$ 753
Average pay rate	—%	—%	0.71%	—%	—%	—%	0.71%
Average receive rate	—%	—%	0.60%	—%	—%	—%	0.60%

We do not use derivative financial instruments, other financial instruments or derivative commodity instruments for trading or speculative purposes.

Interest Rate Sensitivity

As of December 31, 2014, approximately 96% all of our debt was based on fixed rates, including the notional amounts related to interest rate swaps. Based on our borrowings as of December 31, 2014, an assumed 1% change in the variable rates would cause our annual interest cost to change by \$3.3 million.

Foreign Currency Risks

The currency delineated in Wynn Macau's concession agreement with the government of Macau is the Macau pataca. The Macau pataca, which is not a freely convertible currency, is linked to the Hong Kong dollar, and in many cases the two are used interchangeably in Macau. The Hong Kong dollar is linked to the U.S. dollar and the exchange rate between these two currencies has remained relatively stable over the past several years. However, the exchange linkages of the Hong Kong dollar and the Macau pataca, and the Hong Kong dollar and the U.S. dollar, are subject to potential changes due to, among other things, changes in Chinese governmental policies and international economic and political developments.

If the Hong Kong dollar and the Macau pataca are not linked to the U.S. dollar in the future, severe fluctuations in the exchange rate for these currencies may result. We also cannot assure you that the current rate of exchange fixed by the applicable monetary authorities for these currencies will remain at the same level.

Because many of Wynn Macau's payment and expenditure obligations are in Macau patacas, in the event of unfavorable Macau pataca or Hong Kong dollar rate changes, Wynn Macau's obligations, as denominated in U.S. dollars, would increase. In addition, because we expect that most of the revenues for any casino that Wynn Macau operates in Macau will be in Hong Kong dollars, we are subject to foreign exchange risk with respect to the exchange rate between the Hong Kong dollar and the U.S. dollar. Also, if any of our Macau-related entities incur U.S. dollar-denominated debt, fluctuations in the exchange rates of the Macau pataca or the Hong Kong dollar, in relation to the U.S. dollar, could have adverse effects on Wynn Macau's results of

operations, financial condition, and ability to service its debt. To date, we have not engaged in hedging activities intended to protect against foreign currency risk. Approximately 18.7% of our cash balances are denominated in foreign currencies, primarily the Hong Kong Dollar. Based on our balances at December 31, 2014, an assumed 1% change in the US dollar/Hong Kong dollar exchange rate would cause a foreign currency transaction gain/loss of approximately \$6.1 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Wynn Resorts, Limited and subsidiaries:

We have audited Wynn Resorts, Limited and subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the "COSO criteria"). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management Report on Internal Control Over Financial Reporting, included in Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2014 consolidated financial statements of Wynn Resorts, Limited and subsidiaries and our report dated February 27, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Las Vegas, Nevada
February 27, 2015

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Wynn Resorts, Limited and subsidiaries:

We have audited the accompanying consolidated balance sheets of Wynn Resorts, Limited and subsidiaries (the “Company”) as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, stockholders’ equity and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedules listed in the Index at item 15(a)2. These financial statements and schedules are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wynn Resorts, Limited and subsidiaries at December 31, 2014 and 2013, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 27, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Las Vegas, Nevada
February 27, 2015

WYNN RESORTS, LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	December 31,	
	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,182,164	\$ 2,435,041
Investment securities	240,140	174,399
Receivables, net	237,957	241,932
Inventories	72,223	74,739
Prepaid expenses and other	49,847	42,703
Total current assets	2,782,331	2,968,814
Property and equipment, net	5,855,842	4,934,449
Restricted cash	977	199,936
Investment securities	10,173	79,989
Intangible assets, net	112,367	30,767
Deferred financing costs, net	84,413	67,926
Deposits and other assets	212,515	91,001
Investment in unconsolidated affiliates	4,243	4,148
Total assets	\$ 9,062,861	\$ 8,377,030
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts and construction payables	\$ 303,284	\$ 272,861
Current portion of long-term debt	—	1,050
Current portion of land concession obligation	30,814	29,341
Customer deposits	548,818	704,401
Gaming taxes payable	137,269	205,260
Accrued compensation and benefits	113,228	83,769
Accrued interest	107,318	101,442
Other accrued liabilities	67,587	53,375
Deferred income taxes, net	4,847	4,035
Total current liabilities	1,313,165	1,455,534
Long-term debt	7,345,262	6,586,518
Land concession obligation	15,987	46,819
Other long-term liabilities	152,131	141,465
Deferred income taxes, net	25,225	14,343
Total liabilities	8,851,770	8,244,679
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Preferred stock, par value \$0.01; 40,000,000 shares authorized; zero shares issued and outstanding	—	—
Common stock, par value \$0.01; 400,000,000 shares authorized; 114,426,960 and 114,170,493 shares issued; 101,439,297 and 101,192,408 shares outstanding	1,144	1,142
Treasury stock, at cost; 12,987,663 and 12,978,085 shares	(1,145,481)	(1,143,419)
Additional paid-in capital	948,566	888,727
Accumulated other comprehensive income	2,505	2,913
Retained earnings	164,487	66,130
Total Wynn Resorts, Limited stockholders' deficit	(28,779)	(184,507)
Noncontrolling interest	239,870	316,858
Total equity	211,091	132,351
Total liabilities and stockholders' equity	\$ 9,062,861	\$ 8,377,030

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

WYNN RESORTS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Years Ended December 31,		
	2014	2013	2012
Operating revenues:			
Casino	\$ 4,274,221	\$ 4,490,637	\$ 4,034,759
Rooms	542,762	492,230	479,983
Food and beverage	604,701	586,672	588,437
Entertainment, retail and other	401,181	418,705	417,209
Gross revenues	5,822,865	5,988,244	5,520,388
Less: promotional allowances	(389,204)	(367,308)	(366,104)
Net revenues	5,433,661	5,620,936	5,154,284
Operating costs and expenses:			
Casino	2,667,013	2,846,489	2,626,822
Rooms	148,338	133,503	126,527
Food and beverage	337,206	323,573	308,394
Entertainment, retail and other	163,754	175,257	189,832
General and administrative	492,464	448,788	441,699
Provision for doubtful accounts	3,906	11,877	18,091
Pre-opening costs	30,146	3,169	466
Depreciation and amortization	314,119	371,051	373,199
Property charges and other	10,437	17,138	39,978
Total operating costs and expenses	4,167,383	4,330,845	4,125,008
Operating income	1,266,278	1,290,091	1,029,276
Other income (expense):			
Interest income	20,441	15,713	12,543
Interest expense, net of amounts capitalized	(315,062)	(299,022)	(288,759)
(Decrease) increase in swap fair value	(4,393)	14,235	991
Loss on extinguishment of debt	(9,569)	(40,435)	(25,151)
Equity in income from unconsolidated affiliates	1,349	1,085	1,086
Other	(182)	4,856	3,012
Other income (expense), net	(307,416)	(303,568)	(296,278)
Income before income taxes	958,862	986,523	732,998
Benefit (provision) for income taxes	3,782	17,634	(4,299)
Net income	962,644	1,004,157	728,699
Less: net income attributable to noncontrolling interest	(231,090)	(275,505)	(226,663)
Net income attributable to Wynn Resorts, Limited	\$ 731,554	\$ 728,652	\$ 502,036
Basic and diluted income per common share:			
Net income attributable to Wynn Resorts, Limited:			
Basic	\$ 7.25	\$ 7.25	\$ 4.87
Diluted	\$ 7.18	\$ 7.17	\$ 4.82
Weighted average common shares outstanding:			
Basic	100,927	100,540	103,092
Diluted	101,931	101,641	104,249

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

WYNN RESORTS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Years Ended December 31,		
	2014	2013	2012
Net income	\$ 962,644	\$ 1,004,157	\$ 728,699
Other comprehensive income:			
Foreign currency translation adjustments, net of tax	(282)	(2,106)	2,749
Unrealized (loss) gain on available-for-sale securities, net of tax	(195)	319	1,780
Total comprehensive income	962,167	1,002,370	733,228
Less: comprehensive income attributable to noncontrolling interest	(231,021)	(274,982)	(227,855)
Comprehensive income attributable to Wynn Resorts, Limited	\$ 731,146	\$ 727,388	\$ 505,373

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

WYNN RESORTS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)

	Common stock								
	Shares outstanding	Par value	Treasury stock	Additional paid-in capital	Accumulated other comprehensive income	Retained earnings	Total Wynn Resorts, Ltd stockholders' equity (deficit)	Noncontrolling interest	Total stockholders' equity
Balances, January 1, 2012	125,080,998	\$ 1,379	\$ (1,127,036)	\$ 3,177,471	\$ 840	\$ 36,368	\$ 2,089,022	\$ 134,432	\$ 2,223,454
Stock redemption	(24,549,222)	(245)	—	(1,936,198)	—	—	(1,936,443)	—	(1,936,443)
Net income	—	—	—	—	—	502,036	502,036	226,663	728,699
Currency translation adjustment	—	—	—	—	1,987	—	1,987	762	2,749
Net unrealized gain on investments	—	—	—	—	1,350	—	1,350	430	1,780
Exercise of stock options	332,576	3	—	15,580	—	—	15,583	—	15,583
Cancellation of restricted stock	(31,500)	—	—	—	—	—	—	—	—
Shares repurchased by the company and held as treasury shares	(7,640)	—	(911)	—	—	—	(911)	—	(911)
Issuance of restricted stock	41,500	—	—	—	—	—	—	—	—
Cash dividends declared	—	—	—	(462,730)	—	(493,629)	(956,359)	—	(956,359)
Excess tax benefits from stock-based compensation	—	—	—	5,537	—	—	5,537	—	5,537
Stock-based compensation	—	—	—	19,161	—	—	19,161	682	19,843
Balances, December 31, 2012	100,866,712	1,137	(1,127,947)	818,821	4,177	44,775	(259,037)	362,969	103,932
Net income	—	—	—	—	—	728,652	728,652	275,505	1,004,157
Currency translation adjustment	—	—	—	—	(1,522)	—	(1,522)	(584)	(2,106)
Net unrealized gain on investments	—	—	—	—	258	—	258	61	319
Exercise of stock options	383,151	5	—	20,431	—	—	20,436	—	20,436
Cancellation of restricted stock	(78,500)	(1)	—	1	—	—	—	—	—
Shares repurchased by the company and held as treasury shares	(114,355)	—	(15,472)	—	—	—	(15,472)	—	(15,472)
Issuance of restricted stock	135,400	1	—	(1)	—	—	—	—	—
Cash dividends declared	—	—	—	480	—	(707,297)	(706,817)	(322,305)	(1,029,122)
Excess tax benefits from stock-based compensation	—	—	—	10,474	—	—	10,474	—	10,474
Stock-based compensation	—	—	—	38,521	—	—	38,521	1,212	39,733
Balances, December 31, 2013	101,192,408	1,142	(1,143,419)	888,727	2,913	66,130	(184,507)	316,858	132,351
Net income	—	—	—	—	—	731,554	731,554	231,090	962,644
Currency translation adjustment	—	—	—	—	(203)	—	(203)	(79)	(282)
Net unrealized (loss) gain on investments	—	—	—	—	(205)	—	(205)	10	(195)
Exercise of stock options	211,133	2	—	11,643	—	—	11,645	214	11,859
Cancellation of restricted stock	(9,166)	—	—	—	—	—	—	—	—
Shares repurchased by the Company and held as treasury shares	(9,578)	—	(2,062)	—	—	—	(2,062)	—	(2,062)
Issuance of restricted stock	54,500	—	—	—	—	—	—	—	—
Shares of subsidiary repurchased for share award plan	—	—	—	—	—	—	—	(2,081)	(2,081)
Cash dividends declared	—	—	—	59	—	(633,197)	(633,138)	(312,287)	(945,425)
Excess tax benefits from stock-based compensation	—	—	—	9,376	—	—	9,376	—	9,376
Stock-based compensation	—	—	—	38,761	—	—	38,761	6,145	44,906
Balances, December 31, 2014	101,439,297	\$ 1,144	\$ (1,145,481)	\$ 948,566	\$ 2,505	\$ 164,487	\$ (28,779)	\$ 239,870	\$ 211,091

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

WYNN RESORTS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,		
	2014	2013	2012
Cash flows from operating activities:			
Net income	\$ 962,644	\$ 1,004,157	\$ 728,699
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	314,119	371,051	373,199
Deferred income taxes	(8,086)	(19,826)	(3,655)
Stock-based compensation	39,196	39,537	19,648
Excess tax benefits from stock-based compensation	(9,339)	(12,332)	(5,253)
Amortization and write-offs of deferred financing costs and other	36,649	21,453	23,965
Loss on extinguishment of debt	9,569	40,435	25,151
Provision for doubtful accounts	3,906	11,877	18,091
Property charges and other	10,466	6,950	36,714
Equity in income of unconsolidated affiliates, net of distributions	(95)	122	106
Decrease (increase) in swap fair value	4,393	(14,235)	(991)
Increase (decrease) in cash from changes in:			
Receivables, net	38	(14,875)	(21,019)
Inventories and prepaid expenses and other	(6,917)	(17,749)	3,644
Customer deposits	(155,399)	159,850	(31,362)
Accounts payable and accrued expenses	(102,827)	100,227	18,781
Net cash provided by operating activities	1,098,317	1,676,642	1,185,718
Cash flows used in investing activities:			
Capital expenditures, net of construction payables and retention	(1,127,015)	(506,786)	(240,985)
Purchase of corporate debt securities	(200,258)	(222,856)	(183,445)
Proceeds from sale or maturity of corporate debt securities	200,090	146,112	216,051
Restricted cash	198,943	(100,709)	(99,163)
Deposits and purchase of intangibles and other assets	(218,925)	(13,961)	(38,042)
Proceeds from sale of assets	32,813	20,620	730
Net cash used in investing activities	(1,114,352)	(677,580)	(344,854)
Cash flows from financing activities:			
Proceeds from exercise of stock options	11,859	20,436	15,583
Excess tax benefits from stock-based compensation	9,339	12,332	5,253
Dividends paid	(942,928)	(1,034,986)	(955,493)
Proceeds from issuance of long-term debt	958,008	1,297,870	1,648,643
Principal payments on long-term debt	(101,339)	(501,400)	(1,022,847)
Repurchase of first mortgage notes	(98,400)	—	—
Repurchase of common stock	(2,062)	(15,472)	(911)
Shares of subsidiary repurchased for share award plan	(2,081)	—	—
Interest rate swap settlement	—	—	(2,368)
Payments on long-term land concession obligation	(29,338)	(27,917)	(13,449)
Payment of financing costs	(38,683)	(42,006)	(56,890)
Net cash used in financing activities	(235,625)	(291,143)	(382,479)
Effect of exchange rate on cash	(1,217)	1,903	4,247
Cash and cash equivalents:			
(Decrease) increase in cash and cash equivalents	(252,877)	709,822	462,632
Balance, beginning of year	2,435,041	1,725,219	1,262,587
Balance, end of year	\$ 2,182,164	\$ 2,435,041	\$ 1,725,219
Supplemental cash flow disclosures			
Cash transactions:			
Cash paid for interest, net of amounts capitalized	\$ 295,041	\$ 284,849	\$ 225,499
Cash paid for income taxes	\$ 3,041	\$ 2,518	\$ 4,547
Non-cash transactions:			
Increase in debt related to the redemption of stock	\$ —	\$ —	\$ 1,936,443

Stock-based compensation capitalized into construction	\$	5,710	\$	195	\$	195
Change in property and equipment included in accounts and construction payables	\$	132,079	\$	67,650	\$	6,557
Increase in liability for dividends declared on nonvested stock	\$	1,668	\$	2,708	\$	866

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

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization

Wynn Resorts, Limited, a Nevada corporation (together with its subsidiaries, "Wynn Resorts" or the "Company") is a developer, owner and operator of destination casino resorts (integrated resorts). In the Macau Special Administrative Region of the People's Republic of China ("Macau"), the Company owns 72% of Wynn Macau, Limited, which operates the integrated Wynn Macau and Encore at Wynn Macau resort. In Las Vegas, Nevada, the Company owns 100% of and operates the integrated Wynn Las Vegas and Encore at Wynn Las Vegas resort.

The Company's integrated Macau resort of Wynn Macau and Encore at Wynn Macau features two luxury hotel towers with a total of 1,008 spacious guest rooms and suites, approximately 284,000 square feet of casino space, casual and fine dining in eight restaurants, approximately 31,000 square feet of lounge and meeting space, approximately 57,000 square feet of retail space, recreation and leisure facilities, including two health clubs, spas and one pool. The Company refers to this integrated resort as its Macau Operations.

The Company's integrated Las Vegas resort of Wynn Las Vegas and Encore at Wynn Las Vegas features two luxury hotel towers with a total of 4,748 spacious guest rooms, suites and villas, approximately 186,000 square feet of casino space, 34 food and beverage outlets, an on-site 18-hole golf course, approximately 290,000 square feet of meeting and convention space, a Ferrari and Maserati dealership, approximately 99,000 square feet of retail space, as well as two showrooms, three nightclubs and a beach club. The Company refers to this integrated resort as its Las Vegas Operations.

The Company is currently constructing Wynn Palace, an integrated resort in the Cotai area of Macau, containing a 1,700-room hotel, performance lake, meeting space, casino, spa, retail offerings, and food and beverage outlets. The Company expects to open Wynn Palace in the first half of 2016.

On September 17, 2014, the Massachusetts Gaming Commission ("MGC") designated Wynn MA, LLC ("Wynn MA"), an indirect wholly owned subsidiary of the Company, the award winner of the Greater Boston (Region A) gaming license. On November 4, 2014, a vote upheld the expanded gaming law in Massachusetts. On November 7, 2014, the gaming license awarded to the Company became effective. The Company will develop and operate an integrated resort in Everett, Massachusetts containing a hotel, restaurants, casino, spa, premium retail offerings, meeting and convention space and a waterfront boardwalk.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. Investments in the 50%-owned joint ventures operating the Ferrari and Maserati automobile dealership and the Brioni mens' retail clothing store inside Wynn Las Vegas are accounted for under the equity method. All significant intercompany accounts and transactions have been eliminated. Certain amounts in the consolidated financial statements for the previous years have been reclassified to be consistent with the current year presentation. These reclassifications had no effect on the previously reported net income.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of highly liquid investments with original maturities of three months or less and include both U.S. dollar-denominated and foreign currency-denominated securities. Cash equivalents are carried at cost, which approximates fair value. Cash equivalents of \$1,156.3 million and \$1,349.6 million at December 31, 2014 and 2013, respectively, were invested in bank time deposits, money market funds and commercial paper. In addition, the Company held bank deposits and cash on hand of approximately \$1,025.9 million and \$1,085.4 million as of December 31, 2014 and 2013, respectively.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Restricted Cash

The Company had restricted cash of \$1.0 million and \$199.9 million at December 31, 2014 and 2013, respectively. Restricted cash at December 31, 2014 consists of cash held in trust in accordance with the Company's majority owned subsidiary's share award plan. Restricted cash at December 31, 2013 consisted of certain proceeds of the Company's financing activities that were restricted by the agreements governing the Company's debt instruments for the payment of certain Wynn Palace related construction and development costs. During the first quarter of 2014, the Company applied the restricted cash balances to payment of certain Wynn Palace related construction and development costs.

Investment Securities

Investment securities consist of domestic and foreign short-term and long-term investments in corporate bonds and commercial paper reported at fair value, with unrealized gains and losses, net of tax, reported in other comprehensive income. Short-term investments have maturities of greater than three months but equal to or less than one year and long-term investments are those with a maturity date greater than one year. The Company's investment policy limits the amount of exposure to any one issuer with the objective of minimizing the potential risk of principal loss. Management determines the appropriate classification (held-to-maturity/available-for-sale) of its securities at the time of purchase and reevaluates such designation as of each balance sheet date. Adjustments are made for amortization of premiums and accretion of discounts to maturity computed under the effective interest method. Such amortization is included in interest income together with realized gains and losses and the stated interest on such securities.

Accounts Receivable and Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of casino accounts receivable. The Company issues credit in the form of "markers" to approved casino customers following investigations of creditworthiness. At December 31, 2014 and 2013, approximately 85% and 86%, respectively, of the Company's markers were due from customers residing outside the United States, primarily in Asia. Business or economic conditions or other significant events in these countries could affect the collectability of such receivables.

Accounts receivable, including casino and hotel receivables, are typically non-interest bearing and are initially recorded at cost. Accounts are written off when management deems them to be uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated allowance for doubtful accounts is maintained to reduce the Company's receivables to their carrying amount, which approximates fair value. The allowance is estimated based on historical collection patterns and current collection trends. In addition, the estimate reflects specific review of customer accounts as well as management's experience with collection trends in the casino industry and current economic and business conditions.

During 2014, 2013 and 2012, the Company recorded adjustments to its reserve estimates for casino accounts receivable based on results of historical collection patterns and current collection trends. The adjustment benefited operating income by \$8.7 million and net income attributable to Wynn Resorts, Limited by \$6.8 million (or \$0.07 per share on a fully diluted basis) for the year ended December 31, 2014. For the year ended December 31, 2013, this adjustment benefited operating income by \$14.9 million and net income attributable to Wynn Resorts, Limited by \$12.0 million (or \$0.12 per share on a fully diluted basis for the year ended December 31, 2013). For the year ended December 31, 2012, this adjustment benefited operating income by \$30.9 million and net income attributable to Wynn Resorts, Limited by \$23.3 million (or \$0.22 per share on a fully diluted basis for the year ended December 31, 2012).

Inventories

Inventories consist of retail merchandise, food and beverage items which are stated at the lower of cost or market value and certain operating supplies. Cost is determined by the first-in, first-out, average and specific identification methods.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Property and Equipment

Purchases of property and equipment are stated at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method as follows:

Buildings and improvements	10 to 45 years
Land improvements	10 to 45 years
Leasehold interest in land	25 years
Airplanes	18 to 20 years
Furniture, fixtures and equipment	3 to 20 years

Costs related to improvements are capitalized, while costs of repairs and maintenance are charged to expense as incurred. The cost and accumulated depreciation of property and equipment retired or otherwise disposed of are eliminated from the respective accounts and any resulting gain or loss is included in property charges and other.

Capitalized Interest

The interest cost associated with major development and construction projects is capitalized and included in the cost of the project. Interest capitalization ceases once a project is substantially complete or no longer undergoing construction activities to prepare it for its intended use. When no debt is specifically identified as being incurred in connection with a construction project, the Company capitalizes interest on amounts expended on the project at the Company's weighted average cost of borrowed money. Interest of \$33.5 million, \$10.5 million and \$2.0 million, was capitalized for the years ended December 31, 2014, 2013 and 2012, respectively.

Intangible Assets

The Company's indefinite-lived intangible assets consist primarily of water rights acquired as part of the original purchase price of the property on which Wynn Las Vegas is located, and trademarks. Indefinite-lived intangible assets are not amortized, but are reviewed for impairment annually. The Company's finite-lived intangible assets consist primarily of our Massachusetts gaming license and Macau gaming concession. Finite-lived intangible assets are amortized over the shorter of their contractual terms or estimated useful lives.

Long-Lived Assets

Long-lived assets, which are to be held and used, including intangible assets and property and equipment, are periodically reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. If an indicator of impairment exists, the Company compares the estimated future cash flows of the asset, on an undiscounted basis, to the carrying value of the asset. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, then impairment is measured as the difference between fair value and carrying value, with fair value typically based on a discounted cash flow model. If an asset is still under development, future cash flows include remaining construction costs.

Deferred Financing Costs

Direct and incremental costs incurred in obtaining loans or in connection with the issuance of long-term debt are capitalized and amortized to interest expense over the terms of the related debt agreements. Approximately \$12.6 million, \$11.2 million and \$11.0 million were amortized to interest expense during the years ended December 31, 2014, 2013 and 2012, respectively. Debt discounts incurred in connection with the issuance of debt have been capitalized and are being amortized to interest expense using the effective interest method.

Derivative Financial Instruments

The Company seeks to manage its market risk, including interest rate risk associated with variable rate borrowings, through balancing fixed-rate and variable-rate borrowings with the use of derivative financial instruments. The fair value of derivative financial instruments are recognized as assets or liabilities at each balance sheet date, with changes in fair value affecting net income as the Company's current interest rate swaps do not qualify for hedge accounting. Accordingly, changes in

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

the fair value of the interest rate swaps are presented as an increase (decrease) in swap fair value in the accompanying Consolidated Statements of Income. The differentials paid or received on interest rate swap agreements are recognized as adjustments to interest expense.

Redemption Price Promissory Note

The Company recorded the fair value of the Redemption Price Promissory Note (the "Redemption Note") of approximately \$1.94 billion in accordance with applicable accounting guidance. In determining this fair value, the Company estimated the Redemption Note's present value using discounted cash flows with a probability weighted expected return for redemption assumptions and a discount rate which included time value and non-performance risk adjustments commensurate with risk of the Redemption Note.

Considerations for the redemption assumptions included the stated maturity of the Redemption Note, uncertainty of the related cash flows as well as potential effects of the following: uncertainties surrounding the potential outcome and timing of pending litigation with Aruze USA, Inc. ("Aruze"), Universal Entertainment Corporation and Mr. Kazuo Okada (collectively, the "Okada Parties") (see Note 17 "Commitments and Contingencies"); the outcome of on-going investigations of Aruze USA, Inc. by the United States Attorney's Office, the U.S. Department of Justice and the Nevada Gaming Control Board; and other potential legal and regulatory actions. In addition, in the furtherance of various future business objectives, the Company considered its ability, at its sole option, to prepay the Redemption Note at any time in accordance with its terms without penalty. Accordingly, the Company reasonably determined that the estimated life of the Redemption Note could be less than the contractual life of the Redemption Note.

In determination of the appropriate discount rate to be used in the estimated present value, the Redemption Note's subordinated position relative to all other debt in the Company's capital structure and credit ratings associated with the Company's traded debt were considered. Observable inputs for the risk free rate based on Federal Reserve rates for U.S. Treasury securities and credit risk spread based on a yield curve index of similarly rated debt were used. As a result of this analysis, the Company concluded the Redemption Note's stated rate of 2% approximated a market rate.

Revenue Recognition and Promotional Allowances

The Company recognizes revenues at the time persuasive evidence of an arrangement exists, the service is provided or the retail goods are sold, prices are fixed or determinable and collection is reasonably assured.

Casino revenues are measured by the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in the customers' possession. Cash discounts, other cash incentives related to casino play and commissions rebated through junkets to customers are recorded as a reduction to casino revenue. Hotel, food and beverage, entertainment and other operating revenues are recognized when services are performed. Entertainment, retail and other revenue includes rental income which is recognized on a time proportion basis over the lease term. Contingent rental income is recognized when the right to receive such rental income is established according to the lease agreements. Advance deposits on rooms and advance ticket sales are recorded as customer deposits until services are provided to the customer.

Revenues are recognized net of certain sales incentives which are required to be recorded as a reduction of revenue; consequently, the Company's casino revenues are reduced by discounts, commissions and points earned by customers from the Company's loyalty programs.

The retail value of accommodations, food and beverage, and other services furnished to guests without charge is included in gross revenues. Such amounts are then deducted as promotional allowances. The estimated cost of providing such promotional allowances is primarily included in casino expenses as follows (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Rooms	\$ 54,981	\$ 52,585	\$ 53,487
Food and beverage	120,070	112,897	107,882
Entertainment, retail and other	14,977	14,659	17,522
	<u>\$ 190,028</u>	<u>\$ 180,141</u>	<u>\$ 178,891</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Customer Loyalty Programs

The Company offers loyalty programs at both its Macau Operations and its Las Vegas Operations. Under the program at its Las Vegas Operations, customers earn points based on their level of slots play which can be redeemed for free play. Under the program at its Macau Operations, customers earn points based on their level of table games and slots play which can be redeemed for free play, gifts and complimentary dining and retail shopping. The points are recognized as a liability and as a separate element of the gaming transaction with allocation of the consideration received between the points and gaming transaction. The initial recognition of the point liability is fair value based on points earned multiplied by redemption value, less an estimate for points not expected to be redeemed. The revenue from the points is recognized when redeemed.

Slot Machine Jackpots

The Company does not accrue a liability for base jackpots because it has the ability to avoid such payment as slot machines can legally be removed from the gaming floor without payment of the base amount. When the Company is unable to avoid payment of the jackpot (i.e., the incremental amount on a progressive slot machine) due to legal requirements, the jackpot is accrued as the obligation becomes unavoidable. This liability is accrued over the time period in which the incremental progressive jackpot amount is generated with a related reduction in casino revenue.

Gaming Taxes

The Company is subject to taxes based on gross gaming revenue in the jurisdictions in which it operates, subject to applicable jurisdictional adjustments. These gaming taxes are an assessment on the Company's gross gaming revenues and are recorded as casino expenses in the accompanying Consolidated Statements of Income. These taxes totaled \$1.8 billion, \$2.0 billion and \$1.8 billion for the years ended December 31, 2014, 2013 and 2012, respectively.

Advertising Costs

The Company expenses advertising costs the first time the advertising takes place. Advertising costs incurred in development periods are included in pre-opening costs. Once a project is completed, advertising costs are primarily included in general and administrative expenses. Total advertising costs were \$23.3 million, \$21.5 million and \$23.0 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Pre-Opening Costs

Pre-opening costs consist primarily of direct salaries and wages, legal and consulting fees, insurance, utilities and advertising, and are expensed as incurred. During the years ended December 31, 2014, 2013 and 2012, the Company incurred pre-opening costs primarily in connection with the design and construction of Wynn Palace in the Cotai area of Macau.

Income Taxes

The Company is subject to income taxes in the U.S. and other foreign jurisdictions where it operates. Accounting standards require the recognition of deferred tax assets, net of applicable reserves, and liabilities for the estimated future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on the income tax provision and deferred tax assets and liabilities is recognized in the results of operations in the period that includes the enactment date. Accounting standards also require recognition of a future tax benefit to the extent that realization of such benefit is more likely than not. Otherwise, a valuation allowance is applied.

The Company's income tax returns are subject to examination by the IRS and other tax authorities in the locations where it operates. The Company assesses potentially unfavorable outcomes of such examinations based on accounting standards for uncertain income taxes. The accounting standards prescribe a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements.

Uncertain tax position accounting standards apply to all tax positions related to income taxes. These accounting standards utilize a two-step approach for evaluating tax positions. If a tax position, based on its technical merits, is deemed more likely

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

than not to be sustained, then the tax benefit is measured as the largest amount of benefit that is more likely than not to be realized upon settlement.

As applicable, the Company will recognize accrued penalties and interest related to unrecognized tax benefits in the provision for income taxes.

Foreign Currency

Gains or losses from foreign currency remeasurements are included in other income (expense) in the accompanying Consolidated Statements of Income. The results of operations and the balance sheet of Wynn Macau, Limited and its subsidiaries are translated from Macau patacas to U.S. dollars. Balance sheet accounts are translated at the exchange rate in effect at each year-end. Income statement accounts are translated at the average rate of exchange prevailing during the year. Translation adjustments resulting from this process are charged or credited to other comprehensive income.

Comprehensive Income

Comprehensive income includes net income and all other non-stockholder changes in equity, or other comprehensive income. Components of the Company's comprehensive income are reported in the accompanying Consolidated Statements of Stockholders' Equity and Consolidated Statements of Comprehensive Income. The cumulative balance of other comprehensive income consists solely of currency translation adjustments and unrealized gain (loss) on available-for-sale securities.

Fair Value Measurements

The Company measures certain of its financial assets and liabilities, such as cash equivalents, available-for-sale securities and interest rate swaps, at fair value on a recurring basis pursuant to accounting standards for fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These accounting standards establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The following table presents assets and liabilities carried at fair value (in thousands):

		Fair Value Measurements Using:		
		Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
	December 31, 2014			
Assets:				
Cash equivalents	\$ 1,156,285	\$ 828	\$ 1,155,457	—
Interest rate swaps	\$ 5,915	—	\$ 5,915	—
Restricted cash	\$ 977	\$ 977	—	—
Available-for-sale securities	\$ 250,313	—	\$ 250,313	—
Liabilities:				
Redemption note	\$ 1,936,443	—	\$ 1,936,443	—

		Fair Value Measurements Using:		
		Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
	December 31, 2013			
Assets:				
Cash equivalents	\$ 1,349,647	\$ 220,923	\$ 1,128,724	—
Interest rate swaps	\$ 10,308	—	\$ 10,308	—
Restricted cash	\$ 199,936	—	\$ 199,936	—
Available-for-sale securities	\$ 254,388	—	\$ 254,388	—
Liabilities:				
Redemption note	\$ 1,936,443	—	\$ 1,936,443	—

As of December 31, 2014 and 2013, approximately 19% and 91% of the Company's cash equivalents categorized as Level 2 were deposits held in foreign currencies, respectively.

Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing net income attributable to Wynn Resorts, Limited by the weighted average number of shares outstanding during the year. Diluted EPS is computed by dividing net income attributable to Wynn Resorts, Limited by the weighted average number of common shares outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if the potential dilutive securities had been issued. Potentially dilutive securities include outstanding stock options and unvested restricted stock.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The weighted average number of common and common equivalent shares used in the calculation of basic and diluted EPS consisted of the following (in thousands, except per share amount):

	Years Ended December 31,		
	2014	2013	2012
Numerator:			
Net income attributable to Wynn Resorts, Ltd.	\$ 731,554	\$ 728,652	\$ 502,036
Denominator:			
Weighted average common shares outstanding	100,927	100,540	103,092
Potential dilutive effect of stock options and restricted stock	1,004	1,101	1,157
Weighted average common and common equivalent shares outstanding	101,931	101,641	104,249
Net income attributable to Wynn Resorts, Ltd. per common share, basic	\$ 7.25	\$ 7.25	\$ 4.87
Net income attributable to Wynn Resorts, Ltd. per common share, diluted	\$ 7.18	\$ 7.17	\$ 4.82
Anti-dilutive stock options excluded from the calculation of diluted earnings per share	26	92	680

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with accounting standards which require the compensation cost relating to share-based payment transactions be recognized in the Company's Consolidated Statements of Income. The cost is measured at the grant date, based on the estimated fair value of the award using the Black-Scholes option pricing model for stock options, and based on the closing share price of the Company's stock on the grant date for nonvested share awards. The cost is recognized as an expense on a straight-line basis over the employee's requisite service period (the vesting period of the award) net of estimated forfeitures. The Company's stock-based employee compensation arrangements are more fully discussed in Note 15 "Stock-Based Compensation".

Recently Issued Accounting Standards

In August 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standards update that requires management to assess an entity's ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. Substantial doubt about an entity's ability to continue as a going concern exists when relevant conditions and events, consolidated in the aggregate, indicate that it is probable that an entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued. Currently, there is no guidance in U.S. GAAP for management's responsibility to perform an evaluation. Under the update, management's evaluation is to be performed when preparing financial statements for each annual and interim reporting period and based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. The Company will adopt this standard effective January 1, 2017. The Company is currently assessing the impact the adoption of this standard will have on its consolidated financial statements.

In June 2014, the FASB issued an accounting standards update that requires that a performance target that affects vesting, and that could be achieved after the requisite service period, be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant date fair value of the award. This update further clarifies that compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period or periods for which the requisite service has already been rendered. The effective date for this update is for the annual and interim periods beginning after December 15, 2015. Early application is permitted. The Company does not anticipate that the adoption of this standard will have a material impact on its consolidated financial statements.

In May 2014, the FASB issued an accounting standards update that amends the FASB Accounting Standards Codification and creates a new topic for Revenue from Contracts with Customers. The new guidance is expected to clarify the principles for revenue recognition and to develop a common revenue standard for U.S. GAAP applicable to revenue transactions. This guidance provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This guidance also provides substantial revision of interim and annual disclosures. The update allows for either full retrospective adoption, meaning the guidance is applied for all periods presented, or modified retrospective adoption, meaning the guidance is applied only to the most current period presented in the financial statements with the cumulative effect of initially applying the guidance recognized at the date of initial application. The effective date for this update is for the annual and interim periods beginning after December 15, 2016. Early application is not permitted. The Company will adopt this standard effective January 1, 2017. The Company is currently assessing the impact the adoption of this standard will have on its consolidated financial statements.

In July 2013, the FASB issued an accounting standards update that amends the presentation requirements of an unrecognized tax benefit when a loss or other carryforward exists. The update would require the netting of unrecognized tax benefits against a deferred tax asset for a loss or other carryforward that would apply in settlement of the uncertain tax positions. The effective date for this update is for the annual and interim periods beginning after December 15, 2013. The Company adopted this standard during the first quarter of 2014. The adoption of this update prospectively resulted in the presentation of unrecognized tax benefits of \$29.2 million previously reflected in other long-term liabilities to be classified in long-term deferred income taxes, net, in the accompanying Consolidated Balance Sheets, at December 31, 2014.

Note 3 - Accumulated Other Comprehensive Income

The following table presents the changes by component, net of tax and noncontrolling interest, in accumulated other comprehensive income of the Company (in thousands):

	Foreign currency translation	Unrealized gain (loss) on securities	Accumulated other comprehensive income
December 31, 2013	\$ 2,874	\$ 39	\$ 2,913
Current period other comprehensive gain (loss)	129	(208)	(79)
Amounts reclassified from accumulated other comprehensive income	(333)	4	(329)
Net current-period other comprehensive loss	(204)	(204)	(408)
December 31, 2014	\$ 2,670	\$ (165)	\$ 2,505

Note 4 - Investment Securities

Investment securities consisted of the following (in thousands):

	December 31, 2014				December 31, 2013			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value (net carrying amount)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value (net carrying amount)
Domestic and foreign corporate bonds	\$ 204,045	\$ 28	\$ (174)	\$ 203,899	\$ 221,418	\$ 140	\$ (124)	\$ 221,434
Commercial paper	46,434	1	(21)	46,414	32,941	16	(3)	32,954
	<u>\$ 250,479</u>	<u>\$ 29</u>	<u>\$ (195)</u>	<u>\$ 250,313</u>	<u>\$ 254,359</u>	<u>\$ 156</u>	<u>\$ (127)</u>	<u>\$ 254,388</u>

For investments with unrealized losses as of December 31, 2014, the Company has determined that (i) it does not have the intent to sell any of these investments, and (ii) it is not likely that the Company will be required to sell these investments prior to the recovery of the amortized cost. Accordingly, the Company has determined that no other-than-temporary impairments exist at the reporting date.

The Company obtains pricing information in determining the fair value of its available-for-sale securities from independent pricing vendors. Based on management's inquiries, the pricing vendors use various pricing models consistent with what other market participants would use. The assumptions and inputs used by the pricing vendors are derived from market observable sources including: reported trades, broker/dealer quotes, issuer spreads, benchmark curves, bids, offers and other market-related data. The Company has not made adjustments to such prices. Each quarter, the Company validates the fair value pricing methodology to determine the fair value is consistent with applicable accounting guidance and to confirm that the

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

securities are classified properly in the fair value hierarchy. The Company compares the pricing received from its vendors to independent sources for the same or similar securities.

The fair value of these investment securities at December 31, 2014, by contractual maturity, are as follows (in thousands):

	Fair value
Available-for-sale securities	
Due in one year or less	\$ 240,140
Due after one year through two years	10,173
	<u>\$ 250,313</u>

Note 5 - Receivables, net

Receivables, net consisted of the following (in thousands):

	As of December 31,	
	2014	2013
Casino	\$ 257,930	\$ 252,998
Hotel	15,474	15,386
Retail leases and other	39,231	47,539
	312,635	315,923
Less: allowance for doubtful accounts	(74,678)	(73,991)
	<u>\$ 237,957</u>	<u>\$ 241,932</u>

Note 6 - Property and Equipment, net

Property and equipment, net consisted of the following (in thousands):

	As of December 31,	
	2014	2013
Land and improvements	\$ 734,625	\$ 733,233
Buildings and improvements	3,883,626	3,883,442
Airplanes	126,491	135,040
Furniture, fixtures and equipment	1,749,288	1,686,522
Leasehold interest in land	316,431	316,550
Construction in progress	1,666,326	558,624
	8,476,787	7,313,411
Less: accumulated depreciation	(2,620,945)	(2,378,962)
	<u>\$ 5,855,842</u>	<u>\$ 4,934,449</u>

Construction in progress consists primarily of costs capitalized, including interest, for the construction of Wynn Palace.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 7 - Intangible Assets, net

Intangible assets, net consisted of the following (in thousands):

	As of December 31,	
	2014	2013
Indefinite-lived intangible assets:		
Trademarks	\$ 1,399	\$ 1,399
Water rights	6,400	6,400
Total indefinite-lived intangible assets	7,799	7,799
Finite-lived intangible assets:		
Macau Gaming Concession	42,300	42,300
Less: accumulated amortization	(24,432)	(22,048)
	17,868	20,252
Show Production rights	—	863
Less: accumulated amortization	—	(863)
	—	—
Massachusetts Gaming License	86,700	—
Less: accumulated amortization	—	—
	86,700	—
Other	2,716	2,716
Less: write-offs	(2,716)	—
	—	2,716
Total finite-lived intangible assets	104,568	22,968
Total intangible assets, net	\$ 112,367	\$ 30,767

Water rights and trademarks are indefinite-lived assets and, accordingly, not amortized. Water rights reflect the fair value allocation determined in the purchase of the property on which Wynn Las Vegas is located in April 2000. The value of the trademarks primarily represents the costs to acquire the “Le Rêve” name.

The Macau gaming concession is a finite-lived intangible asset and being amortized over the 20-year life of the concession. The Company expects that amortization of the Macau gaming concession will be \$2.4 million each year from 2015 through 2021, and \$1.2 million in 2022.

In November 2014, the Company was awarded a license to operate a casino in Massachusetts. The consideration paid to the State of Massachusetts for the license fee and certain costs incurred in connection with and contractually related to obtaining the license will be considered a finite-lived intangible asset. These amounts will be amortized beginning upon the opening of the resort.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 8 - Long-Term Debt

Long-term debt consisted of the following (in thousands):

	December 31,	
	2014	2013
Macau Related:		
Wynn Macau Credit Facilities:		
Senior Term Loan, due July 31, 2017 and July 31, 2018; interest at LIBOR or HIBOR plus 1.75%—2.50%, net of original issue discount of \$3,830 at December 31, 2014 and \$4,900 at December 31, 2013	\$ 948,823	\$ 948,028
Senior Revolving Credit Facility, due July 31, 2017, interest at LIBOR or HIBOR plus 1.75%—2.50%	132,524	—
5 1/4% Senior Notes, due October 15, 2021, including original issue premium of \$5,141 at December 31, 2014 and none at December 31, 2013	1,355,141	600,000
U.S. and Corporate Related:		
7 7/8% First Mortgage Notes, due May 1, 2020, net of original issue discount of \$1,279 at December 31, 2014 and \$1,463 at December 31, 2013	345,731	350,547
7 3/4% First Mortgage Notes, due August 15, 2020	1,226,600	1,320,000
5 3/8% First Mortgage Notes, due March 15, 2022	900,000	900,000
4 1/4% Senior Notes, due May 30, 2023	500,000	500,000
Redemption Price Promissory Note with former stockholder and related party, due February 18, 2022; interest at 2%	1,936,443	1,936,443
Note Payable, due April 1, 2017; interest at LIBOR plus 1.25%	—	32,550
	7,345,262	6,587,568
Current portion of long-term debt	—	(1,050)
	<u>\$ 7,345,262</u>	<u>\$ 6,586,518</u>

Macau Related Debt

Wynn Macau Credit Facilities

On July 31, 2012, Wynn Resorts (Macau) S.A. (“Wynn Macau SA”), an indirect subsidiary of Wynn Resorts, Limited, amended and restated its credit facilities from September 2004 (as amended and restated, the “Wynn Macau Credit Facilities”). The Wynn Macau Credit Facilities and related agreements expanded availability under Wynn Macau SA’s senior secured bank facility to \$2.5 billion (or equivalent in Hong Kong dollars), consisting of a \$1.55 billion equivalent senior secured revolving credit facility and a \$950 million equivalent fully funded senior secured term loan facility. The \$950 million equivalent senior term loan facility includes an increase of \$200 million equivalent from the exercise of an option by Wynn Macau SA on July 30, 2013. The exercise of Wynn Macau SA’s option to increase the senior term loan facility was pursuant to the terms and provisions of the Wynn Macau Credit Facilities. Borrowings under the Wynn Macau Credit Facilities, which consist of both Hong Kong Dollar and United States Dollar tranches, were used to refinance Wynn Macau SA’s existing indebtedness, and will be used to fund the design, development, construction and pre-opening expenses of Wynn Palace and for general corporate purposes.

The revolving credit facility matures in July 2017 and the term loan facility matures in July 2018. The principal amount of the term loan is required to be repaid in two equal installments in July 2017 and July 2018. The Wynn Macau Credit Facilities bear interest for the first six months after closing at LIBOR or HIBOR plus a margin of 2.50% and thereafter will be subject to LIBOR or HIBOR plus a margin of between 1.75% to 2.50% based on Wynn Macau SA’s leverage ratio. The annual fee required to pay for unborrowed amounts, if any, is 0.61% per annum, payable quarterly in arrears, calculated based on the daily average of the unborrowed amounts under such credit facilities.

Borrowings under the Wynn Macau Credit Facilities are guaranteed by Palo Real Estate Company Limited (“Palo”), a subsidiary of Wynn Macau SA, and by certain subsidiaries of the Company that own equity interests in Wynn Macau SA, and

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

are secured by substantially all of the assets of Wynn Macau SA, the equity interests in Wynn Macau SA and substantially all of the assets of Palo.

The Wynn Macau Credit Facilities contain a requirement that Wynn Macau SA must make mandatory repayments of indebtedness from specified percentages of excess cash flow. If Wynn Macau SA meets a Consolidated Leverage Ratio, as defined in the Wynn Macau Credit Facilities, of greater than 4.0 to 1, such repayment is defined as 50% of Excess Cash Flow, as defined in the Wynn Macau Credit Facilities. If the Consolidated Leverage Ratio is equal or less than 4.0 to 1, then no repayment is required.

The Wynn Macau Credit Facilities contain customary covenants restricting certain activities including, but not limited to: the incurrence of additional indebtedness, the incurrence or creation of liens on any of its property, sale and leaseback transactions, the ability to dispose of assets, and making loans or other investments. In addition, Wynn Macau SA was required by the financial covenants to maintain a Leverage Ratio, as defined in the Wynn Macau Credit Facilities, of not greater than 4.50 to 1 as of December 31, 2014, and an Interest Coverage Ratio, as defined in the Wynn Macau Credit Facilities, of not less than 2.00 to 1.

In connection with the initial financing of Wynn Macau SA, Wynn Macau SA entered into a Bank Guarantee Reimbursement Agreement with Banco Nacional Ultramarino, S.A. ("BNU") for the benefit of the Macau government. This guarantee assures Wynn Macau SA's performance under the casino concession agreement, including the payment of premiums, fines and indemnity for any material failure to perform under the terms of the concession agreement. As of December 31, 2014, the guarantee was in the amount of 300 million Macau patacas (approximately \$37 million) and will remain at such amount until 180 days after the end of the term of the concession agreement (2022). BNU, as issuer of the guarantee, is currently secured by a second priority security interest in the senior lender collateral package. From and after repayment of all indebtedness under the Wynn Macau Credit Facilities, Wynn Macau SA is obligated to promptly, upon demand by BNU, repay any claim made on the guarantee by the Macau government. BNU is paid an annual fee for the guarantee of approximately 2.3 million Macau patacas (approximately \$0.3 million).

In connection with amending the Wynn Macau Credit Facilities, the Company expensed \$17.7 million and capitalized \$33.2 million of financing costs in the year ended December 31, 2012.

As of December 31, 2014, the Company had \$1.42 billion of available borrowing capacity under the senior secured revolving credit facility.

5 1/4% Senior Notes due 2021

On March 20, 2014, Wynn Macau, Limited ("WML"), an indirect subsidiary of Wynn Resorts, Limited, issued \$750 million aggregate principal amount of 5 1/4% Senior Notes due 2021 (the "Additional 2021 Notes"), which were consolidated and form a single series with the \$600 million aggregate principal amount of 5 1/4% Senior Notes due 2021 issued by WML on October 16, 2013 (the "Original 2021 Notes" and together with the "Additional 2021 Notes", the "2021 Notes"). WML received net proceeds of approximately \$748.8 million after adding the original issue premium and deducting commissions and expenses of the offering. WML will use the net proceeds for working capital requirements and general corporate purposes.

The Additional 2021 Notes have the same terms and conditions as those of the Original 2021 Notes. The 2021 Notes will bear interest at the rate of 5 1/4% per annum and will mature on October 15, 2021. Interest on the 2021 Notes is payable semi-annually in arrears on April 15 and October 15 of each year, beginning on April 15, 2014. At any time on or before October 14, 2016, WML may redeem the 2021 Notes, in whole or in part, at a redemption price equal to the greater of (a) 100% of the aggregate principal amount of the 2021 Notes or (b) a "make-whole" amount as determined by an independent investment banker in accordance with the terms of the indenture for the 2021 Notes, dated as of October 16, 2013 (the "WML Indenture"). In either case, the redemption price would include accrued and unpaid interest. In addition, on or after October 15, 2016, WML may redeem the 2021 Notes, in whole or in part, at a premium decreasing annually from 103.94% of the principal amount to zero, plus accrued and unpaid interest. If WML undergoes a Change of Control (as defined in the WML Indenture), it must offer to repurchase the 2021 Notes at a price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest. In addition, the Company may redeem the 2021 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest, in response to any change in or amendment to certain tax laws or tax positions. Further, if a holder or beneficial owner of the 2021 Notes fails to meet certain requirements imposed by any Gaming Authority (as defined in the WML Indenture), WML may require the holder or beneficial owner to dispose of or redeem its 2021 Notes.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The 2021 Notes are WML's general unsecured obligations and rank pari passu in right of payment with all of WML's existing and future senior unsecured indebtedness; will rank senior to all of WML's future subordinated indebtedness, if any; will be effectively subordinated to all of WML's future secured indebtedness to the extent of the value of the assets securing such debt; and will be structurally subordinated to all existing and future obligations of WML's subsidiaries, including Wynn Macau SA's existing credit facilities. The 2021 Notes are not registered under the Securities Act of 1933, as amended (the "Securities Act"), and the 2021 Notes are subject to restrictions on transferability and resale.

The WML Indenture contains covenants limiting WML's (and certain of its subsidiaries') ability to, among other things: merge or consolidate with another company; transfer or sell all or substantially all of its properties or assets; and lease all or substantially all of its properties or assets. The terms of the WML Indenture contain customary events of default, including, but not limited to: default for 30 days in the payment when due of interest on the 2021 Notes; default in the payment when due of the principal of, or premium, if any, on the 2021 Notes; failure to comply with any payment obligations relating to the repurchase by WML of the 2021 Notes upon a change of control; failure to comply with certain covenants in the WML Indenture; certain defaults on certain other indebtedness; failure to pay judgments against WML or certain subsidiaries that, in the aggregate, exceed \$50 million; and certain events of bankruptcy or insolvency. In the case of an event of default arising from certain events of bankruptcy or insolvency, all 2021 Notes then outstanding will become due and payable immediately without further action or notice.

U.S. and Corporate Related Debt

Wynn America Credit Facilities

On November 20, 2014, Wynn America, LLC ("Wynn America"), an indirect wholly owned subsidiary of Wynn Resorts, Limited, and certain subsidiaries of Wynn America, entered into a \$1.25 billion senior secured credit facility. The senior secured credit facility consists of a \$375 million senior secured revolving credit facility and an \$875 million delay draw senior secured term loan facility (together, the "Wynn America Credit Facilities"). Borrowings under the Wynn America Credit Facilities will be used by the Company primarily to fund the design, development, construction and pre-opening expenses of the Wynn resort in Massachusetts and for other general corporate purposes.

The revolving credit facility matures in November 2019. The term loan facility matures in November 2020 and will require quarterly principal payments, scheduled to begin in June 2018. Subject to certain exceptions, the Wynn America Credit Facilities bear interest at either base rate plus 0.75% per annum or the reserve adjusted eurodollar rate plus 1.75% per annum. The annual fee required to pay for unborrowed amounts, if any, is 0.30% per annum, payable quarterly in arrears, calculated based on the daily average of the unborrowed amounts under such credit facilities.

Certain subsidiaries of Wynn America will guarantee the obligation of Wynn America under the credit facilities. Wynn America has agreed to use commercially reasonable efforts to cause a series of corporate restructurings and related transactions, including receipt of gaming approvals from relevant gaming authorities, pursuant to which Wynn Las Vegas, LLC and its subsidiaries will become subsidiaries of Wynn Las Vegas Holdings, LLC, a direct subsidiary of Wynn America (the "Wynn Las Vegas Reorganization"). Upon the consummation of the Wynn Las Vegas Reorganization (including receipt of all approvals required under applicable gaming laws and regulations), Wynn Las Vegas, LLC and its subsidiaries shall be restricted subsidiaries under the credit facilities but shall not guarantee the obligations of Wynn America until such time, and then only to such extent, as may be permitted by any then existing Wynn Las Vegas, LLC' senior secured notes.

The Wynn America Credit Facilities contain customary representation and warranties, events of default and negative and affirmative covenants, including, among other things, limitations on: indebtedness; investments; restricted payments; mergers and acquisitions; payments of indebtedness; negative pledges; liens; transactions with affiliates and sales of assets. In addition, Wynn America is subject to financial covenants including maintaining a Maximum Consolidated Senior Secured Net Leverage Ratio and a Minimum Consolidated EBITDA, each as defined in the Wynn America Credit Facilities. Commencing with the second full fiscal quarter ending after the fiscal quarter in which the opening of the Wynn Resort in Massachusetts occurs, the Maximum Consolidated Senior Secured Net Leverage Ratio is not to exceed 2.75 to 1. Commencing with the first full fiscal quarter ending with the fiscal quarter in which the Wynn Las Vegas Reorganization occurs, the Minimum Consolidated EBITDA is not to be less than \$200.0 million.

The Company has provided a completion guaranty in favor of the lenders under the Wynn America Credit Facilities to support the development and opening of the Wynn resort in Massachusetts.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Wynn America and the guarantors have entered into a security agreement in favor of the lenders under the Wynn America Credit Facilities pursuant to which, subject to certain exceptions, Wynn America and the guarantors have pledged all equity interests in the guarantors to the extent permitted by applicable law and granted a first priority security interest in substantially all of the other existing and future assets of the guarantors.

In connection with entering into the Wynn America Credit Facilities, the Company capitalized \$23.4 million of financing costs in the year ended December 31, 2014.

As of December 31, 2014, there were no amounts drawn under the Wynn America Credit Facilities, however, there were outstanding letters of credit totaling \$8.9 million reducing the available borrowing capacity to \$1.24 billion.

7 7/8% First Mortgage Notes due 2020

In April 2010, Wynn Las Vegas, LLC and Wynn Las Vegas Capital Corp. ("Wynn Capital"), an indirect wholly owned subsidiary of Wynn Resorts, Limited (together, the "Issuers") issued, in a private offering, \$352 million aggregate principal amount of 7 7/8% first mortgage notes due May 1, 2020 (the "7 7/8% 2020 Notes"). The 7 7/8% 2020 Notes were issued pursuant to an exchange offer for previously issued notes that were to mature in December 2014. Interest is due on the 7 7/8% 2020 Notes on May 1st and November 1st of each year. Commencing May 1, 2015, the 7 7/8% 2020 Notes are redeemable at the Issuers' option at a price equal to 103.938% of the principal amount redeemed and the premium over the principal amount declines ratably on May 1st of each year thereafter to zero on or after May 1, 2018. The 7 7/8% 2020 Notes are senior obligations of the Issuers and are unsecured (except by the first priority pledge by Wynn Resorts Holdings, LLC of its equity interests in Wynn Las Vegas, LLC (the "Holdings pledge")). The Issuers' obligations under the 7 7/8% 2020 Notes rank pari passu in right of payment with the 7 3/4% 2020 Notes (as defined below), the 2022 Notes (as defined below) and the 2023 Notes (as defined below). The 7 7/8% 2020 Notes are not guaranteed by any of the Company's subsidiaries. If the Issuers undergo a change of control, they must offer to repurchase the 7 7/8% 2020 Notes at 101% of the principal amount, plus accrued and unpaid interest. The indenture governing the 7 7/8% 2020 Notes contains customary negative covenants and financial covenants, including, but not limited to, covenants that restrict Wynn Las Vegas, LLC's ability to: pay dividends or distributions or repurchase equity; incur additional debt; make investments; create liens on assets to secure debt; enter into transactions with affiliates; enter into sale-leaseback transactions; merge or consolidate with another company; transfer and sell assets or create dividend and other payment restrictions affecting subsidiaries.

During the year ended December 31, 2014, Wynn Las Vegas, LLC repurchased and canceled \$5.0 million in principal, plus interest, of its 7 7/8% first mortgage notes due May 1, 2020 through the open market. The Company incurred \$0.5 million in expenses associated primarily with the premium paid for the repurchases and unamortized deferred financing costs and original issue discount, which is included in loss on extinguishment of debt in the accompanying Consolidated Statements of Income.

On February 10, 2015, the Issuers commenced a cash tender offer for any and all of the outstanding aggregate principal amount of the 7 7/8% 2020 Notes. Wynn Las Vegas, LLC accepted for purchase valid tenders with respect to approximately \$305.8 million of the \$377.0 million aggregate principal amount. For more information on the cash tender offer of the 7 7/8% 2020 Notes, see Note 20 "Subsequent Events".

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

7 3/4% First Mortgage Notes due 2020

In August 2010, the Issuers issued \$1.32 billion aggregate principal amount of 7 3/4% first mortgage notes due August 15, 2020 (the “7 3/4% 2020 Notes”). The 7 3/4% 2020 Notes were issued at par. The 7 3/4% 2020 Notes refinanced a previous notes issue that was to mature in December 2014. Interest is due on the 7 3/4% 2020 Notes on February 15th and August 15th of each year. Commencing August 15, 2015, the 7 3/4% 2020 Notes are redeemable at the Issuers’ option at a price equal to 103.875% of the principal amount redeemed and the premium over the principal amount declines ratably on August 15th of each year thereafter to zero on or after August 15, 2018. The 7 3/4% 2020 Notes are senior obligations of the Issuers and are unsecured (except by the Holdings pledge). The Issuers’ obligations under the 7 3/4% 2020 Notes rank pari passu in right of payment with the 7 7/8% 2020 Notes, the 2022 Notes (as defined below) and the 2023 Notes (as defined below). The 7 3/4% 2020 Notes are not guaranteed by any of the Company’s subsidiaries. If the Issuers undergo a change of control, they must offer to repurchase the 7 3/4% 2020 Notes at 101% of the principal amount, plus accrued and unpaid interest. The indenture governing the 7 3/4% 2020 Notes contains customary negative covenants and financial covenants, including, but not limited to, covenants that restrict Wynn Las Vegas, LLC’s ability to: pay dividends or distributions or repurchase equity; incur additional debt; make investments; create liens on assets to secure debt; enter into transactions with affiliates; enter into sale-leaseback transactions; merge or consolidate with another company; transfer and sell assets or create dividend and other payment restrictions affecting subsidiaries.

During the year ended December 31, 2014, Wynn Las Vegas, LLC repurchased and canceled \$93.4 million in principal, plus interest, of its 7 3/4% first mortgage notes due August 15, 2020 through the open market. The Company incurred \$9.1 million in expenses associated primarily with the premium paid for the repurchases and unamortized deferred financing costs included in loss on extinguishment of debt in the accompanying Consolidated Statements of Income.

On February 10, 2015, the Issuers commenced a cash tender offer for any and all of the outstanding aggregate principal amount of the 7 3/4% 2020 Notes. Wynn Las Vegas, LLC accepted for purchase valid tenders with respect to approximately \$1,146.5 million of the \$1,226.6 million aggregate principal amount. For more information on the cash tender offer of the 7 3/4% 2020 Notes, see Note 20 “Subsequent Events”.

5 3/8% First Mortgage Notes due 2022

In March 2012, the Issuers issued, in a private offering, \$900 million aggregate principal amount of 5 3/8% First Mortgage Notes due 2022 (the “2022 Notes”). A portion of the proceeds were used to repay all amounts outstanding under the Wynn Las Vegas, LLC term loan facilities. In October 2012, the Issuers commenced an offer to exchange all of the 2022 Notes for notes registered under the Securities Act of 1933, as amended. The exchange offer closed on November 6, 2012. Interest is due on the 2022 Notes on March 15th and September 15th of each year. Commencing March 15, 2017, the 2022 Notes are redeemable at the Issuers’ option at a price equal to 102.688% of the principal amount redeemed and the premium over the principal amount declines ratably on March 15th of each year thereafter to zero on or after March 15, 2020. The 2022 Notes are senior obligations of the Issuers and are unsecured (except by the Holdings pledge). The Issuers’ obligations under the 2022 Notes rank pari passu in right of payment with the 7 7/8% 2020 Notes, the 7 3/4% 2020 Notes and the 2023 Notes (as defined below). The 2022 Notes are not guaranteed by any of the Company’s subsidiaries. If the Issuers undergo a change of control, they must offer to repurchase the 2022 Notes at 101% of the principal amount, plus accrued and unpaid interest. The indenture governing the 2022 Notes contains customary negative covenants and financial covenants, including, but not limited to, covenants that restrict Wynn Las Vegas, LLC’s ability to: pay dividends or distributions or repurchase equity; incur additional debt; make investments; create liens on assets to secure debt; enter into transactions with affiliates; enter into sale-leaseback transactions; merge or consolidate with another company; transfer and sell assets or create dividend and other payment restrictions affecting subsidiaries.

4 1/4% Senior Notes due 2023

In May 2013, the Issuers completed the issuance of \$500 million aggregate principal amount of 4 1/4% Senior Notes due 2023 (the “2023 Notes”) pursuant to an indenture, dated as of May 22, 2013 (the “2023 Indenture”), among the Issuers, the Guarantors (as defined below) and U.S. Bank National Association, as trustee. The 2023 Notes were issued at par. The Issuers used the net proceeds from the 2023 Notes to cover the cost of purchasing the 2017 Notes tendered in the tender offer. In addition, the Issuers satisfied and discharged the 2017 Indenture and, in November 2013, used the remaining net proceeds to redeem all of the 2017 Notes not previously tendered. In connection with the issuance of the 2023 Notes, the Company capitalized approximately \$4.1 million of financing costs.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The 2023 Notes will mature on May 30, 2023 and bear interest at the rate of 4 1/4% per annum. The Issuers may, at their option, redeem the 2023 Notes, in whole or in part, at any time or from time to time prior to their stated maturity. The redemption price for 2023 Notes that are redeemed before February 28, 2023 will be equal to the greater of (a) 100% of the principal amount of the 2023 Notes to be redeemed or (b) a “make-whole” amount described in the 2023 Indenture, plus in either case accrued and unpaid interest to, but not including, the redemption date. The redemption price for the 2023 Notes that are redeemed on or after February 28, 2023 will be equal to 100% of the principal amount of the 2023 Notes to be redeemed, plus accrued and unpaid interest to, but not including, the redemption date. In the event of a change of control triggering event, the Issuers will be required to offer to repurchase the 2023 Notes at 101% of the principal amount, plus accrued and unpaid interest to but not including the repurchase date. The 2023 Notes are also subject to mandatory redemption requirements imposed by gaming laws and regulations of gaming authorities in Nevada.

The 2023 Notes are the Issuers’ senior unsecured obligations and rank pari passu in right of payment with the Issuers’ outstanding 7 7/8% 2020 Notes, 7 3/4% 2020 Notes and the 2022 Notes. The 2023 Notes are secured by a first priority pledge of the Company’s equity interests. The equity interests of the Company also secure the Issuers’ outstanding 7 7/8% 2020 Notes, 7 3/4% 2020 Notes and the 2022 Notes. If Wynn Resorts, Limited receives an investment grade rating from one or more ratings agencies, the first priority pledge securing the 2023 Notes will be released.

The 2023 Notes are jointly and severally guaranteed by all of the Issuers’ subsidiaries, other than Wynn Las Vegas Capital Corp., which was a co-issuer (the “Guarantors”). The guarantees are senior unsecured obligations of the Guarantors and rank senior in right of payment to all of their existing and future subordinated debt. The guarantees rank equally in right of payment with all existing and future liabilities of the Guarantors that are not so subordinated and will be effectively subordinated in right of payment to all of such Guarantors’ existing and future secured debt (to the extent of the collateral securing such debt).

The 2023 Indenture contains covenants limiting the Issuers’ and the Guarantors’ ability to create liens on assets to secure debt; enter into sale-leaseback transactions; and merge or consolidate with another company. These covenants are subject to a number of important and significant limitations, qualifications and exceptions.

Events of default under the 2023 Indenture include, among others, the following: default for 30 days in the payment when due of interest on the 2023 Notes; default in payment when due of the principal of, or premium, if any, on the 2023 Notes; failure to comply with certain covenants in the 2023 Indenture; and certain events of bankruptcy or insolvency. In the case of an event of default arising from certain events of bankruptcy or insolvency with respect to the Issuers or any Guarantor, all 2023 Notes then outstanding will become due and payable immediately without further action or notice.

The 2023 Notes were offered pursuant to an exemption under the Securities Act of 1933, as amended (the “Securities Act”). The 2023 Notes were offered only to qualified institutional buyers in reliance on Rule 144A under the Securities Act or outside the United States to certain persons in reliance on Regulation S under the Securities Act. The 2023 Notes have not been and will not be registered under the Securities Act of 1933 or under any state securities laws. Therefore, the 2023 Notes may not be offered or sold within the United States to, or for the account or benefit of, any United States person unless the offer or sale would qualify for a registration exemption from the Securities Act and applicable state securities laws.

Redemption Price Promissory Note

Based on the Board of Directors’ finding of “unsuitability,” on February 18, 2012, the Company redeemed and canceled Aruze’s 24,549,222 shares of Wynn Resorts’ common stock. Following a finding of “unsuitability,” Wynn Resorts’ articles of incorporation authorize redemption of the shares held by unsuitable persons at a “fair value” redemption price. The Company engaged an independent financial advisor to assist in the fair value calculation and concluded that a discount to the then current trading price was appropriate because of, among other things, restrictions on most of the shares held by Aruze under the terms of the Stockholders Agreement (as defined below). Pursuant to its articles of incorporation, the Company issued the Redemption Note to Aruze, a former stockholder and related party, in redemption of the shares. The Redemption Note has a principal amount of \$1.94 billion, matures on February 18, 2022 and bears interest at the rate of 2% per annum payable annually in arrears on each anniversary of the date of the Redemption Note. The Company may, in its sole and absolute discretion, at any time and from time to time, and without penalty or premium, prepay the whole or any portion of the principal or interest due under the Redemption Note. In no instance shall any payment obligation under the Redemption Note be accelerated except in the sole and absolute discretion of the Company or as specifically mandated by law. The indebtedness evidenced by the Redemption Note is and shall be subordinated in right of payment, to the extent and in the manner provided in the Redemption Note, to the prior payment in full of all existing and future obligations of Wynn Resorts and any of its affiliates in respect of indebtedness for borrowed money of any kind or nature.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The Company recorded the fair value of the Redemption Note of approximately \$1.94 billion in accordance with applicable accounting guidance. The Company utilized an independent third party valuation to assist in the determination of this fair value. In determining this fair value, the Company estimated the Redemption Note's present value using discounted cash flows with a probability weighted expected return for redemption assumptions and a discount rate which included time value and non-performance risk adjustments commensurate with risk of the Redemption Note.

Considerations for the redemption assumptions included the stated maturity of the Redemption Note, uncertainty of the related cash flows as well as potential effects of the following: uncertainties surrounding the potential outcome and timing of pending litigation with the Okada Parties (see Note 17 "Commitments and Contingencies"); the outcome of on-going investigations of Aruze by the United States Attorney's Office, the U.S. Department of Justice and the Nevada Gaming Control Board; and other potential legal and regulatory actions. In addition, in the furtherance of various future business objectives, the Company considered its ability, at its sole option, to prepay the Redemption Note at any time in accordance with its terms without penalty. Accordingly, the Company reasonably determined that the estimated life of the Redemption Note could be less than the contractual life of the Redemption Note.

In determination of the appropriate discount rate to be used in the estimated present value, the Redemption Note's subordinated position relative to all other debt in the Company's capital structure and credit ratings associated with the Company's traded debt were considered. Observable inputs for the risk free rate based on Federal Reserve rates for U.S. Treasury securities and credit risk spread based on a yield curve index of similarly rated debt was used. As a result of this analysis, the Company concluded the Redemption Notes's stated rate of 2% approximated a market rate.

The Okada Parties have challenged the redemption of Aruze's shares and the Company is currently involved in litigation with those parties as well as related shareholder derivative litigation. See further discussion in Note 17 "Commitments and Contingencies".

On each of February 14, 2013 and February 13, 2014, the Company issued checks to Aruze in the amount of \$38.7 million, representing the interest payments due on the Redemption Note at those times. However, those checks were not cashed. In February 2014, the Okada Parties advised of their intent to deposit any checks for interest and principal, past and future, due under the terms of the Redemption Note to the clerk of the court for deposit into the clerk's trust account. On March 17, 2014, the parties stipulated that the checks be returned to the Company for reissue in the same amounts, payable to the clerk of the court for deposit into the clerk's trust account. Pursuant to the stipulation, on March 20, 2014, the Company delivered to the clerk of the court the reissued checks that were deposited into the clerk's trust account and filed a notice with the court with respect to the same. On February 13, 2015, the Company issued a check for interest payment due at that time to the clerk of the court for deposit into the clerk's trust account.

As further discussed in Note 17 "Commitments and Contingencies", on June 19, 2012, Elaine Wynn asserted a cross claim against Stephen A. Wynn and Aruze seeking a declaration that (1) any and all of Elaine Wynn's duties under the Stockholders Agreement shall be discharged; (2) the Stockholders Agreement is subject to rescission and is rescinded; (3) the Stockholders Agreement is an unreasonable restraint on alienation in violation of public policy; and/or (4) the restrictions on sale of shares shall be construed as inapplicable to Elaine Wynn. The indenture for Wynn Las Vegas, LLC's 4 1/4% Senior Notes due 2023 (the "2023 Indenture") provides that if Stephen A. Wynn, together with certain related parties, in the aggregate beneficially owns a lesser percentage of the outstanding common stock of the Company than are beneficially owned by any other person, a change of control will have occurred. The indenture for Wynn Las Vegas, LLC's 5 1/2% Senior Notes due 2025 (the "2025 Indenture") provides that if any event constitutes a "change of control" under the 2023 Indenture, it will constitute a change of control under the 2025 Indenture. If Elaine Wynn prevails in her cross claim, Stephen A. Wynn would not beneficially own or control Elaine Wynn's shares, which could increase the likelihood that a change in control may occur under the Wynn Las Vegas debt documents. Under the 2023 Indenture and the 2025 Indenture, if a change of control occurs and within 60 days after that occurrence, the 4 1/4% Senior Notes due 2023 or the 5 1/2% Senior Notes due 2025, as applicable, are rated below investment grade by both rating agencies that rate such notes, the Company is required to make an offer to each applicable holder to repurchase all or any part of such holder's notes at a purchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest on the notes purchased, if any, to the date of repurchase (unless the notes have been previously called for redemption). Mr. Wynn is opposing Ms. Wynn's cross claim.

The Company will continue to vigorously pursue its claims against the Okada Parties, and the Company, each of the members of the Company's Board of Directors (other than Mr. Okada) and Wynn Resorts' General Counsel (collectively, the "Wynn Parties") will continue to vigorously defend against the counterclaims asserted against them. The Company's claims and

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

the Okada Parties' counterclaims remain in an early stage and management has determined that based on proceedings to date, it is currently unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any. An adverse judgment or settlement involving payment of a material amount could cause a material adverse effect on our financial condition.

Note Payable for Aircraft

In March 2007, World Travel, LLC, a subsidiary of Wynn Las Vegas, LLC, entered into a loan agreement with a principal balance of \$42 million. The loan was guaranteed by Wynn Las Vegas, LLC and secured by a first priority security interest in one of the Company's aircraft. Principal payments of \$350,000 plus interest were made quarterly with a balloon payment of \$28 million due at maturity, April 1, 2017. Interest was calculated at 90-day LIBOR plus 125 basis points.

In November 2014, the Company sold the aircraft and fully repaid the remaining principal amount of \$31.5 million and all accrued interest on the note payable.

Debt Covenant Compliance

As of December 31, 2014, management believes the Company was in compliance with all debt covenants.

Fair Value of Long-Term Debt

The estimated fair value of the Company's long-term debt, excluding the Redemption Note, as of December 31, 2014 and 2013, was approximately \$5.4 billion and \$4.8 billion, respectively compared to its carrying value of \$5.4 billion and \$4.7 billion, respectively. The estimated fair value of the Company's long-term debt, excluding the Redemption Note, is based on recent trades, if available, and indicative pricing from market information (Level 2 inputs). See Note 2 "Summary of Significant Accounting Policies" for discussion on the estimated fair value of the Redemption Note.

Scheduled Maturities of Long-Term Debt

Scheduled maturities of long-term debt, including the accretion of debt discounts of \$5.1 million and amortization of debt premiums of \$5.1 million, are as follows (in thousands):

Years Ending December 31,	
2017	\$ 508,922
2018	576,256
2019	—
Thereafter	6,260,052
	<u>\$ 7,345,230</u>

Note 9 - Interest Rate Swaps

The Company has entered into floating-for-fixed interest rate swap arrangements in order to manage interest rate risk relating to certain of its debt facilities. These interest rate swap agreements modify the Company's exposure to interest rate risk by converting a portion of the Company's floating-rate debt to a fixed rate. These interest rate swaps essentially fix the interest rate at the percentages noted below; however, changes in the fair value of the interest rate swaps for each reporting period have been recorded as an increase (decrease) in swap fair value in the accompanying Consolidated Statements of Income, as the interest rate swaps do not qualify for hedge accounting.

The Company utilized Level 2 inputs as described in Note 2 "Summary of Significant Accounting Policies" to determine fair value. The fair value approximates the amount the Company would pay if these contracts were settled at the respective valuation dates. Fair value is estimated based upon current, and predictions of future, interest rate levels along a yield curve, the remaining duration of the instruments and other market conditions, and therefore, is subject to significant estimation and a high degree of variability and fluctuation between periods. The fair value is adjusted, to reflect the impact of credit ratings of the counterparties or the Company, as applicable. These adjustments resulted in a reduction in the fair values as compared to their settlement values. As of December 31, 2014 and 2013, the interest rate swaps were recorded as an asset of \$5.9 million and \$10.3 million, respectively, and included in deposits and other assets.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The Company currently has three interest rate swap agreements intended to hedge a portion of the underlying interest rate risk on borrowings under the Amended Wynn Macau Credit Facilities. Under two of the swap agreements, the Company pays a fixed interest rate (excluding the applicable interest margin) of 0.73% on notional amounts corresponding to borrowings of HK\$3.95 billion (approximately \$509.4 million) incurred under the Amended Wynn Macau Credit Facilities in exchange for receipts on the same amount at a variable interest rate based on the applicable HIBOR at the time of payment. These interest rate swaps fix the all-in interest rate on such amounts at 2.48% to 3.23%. These interest rate swap agreements mature in July 2017.

Under the third swap agreement, the Company pays a fixed interest rate (excluding the applicable interest margin) of 0.68% on notional amounts corresponding to borrowings of \$243.8 million incurred under the Amended Wynn Macau Credit Facilities in exchange for receipts on the same amount at a variable rate based on the applicable LIBOR at the time of payment. This interest rate swap fixes the all-in interest rate on such amounts at 2.43% to 3.18%. This interest rate swap agreement matures in July 2017.

Note 10 - Related Party Transactions

Related Party Share Redemption

Based on the Board of Directors' finding of "unsuitability," on February 18, 2012, the Company redeemed and canceled Aruze's 24,549,222 shares of Wynn Resorts' common stock. Following a finding of "unsuitability," Wynn Resorts' articles of incorporation authorize redemption of the shares held by unsuitable persons at a "fair value" redemption price. The Company engaged an independent financial advisor to assist in the fair value calculation and concluded that a discount to the then current trading price was appropriate because of, among other things, restrictions on most of the shares which were subject to the terms of an existing stockholder agreement. Pursuant to its articles of incorporation, the Company issued the Redemption Note to Aruze, a former stockholder and related party, in redemption of the shares. Aruze, Universal Entertainment Corporation and Kazuo Okada have challenged the redemption of Aruze's shares and we are currently involved in litigation with those parties as well as related shareholder derivative litigation. The outcome of these various proceedings cannot be predicted. The Company's claims and the Okada Parties' counterclaims are in a preliminary stage and management has determined that based on proceedings to date, it is currently unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any. An adverse judgment or settlement involving payment of a material amount could cause a material adverse effect on our financial condition.

Amounts Due to Officers

The Company periodically provides services to Stephen A. Wynn, Chairman of the Board of Directors and Chief Executive Officer ("Mr. Wynn"), and certain other officers and directors of the Company, including the personal use of employees, construction work and other personal services. Mr. Wynn and other officers and directors have deposits with the Company to prepay any such items, which are replenished on an ongoing basis as needed. As of December 31, 2014 and 2013, Mr. Wynn and the other officers and directors had a net deposit balance with the Company of \$0.6 million and \$0.8 million, respectively.

Villa Lease

On March 18, 2010, Mr. Wynn and Wynn Las Vegas, LLC entered into an Amended and Restated Agreement of Lease (the "Prior SW Lease") for a villa to serve as Mr. Wynn's personal residence. The Prior SW Lease amended and restated a previous lease. The Prior SW Lease was approved by the Audit Committee of the Board of Directors of the Company. The term of the Prior SW Lease commenced as of March 1, 2010 and ran concurrent with Mr. Wynn's employment agreement with the Company; provided that either party could terminate on 90 days notice. Pursuant to the Prior SW Lease, the rental value of the villa was treated as imputed income to Mr. Wynn, and was equal to the fair market value of the accommodations provided. Effective March 1, 2010, and for the first two years of the term of the Prior SW Lease, the rental value was \$503,831 per year. Effective March 1, 2012, the rental value was \$440,000 per year.

On May 7, 2013, Wynn Las Vegas, LLC entered into a 2013 Amended and Restated Agreement of Lease (the "Existing SW Lease"), effective December 29, 2012, to include an expansion of the villa and to adjust the rental value accordingly to \$525,000 per year based on the current fair market value as established by the Audit Committee of the Company with the assistance of an independent third-party expert opinion of value.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

On November 7, 2013, Mr. Wynn and Wynn Las Vegas, LLC entered into a 2013 Second Amended and Restated Agreement of Lease (the “New SW Lease”) amending and restating the Existing SW Lease, effective as of November 5, 2013. The New SW Lease was approved by the Audit Committee of the Board of Directors of Wynn Resorts. Pursuant to the New SW Lease, effective as of November 5, 2013, Mr. Wynn will pay Wynn Las Vegas, LLC annual rent for the villa of \$525,000, which amount was determined to be the fair market value of the accommodations based on a third-party expert opinion of value and which is consistent with the rental value under the Existing SW Lease. In addition, pursuant to the New SW Lease, the Company pays for all capital improvements to the villa and will reimburse Mr. Wynn for all amounts he previously paid the Company for capital improvements to the villa in 2012 and 2013. The rental value for the villa will be re-determined every two years during the term of the New SW Lease by the Audit Committee. Certain services for, and maintenance of, the villa are included in the rental.

On February 25, 2015, Mr. Wynn and Wynn Las Vegas, LLC entered into the First Amendment to 2013 Second Amended and Restated Agreement of Lease, which increased the annual rent to \$559,295 per year, effective as of March 1, 2015 through February 28, 2017.

Home Purchase

In May 2010, the Company entered into an employment agreement with Linda Chen, who is the Chief Operating Officer of Wynn Macau. The term of the employment agreement is through February 24, 2020. Under the terms of the employment agreement, the Company purchased a home in Macau for use by Ms. Chen and has made renovations to the home with total costs of \$9.4 million through December 31, 2014. Upon the occurrence of certain events set forth below, Ms. Chen has the option to purchase the home at the then fair market value of the home (as determined by an independent appraiser) less a discount equal to ten percentage points multiplied by each anniversary of the term of the agreement that has occurred (the “Discount Percentage”). The option is exercisable for (a) no consideration at the end of the term, (b) \$1.00 in the event of termination of Ms. Chen’s employment without “cause” or termination of Ms. Chen’s employment for “good reason” following a “change of control” and (c) at a price based on the applicable Discount Percentage in the event Ms. Chen terminates the agreement due to material breach by the Company. Upon Ms. Chen’s termination for “cause,” Ms. Chen will be deemed to have elected to purchase the Macau home based on the applicable Discount Percentage unless the Company determines to not require Ms. Chen to purchase the home. If Ms. Chen’s employment terminates for any other reason before the expiration of the term (e.g., because of her death or disability or due to revocation of gaming license), the option will terminate.

Plane Option Agreement

On January 3, 2013, the Company and Mr. Wynn entered into an agreement pursuant to which Mr. Wynn agreed to terminate a previously granted option to purchase an approximately two acre tract of land located on the Wynn Las Vegas golf course and, in return, the Company granted Mr. Wynn the right to purchase any or all of the aircraft owned by the Company or its direct wholly owned subsidiaries. The aircraft purchase option is exercisable upon 30 days written notice and at a price equal to the book value of such aircraft, and will terminate on the date of termination of the employment agreement between the Company and Mr. Wynn, which expires in October 2022.

The “Wynn” Surname Rights Agreement

On August 6, 2004, the Company entered into agreements with Mr. Wynn that confirm and clarify the Company’s rights to use the “Wynn” surname and Mr. Wynn’s persona in connection with its casino resorts. Under the parties’ Surname Rights Agreement, Mr. Wynn granted the Company an exclusive, fully paid-up, perpetual, worldwide license to use, and to own and register trademarks and service marks incorporating the “Wynn” surname for casino resorts and related businesses, together with the right to sublicense the name and marks to its affiliates. Under the parties’ Rights of Publicity License, Mr. Wynn granted the Company the exclusive, royalty-free, worldwide right to use his full name, persona and related rights of publicity for casino resorts and related businesses, together with the ability to sublicense the persona and publicity rights to its affiliates, until October 24, 2017.

Note 11 - Property Charges and Other

Property charges and other consisted of the following (in thousands):

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

	Years Ended December 31,		
	2014	2013	2012
Net loss on assets abandoned/retired for remodel or sold	\$ 6,975	\$ 7,358	\$ 29,524
Donation to University of Macau Foundation	3,462	3,780	4,083
Loss on contract termination	—	6,000	315
Loss on show cancellation	—	—	6,056
	<u>\$ 10,437</u>	<u>\$ 17,138</u>	<u>\$ 39,978</u>

Property charges and other generally include costs related to the retirement of assets for remodels and asset abandonments. Property charges and other for the year ended December 31, 2014 include costs associated with the renovation of approximately 27,000 square feet of casino space at Wynn Macau for new VIP gaming rooms, partially offset for gain on sale of an aircraft. These new VIP gaming rooms opened in February 2015.

Property charges and other for the year ended December 31, 2013 include fees paid in connection with the termination of a contract, miscellaneous renovations and abandonments at our resorts and entertainment development costs.

Property charges and other for the year ended December 31, 2012 include the remodel of a Las Vegas restaurant, charges associated with the termination of a Las Vegas show that ended its run in November 2012, and miscellaneous renovations and abandonments at our resorts.

Note 12 - Stockholders' Equity

Common Stock

The Company is authorized to issue up to 400,000,000 shares of its common stock, \$0.01 par value per share (the "Common Stock"). As of December 31, 2014 and 2013, 101,439,297 shares and 101,192,408 shares, respectively, of the Company's Common Stock were outstanding. Except as otherwise provided by the Company's articles of incorporation or Nevada law, each holder of the Common Stock is entitled to one vote for each share held of record on each matter submitted to a vote of stockholders. Holders of the Common Stock have no cumulative voting, conversion, redemption or preemptive rights or other rights to subscribe for additional shares. Subject to any preferences that may be granted to the holders of the Company's preferred stock, each holder of Common Stock is entitled to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available therefore, as well as any distributions to the stockholders and, in the event of liquidation, dissolution or winding up of the Company, is entitled to share ratably in all assets of the Company remaining after payment of liabilities.

The Board of Directors of Wynn Resorts has authorized an equity repurchase program of up to \$1.7 billion. The repurchase program may include repurchases from time to time through open market purchases or negotiated transactions, depending upon market conditions. As of December 31, 2014, the Company had repurchased a cumulative total of 12,804,954 shares of the Company's Common Stock for a net cost of \$1.1 billion under the program. Under the repurchase program, there were no repurchases made during the years ended December 31, 2014, 2013 and 2012.

During 2014, 2013 and 2012, the Company repurchased a total of 9,578 shares, 114,355 shares and 7,640 shares, respectively, in satisfaction of tax withholding obligations on vested restricted stock.

In February 2014, May 2014 and August 2014, the Company paid a dividend of \$1.25 per common share as part of a cash dividend program. In November 2014, the Company paid a dividend of \$1.50 per common share as part of a cash dividend program and an additional cash dividend of \$1.00 per share.

Preferred Stock

The Company is authorized to issue up to 40,000,000 shares of undesignated preferred stock, \$0.01 par value per share (the "Preferred Stock"). As of December 31, 2014, the Company had not issued any Preferred Stock. The Board of Directors, without further action by the holders of Common Stock, may designate and issue shares of Preferred Stock in one or more series and may fix or alter the rights, preferences, privileges and restrictions, including the voting rights, redemption provisions (including sinking fund provisions), dividend rights, dividend rates, liquidation rates, liquidation preferences, conversion rights

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

and the description and number of shares constituting any wholly unissued series of Preferred Stock. The issuance of such shares of Preferred Stock could adversely affect the rights of the holders of Common Stock. The issuance of shares of Preferred Stock under certain circumstances could also have the effect of delaying or preventing a change of control of the Company or other corporate action.

Redemption of Securities

Wynn Resorts' articles of incorporation provide that, to the extent a gaming authority makes a determination of unsuitability or to the extent the Board of Directors determines, in its sole discretion, that a person is likely to jeopardize the Company or any affiliates application for, receipt of, approval for, right to the use of, or entitlement to, any gaming license, Wynn Resorts may redeem shares of its capital stock that are owned or controlled by an unsuitable person or its affiliates. The redemption price will be the amount, if any, required by the gaming authority or, if the gaming authority does not determine the price, the sum deemed by the Board of Directors to be the fair value of the securities to be redeemed. If Wynn Resorts determines the redemption price, the redemption price will be capped at the closing price of the shares on the principal national securities exchange on which the shares are listed on the trading day before the redemption notice is given. If the shares are not listed on a national securities exchange, the redemption price will be capped at the closing sale price of the shares as quoted on The NASDAQ Global Select Market or if the closing price is not reported, the mean between the bid and ask prices, as quoted by any other generally recognized reporting system. Wynn Resorts' right of redemption is not exclusive of any other rights that it may have or later acquire under any agreement, its bylaws or otherwise. The redemption price may be paid in cash, by promissory note, or both, as required, and pursuant to the terms established by, the applicable Gaming Authority and, if not, as the Board of Directors of Wynn Resorts elects.

Based on the Board of Directors' finding of "unsuitability," on February 18, 2012, Wynn Resorts redeemed and canceled Aruze's 24,549,222 shares of Wynn Resorts' common stock. For more information, refer to Note 17 "Commitments and Contingencies".

Note 13 - Noncontrolling Interest

In October 2009, Wynn Macau, Limited, an indirect wholly owned subsidiary of the Company and the developer, owner and operator of Wynn Macau, listed its ordinary shares of common stock on The Stock Exchange of Hong Kong Limited. Through an initial public offering, including the over allotment, Wynn Macau, Limited sold 1,437,500,000 shares, 27.7% of this subsidiary's common stock (the "Wynn Macau Limited IPO"). The shares of Wynn Macau, Limited were not and will not be registered under the Securities Act and may not be offered or sold in the United States absent a registration under the Securities Act, or an applicable exception from such registration requirements. Net income attributable to noncontrolling interest was \$231.1 million, \$275.5 million and \$226.7 million for the years ended December 31, 2014, 2013 and 2012, respectively.

On September 23, 2014, Wynn Macau, Limited paid a dividend of HK\$0.70 per share for a total of \$469.2 million. The Company's share of this dividend was \$338.7 million with a reduction of \$130.6 million to noncontrolling interest in the accompanying Consolidated Balance Sheets.

On June 6, 2014, Wynn Macau, Limited paid a dividend of HK\$0.98 per share for a total of \$655.8 million. The Company's share of this dividend was \$474.0 million with a reduction of \$181.8 million to noncontrolling interest in the accompanying Consolidated Balance Sheets.

On September 23, 2013, Wynn Macau, Limited paid a dividend of HK\$0.50 per share for a total of \$334.5 million. The Company's share of this dividend was \$241.8 million with a reduction of \$92.7 million to noncontrolling interest in the accompanying Consolidated Balance Sheets.

On June 6, 2013, Wynn Macau, Limited paid a dividend of HK\$1.24 per share for a total of \$828.6 million. The Company's share of this dividend was \$599.1 million with a reduction of \$229.6 million to noncontrolling interest in the accompanying Consolidated Balance Sheets.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 14 - Benefit Plans*Defined contribution plans*

The Company established a retirement savings plan under Section 401(k) of the Internal Revenue Code covering its U.S. non-union employees in July 2000. The plan allows employees to defer, within prescribed limits, a percentage of their income on a pre-tax basis through contributions to this plan. For the 2014 plan year, the Company matched 50% of employee contributions, up to 6% of employees' eligible compensation, with a one-time annual matching cap of \$750 per employee. The company expensed \$2.0 million related to this match for the year ended December 31, 2014. For the 2013 plan year, the Company matched 50% of employee contributions, up to 6% of employees' eligible compensation, with a one-time annual matching cap of \$500 per employee. The company expensed \$1.2 million related to this match for the year ended December 31, 2013. The Company suspended matching contributions to this plan effective March 2009 and did not record any expense for matching contributions for the year ended December 31, 2012.

Wynn Macau also operates a defined contribution retirement benefits plan (the "Wynn Macau Plan"). Eligible employees are allowed to contribute 5% of their salary to the Wynn Macau Plan and the Company matches any contributions. The assets of the Wynn Macau Plan are held separately from those of the Company in an independently administered fund. The Company's matching contributions vest to the employee at 10% per year with full vesting in ten years. Forfeitures of unvested contributions are used to reduce the Company's liability for its contributions payable. During the years ended December 31, 2014, 2013 and 2012, the Company recorded an expense for matching contributions of \$8.7 million, \$7.5 million and \$7.1 million, respectively.

Multi-employer pension plan

Wynn Las Vegas contributes to a multi-employer defined benefit pension plan for certain of its union employees under the terms of the Southern Nevada Culinary and Bartenders Union collective-bargaining agreement. The collective-bargaining agreement that covers these union-represented employees expires in 2016. The legal name of the multi-employer pension plan is the Southern Nevada Culinary and Bartenders Pension Plan (the "Plan") (EIN: 88-6016617 Plan Number: 1). The Company recorded an expense of \$9.2 million, \$9.0 million and \$8.6 million for contributions to the Plan for the years ended December 31, 2014, 2013 and 2012, respectively. For the 2013 plan year, the most recent for which plan data is available, the Company's contributions were identified by the Plan to exceed 5% of total contributions for that year. Based on information the Company received from the Plan, it was certified to be in neither endangered nor critical status for the 2013 plan year. Risks of participating in a multi-employer plan differs from single-employer plans for the following reasons: (1) assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers; (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (3) if a participating employer stops participating, it may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Note 15 - Stock-Based Compensation*Wynn Resorts, Limited*

The Company's 2002 Stock Incentive Plan, as amended and restated (the "WRL 2002 Plan"), allowed it to grant stock options and nonvested shares of Wynn Resorts, Limited's common stock to eligible directors, officers, employees, and consultants of the Company. Under the WRL 2002 Plan, a maximum of 12,750,000 shares of the Company's common stock was reserved for issuance.

On May 16, 2014, the Company adopted the Wynn Resorts, Limited 2014 Omnibus Incentive Plan (the "Omnibus Plan") after approval from its stockholders. The Omnibus Plan allows for the grant of stock options, restricted stock, restricted stock units, stock appreciation rights, performance awards and other share-based awards to the same eligible participants as the WRL 2002 Plan. Under the approval of the Omnibus Plan, no new awards may be made under the WRL 2002 Plan. The outstanding awards under the WRL 2002 Plan were transferred to the Omnibus Plan and will remain pursuant to their existing terms and related award agreements. The Company reserved 4,409,390 shares of its common stock for issuance under the Omnibus Plan. These shares were transferred from the remaining available amount under the WRL 2002 Plan.

The Omnibus Plan is administered by the Compensation Committee (the "Committee") of the Wynn Resorts, Limited Board of Directors. The Committee has discretion under the Omnibus Plan regarding which type of awards to grant, the vesting and service requirements, exercise price and other conditions, in all cases subject to certain limits. For stock options,

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

the exercise price of stock options must be at least equal to the fair market value of the stock on the date of grant and the maximum term of such an award is 10 years.

As of December 31, 2014, the Company had an aggregate of 4,407,390 shares of its common stock available for grant as share-based awards under the Omnibus Plan.

Stock Options

The summary of stock option activity under the plans for the year ended December 31, 2014 is presented below:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2014	1,606,309	\$ 75.89		
Granted	25,800	\$ 201.22		
Exercised	(211,133)	\$ 52.51		
Forfeited or expired	(40,000)	\$ 140.36		
Outstanding at December 31, 2014	1,380,976	\$ 79.93	4.34	\$ 96,400,313
Fully vested and expected to vest at December 31, 2014	1,260,693	\$ 78.98	4.39	\$ 89,241,158
Exercisable at December 31, 2014	355,610	\$ 65.10	4.78	\$ 29,751,409

The following is provided for stock option exercises from the plans (in thousands, except weighted average grant date fair value):

	Years Ended December 31,		
	2014	2013	2012
Weighted average grant date fair value	\$ 29.29	\$ 39.93	\$ 33.03
Intrinsic value	\$ 30,485	\$ 33,830	\$ 22,416
Cash received	\$ 11,086	\$ 20,436	\$ 15,583
Tax benefits realized	\$ 8,506	\$ 6,362	\$ 4,903

As of December 31, 2014, there was a total of \$24.4 million of unamortized compensation related to stock options, which is expected to be recognized over a weighted-average period of 3.1 years.

Nonvested shares

The summary of nonvested share activity under the plans for the year ended December 31, 2014 is presented below:

	Shares	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2014	397,500	\$ 113.13
Granted	54,500	209.92
Vested	(52,834)	178.48
Forfeited	(9,166)	104.79
Nonvested at December 31, 2014	390,000	\$ 118.00

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The following is provided for the share award vesting from the plans (in thousands, except weighted average grant date fair value):

	Years Ended December 31,		
	2014	2013	2012
Weighted average grant date fair value	\$ 178.48	\$ 125.56	\$ 110.04
Fair value of shares vested	\$ 9,430	\$ 36,328	\$ 15,653
Tax benefits realized	\$ 870	\$ 4,112	\$ 634

As of December 31, 2014, there was a total of \$22.7 million of unamortized compensation related to nonvested shares, which is expected to be recognized over a weighted-average period of 3.0 years.

Wynn Macau, Limited

The Company's majority owned subsidiary Wynn Macau, Limited has two stock-based compensation plans which provide awards based on shares of Wynn Macau, Limited's common stock. The shares available for issuance under these plans are separate and distinct from the common stock of Wynn Resorts, Limited's share plan and are not available for issuance for any awards under the Wynn Resorts, Limited share plan.

Share Option Plan

Wynn Macau, Limited adopted a stock incentive plan effective September 16, 2009 for the grant of stock options to purchase shares of Wynn Macau, Limited to eligible directors and employees of its subsidiaries (the "Share Option Plan"). The Share Option Plan is administered by Wynn Macau, Limited's Board of Directors, which have the discretion on the vesting and service requirements, exercise price, performance targets to exercise if applicable and other conditions, subject to certain limits. A maximum of 518,750,000 shares have been reserved for issuance under the Share Option Plan.

The summary of stock option activity under the plan for the year ended December 31, 2014 is presented below:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2014	2,910,000	\$ 2.44		
Granted	644,000	\$ 4.00		
Exercised	(464,000)	\$ 1.66		
Outstanding at December 31, 2014	3,090,000	\$ 2.88	7.5	\$ —
Fully vested and expected to vest at December 31, 2014	3,090,000	\$ 2.88	7.5	\$ —
Exercisable at December 31, 2014	990,000	\$ 2.37	6.5	\$ 505,273

The following is provided for stock option exercises from the Share Option Plan (in thousands, except weighted average grant date fair value):

	Years Ended December 31,		
	2014	2013	2012
Weighted average grant date fair value	\$ 1.66	\$ 0.78	\$ 0.78
Intrinsic value	\$ 1,134	\$ —	\$ —
Cash received	\$ 773	\$ —	\$ —

As of December 31, 2014, there was a total of \$1.3 million of unamortized compensation related to stock options, which is expected to be recognized over a weighted-average period of 3.4 years.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Share Award Plan

On June 30, 2014, the Company's majority-owned subsidiary Wynn Macau, Limited approved and adopted the Wynn Macau, Limited Employee Ownership Scheme (the "Share Award Plan"). The Share Award Plan allows for the grant of nonvested shares of Wynn Macau, Limited's common stock to eligible employees. The Share Award Plan is administered by Wynn Macau, Limited's Board of Directors and has been mandated under the plan to allot, issue and procedure the transfer of a maximum of 50,000,000 shares. The Board of Directors have discretion on the vesting and service requirements, exercise price and other conditions, subject to certain limits.

The summary of nonvested share activity under the Share Award Plan for the year ended December 31, 2014 is presented below:

	Shares	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2014	—	—
Granted	8,019,000	\$ 3.81
Vested	—	—
Forfeited	(276,000)	\$ 3.81
Nonvested at December 31, 2014	<u>7,743,000</u>	<u>\$ 3.81</u>

As of December 31, 2014, no shares have vested under the Share Award Plan.

Compensation Cost

The total compensation cost for stock-based compensation plans are allocated as follows (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Casino	\$ 8,360	\$ 4,791	\$ 4,794
Rooms	216	853	313
Food and beverage	753	1,202	178
Entertainment, retail and other	55	477	43
General and administrative	29,770	32,214	14,320
Pre-opening costs	42	—	—
Total stock-based compensation expense	<u>39,196</u>	<u>39,537</u>	<u>19,648</u>
Total stock-based compensation capitalized	5,710	195	195
Total stock-based compensation costs	<u>\$ 44,906</u>	<u>\$ 39,732</u>	<u>\$ 19,843</u>

During 2014, the Company recognized an incremental \$17.9 million of stock-based compensation expense associated with the equity portion of 2014 annual performance awards for our executive management. These equity awards consist of immediately vested restricted stock granted in January 2015.

During the first quarter of 2014, the Company capitalized \$5.5 million of stock-based compensation into construction for a restricted stock award granted which immediately vested. The restricted stock award was granted to an employee of the Company's design, development and construction subsidiary and will be amortized over the useful life of the related asset.

During the second quarter of 2013, the Company recognized \$23.0 million of stock-based compensation expense due to the retirement of the Company's former chief operating officer and the related accelerated vesting of shares previously granted to him.

The Company uses the Black-Scholes valuation model to determine the estimated fair value for stock options with highly subjective assumptions, changes in which could materially affect the estimated fair value. Dividend yield is based on the estimate of annual dividends expected to be paid at the time of the grant. Expected volatility is based on implied and historical

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

factors related to the Company's common stock. The risk-free interest rate used for each period presented is based on the U.S. Treasury yield curve for stock options issued under the Wynn Resorts, Limited's plans and the Hong Kong Exchange Fund rates for stock options issued under the Share Option Plan, both at the time of grant for the period equal to the expected term. Expected term represents the weighted average time between the option's grant date and its exercise date. The Company used historical award exercise activity and termination activity in estimating the expected term for the Wynn Resorts, Limited plans. The Company uses the simplified method for estimating the expected term for Wynn Macau, Limited's Share Option Plan.

The fair value of stock options granted under Wynn Resorts, Limited's stock-based compensation plans were estimated on the date of grant using the following weighted-average assumptions:

	Years Ended December 31,		
	2014	2013	2012
Expected dividend yield	4.0%	3.0%	4.0%
Expected volatility	43.3%	39.4%	48.8%
Risk-free interest rate	1.6%	1.1%	1.2%
Expected term (years)	6.5	6.7	7.0

The fair value of stock options granted under Wynn Macau, Limited's Share Option Plan was estimated on the date of grant using the following weighted-average assumptions:

	Years Ended December 31,		
	2014	2013	2012
Expected dividend yield	5.0%	5.0%	4.0%
Expected stock price volatility	40.9%	43.3%	49.0%
Risk-free interest rate	1.1%	0.6%	0.7%
Expected term (years)	6.5	6.5	6.5

Note 16 - Income Taxes

Consolidated income (loss) before taxes for domestic and foreign operations consisted of the following (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Domestic	\$ 122,974	\$ (9,935)	\$ (87,122)
Foreign	835,888	996,458	820,120
Total	<u>\$ 958,862</u>	<u>\$ 986,523</u>	<u>\$ 732,998</u>

The income tax (benefit) provision attributable to income before income taxes is as follows (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Current			
Federal	\$ 2,260	\$ 135	\$ 5,912
Foreign	2,043	2,057	2,042
	<u>\$ 4,303</u>	<u>\$ 2,192</u>	<u>\$ 7,954</u>
Deferred			
Federal	\$ (13,286)	\$ (19,826)	\$ (3,655)
State	4,094	—	—
Foreign	1,107	—	—
	<u>(8,085)</u>	<u>(19,826)</u>	<u>(3,655)</u>
Total	<u>\$ (3,782)</u>	<u>\$ (17,634)</u>	<u>\$ 4,299</u>

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The income tax (benefit) provision differs from that computed at the federal statutory corporate tax rate as follows:

	Years Ended December 31,		
	2014	2013	2012
Federal statutory rate	35.0 %	35.0 %	35.0 %
Foreign tax rate differential	(19.1)%	(23.1)%	(25.6)%
Non-taxable foreign income	(13.1)%	(13.4)%	(15.4)%
Foreign tax credits, net of valuation allowance	(95.2)%	(89.3)%	1.7 %
Repatriation of foreign earnings	88.0 %	87.2 %	0.0 %
Other, net	2.9 %	1.9 %	3.6 %
Valuation allowance, other	1.1 %	(0.1)%	1.3 %
Effective tax rate	(0.4)%	(1.8)%	0.6 %

On November 30, 2010, Wynn Macau SA received an exemption from Macau's 12% Complementary Tax on casino gaming profits, thereby exempting the casino gaming profits of Wynn Macau SA through December 31, 2015. Accordingly for the years ended December 31, 2014, 2013, and 2012, the Company was exempted from the payment of \$99.4 million, \$107.3 million and \$87.1 million in such taxes or \$0.98, \$1.06 and \$0.84 per share, respectively. The Company's non-gaming profits remain subject to the Macau Complementary Tax and its casino winnings remain subject to the Macau Special Gaming tax and other levies in accordance with its concession agreement.

In July of 2011, Wynn Macau SA received an extension of its agreement with the Macau Special Administrative Region that provides for an annual payment of MOP \$15.5 million (approximately \$1.9 million U.S. dollars) as complementary tax otherwise due by shareholders of Wynn Macau SA on dividend distributions through 2015. As a result of the shareholder dividend tax agreements, income tax expense includes \$1.9 million for each of the years ended December 31, 2014, 2013 and 2012, respectively.

The Macau special gaming tax is 35% of gross gaming revenue. U.S. tax laws only allow a foreign tax credit up to 35% of "net" foreign source income. In February 2010, the Company and the IRS entered into a Pre-Filing Agreement ("PFA") providing that the Macau Special Gaming Tax qualifies as a tax paid in lieu of an income tax and could be claimed as a U.S. foreign tax credit.

During 2014 and 2013, the Company recognized tax benefits of \$895.0 million and \$879.7 million, respectively (net of valuation allowance and uncertain tax positions), for foreign tax credits generated applicable to the earnings of Wynn Macau SA. During 2012, the Company did not repatriate any earnings of Wynn Macau SA and consequently did not generate foreign tax credits in that year.

Accounting standards require recognition of a future tax benefit to the extent that realization of such benefit is more likely than not. Otherwise, a valuation allowance is applied. During 2014 and 2013, the aggregate valuation allowance for deferred tax assets increased by \$709.8 million and \$755.5 million, respectively. The 2014 and 2013 increases are primarily related to foreign tax credit carryforwards and other foreign deferred tax assets that are not considered more likely than not realizable.

The Company recorded tax benefits resulting from the exercise of nonqualified stock options and the value of vested restricted stock and accrued dividends of \$9.4 million, \$10.5 million and \$5.5 million as of December 31, 2014, 2013 and 2012, respectively, in excess of the amounts reported for such items as compensation costs under accounting standards related to stock-based compensation. The Company uses a with-and-without approach to determine if the excess tax deductions associated with compensation costs have reduced income taxes payable.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The tax effects of significant temporary differences representing net deferred tax assets and liabilities consisted of the following (in thousands):

	As of December 31,	
	2014	2013
Deferred tax assets—U.S.:		
Current:		
Receivables, inventories, accrued liabilities and other	\$ 48,093	\$ 36,556
Less: valuation allowance	(45,992)	(34,347)
	2,101	2,209
Long-term:		
Foreign tax credit carryforwards	3,283,669	2,614,665
Intangibles and related other	27,201	26,324
Stock based compensation	16,972	10,736
Pre-opening costs	10,876	12,884
Other	10,540	11,341
	3,349,258	2,675,950
Less: valuation allowance	(3,202,971)	(2,514,258)
	146,287	161,692
Deferred tax liabilities—U.S.:		
Current:		
Prepaid insurance, maintenance and taxes	(6,948)	(6,243)
Long-term:		
Property and equipment	(170,405)	(176,036)
Deferred tax assets—Foreign:		
Current:		
Accrued liabilities	173	164
Less: valuation allowance	(173)	(164)
	—	—
Long-term:		
Net operating loss carryforwards	16,797	13,701
Property and equipment	22,740	17,441
Pre-opening costs	7,396	3,040
Other	1,930	4,074
Less: valuation allowance	(47,653)	(38,256)
	1,210	—
Deferred tax liabilities—Foreign:		
Long-term:		
Property and equipment	(2,317)	—
Net deferred tax liability	\$ (30,072)	\$ (18,378)

As of December 31, 2014, the Company had foreign tax credit carryforwards (net of uncertain tax positions) of \$3,283.7 million. Of this amount, \$619.6 million will expire in 2018, \$110.9 million will expire in 2019, \$530.4 million in 2020, \$540.3 million in 2021, \$757.0 million in 2023 and \$725.5 million in 2024. The Company has no U.S. tax loss carryforwards. The Company incurred foreign tax losses of \$59.6 million, \$75.0 million and \$79.1 million during the tax years ended December 31, 2014, 2013 and 2012, respectively. These foreign tax loss carryforwards expire in 2017, 2016 and 2015, respectively. The Company incurred a U.S. capital loss of \$3.6 million during the year ended December 31, 2011. The U.S. capital loss carryforward will expire in 2016.

In assessing the need for a valuation allowance, the Company does not currently consider forecasted future operating results when scheduling the realization of deferred tax assets and the required valuation allowance but instead relies on the

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

reversal of net taxable temporary differences. The valuation allowance for foreign tax credits was determined by scheduling the existing U.S. taxable temporary differences that are expected to reverse and result in "net" foreign source income during the 10-year foreign tax credit carryover period.

As of December 31, 2014 and 2013, the Company had valuation allowances of \$3,242.1 million and \$2,542.8 million, respectively, provided on foreign tax credits expected to expire unutilized and valuation allowances of \$6.9 million and \$5.8 million provided on other U.S. deferred tax assets. As of December 31, 2014 and 2013, the Company had a valuation allowance of \$47.8 million and \$38.4 million, respectively, provided on its foreign deferred tax assets.

Except for \$198.6 million of accumulated earnings which the Company plans on repatriating, the Company has not provided deferred U.S. income taxes or foreign withholding taxes on temporary differences of \$412.1 million and \$388.1 million as of December 31, 2014 and 2013, respectively, which are indefinitely reinvested and will be used to fund future operations or expansion. The amount of the unrecognized deferred tax liability associated with these temporary differences is approximately \$144.2 million and \$135.8 million for the years ended December 31, 2014 and 2013. Deferred income taxes, net of foreign tax credits, are provided for foreign earnings planned for repatriation. For the years ended December 31, 2014 and 2013, the Company repatriated \$1,125.3 million and \$840.9 million from Wynn Macau, Limited. The amounts repatriated were used to fund domestic operations, to provide additional U.S. liquidity, and to fund dividends to the Company's shareholders.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	As of December 31,		
	2014	2013	2012
Balance—beginning of year	\$ 89,544	\$ 84,289	\$ 85,498
Increases based on tax positions of the current year	3,297	8,360	8,140
Increases based on tax positions of prior years	322	—	—
Decreases for tax positions of prior years	(867)	—	—
Settlements with taxing authorities	(997)	—	—
Lapses in statutes of limitations	(2,415)	(3,105)	(9,349)
Balance—end of year	\$ 88,884	\$ 89,544	\$ 84,289

As of December 31, 2014, 2013, and 2012, unrecognized tax benefits of \$88.9 million, \$60.3 million and \$55.2 million, respectively, were recorded as reductions in deferred income taxes, net. As of December 31, 2013 and 2012, unrecognized tax benefits of \$29.2 million and \$29.1 million, respectively, were recorded in other long-term liabilities. The Company had no unrecognized tax benefits recorded in other long-term liabilities as of December 31, 2014. As a result of the adoption of accounting guidance in 2014, the Company reclassified unrecognized tax benefits in other long-term liabilities to deferred income taxes, net. See Note 2 "Summary of Significant Accounting Policies" for further discussion on adoption of accounting guidance.

As of December 31, 2014, 2013 and 2012, \$20.7 million, \$20.7 million and \$18.8 million, respectively, of unrecognized tax benefits would, if recognized, impact the effective tax rate.

The Company recognizes penalties and interest related to unrecognized tax benefits in the provision for income taxes. During the years ended December 31, 2014, 2013 and 2012, the Company recognized interest and penalties of \$0.0 million, \$0.0 million and \$0.3 million, respectively.

The Company anticipates that the 2010 statute of limitations will expire in the next 12 months for certain foreign tax jurisdictions. Also, the Company's unrecognized tax benefits include certain income tax accounting methods. These accounting methods govern the timing and deductibility of income tax deductions. As a result, the Company's unrecognized tax benefits could decrease by a range of \$0.0 million to \$0.6 million over the next 12 months.

The Company files income tax returns in the U.S. federal jurisdiction, various states and foreign jurisdictions. The Company's income tax returns are subject to examination by the IRS and other tax authorities in the locations where it operates. The Company's 2002 to 2010 domestic income tax returns remain subject to examination by the IRS to the extent of tax attributes carryforwards to future years. The Company's 2011 to 2013 domestic income tax returns also remain subject to examination by the IRS. The Company's 2010 to 2013 Macau income tax returns remain subject to examination by the Macau Financial Services Bureau.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

In April 2012, the Company reached an agreement with the Appellate division of the IRS regarding issues raised during the examination of the 2006 through 2009 U.S. income tax returns. The settlement with the Appellate division did not impact the Company's unrecognized tax benefits. The settlement of the 2006 through 2009 examination issues resulted in a cash tax payment of \$1.3 million and the utilization of \$3.1 million and \$0.9 million in foreign tax credit and general business credit carryforwards, respectively.

During December 2012, the IRS completed an examination of the Company's 2010 U.S. income tax return and had no changes. In May 2013, the Company received notification that the IRS completed its examination of the Company's 2011 U.S. income tax return and had no changes.

For tax year 2012, the Company participated in the IRS Compliance Assurance Program ("CAP") which accelerates IRS examination of key transactions with the goal of resolving any issues before the taxpayer files its return. In February 2014, the Company received notification that the IRS completed its examination of the Company's 2012 U.S. income tax return and had no changes.

In March 2013 and in December 2013, the Company received notification that it had been selected for the Compliance Maintenance phase of CAP for the 2013 and 2014 tax years, respectively. In the Compliance Maintenance phase, the IRS, at its discretion, may reduce the level of review of the taxpayer's tax positions based on the complexity and number of issues, and the taxpayer's history of compliance, cooperation and transparency in the CAP. The Company does not expect a change in its unrecognized tax benefits as a result of the completion of these examinations.

In December 2014, the Company received notification that it was accepted into the Compliance Maintenance phase of CAP for the 2015 tax year.

In July 2012, the Macau Financial Services Bureau commenced an examination of the 2008 Macau income tax return of Wynn Macau SA. In November 2012, the Company received the results of the examination. While no additional tax was due, adjustments were made to the Company's foreign net operating loss carryforwards.

In January 2013, the Macau Financial Services Bureau examined the 2009 and 2010 Macau income tax returns of Palo, which is a co-holder of the land concession for Wynn Palace. The exam resulted in no change to the tax returns.

In March 2013, the Macau Financial Services Bureau commenced an examination of the 2009, 2010, and 2011 Macau income tax returns of Wynn Macau SA. In December 2014, Wynn Macau SA reached an agreement with the Macau Financial Services Bureau regarding issues raised during its examination. While no additional tax was due as a result of the examination, adjustments were made to the Company's foreign net operating loss carryforwards.

On December 31, 2014, the statute of limitations for the 2009 Macau Complementary tax return expired. As a result of the exam settlement and the expiration of the statute of limitations for the Macau Complementary Tax return, the total amount of unrecognized tax benefits decreased by \$3.4 million.

Note 17 - Commitments and Contingencies

Cotai Development and Land Concession Contract

The Company is currently constructing Wynn Palace, an integrated resort containing a 1,700-room hotel, performance lake, meeting space, casino, spa, retail offerings, and food and beverage outlets in the Cotai area of Macau.

In September 2011, Wynn Macau SA and Palo, formally accepted the terms and conditions of a land concession contract from the Macau government for approximately 51 acres of land in the Cotai area of Macau. On May 2, 2012, the land concession contract was gazetted by the government of Macau evidencing the final step in the granting of the land concession. The initial term of the land concession contract is 25 years from May 2, 2012, and it may be renewed with government approval for successive periods. The total land premium payable, including interest as required by the land concession contract, is \$193.4 million. An initial payment of \$62.5 million was paid in December 2011, with eight additional semi-annual payments of approximately \$16.4 million each (which includes interest at 5%) due beginning November 2012. As of December 31, 2014 and 2013, the Company has recorded this obligation with \$30.8 million and \$29.3 million included as a current liability, respectively, and \$16.0 million and \$46.8 million, respectively, included as a long-term liability. The Company is also required

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

to make annual lease payments of \$0.8 million during the resort construction period and annual payments of approximately \$1.1 million once the development is completed.

On July 29, 2013, Wynn Macau SA and Palo finalized and executed a guaranteed maximum price construction ("GMP") contract with Leighton Contractors (Asia) Limited, acting as the general contractor. Under the GMP contract, the general contractor is responsible for both the construction and design of the Wynn Palace project. The general contractor is obligated to substantially complete the project in the first half of 2016 for a guaranteed maximum price of HK \$20.0 billion (approximately \$2.6 billion). An early completion bonus for achievement of substantial completion on or before January 25, 2016 will be paid to the general contractor if certain conditions are satisfied under the GMP contract. While the Company's general contractor has notified it that certain conditions will not be satisfied under the GMP contract by the early completion target, the contractor stated it was still on target to complete the project on time and the Company continues to expect to open the property in the first half of 2016. Both the contract time and guaranteed maximum price are subject to further adjustment under certain specified conditions. The performance of the general contractor is backed by a full completion guarantee given by Leighton Holdings Limited, the parent company of the general contractor, as well as a performance bond for 5% of the guaranteed maximum price.

As of December 31, 2014, the Company incurred approximately \$1.8 billion of the approximately \$4.1 billion in total project budget costs. The total project budget includes all construction costs, capitalized interest, pre-opening expenses, land costs and financing fees. The Company expects to open Wynn Palace in the first half of 2016.

Leases and other arrangements

The Company is the lessor under several retail leases and has entered into license and distribution agreements for several additional retail outlets. The Company also is a party to joint venture agreements for the operation of one retail outlet and the Ferrari and Maserati automobile dealership at Wynn Las Vegas. The lease agreements include minimum base rents with contingent rental clauses.

The following table presents the future minimum rentals to be received under the operating leases (in thousands):

Years Ending December 31,	
2015	\$ 46,837
2016	63,065
2017	55,603
2018	34,546
2019	30,122
Thereafter	44,542
	<u>\$ 274,715</u>

The total future minimum rentals do not include contingent rental. Contingent rentals were \$87.8 million, \$101.0 million and \$94.0 million for the years ended December 31, 2014, 2013, and 2012, respectively.

In addition, the Company is the lessee under leases for office space in Las Vegas, Macau and certain other locations, warehouse facilities, the land underlying the Company's aircraft hangar and certain office equipment.

At December 31, 2014, the Company was obligated under non-cancelable operating leases to make future minimum lease payments as follows (in thousands):

Years Ending December 31,	
2015	\$ 12,618
2016	12,684
2017	8,482
2018	8,359
2019	8,436
Thereafter	31,088
	<u>\$ 81,667</u>

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Rent expense for the years ended December 31, 2014, 2013 and 2012, was \$26.1 million, \$21.9 million and \$21.5 million, respectively.

Employment Agreements

The Company has entered into employment agreements with several executive officers, other members of management and certain key employees. These agreements generally have three- to five-year terms and typically indicate a base salary and often contain provisions for discretionary bonuses. Certain of the executives are also entitled to a separation payment if terminated without “cause” or upon voluntary termination of employment for “good reason” following a “change of control” (as these terms are defined in the employment contracts).

Letters of Credit

As of December 31, 2014, the Company had outstanding letters of credit of \$8.9 million.

Litigation

In addition to the actions noted below, the Company’s affiliates are involved in litigation arising in the normal course of business. In the opinion of management, such litigation is not expected to have a material effect on the Company’s financial condition, results of operations or cash flows.

Determination of Unsuitability and Redemption of Aruze and Affiliates

On February 18, 2012, Wynn Resorts’ Gaming Compliance Committee received an independent report by Freeh, Sporkin & Sullivan, LLP (the “Freeh Report”) detailing a pattern of misconduct by the Okada Parties. The factual record presented in the Freeh Report included evidence that the Okada Parties had provided valuable items to certain foreign gaming officials who were responsible for regulating gaming in a jurisdiction in which entities controlled by Mr. Okada were developing a gaming resort. Mr. Okada denied the impropriety of such conduct to members of the Board of Directors of Wynn Resorts and, while serving as one of the Company’s directors, Mr. Okada refused to acknowledge or abide by Wynn Resorts’ anti-bribery policies and refused to participate in the training all other directors received concerning these policies.

Based on the Freeh Report, the Board of Directors of Wynn Resorts determined that the Okada Parties are “unsuitable persons” under Article VII of the Company’s articles of incorporation. The Board of Directors was unanimous (other than Mr. Okada) in its determination. After authorizing the redemption of the Aruze shares, as discussed below, the Board of Directors took certain actions to protect the Company and its operations from any influence of an unsuitable person, including placing limitations on the provision of certain operating information to unsuitable persons and formation of an Executive Committee of the Board to manage the business and affairs of the Company during the period between each annual meeting. The Charter of the Executive Committee provides that “Unsuitable Persons” are not permitted to serve on the Committee. All members of the Board, other than Mr. Okada, were appointed to the Executive Committee on February 18, 2012. The Board of Directors also requested that Mr. Okada resign as a director of Wynn Resorts (under Nevada corporation law, a board of directors does not have the power to remove a director) and recommended that Mr. Okada be removed as a member of the Board of Directors of Wynn Macau, Limited. On February 18, 2012, Mr. Okada was removed from the Board of Directors of Wynn Las Vegas Capital Corp., an indirect wholly owned subsidiary of Wynn Resorts. On February 24, 2012, Mr. Okada was removed from the Board of Directors of Wynn Macau, Limited and on February 22, 2013, he was removed from the Board of Directors of Wynn Resorts by a stockholder vote in which 99.6% of the over 86 million shares voted were cast in favor of removal. Mr. Okada resigned from the Board of Directors of Wynn Resorts on February 21, 2013. Although the Company has retained the structure of the Executive Committee, the Board has resumed its past role in managing the business and affairs of the Company.

Based on the Board of Directors’ finding of “unsuitability,” on February 18, 2012, Wynn Resorts redeemed and canceled Aruze’s 24,549,222 shares of Wynn Resorts’ common stock. Following a finding of “unsuitability,” Article VII of Wynn Resorts’ articles of incorporation authorizes redemption at “fair value” of the shares held by unsuitable persons. The Company engaged an independent financial advisor to assist in the fair value calculation and concluded that a discount to the then current trading price was appropriate because of, among other things, restrictions on most of the shares held by Aruze under the terms of the Stockholders Agreement (as defined below). Pursuant to its articles of incorporation, Wynn Resorts issued the Redemption Note to Aruze in redemption of the shares. The Redemption Note has a principal amount of \$1.94 billion, matures on February 18, 2022, and bears interest at the rate of 2% per annum, payable annually in arrears on each anniversary of the date of the Redemption Note. The Company may, in its sole and absolute discretion, at any time and from time to time, and

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without penalty or premium, prepay the whole or any portion of the principal or interest due under the Redemption Note. In no instance shall any payment obligation under the Redemption Note be accelerated except in the sole and absolute discretion of Wynn Resorts or as specifically mandated by law. The indebtedness evidenced by the Redemption Note is and shall be subordinated in right of payment, to the extent and in the manner provided in the Redemption Note, to the prior payment in full of all existing and future obligations of Wynn Resorts or any of its affiliates in respect of indebtedness for borrowed money of any kind or nature.

The Company provided the Freeh Report to appropriate regulators and law enforcement agencies and has been cooperating with related investigations that such regulators and agencies have undertaken. The conduct of the Okada Parties and any resulting regulatory investigations could have adverse consequences to the Company and its subsidiaries. A finding by regulatory authorities that Mr. Okada violated anti-corruption statutes and/or other laws or regulations applicable to persons affiliated with a gaming licensee on Company property and/or otherwise involved the Company in criminal or civil violations could result in actions by regulatory authorities against the Company and its subsidiaries.

Redemption Action and Counterclaim

On February 19, 2012, Wynn Resorts filed a complaint in the Eighth Judicial District Court, Clark County, Nevada against the Okada Parties (as amended, the "Complaint"), alleging breaches of fiduciary duty and related claims (the "Redemption Action") arising from the activities addressed in the Freeh Report. The Company is seeking compensatory and special damages as well as a declaration that it acted lawfully and in full compliance with its articles of incorporation, bylaws and other governing documents in redeeming and canceling the shares of Aruze.

On March 12, 2012, the Okada Parties removed the action to the United States District Court for the District of Nevada (the action was subsequently remanded to Nevada state court). On that same date, the Okada Parties filed an answer denying the claims and a counterclaim (as amended, the "Counterclaim") that purports to assert claims against the Company, each of the members of the Company's Board of Directors (other than Mr. Okada) and Wynn Resorts' General Counsel (the "Wynn Parties"). The Counterclaim alleges, among other things: (1) that the shares of Wynn Resorts common stock owned by Aruze were exempt from the redemption-for-unsuitability provisions in the Wynn Resorts articles of incorporation (the "Articles") pursuant to certain agreements executed in 2002; (2) that the Wynn Resorts directors who authorized the redemption of Aruze's shares acted at the direction of Stephen A. Wynn and did not independently and objectively evaluate the Okada Parties' suitability, and by so doing, breached their fiduciary duties; (3) that the Wynn Resorts directors violated the terms of the Wynn Resorts Articles by failing to pay Aruze fair value for the redeemed shares; and (4) that the terms of the Redemption Note that Aruze received in exchange for the redeemed shares, including the Redemption Note's principal amount, duration, interest rate, and subordinated status, were unconscionable. Among other relief, the Counterclaim seeks a declaration that the redemption of Aruze's shares was void, an injunction restoring Aruze's share ownership, damages in an unspecified amount and rescission of the Amended and Restated Stockholders Agreement, dated as of January 6, 2010, by and among Aruze, Stephen A. Wynn, and Elaine Wynn (the "Stockholders Agreement").

On June 19, 2012, Elaine Wynn asserted a cross claim against Stephen A. Wynn and Aruze seeking a declaration that (1) any and all of Elaine Wynn's duties under the Stockholders Agreement shall be discharged; (2) the Stockholders Agreement is subject to rescission and is rescinded; (3) the Stockholders Agreement is an unreasonable restraint on alienation in violation of public policy; and/or (4) the restrictions on sale of shares shall be construed as inapplicable to Elaine Wynn. The indenture for Wynn Las Vegas, LLC's 4 1/4% Senior Notes due 2023 (the "2023 Indenture") provides that if Stephen A. Wynn, together with certain related parties, in the aggregate beneficially owns a lesser percentage of the outstanding common stock of the Company than are beneficially owned by any other person, a change of control will have occurred. The indenture for Wynn Las Vegas, LLC's 5 1/2% Senior Notes due 2025 (the "2025 Indenture") provides that if any event constitutes a "change of control" under the 2023 Indenture, it will constitute a change of control under the 2025 Indenture. If Elaine Wynn prevails in her cross claim, Stephen A. Wynn would not beneficially own or control Elaine Wynn's shares, which could increase the likelihood that a change in control may occur under the Wynn Las Vegas debt documents. Under the 2023 Indenture and the 2025 Indenture, if a change of control occurs and within 60 days after that occurrence, the 4 1/4% Senior Notes due 2023 or the 5 1/2% Senior Notes due 2025, as applicable, are rated below investment grade by both rating agencies that rate such notes, the Company is required to make an offer to each applicable holder to repurchase all or any part of such holder's notes at a purchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest on the notes purchased, if any, to the date of repurchase (unless the notes have been previously called for redemption). Mr. Wynn is opposing Ms. Wynn's cross claim.

The Company's Complaint and the Okada Parties' Counterclaim have been, and continue to be, challenged through motion practice. At a hearing held on November 13, 2012, the Nevada state court granted the Wynn Parties' motion to dismiss

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the Counterclaim with respect to the Okada Parties' claim under the Nevada Racketeer Influenced and Corrupt Organizations Act with respect to certain Company executives but otherwise denied the motion. At a hearing held on January 15, 2013, the court denied the Okada Parties' motion to dismiss the Company's Complaint. On April 22, 2013, the Company filed a second amended complaint. On August 30, 2013, the Okada Parties filed their third amended Counterclaim. On September 18, 2013, the Company filed a Partial Motion to Dismiss related to a claim in the third amended Counterclaim alleging civil extortion by Mr. Wynn and the Company's General Counsel. On October 29, 2013, the court granted the motion and dismissed the claim. On November 26, 2013, the Okada Parties filed their fourth amended Counterclaim, and the Company filed an answer to that pleading on December 16, 2013.

On each of February 14, 2013 and February 13, 2014, the Company issued a check to Aruze in the amount of \$38.7 million, representing the interest payments due on the Redemption Note at those times. However, those checks were not cashed. In February 2014, the Okada Parties advised of their intent to deposit any checks for interest and principal, past and future, due under the terms of the Redemption Note to the clerk of the court for deposit into the clerk's trust account. On March 17, 2014, the parties stipulated that the checks be returned to the Company for reissue in the same amounts, payable to the clerk of the court for deposit into the clerk's trust account. Pursuant to the stipulation, on March 20, 2014, the Company delivered to the clerk of the court the reissued checks that were deposited into the clerk's trust account and filed a notice with the court with respect to the same. On February 13, 2015, the Company issued a check for the interest payment due at that time to the clerk of the court for deposit into the clerk's trust account.

On April 8, 2013, the United States Attorney's Office and the U.S. Department of Justice filed a Motion to Intervene and for Temporary and Partial Stay of Discovery in the Redemption Action. The parties had been engaged in discovery at the time of the filing. The motion stated that the federal government has been conducting a criminal investigation of the Okada Parties involving the "same underlying allegations of misconduct—that is, potential violations of the Foreign Corrupt Practice Act and related fraudulent conduct—that form the basis of" the Company's complaint, as amended, in the Redemption Action. The motion sought to stay all discovery in the Redemption Action related to the Okada Parties' allegedly unlawful activities in connection with their casino project in the Philippines until the conclusion of the criminal investigation and any resulting criminal prosecution, with an interim status update to the court in six months. At a hearing on May 2, 2013, the court granted the motion and ordered that all discovery in the Redemption Action be stayed for a period of six months (the "Stay"). On May 30, 2013, Elaine Wynn filed a motion for partial relief from the Stay, to allow her to conduct limited discovery related to her cross and counterclaims. The Wynn Parties opposed the motion so as to not interfere with the United States government's investigation. At a hearing on August 1, 2013, the court denied the motion. On October 29, 2013, the United States Attorney's Office and the U.S. Department of Justice filed a Motion to Extend the Stay for a further period of six months. At a hearing on October 31, 2013, the court granted the requested extension based upon an affidavit provided under seal that outlined, among other things, concerns for witness safety. The court did, however, order the parties to exchange written discovery propounded prior to May 2, 2013, including discovery related to the Elaine Wynn cross and counterclaims referred to above. The extended Stay expired on May 5, 2014. On April 29, 2014, the United States Attorney's Office and the U.S. Department of Justice filed a Motion for a Second Extension of Temporary Stay of Discovery for a further six months. At a hearing on May 1, 2014, the court denied the motion. On September 22, 2014, the court entered a new stipulation between the parties for discovery schedule with closing on August 1, 2016.

On September 16, 2014, Aruze filed a motion for partial summary judgment related to its counterclaim alleging the Company's directors violated the terms of the Articles by failing to pay Aruze fair value for the redeemed shares. At a hearing held on October 21, 2014, the court denied Aruze's motion.

On October 10, 2014, the Okada Parties filed a motion for partial judgment on the pleadings principally to seek dismissal of certain breach of fiduciary claims against Mr. Okada included in the Company's Complaint. On November 13, 2014, the court denied the motion and issued an order setting the trial and trial-related dates. The trial is scheduled to begin on February 6, 2017.

The Company will continue to vigorously pursue its claims against the Okada Parties, and the Company and the Wynn Parties will continue to vigorously defend against the counterclaims asserted against them. The Company's claims and the Okada Parties' counterclaims remain in an early stage and management has determined that based on proceedings to date, it is currently unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any. An adverse judgment or settlement involving payment of a material amount could cause a material adverse effect on our financial condition.

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Litigation Commenced by Kazuo Okada

Japan Action:

On August 28, 2012, Mr. Okada, Universal Entertainment Corporation and Okada Holdings (“Okada Japan Parties”) filed a complaint in Tokyo District Court against the Wynn Parties, alleging that the press release issued by the Company with respect to the redemption has damaged plaintiffs’ social evaluation and credibility. The Okada Japan Parties seek damages and legal fees from the Wynn Parties. After asking the Okada Japan Parties to clarify the allegations in their complaint, the Wynn Parties objected to the jurisdiction of the Japanese court. On April 30, 2013, the Wynn Parties filed a memorandum in support of their jurisdictional position. On October 21, 2013, the court dismissed the action on jurisdictional grounds. On November 1, 2013, the Okada Japan Parties filed an appeal moving the matter to the Tokyo High Court. On June 11, 2014, the Tokyo High Court ruled in favor of the Wynn Parties and upheld the motion for dismissal. On June 25, 2014, the Okada Japan Parties filed a notice of appeal to the Supreme Court of Japan. On October 28, 2014, the Wynn Parties received a copy of the brief that the Okada Japan Parties had filed to explain why they believe the Supreme Court of Japan should hear the case. The Wynn Parties filed a reply brief on February 16, 2015.

Indemnification Action:

On March 20, 2013, Mr. Okada filed a complaint against the Company in Nevada state court for indemnification under the Company’s Articles, bylaws and agreements with its directors. The complaint sought advancement of Mr. Okada’s costs and expenses (including attorney’s fees) incurred pursuant to the various legal proceedings and related regulatory investigations described above. The Company’s answer and counterclaim was filed on April 15, 2013. The counterclaim named each of the Okada Parties as defendants and sought indemnification under the Company’s Articles for costs and expenses (including attorney’s fees) incurred pursuant to the various legal proceedings and related regulatory investigations described above. On April 30, 2013, Mr. Okada filed his reply to the counterclaim. On February 4, 2014, the court entered an order on the parties’ stipulation that: (1) dismissed all claims Mr. Okada asserted against the Company; (2) reserved Mr. Okada’s right to assert, in the future, any claims for indemnity following the resolution of the Redemption Action; and (3) stayed the claims asserted by the Company against Mr. Okada pending the resolution of the Redemption Action.

Management has determined that based on proceedings to date, it is currently unable to determine the probability of the outcome of this action or the range of reasonably possible loss, if any.

Related Investigations and Derivative Litigation

Investigations:

In the U.S. Department of Justice’s Motion to Intervene and for Temporary and Partial Stay of Discovery in the Redemption Action, the Department of Justice states in a footnote that the government also has been conducting a criminal investigation into the Company’s previously disclosed donation to the University of Macau. The Company has not received any target letter or subpoena in connection with such an investigation. The Company intends to cooperate fully with the government in response to any inquiry related to the donation to the University of Macau.

Other regulators may pursue separate investigations into the Company’s compliance with applicable laws arising from the allegations in the matters described above and in response to the Counterclaim and other litigation filed by Mr. Okada suggesting improprieties in connection with the Company’s donation to the University of Macau. While the Company believes that it is in full compliance with all applicable laws, any such investigations could result in actions by regulators against the Company. Prior investigations by the Nevada Gaming Control Board and SEC were closed with no actions taken.

Derivative Claims:

Six derivative actions were commenced against the Company and all members of its Board of Directors: four in the United States District Court, District of Nevada, and two in the Eighth Judicial District Court of Clark County, Nevada.

The four federal actions brought by the following plaintiffs have been consolidated: (1) The Louisiana Municipal Police Employees’ Retirement System, (2) Maryanne Solak, (3) Excavators Union Local 731 Welfare Fund, and (4) Boilermakers Lodge No. 154 Retirement Fund (collectively, the “Federal Plaintiffs”).

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The Federal Plaintiffs filed a consolidated complaint on August 6, 2012, asserting claims for: (1) breach of fiduciary duty; (2) waste of corporate assets; (3) injunctive relief; and (4) unjust enrichment. The claims were against the Company and all Company directors, including Mr. Okada, however, the plaintiffs voluntarily dismissed Mr. Okada as a defendant in this consolidated action on September 27, 2012. The Federal Plaintiffs claimed that the individual defendants breached their fiduciary duties and wasted assets by: (a) failing to ensure the Company's officers and directors complied with federal and state laws and the Company's Code of Conduct; (b) voting to allow the Company's subsidiary to make the donation to the University of Macau; and (c) redeeming Aruze's stock such that the Company incurs the debt associated with the redemption. The Federal Plaintiffs seek unspecified compensatory damages, restitution in the form of disgorgement, reformation of corporate governance procedures, an injunction against all future payments related to the donation/pledge, and all fees (attorneys, accountants, and experts) and costs. The directors responded to the consolidated complaint by filing a motion to dismiss on September 14, 2012. On February 1, 2013, the federal court dismissed the complaint for failure to plead adequately the futility of a pre-suit demand on the Board. The dismissal was without prejudice to the Federal Plaintiffs' ability to file a motion within 30 days seeking leave to file an amended complaint. On April 9, 2013, the Federal Plaintiffs filed their amended complaint. The Company and the directors filed their motion to dismiss the amended complaint on May 23, 2013. On March 13, 2014, the federal court granted the motion to dismiss and entered judgment in favor of the Company and directors and against the Federal Plaintiffs without prejudice. On April 10, 2014, the Federal Plaintiffs filed a notice of appeal to the United States Court of Appeals for the Ninth Circuit. The Federal Plaintiffs' opening brief was filed on September 19, 2014. The Company filed a response on December 18, 2014 and the Federal Plaintiffs' filed a reply brief on January 30, 2015.

The two state court actions brought by the following plaintiffs have also been consolidated: (1) IBEW Local 98 Pension Fund and (2) Danny Hinson (collectively, the "State Plaintiffs"). Through a coordination of efforts by all parties, the directors and the Company (a nominal defendant) have been served in all of the actions. The State Plaintiffs filed a consolidated complaint on July 20, 2012 asserting claims for (1) breach of fiduciary duty; (2) abuse of control; (3) gross mismanagement; and (4) unjust enrichment. The claims are against the Company and all Company directors during the applicable period, including Mr. Okada, as well as the Company's Chief Financial Officer who signed financial disclosures filed with the SEC during the applicable periods. The State Plaintiffs claim that the individual defendants failed to disclose to the Company's stockholders the investigation into, and the dispute with director Okada as well as the alleged potential violations of the FCPA related to, the University of Macau Development Foundation donation. The State Plaintiffs seek unspecified monetary damages (compensatory and punitive), disgorgement, reformation of corporate governance procedures, an order directing the Company to internally investigate the donation, as well as attorneys' fees and costs. On October 13, 2012, the court entered the parties' stipulation providing for a stay of the state derivative action for 90 days, subject to the parties' obligation to monitor the progress of the pending litigation, discussed above, between Wynn Resorts (among others) and Mr. Okada (among others). Per the stipulation, the Company and the individual defendants were not required to respond to the consolidated complaint while the stay remained in effect. Following the expiration of the stay, the State Plaintiffs advised the Company and the individual defendants that they intended to resume the action by filing an amended complaint, which they did, on April 26, 2013. The Company and directors filed their motion to dismiss on June 10, 2013. However, on July 31, 2013, the parties agreed to a stipulation that was submitted to, and approved by the court. The stipulation contemplates a stay of the consolidated state court derivative action of equal duration as the Stay entered by the court in the Redemption Action. On June 18, 2014, the court entered a new stipulation between the parties that provides for further stay of the state derivative action and directs the parties, within 45 days of the conclusion of the latter of the Redemption Action or the federal derivative action, to discuss how the state derivative action should proceed and to file a joint report with the court.

The individual defendants are vigorously defending against the claims pleaded against them in the state derivative action. Management has determined that based on proceedings to date, it is currently unable to determine the probability of the outcome of this action or the range of reasonably possible loss, if any.

Massachusetts Gaming License Related Actions

On September 17, 2014, the MGC designated Wynn MA, an indirect wholly owned subsidiary of the Company, the award winner of the Greater Boston (Region A) gaming license. On November 7, 2014, the gaming license awarded to us became effective.

On October 16, 2014, the City of Revere, the host community to the unsuccessful bidder for the same license, and the International Brotherhood of Electrical Workers, Local 103, filed a complaint against the MGC and each of the five gaming commissioners in Suffolk Superior Court. On December 4, 2014, the City of Somerville, a surrounding community to the proposed site which Wynn MA will develop and construct an integrated resort, filed a similar complaint against the MGC and each of the five gaming commissioners in Suffolk Superior Court. The complaints challenge the MGC's decision and allege

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

that the MGC failed to follow statutory requirements outlined in the Gaming Act. The complaints (1) seek to appeal the administrative decision, (2) assert that certiorari provides a remedy to correct errors in proceedings by an agency such as the MGC, (3) challenge the constitutionality of that section of the gaming law which bars judicial review of the Commission's decision to deny an applicant a gaming license, and (4) allege violations of the open meeting law requirements.

On January 5, 2015, the City of Boston, filed a complaint against the MGC and each of the five gaming commissioners in Suffolk Superior Court for certiorari and declaratory relief in connection with the MGC's award of the license to Wynn MA. The complaint seeks to contest the MGC's decision that Boston is a surrounding community, rather than a host community to the Wynn resort in Massachusetts.

Wynn MA is not named in the complaints. Wynn MA has been advised that the Attorney General for the Commonwealth of Massachusetts will be responding to the complaints.

Note 18 - Segment Information

The Company reviews the results of operations for each of its operating segments. Wynn Macau and Encore at Wynn Macau are managed as a single integrated resort and aggregated as one reportable segment ("Macau Operations"). Wynn Las Vegas and Encore at Wynn Las Vegas are managed as a single integrated resort and have been aggregated as one reportable segment ("Las Vegas Operations"). The Company identifies each integrated resort as a reportable segment considering operations within each integrated resort have similar economic characteristics, type of customers, types of services and products, the regulatory environment of the operations and the Company's organizational and management reporting structure. The Company also reviews construction and development activities for each of its projects under development, in addition to its reportable segments. The Company's projects under development are Wynn Palace and the Wynn resort in Massachusetts. In the following tables the assets and capital expenditures of the Wynn resort in Massachusetts are included in Corporate and Other. Other Macau primarily represents cash and investment securities held at the Company's Macau holding company.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The following tables present the Company's segment information (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Net revenues			
Macau Operations	\$ 3,796,750	\$ 4,040,526	\$ 3,667,454
Las Vegas Operations	1,636,911	1,580,410	1,486,830
Total	<u>\$ 5,433,661</u>	<u>\$ 5,620,936</u>	<u>\$ 5,154,284</u>
Adjusted Property EBITDA(1)			
Macau Operations	\$ 1,258,082	\$ 1,324,119	\$ 1,167,340
Las Vegas Operations	515,196	486,682	408,472
Total	<u>1,773,278</u>	<u>1,810,801</u>	<u>1,575,812</u>
Other operating costs and expenses			
Pre-opening costs	30,146	3,169	466
Depreciation and amortization	314,119	371,051	373,199
Property charges and other	10,437	17,138	39,978
Corporate expenses and other	111,795	88,729	112,159
Stock-based compensation	39,154	39,538	19,648
Equity in income from unconsolidated affiliates	1,349	1,085	1,086
Total other operating costs and expenses	<u>507,000</u>	<u>520,710</u>	<u>546,536</u>
Operating income	<u>1,266,278</u>	<u>1,290,091</u>	<u>1,029,276</u>
Non-operating costs and expenses			
Interest income	20,441	15,713	12,543
Interest expense, net of amounts capitalized	(315,062)	(299,022)	(288,759)
(Decrease) increase in swap fair value	(4,393)	14,235	991
Loss from extinguishment of debt	(9,569)	(40,435)	(25,151)
Equity in income from unconsolidated affiliates	1,349	1,085	1,086
Other	(182)	4,856	3,012
Total other non-operating costs and expenses	<u>(307,416)</u>	<u>(303,568)</u>	<u>(296,278)</u>
Income before income taxes	<u>958,862</u>	<u>986,523</u>	<u>732,998</u>
Benefit (provision) for income taxes	<u>3,782</u>	<u>17,634</u>	<u>(4,299)</u>
Net income	<u>\$ 962,644</u>	<u>\$ 1,004,157</u>	<u>\$ 728,699</u>

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

- (1) “Adjusted Property EBITDA” is earnings before interest, taxes, depreciation, amortization, pre-opening costs, property charges and other, corporate expenses, intercompany golf course and water rights leases, stock-based compensation, and other non-operating income and expenses and includes equity in income from unconsolidated affiliates. Adjusted Property EBITDA is presented exclusively as a supplemental disclosure because management believes that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. Management uses Adjusted Property EBITDA as a measure of the operating performance of its segments and to compare the operating performance of its properties with those of its competitors. The Company also presents Adjusted Property EBITDA because it is used by some investors as a way to measure a company’s ability to incur and service debt, make capital expenditures and meet working capital requirements. Gaming companies have historically reported EBITDA as a supplement to financial measures in accordance with U.S. generally accepted accounting principles (“GAAP”). In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including Wynn Resorts, Limited, have historically excluded from their EBITDA calculations pre-opening expenses, property charges, corporate expenses and stock-based compensation, which do not relate to the management of specific casino properties. However, Adjusted Property EBITDA should not be considered as an alternative to operating income as an indicator of the Company’s performance, as an alternative to cash flows from operating activities as a measure of liquidity, or as an alternative to any other measure determined in accordance with GAAP. Unlike net income, Adjusted Property EBITDA does not include depreciation or interest expense and therefore does not reflect current or future capital expenditures or the cost of capital. The Company has significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, taxes and other non-recurring charges, which are not reflected in Adjusted Property EBITDA. Also, Wynn Resorts’ calculation of Adjusted Property EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

The Company has reclassified the prior periods to conform with the current presentation of segment information.

		Years ended December 31,	
		2014	2013
Capital expenditures			
Macau			
Macau Operations	\$	89,039	\$ 60,488
Wynn Palace		937,501	381,786
Total Macau		1,026,540	442,274
Las Vegas Operations		58,813	63,872
Corporate and other		41,662	640
	\$	1,127,015	\$ 506,786

		As of December 31,		
		2014	2013	2012
Assets				
Macau				
Macau Operations	\$	1,520,098	\$ 2,510,444	\$ 2,439,886
Wynn Palace		1,854,521	755,452	320,158
Other Macau		974,170	652,267	244,614
Total Macau		4,348,789	3,918,163	3,004,658
Las Vegas Operations		3,472,931	3,576,649	3,669,881
Corporate and other		1,241,141	882,218	602,055
	\$	9,062,861	\$ 8,377,030	\$ 7,276,594

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

	As of December 31,		
	2014	2013	2012
Long-lived assets			
Macau	\$ 2,799,781	\$ 1,732,485	\$ 1,343,381
United States	3,268,576	3,292,965	3,483,745
	<u>\$ 6,068,357</u>	<u>\$ 5,025,450</u>	<u>\$ 4,827,126</u>

Note 19 - Quarterly Financial Information (Unaudited)

The following tables (in thousands, except per share data) present selected quarterly financial information for 2014 and 2013, as previously reported. Because income per share amounts are calculated using the weighted average number of common and dilutive common equivalent shares outstanding during each quarter, the sum of the per share amounts for the four quarters may not equal the total income per share amounts for the year.

	Year Ended December 31, 2014				
	First	Second	Third	Fourth	Year
Net revenues	\$ 1,513,613	\$ 1,412,063	\$ 1,370,010	\$ 1,137,975	\$ 5,433,661
Operating income	\$ 376,831	\$ 341,342	\$ 332,575	\$ 215,530	\$ 1,266,278
Net income	\$ 303,043	\$ 258,402	\$ 253,006	\$ 148,193	\$ 962,644
Net income attributable to Wynn Resorts, Limited	\$ 226,896	\$ 203,906	\$ 191,406	\$ 109,346	\$ 731,554
Basic income per share	\$ 2.25	\$ 2.02	\$ 1.90	\$ 1.08	\$ 7.25
Diluted income per share	\$ 2.22	\$ 2.00	\$ 1.88	\$ 1.07	\$ 7.18

	Year Ended December 31, 2013				
	First	Second	Third	Fourth	Year
Net revenues	\$ 1,378,654	\$ 1,332,273	\$ 1,390,112	\$ 1,519,897	\$ 5,620,936
Operating income	\$ 333,648	\$ 274,024	\$ 313,978	\$ 368,441	\$ 1,290,091
Net income	\$ 272,144	\$ 192,716	\$ 248,811	\$ 290,486	\$ 1,004,157
Net income attributable to Wynn Resorts, Limited	\$ 202,963	\$ 129,785	\$ 182,020	\$ 213,884	\$ 728,652
Basic income per share	\$ 2.02	\$ 1.29	\$ 1.81	\$ 2.12	\$ 7.25
Diluted income per share	\$ 2.00	\$ 1.28	\$ 1.79	\$ 2.10	\$ 7.17

Note 20 - Subsequent Events

Dividend

On February 3, 2015, the Company announced a cash dividend of \$1.50 per share, payable on February 23, 2015 to stockholders of record as of February 13, 2015.

Cash Tender Offer and Senior Notes Issuance

On February 10, 2015, the Issuers commenced a cash tender offer for any and all of the outstanding aggregate principal amounts of the 7 3/4% 2020 Notes and 7 7/8% 2020 Notes (together the "2020 Notes"). Wynn Las Vegas, LLC accepted for purchase valid tenders with respect to approximately \$305.8 million of the \$377.0 million aggregate principal amount of the 7 3/4% 2020 Notes and approximately \$1,146.5 million of the \$1,226.6 million aggregate principal amount of the 7 7/8% 2020 Notes. The note holders who validly tendered their 2020 Notes received the total consideration of \$1,073.82 for each \$1,000 principal amount of 7 3/4% 2020 Notes and \$1,054.21 for each \$1,000 principal amount of 7 7/8% 2020 Notes. The premium portion of the aggregate total consideration was approximately \$101.2 million and recorded as a loss on extinguishment of debt in the first quarter of 2015.

Separately, on February 18, 2015, the Issuers completed the issuance of \$1.8 billion aggregate principal amount of 5 1/2% senior notes due 2025 (the "2025 Notes") pursuant to an Indenture, dated as of February 18, 2015 (the "2025 Indenture"),

WYNN RESORTS, LIMITED AND SUBSIDIARIES
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among the Issuers, all the Issuers' subsidiaries (other than Wynn Las Vegas Capital Corp., which was a co-issuer) and U.S. Bank National Association, as trustee. The 2025 Notes were issued at par. The Company used the net proceeds from the 2025 Notes to cover the cost of purchasing the 2020 Notes tendered in the tender offer. The Company also satisfied and discharged the indentures under which the 2020 Notes were issued and will use the remaining net proceeds to redeem the 2020 Notes not tendered and for general corporate purposes.

The 2025 Notes will mature on March 1, 2025 and bear interest at the rate of 5 1/2% per annum. The Issuers may, at their option, redeem the 2025 Notes, in whole or in part, at any time or from time to time prior to their stated maturity. The redemption price for 2025 Notes that are redeemed before December 1, 2024 will be equal to the greater of (a) 100% of the principal amount of the 2025 Notes to be redeemed and (b) a "make-whole" amount described in the 2025 Indenture, plus in either case accrued and unpaid interest, if any, to, but not including, the redemption date. The redemption price for the 2025 Notes that are redeemed on or after December 1, 2024 will be equal to 100% of the principal amount of the 2025 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but not including, the redemption date. In the event of a change of control triggering event, the Issuers will be required to offer to repurchase the 2025 Notes at 101% of the principal amount, plus accrued and unpaid interest, if any, to, but not including, the repurchase date. The 2025 Notes are also subject to mandatory redemption requirements imposed by gaming laws and regulations of gaming authorities in Nevada.

The 2025 Notes are the Issuers' senior unsecured obligations and rank pari passu in right of payment with the Issuers' outstanding 7 7/8% 2020 Notes, 7 3/4% 2020 Notes, the 2022 Notes and the 2023 Notes (together, the "Existing Notes"). The 2025 Notes are secured by a first priority pledge of the Company's equity interests, the effectiveness of which is subject to the prior approval of the Nevada gaming authorities. The equity interests of the Company also secure the Existing Notes. If Wynn Resorts, Limited receives an investment grade rating from one or more ratings agencies, the first priority pledge securing the 2025 Notes will be released.

The 2025 Notes are jointly and severally guaranteed by all of the Issuers' subsidiaries. The guarantees are senior unsecured obligations and rank senior in right of payment to all of their existing and future subordinated debt. The guarantees rank equally in right of payment with all existing and future liabilities of the Issuers' subsidiaries that are not so subordinated and will be effectively subordinated in right of payment to all of such existing and future secured debt (to the extent of the collateral securing such debt).

The 2025 Indenture contains covenants limiting the Issuers' and all of the Issuers' subsidiaries' (as guarantors), other than Wynn Capital, ability to create liens on assets to secure debt, enter into sale-leaseback transactions and merge or consolidate with another company. These covenants are subject to a number of important and significant limitations, qualifications and exceptions.

Events of default under the 2025 Indenture include, among others, the following: default for 30 days in the payment when due of interest on the 2025 Notes; default in payment when due of the principal of, or premium, if any, on the 2025 Notes; failure to comply with certain covenants in the 2025 Indenture; and certain events of bankruptcy or insolvency. In the case of an event of default arising from certain events of bankruptcy or insolvency with respect to the Issuers or Issuers' subsidiaries (as guarantors), other than Wynn Capital, all 2025 Notes then outstanding will become due and payable immediately without further action or notice.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) *Disclosure Controls and Procedures.* The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2014, the Company's disclosure controls and procedures are effective, at the reasonable assurance level, in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely discussions regarding required disclosure.

(b) *Management Report on Internal Control Over Financial Reporting.* Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) ("COSO") in *Internal Control-Integrated Framework*.

Based on our assessment, management believes that, as of December 31, 2014, the Company's internal control over financial reporting was effective.

The Company's independent registered public accounting firm has issued an audit report on our internal control over financial reporting. This report appears under "Report of Independent Registered Public Accounting Firm on Internal Controls Over Financial Reporting" on page 67.

(c) *Changes in Internal Control Over Financial Reporting.* There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our fourth fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

On February 24, 2015, the Company entered into a second amendment (the "Amendment") to the Employment Agreement, dated as of November 7, 2013, as amended, by and between the Company and Stephen Cootey, Chief Financial Officer, Senior Vice President and Treasurer. The Amendment, effective as of February 24, 2015, among other things, provides that the amount of any separation payment payable under his employment agreement shall equal the sum of his base salary through the end of the term of the agreement (but not less than 12 months), plus the amount of any bonus paid for the preceding bonus period, plus any accrued but unpaid vacation time.

The description of the Amendment is qualified by reference to the Amendment, a copy of which is filed herewith as Exhibit 10.1.6.2.

On February 26, 2015, the Company entered into (i) a Management Fee and Corporate Allocation Agreement, dated as of February 26, 2015, by and between the Company and Wynn Las Vegas ("Management Agreement") and (ii) a 2015 Intellectual

Property License Agreement, dated as of February 26, 2015, by and among the Company, Wynn Resorts Holdings, LLC and Wynn Las Vegas (“2015 IP Agreement”). The Management Agreement provides that, among other things, Wynn Las Vegas will pay the Company a yearly management fee equal to 1.5% of net revenues and monthly corporate allocation charges for corporate support services provided by the Company in support of Wynn Las Vegas’ business. Pursuant to the 2015 IP Agreement, Wynn Las Vegas is granted a non-exclusive license to certain intellectual property at a monthly licensing fee of 3% of Wynn Las Vegas’ gross revenue, subject to a 1.5% reduction while the 2004 IP Agreement (defined below) is in place.

In connection with the foregoing, the Company terminated that certain Management Agreement, dated as of December 14, 2004, by and among the Company, Wynn Las Vegas, and certain Wynn Las Vegas-related entities. That certain Intellectual Property License Agreement, dated as of December 14, 2004 (“2004 IP Agreement”), by and among the Company, Wynn Resorts Holdings, LLC and Wynn Las Vegas remains in effect until otherwise terminated by the parties in accordance with the terms therein.

These descriptions of the Management Agreement and 2015 IP Agreement are qualified by reference to such agreements, copies of which are filed herewith as Exhibits 10.11.2 and 10.11.5, respectively.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item will be contained in the Registrant's definitive Proxy Statement for its 2015 Annual Stockholder Meeting to be filed with the Securities and Exchange Commission within 120 days after December 31, 2014 (the "2015 Proxy Statement") under the captions "Election of Directors", "Executive Officers", "Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance," and is incorporated herein by reference.

As part of the Company's commitment to integrity, the Board of Directors has adopted a Code of Business Conduct and Ethics applicable to all directors, officers and employees of the Company and its subsidiaries. This Code is periodically reviewed by the Board of Directors. In the event we determine to amend or waive certain provisions of this code of ethics, we intend to disclose such amendments or waivers on our website at <http://www.wynnresorts.com> under the heading "Corporate Governance" within four business days following such amendment or waiver or as otherwise required by the NASDAQ listing standards.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be contained in the 2015 Proxy Statement under the captions "Director Compensation", "Compensation Discussion and Analysis" and "Executive Compensation Tables," and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Securities Authorized for Issuance Under Equity Compensation Plans

The following table summarizes compensation plans under which our equity securities are authorized for issuance, aggregated as to: (i) all compensation plans previously approved by stockholders, and (ii) all compensation plans not previously approved by stockholders. These plans are described in Item 8—"Financial Statements and Supplementary Data" of Part II (see Notes to Consolidated Financial Statements).

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,380,976	\$ 79.93	4,407,390
Equity compensation plans not approved by security holders	—	—	—
Total	1,380,976	\$ 79.93	4,407,390

Certain information required by this item will be contained in the 2015 Proxy Statement under the caption "Certain Beneficial Ownership and Management," and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item will be contained in the 2015 Proxy Statement under the caption "Certain Relationships and Related Transactions", and "Corporate Governance," and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item will be contained in the 2015 Proxy Statement under the caption "Ratification of Appointment of Independent Auditors," and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)1. The following consolidated financial statements of the Company are filed as part of this report under Item 8—"Financial Statements and Supplementary Data."

- Reports of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets as of December 31, 2014 and 2013
- Consolidated Statements of Income for the years ended December 31, 2014, 2013 and 2012
- Consolidated Statements of Comprehensive Income for the years ended December 31, 2014, 2013 and 2012
- Consolidated Statements of Stockholders' Equity for the years ended December 31, 2014, 2013 and 2012
- Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012
- Notes to Consolidated Financial Statements

(a)2. Financial Statement Schedules filed in Part IV of this report are listed below:

- Schedule I—Condensed financial information of the registrant
- Schedule II—Valuation and Qualifying Accounts

We have omitted all other financial statement schedules because they are not required or are not applicable, or the required information is shown in the financial statements or notes to the financial statements.

SCHEDULE 1—CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT
WYNN RESORTS, LIMITED
(Parent Company Only)
CONDENSED BALANCE SHEETS
(in thousands, except share data)

	December 31,	
	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 335,111	\$ 299,716
Investment securities	240,140	169,496
Receivables	1,740	1,804
Prepaid expenses	1,980	3,165
Total current assets	578,971	474,181
Property and equipment, net	11,296	11,314
Investment securities	10,173	79,989
Other assets	62,043	33,787
Due from subsidiaries	369,917	298,410
Investment in subsidiaries	1,217,442	1,269,696
Total assets	\$ 2,249,842	\$ 2,167,377
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,695	\$ 334
Accrued compensation and benefits	17,428	1,326
Interest payable	33,636	33,636
Other accrued liabilities	8,163	4,865
Deferred income taxes, net	4,847	4,034
Total current liabilities	65,769	44,195
Long-term debt	1,936,443	1,936,443
Other long-term liabilities	12,421	40,045
Deferred income taxes, net	24,118	14,343
Total liabilities	2,038,751	2,035,026
Commitments and contingencies (Note 2)		
Stockholders' equity:		
Preferred stock, par value \$0.01; 40,000,000 shares authorized; zero shares issued and outstanding	—	—
Common stock, par value \$0.01; 400,000,000 shares authorized; 114,426,960 and 114,170,493 shares issued; and, 101,439,297 and 101,192,408 shares outstanding	1,144	1,142
Treasury stock, at cost; 12,987,663 and 12,978,085 shares	(1,145,481)	(1,143,419)
Additional paid-in capital	948,566	888,727
Accumulated other comprehensive income	2,505	2,913
Retained earnings	164,487	66,130
Total Wynn Resorts, Limited stockholders' deficit	(28,779)	(184,507)
Noncontrolling interest	239,870	316,858
Total equity	211,091	132,351
Total liabilities and stockholders' equity	\$ 2,249,842	\$ 2,167,377

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

WYNN RESORTS, LIMITED
(Parent Company Only)

CONDENSED STATEMENTS OF INCOME
(in thousands, except per share data)

	Years Ended December 31,		
	2014	2013	2012
Operating revenues:			
Wynn Macau royalty fees	\$ 148,039	\$ 160,923	\$ 147,101
Wynn Las Vegas management fees	24,580	23,721	22,318
Other revenues	2,050	—	—
Net revenues	174,669	184,644	169,419
Operating costs and expenses:			
General and administrative	45,934	45,285	70,602
Depreciation and amortization	447	423	421
Property charges and other	—	—	33
Total operating costs and expenses	46,381	45,708	71,056
Operating income	128,288	138,936	98,363
Other income (expense):			
Interest and other income	1,997	1,486	1,116
Interest expense	(38,729)	(38,715)	(33,650)
Equity in income of subsidiaries	864,156	882,760	665,127
Other income (expense), net	827,424	845,531	632,593
Income before income taxes	955,712	984,467	730,956
Benefit (provision) for income taxes	6,932	19,690	(2,257)
Net income	962,644	1,004,157	728,699
Less: net income attributable to noncontrolling interests	(231,090)	(275,505)	(226,663)
Net income attributable to Wynn Resorts, Limited	\$ 731,554	\$ 728,652	\$ 502,036
Basic and diluted earnings per common share:			
Net income attributable to Wynn Resorts, Limited:			
Basic	\$ 7.25	\$ 7.25	\$ 4.87
Diluted	\$ 7.18	\$ 7.17	\$ 4.82
Weighted average common shares outstanding:			
Basic	100,927	100,540	103,092
Diluted	101,931	101,641	104,249

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

WYNN RESORTS, LIMITED
(Parent Company Only)
CONDENSED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,		
	2014	2013	2012
Cash flows from operating activities:			
Net income	\$ 962,644	\$ 1,004,157	\$ 728,699
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	447	423	421
Deferred income taxes	(9,192)	(19,826)	(3,655)
Stock-based compensation	21,888	26,964	11,894
Amortization of discount on investment securities and other	4,059	3,338	3,762
Dividends received from subsidiary	887,613	840,914	700,025
Equity in income of subsidiaries	(864,156)	(882,760)	(665,127)
Increase (decrease) in cash from changes in:			
Receivables	68	(476)	823
Prepaid expenses	1,185	(467)	(1,695)
Accounts payable, accrued expenses and other	21,540	1,515	38,337
Due from affiliates	(26,900)	(23,721)	(22,318)
Net cash provided by operating activities	999,196	950,061	791,166
Cash flows from investing activities:			
Purchase of investment securities	(200,258)	(222,856)	(183,484)
Proceeds from sales or maturities of investment securities	195,164	95,771	202,406
Purchase of other assets	(28,476)	(105)	(33,682)
Due (from) to subsidiaries	(307,525)	4,623	(34,132)
Net cash used in investing activities	(341,095)	(122,567)	(48,892)
Cash flows from financing activities:			
Cash distributions	(632,503)	(712,681)	(955,493)
Exercise of stock options	11,859	20,436	15,583
Repurchase of common stock	(2,062)	(15,472)	(911)
Net cash used in financing activities	(622,706)	(707,717)	(940,821)
Cash and cash equivalents:			
Increase (decrease) in cash and cash equivalents	35,395	119,777	(198,547)
Balance, beginning of year	299,716	179,939	378,486
Balance, end of year	\$ 335,111	\$ 299,716	\$ 179,939

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

WYNN RESORTS, LIMITED
(Parent Company Only)
NOTES TO CONDENSED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

The accompanying condensed financial statements include only the accounts of Wynn Resorts, Limited (the “Company”). Investments in the Company’s subsidiaries are accounted for under the equity method.

In October 2009, Wynn Macau, Limited, an indirect wholly owned subsidiary of the Company and the developer, owner and operator of Wynn Macau, listed its ordinary shares of common stock on The Stock Exchange of Hong Kong Limited. Wynn Macau, Limited sold through an initial public offering, including the over allotment, 1,437,500,000 shares, 27.7% of this subsidiary’s common stock.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted since this information is included in the Company’s consolidated financial statements included elsewhere in this Form 10-K.

Note 2 - Commitments and Contingencies

The Company is a holding company and, as a result, its ability to pay dividends is dependent on its subsidiaries’ ability to obtain funds and its subsidiaries’ ability to provide funds to it. Restrictions are imposed by its subsidiaries’ debt instruments significantly restrict certain key subsidiaries holding a majority of its assets, including Wynn Las Vegas, LLC, Wynn America, LLC, and Wynn Resorts (Macau), S.A., from making dividends or distributions to the Company. These restrictions are subject to certain exceptions for affiliated overhead expenses as defined in the agreements governing the debt instruments, unless certain financial and non-financial criteria have been satisfied. The Company received cash dividends of \$887.6 million, \$840.9 million and \$700.0 million from its subsidiaries during the years ended December 31, 2014, 2013 and 2012, respectively.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Description	Balance at Beginning of Year	Provisions for Doubtful Accounts	Write-offs, Net of Recoveries	Balance at End of Year
Allowance for doubtful accounts:				
2014	\$ 73,991	3,906	(3,219)	\$ 74,678
2013	\$ 102,213	11,877	(40,099)	\$ 73,991
2012	\$ 91,854	18,091	(7,732)	\$ 102,213

Description	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
Deferred income tax asset valuation allowance:				
2014	\$ 2,587,025	745,112	(35,348)	\$ 3,296,789
2013	\$ 1,831,545	773,509	(18,029)	\$ 2,587,025
2012	\$ 1,812,482	29,132	(10,069)	\$ 1,831,545

(a)3. Exhibits

Exhibits that are not filed herewith have been previously filed with the SEC and are incorporated herein by reference.

Exhibit No.	Description
3.1	Second Amended and Restated Articles of Incorporation of the Registrant. (Incorporated by reference from Amendment No. 4 to the Form S-1 filed by the Registrant on October 7, 2002 (File No. 333-90600).)
3.2	Seventh Amended and Restated Bylaws of the Registrant, as amended. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on August 8, 2014.)
4.1	Specimen certificate for shares of Common Stock, \$0.01 par value per share of the Registrant. (Incorporated by reference from Amendment No. 4 to the Form S-1 filed by the Registrant on October 7, 2002 (File No. 333-90600).)
4.2	Indenture, dated as of April 28, 2010, by and among Wynn Las Vegas, LLC, Wynn Las Vegas Capital Corp., the Guarantors set forth therein and U.S. Bank National Association, as trustee. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on April 28, 2010.)
4.3	Indenture, dated as of August 4, 2010, among Wynn Las Vegas, LLC, Wynn Las Vegas Capital Corp., the Guarantors named therein and U.S. Bank National Association, as trustee. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on August 5, 2010.)
4.4	Indenture, dated as of March 12, 2012, by and among Wynn Las Vegas, LLC, Wynn Las Vegas Capital Corp., the Guarantors named therein and U.S. Bank National Association, as trustee. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on March 13, 2012.)
4.5	Indenture, dated May 22, 2013, among Wynn Las Vegas, LLC, Wynn Las Vegas Capital Corp., the Guarantors named therein and the U.S. Bank National Association, as trustee. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on May 22, 2013.)
4.6	Indenture, dated February 18, 2015, among Wynn Las Vegas, LLC, Wynn Las Vegas Capital Corp., the Guarantors named therein and U.S. Bank National Association, as trustee. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on February 18, 2015.)
*4.7	Supplemental Indenture, dated as of February 18, 2015, to Indenture, dated as of April 28, 2010, among Wynn Las Vegas, LLC, Wynn Las Vegas Capital Corp., the Guarantors named therein and U.S. Bank National Association, as trustee.
*4.8	Supplemental Indenture, dated as of February 18, 2015, to Indenture, dated as of August 4, 2010, among Wynn Las Vegas, LLC, Wynn Las Vegas Capital Corp., the Guarantors named therein and U.S. Bank National Association, as trustee.
*4.9	Supplemental Indenture, dated as of February 18, 2015, to Indenture, dated as of March 12, 2012, among Wynn Las Vegas, LLC, Wynn Las Vegas Capital Corp., the Guarantors named therein and U.S. Bank National Association, as trustee.
*4.10	Supplemental Indenture, dated as of February 18, 2015, to Indenture, dated as of May 22, 2013, among Wynn Las Vegas, LLC, Wynn Las Vegas Capital Corp., the Guarantors named therein and U.S. Bank National Association, as trustee.
+10.1.1.0	Employment Agreement, dated as of October 4, 2002, by and between Wynn Resorts, Limited and Stephen A. Wynn. (Incorporated by reference from Amendment No. 4 to the Form S-1 filed by the Registrant on October 7, 2002 (File No. 333-90600).)
+10.1.1.1	First Amendment to Employment Agreement, dated as of August 6, 2004, by and between Stephen A. Wynn and Wynn Resorts, Limited. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 4, 2004.)
+10.1.1.2	Second Amendment to employment agreement between Wynn Resorts, Limited and Stephen A. Wynn dated January 31, 2007. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on March 1, 2007.)
+10.1.1.3	Third Amendment to Employment Agreement, dated as of September 11, 2008, between Wynn Resorts, Limited and Stephen A. Wynn. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on September 15, 2008.)
+10.1.1.4	Fourth Amendment to Employment Agreement dated as of December 31, 2008, between Wynn Resorts, Limited and Stephen A. Wynn. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on March 2, 2009.)
+10.1.1.5	Amendment to Employment Agreement, dated as of February 16, 2009, by and between Wynn Resorts, Limited and Stephen A. Wynn. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on May 11, 2009.)

- +10.1.1.6 Sixth Amendment to Employment Agreement, dated as of February 24, 2011, between Wynn Resorts, Limited and Stephen A. Wynn. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on February 28, 2011.)
- *+10.1.1.7 Seventh Amendment to Employment Agreement, dated as of January 15, 2015, between Wynn Resorts, Limited and Stephen A. Wynn.
- +10.1.2 Employment Agreement, dated November 18, 2013, by and between Wynn Resorts Limited and Matt Maddox (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on February 28, 2014.)
- +10.1.3.0 Employment Agreement, dated May 12, 2010, by and between Worldwide Wynn, LLC and Linda C. Chen. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on May 18, 2010.)
- +10.1.3.1 Retention Agreement, dated July 27, 2011, by and between Worldwide Wynn, LLC and Linda Chen. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on August 18, 2011.)
- +10.1.3.2 First Amendment to Employment Agreement, dated as of November 2, 2012, by and between Worldwide Wynn, LLC and Linda Chen. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on March 1, 2013.)
- +10.1.3.3 Second Amendment to Employment Agreement, dated as of January 2, 2014, by and between Worldwide Wynn, LLC and Linda Chen. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on May 9, 2014.)
- +10.1.4.0 Employment Agreement, dated as of April 24, 2007, by and between Wynn Resorts, Limited and Kim Sinatra. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on March 1, 2010.)
- +10.1.4.1 First Amendment to Employment Agreement, dated as of December 31, 2008 by and between Wynn Resorts, Limited and Kim Sinatra. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on March 1, 2010.)
- +10.1.4.2 Amendment to Employment Agreement, dated as of February 12, 2009, by and between Wynn Resorts, Limited and Kim Sinatra. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on March 1, 2010.)
- +10.1.4.3 Second Amendment to Employment Agreement, dated as of November 30, 2009, by and between Wynn Resorts, Limited and Kim Sinatra. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on March 1, 2010.)
- +10.1.4.4 Third Amendment to Employment Agreement, dated as of May 5, 2014, by and between Wynn Resorts, Limited and Kim Sinatra. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on August 8, 2014.)
- +10.1.5.0 Employment Agreement, dated August 31, 2005, by and between Wynn Resorts, Limited and John Strzemp. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on February 28, 2014.)
- +10.1.5.1 First Amendment to Employment Agreement, dated as of March 26, 2008, by and between Wynn Resorts, Limited and John Strzemp. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on February 28, 2014.)
- +10.1.5.2 Second Amendment to Employment Agreement, dated as of December 31, 2008, by and between Wynn Resorts, Limited and John Strzemp. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on February 28, 2014.)
- +10.1.5.3 Amendment to Employment Agreement, dated as of February 12, 2009, by and between Wynn Resorts, Limited and John Strzemp. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on February 28, 2014.)
- +10.1.5.4 Fourth Amendment to Employment Agreement, dated as of March 23, 2009, by and between Wynn Resorts, Limited and John Strzemp. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on February 28, 2014.)
- +10.1.5.5 Fifth Amendment to Employment Agreement, dated as of February 25, 2013, by and between Wynn Resorts, Limited and John Strzemp. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on February 28, 2014.)
- +10.1.5.6 Sixth Amendment to Employment Agreement, dated as of September 10, 2013, by and between Wynn Resorts, Limited and John Strzemp. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on February 28, 2014.)
- +10.1.6.0 Employment Agreement, dated as of November 7, 2013, by and between Wynn Resorts, Limited and Stephen Cootey (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on August 8, 2014.)

- +10.1.6.1 First Amendment to Employment Agreement, dated as of January 6, 2014, by and between Wynn Resorts, Limited and Stephen Cootey. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on August 8, 2014.)
- *+10.1.6.2 Second Amendment to Employment Agreement, dated as of February 24, 2015, by and between Wynn Resorts, Limited and Stephen Cootey.
- +10.2.0 2002 Stock Incentive Plan as Amended and Restated effective May 12, 2010. (Incorporated by reference from the Form S-8 Registration Statement filed by the Registrant on July 27, 2010 (File No. 333-168323).)
- +10.2.1 2002 Stock Incentive Plan as Amended and Restated effective May 17, 2011. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on February 29, 2012.)
- +10.2.2 Form of Stock Option Agreement pursuant to 2002 Stock Incentive Plan. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on February 29, 2012.)
- +10.2.3 Form of Stock Option Grant Notice. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on February 29, 2012.)
- +10.2.4 Form of Restricted Stock Agreement pursuant to 2002 Stock Incentive Plan. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on February 29, 2012.)
- +10.2.5 2014 Omnibus Incentive Plan effective May 16, 2014. (Incorporated by reference from the Form S-8 Registration Statement filed by the Registrant on May 20, 2014 (File No. 333-196113).)
- 10.3.1.0 Amended and Restated Stockholder Agreement, dated January 6, 2010, by and among Stephen A. Wynn, Elaine P. Wynn and Aruze USA, Inc. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on January 6, 2010.)
- 10.3.1.1 Waiver and Consent, dated November 24, 2010, by and among Aruze USA, Inc., Stephen A. Wynn and Elaine P. Wynn. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on November 26, 2010.)
- 10.3.1.2 Waiver and Consent, dated December 15, 2010, by and among Aruze USA, Inc., Stephen A. Wynn and Elaine P. Wynn. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on December 15, 2010.)
- 10.3.2 Amended and Restated Shareholders Agreement, dated as of September 16, 2004 by and among Wynn Resorts (Macau), Ltd., Wong Chi Seng and Wynn Resorts (Macau), S.A. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 4, 2004.)
- 10.4.1.0 Concession Contract for the Operation of Games of Chance or Other Games in Casinos in the Macau Special Administrative Region, dated June 24, 2002, between the Macau Special Administrative Region and Wynn Resorts (Macau), S.A. (English translation of Portuguese version of Concession Agreement). (Incorporated by reference from Amendment No. 1 to the Form S-1 filed by the Registrant on August 20, 2002 (File No. 333-90600).)
- 10.4.1.1 Concession Contract for Operating Casino Gaming or Other Forms of Gaming in the Macao Special Administrative Region, dated June 24, 2002, between the Macau Special Administrative Region and Wynn Resorts (Macau) S.A. (English translation of Chinese version of Concession Agreement). (Incorporated by reference from Amendment No. 3 to the Form S-1 filed by the Registrant on September 18, 2002 (File No. 333-90600).)
- 10.4.1.2 Unofficial English translation of Land Concession Contract between the Macau Special Administrative Region and Wynn Resorts (Macau) S.A. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on August 3, 2004.)
- 10.4.1.3 Land Concession Contract, published on May 2, 2012, by and among Palo Real Estate Company Limited, Wynn Resorts (Macau) S.A. and the Macau Special Administration of the People's Republic of China (translated to English from traditional Chinese and Portuguese. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on May 2, 2012.)
- 10.5.1.0 Surname Rights Agreement, dated as of August 6, 2004, by and between Stephen A. Wynn and Wynn Resorts Holdings, LLC. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 4, 2004.)
- 10.5.1.1 Rights of Publicity License, dated as of August 6, 2004, by and between Stephen A. Wynn and Wynn Resorts Holdings, LLC. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 4, 2004.)
- 10.5.1.2 Trademark Assignment, dated as of August 6, 2004, by and between Stephen A. Wynn and Wynn Resorts Holdings, LLC. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 4, 2004.)
- 10.5.2 Intellectual Property License Agreement dated as of December 14, 2004, by and among Wynn Resorts Holdings, Wynn Resorts, Limited and Wynn Las Vegas, LLC. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on March 15, 2005.)

- 10.6.1.0 Common Terms Agreement, dated as of September 14, 2004, among Wynn Resorts (Macau), S.A., certain financial institutions as Hotel Facility Lenders, Project Facility Lenders and Revolving Credit Facility Lenders, Deutsche Bank AG, Hong Kong Branch and Societe Generale Asia Limited as Global Coordinating Lead Arrangers and Societe Generale Asia Limited as Hotel Facility Agent, Project Facility Agent, Intercreditor Agent and Security Agent. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 4, 2004.)
- 10.6.1.1 Common Terms Agreement Amendment Agreement, dated as of September 14, 2005, between Wynn Resorts (Macau), S.A. as the Company, Certain Financial Institutions as Hotel Facility Lenders, Project Facility Lenders, Revolving Credit Facility Lenders and Hedging Counterparties, Bank of America Securities Asia Limited, Deutsche Bank AG, Hong Kong Branch and Societe Generale Asia Limited as Global Coordinating Lead Arrangers, Societe Generale Asia Limited as Hotel Facility Agent and Project Facility Agent, Societe Generale Asia Limited as Intercreditor Agent, and Societe Generale, Hong Kong Branch as Security Agent. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 8, 2005.)
- 10.6.1.2 Second Amendment Agreement to the Common Terms Agreement dated June 27, 2007 among Wynn Resorts (Macau), S.A., certain financial institutions as Hotel Facility Lenders, Project Facility Lenders, and Revolving Credit Facility Lenders, Banc of America Securities Asia Limited, Deutsche Bank A.G. Hong Kong Branch, and Societe Generale Asia Limited as Global Lead Arrangers and Societe Generale Asia Limited as Hotel Facility Agent and Project Facility Agent and Societe Generale Hong Kong Branch as Intercreditor Agent. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on August 9, 2007.)
- 10.6.1.3 Common Terms Agreement Third Amendment Agreement dated September 8, 2009 between, among others, Wynn Resorts (Macau) S.A. as the company and Société Générale, Hong King Branch as security agent. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on March 1, 2010.)
- 10.6.1.4 Common Terms Agreement Fourth Amendment Agreement, dated as of July 31, 2012 between, among others, Wynn Resorts (Macau) S.A. as the company and Bank of China Limited Macau Branch as security agent. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 9, 2012.)
- 10.6.2.0 Hotel Facility Agreement, dated as of September 14, 2004, among Wynn Resorts (Macau), S.A., Societe Generale Asia Limited as Hotel Facility Agent and the several Hotel Facility Lenders named therein. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 4, 2004.)
- 10.6.2.1 Hotel Facility Agreement Amendment Agreement, dated as of September 14, 2005, between Wynn Resorts (Macau), S.A. as Company, Societe Generale Asia Limited, as Hotel Facility Agent and Certain Financial Institutions as Hotel Facility Lenders. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 8, 2005.)
- 10.6.2.2 Second Amendment Agreement to the Hotel Facility Agreement dated June 27, 2007 among Wynn Resorts (Macau), S.A., Societe Generale Asia Limited as Hotel Facility Agent, and certain financial institutions as Hotel Facility Lenders. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on August 9, 2007.)
- 10.6.2.3 Third Amendment Agreement to the Hotel Facility Agreement dated July 31, 2012 among Wynn Resorts, (Macau), S.A., Bank of China Limited Macau Branch, and certain financial institutions as Hotel Facility Lenders. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 9, 2012.)
- 10.6.3.0 Project Facility Agreement, dated as of September 14, 2004, among Wynn Resorts (Macau), S.A., Societe Generale Asia Limited as Project Facility Agent and the several Project Facility Lenders named therein. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 4, 2004.)
- 10.6.3.1 Project Facility Agreement Amendment Agreement, dated as of September 14, 2005, between Wynn Resorts (Macau), S.A. as Company, Societe Generale Asia Limited, as Project Facility Agent and Certain Financial Institutions as Project Facility Lenders. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 8, 2005.)
- 10.6.3.2 Second Amendment Agreement to the Project Facility Agreement dated June 27, 2007 among Wynn Resorts (Macau), S.A., Societe Generale Asia Limited as Project Facility Agent, and certain financial institutions as Project Facility Lenders. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on August 9, 2007.)
- 10.6.4.0 Revolving Credit Facility Agreement, dated as of September 14, 2004, among Wynn Resorts (Macau), S.A. and the several Revolving Credit Facility Lenders named therein. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 4, 2004.)

- 10.6.4.1 Revolving Credit Facility Agreement Amendment Agreement, dated as of September 14, 2005, between Wynn Resorts (Macau), S.A. as Company and Certain Financial Institutions as Revolving Credit Facility Lenders. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 8, 2005.)
- 10.6.4.2 Revolving Credit Facility Second Amendment Agreement dated June 27, 2007, among Wynn Resorts (Macau), S.A. and Societe Generale, Hong Kong Branch, as Revolving Credit Facility Agent and certain financial institutions as revolving credit facility lenders. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on August 9, 2007.)
- 10.6.4.3 Revolving Credit Facility Agreement, dated July 31, 2012, among Wynn Resorts (Macau), S.A., Bank of China, Limited Macau Branch, and certain financial institutions as Project Facility Lenders. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 9, 2012.)
- 10.6.5.0 Deed of Appointment and Priority, dated as of September 14, 2004, among Wynn Resorts (Macau), S.A., certain financial institutions as Original First Ranking Lenders, Banco Nacional Ultramarino, S.A. as Second Ranking Finance Party, Wynn Group Asia, Inc. as Third Ranking Finance Party, Societe Generale -Hong Kong Branch as Security Agent, Societe Generale Asia Limited as Intercreditor Agent and Hotel Facility Agent and Project Facility Agent and others. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 4, 2004.)
- 10.6.5.1 Deed of Appointment and Priority Deed of Amendment, dated as of September 14, 2005, between Wynn Resorts (Macau), S.A. as Company, Certain Financial Institutions as Original First Ranking Lenders, Certain Financial Institutions as Original Hedging Counterparties, Banco Nacional Ultramarino, S.A. as Second Ranking Finance Party, Wynn Group Asia, Inc. as Third Ranking Finance Party, Societe Generale Asia Limited as Security Agent, Societe Generale Asia Limited as Intercreditor Agent, Societe Generale Asia Limited as Hotel Facility Agent and Project Facility Agent, and Others. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 8, 2005.)
- 10.6.6 Floating Charge (unofficial English Translation), dated September 14, 2004, between Wynn Resorts (Macau), S.A. and Societe Generale, Hong Kong Branch as the Security Agent. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 4, 2004.)
- 10.6.7 Debenture, dated September 14, 2004, between Wynn Resorts (Macau), S.A. and Societe Generale, Hong Kong Branch as the Security Agent. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 4, 2004.)
- 10.6.8.0 Wynn Resorts Support Agreement, dated September 14, 2004, between Wynn Resorts, Limited, Wynn Resorts (Macau), S.A. and Societe Generale, Hong Kong Branch as the Security Agent. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 4, 2004.)
- 10.6.8.1 Wynn Resorts Support Agreement Deed of Amendment, dated as of September 14, 2005, between Wynn Resorts (Macau), S.A. and Societe Generale, Hong Kong Branch as Security Agent. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 8, 2005.)
- 10.6.9 Wynn Pledgors' Guarantee, dated September 14, 2004, between Wynn Group Asia, Inc., Wynn Resorts International, Ltd., Wynn Resorts (Macau) Holdings, Ltd. and Wynn Resorts (Macau), Ltd. as Guarantors; and Societe Generale, Hong Kong Branch as the Security Agent. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 4, 2004.)
- 10.6.10 Bank Guarantee Reimbursement Agreement, dated September 14, 2004, between Wynn Resorts (Macau), S.A. and Banco Nacional Ultramarino. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 4, 2004.)
- 10.6.11 Sponsors' Subordination Deed, dated September 14, 2004, between Wynn Resorts (Macau), S.A., Wynn Group Asia, Inc., Wynn Resorts International, Ltd., Wynn Resorts (Macau) Holdings, Ltd. and Wynn Resorts (Macau), Ltd. as the Wynn Companies and Societe Generale, Hong Kong Branch as the Security Agent. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 4, 2004.)
- 10.7.0 Amended and Restated Master Disbursement Agreement, dated as of October 25, 2007, by and among Wynn Las Vegas, LLC, Deutsche Bank Trust Company Americas, as the initial Bank Agent, and Deutsche Bank Trust Company America, as the initial Disbursement Agent. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on October 31, 2007.)
- 10.7.1 First Amendment to Amended and Restated Master Disbursement Agreement, dated as of October 31, 2007, by and among Wynn Las Vegas, LLC, Deutsche Bank Trust Company Americas, as the initial Bank Agent, and Deutsche Bank Trust Company America, as the initial Disbursement Agent. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on November 1, 2007.)
- 10.7.2 Second Amendment to Amended and Restated Master Disbursement Agreement, dated as of November 6, 2007, by and among Wynn Las Vegas, LLC, Deutsche Bank Trust Company Americas, as the Bank Agent, and Deutsche Bank Trust Company Americas, as the Disbursement Agent. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on November 13, 2007.)

- 10.7.3 Third Amendment to Amended and Restated Master Disbursement Agreement, dated October 19, 2009, by and among Wynn Las Vegas, LLC, Deutsche Bank Trust Company Americas, as the Bank Agent, and Deutsche Bank Trust Company Americas, as the Disbursement Agent. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on October 20, 2009.)
- 10.7.4 Fourth Amendment to Amended and Restated Master Disbursement Agreement, dated April 28, 2010, by and among Wynn Las Vegas, LLC, Deutsche Bank Trust Company Americas, as the Bank Agent, and Deutsche Bank Trust Company Americas, as the Disbursement Agent. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on April 28, 2010.)
- 10.7.5 Fifth Amendment to the Amended and Restated Master Disbursement Agreement, dated August 4, 2012, by and among Wynn Las Vegas, LLC, Deutsche Bank Trust Company Americas, as the Bank Agent, and Deutsche Bank Trust Company Americas, as the Disbursement Agent. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on March 1, 2013.)
- 10.7.6 Sixth Amendment to Amended and Restated Master Disbursement Agreement, dated March 12, 2012, by and among Wynn Las Vegas, LLC, Deutsche Bank Trust Company Americas, as the Bank Agent, and Deutsche Bank Trust Company Americas, as the Disbursement Agent. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on March 13, 2012.)
- 10.8.1 2013 Second Amended and Restated Agreement of Lease, dated as of November 7, 2013, by and between Wynn Las Vegas, LLC and Stephen A. Wynn. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on November 14, 2013.)
- *10.8.2 First Amendment to 2013 Second Amended and Restated Agreement of Lease, dated as of February 25, 2015, by and between Wynn Las Vegas, LLC and Stephen A. Wynn.
- 10.8.3 Sixth Amended and Restated Art Rental and Licensing Agreement, dated as of July 1, 2012, between Stephen A. Wynn, as lessor, Wynn Las Vegas, LLC, as lessee. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 9, 2012.)
- 10.9.1.0 Aircraft Time Sharing Agreement, dated as of November 25, 2002, by and between Las Vegas Jet, LLC and Stephen A. Wynn. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on March 1, 2010.)
- 10.9.1.1 Amendment No. 1 to Aircraft Time Sharing Agreement, entered into as of January 1, 2004, by and between Las Vegas Jet, LLC and Stephen A. Wynn. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on March 1, 2010.)
- 10.9.1.2 Amendment No. 2 to Aircraft Time Sharing Agreement, entered into as of October 31, 2009, by and between Las Vegas Jet, LLC and Stephen A. Wynn. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on March 1, 2010.)
- *10.9.1.3 Termination Agreement to the Aircraft Time Sharing Agreement, dated as of January 15, 2015, by and between Las Vegas Jet, LLC and Stephen A. Wynn.
- *10.9.1.4 Aircraft Time Sharing Agreement, dated January 15, 2015, by and between Wynn Resorts, Limited and Stephen A. Wynn.
- 10.9.2.0 Aircraft Purchase Option Agreement, dated January 3, 2013, between Wynn Resorts, Limited and Stephen A. Wynn. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on March 1, 2013.)
- 10.10.0 Form of Indemnity Agreement. (Incorporated by reference from Amendment No. 3 to the Form S-1 filed by the Registrant on September 18, 2002 (File No. 333-90600).)
- 10.10.1 Management Agreement, made as of December 14, 2004, by and among Wynn Las Vegas, LLC, Wynn Show Performers, LLC, Wynn Las Vegas Capital Corp., Wynn Golf, LLC, World Travel, LLC, Las Vegas Jet, LLC, Wynn Sunrise, LLC, and Wynn Resorts, Limited. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on March 15, 2005.)
- 10.10.2 First Amendment to Management Agreement, dated as of December 12, 2014, by and among Wynn Las Vegas, LLC, Wynn Show Performers, LLC, Wynn Las Vegas Capital Corp., Wynn Golf, LLC, World Travel, LLC, Las Vegas Jet, LLC, Wynn Sunrise, LLC, and Wynn Resorts, Limited. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on December 12, 2012.)
- 10.10.3 Management Fees Subordination Agreement, dated as of December 14, 2004, by Wynn Resorts, Limited, Wynn Las Vegas, LLC, Wynn Las Vegas Capital Corp., and those subsidiaries of Wynn Las Vegas, LLC listed on Exhibit A hereto in favor of Deutsche Bank Trust Company Americas, as administrative agent, and U.S. Bank National Association, as trustee. (Incorporated by reference from the Annual Report on Form 10-K filed by the Registrant on March 15, 2005.)
- *10.10.4 Termination Agreement, dated February 26, 2015, to Management Agreement, dated as of December 14, 2004, by and among Wynn Las Vegas, LLC, certain Wynn Las Vegas-related entities named therein, and Wynn Resorts, Limited.

- 10.10.5 Redemption Price Promissory Note, dated February 18, 2012, made by Wynn Resorts, Limited to Aruze USA, Inc. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on February 21, 2012.)
- 10.10.6 Registration Rights Agreement, dated as of March 12, 2012, by and among Wynn Las Vegas, LLC, Wynn Las Vegas Capital Corp, Wynn Show Performers, LLC, Wynn Golf, LLC, Las Vegas Jet, LLC, World Travel, LLC, Wynn Sunrise, LLC, Kevyn, LLC, Deutsche Bank Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on March 13, 2012.)
- *10.11.0 Corporate Allocation Agreement, dated as of September 19, 2009, by Wynn Macau, Limited and Wynn Resorts, Limited.
- *10.11.1 Amended and Restated Corporate Allocation Agreement, dated as of September 19, 2009, by Wynn Resorts (Macau) S.A., and Wynn Resorts, Limited.
- *10.11.2 Management Fee and Corporate Allocation Agreement, dated as of February 26, 2015, by and between Wynn Las Vegas, LLC and Wynn Resorts, Limited.
- *10.11.3 Intellectual Property License Agreement, dated as of September 19, 2009, by and among Wynn Resorts Holdings, LLC, Wynn Resorts, Limited and Wynn Macau, Limited.
- *10.11.4 Amended and Restated Intellectual Property License Agreement, dated as of September 19, 2009, by and among Wynn Resorts Holdings, LLC, Wynn Resorts, Limited and Wynn Resorts (Macau) S.A.
- *10.11.5 2015 Intellectual Property License Agreement, dated as of February 26, 2015, by and between Wynn Resorts Holdings, LLC, Wynn Resorts, Limited and Wynn Las Vegas, LLC.
- *10.12.0 Credit Agreement, dated as of November 20, 2014, by and among Wynn America, LLC, as borrower, Wynn Las Vegas Holdings, LLC, Everett Property, LLC and Wynn MA, LLC, as guarantors, Deutsche Bank AG New York Branch, as administrative agent and collateral agent, Deutsche Bank Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Agricole Corporate and Investment Bank, Fifth Third Bank, SunTrust Robinson Humphrey, Inc., The Bank of Nova Scotia, BNP Paribas Securities Corp., Sumitomo Mitsui Banking Corporation and UBS Securities LLC, as joint lead arrangers and joint bookrunners, Morgan Stanley Senior Funding, Inc. and Bank of China, Los Angeles Branch, as arrangers, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as documentation agent, and the other lenders party thereto.
- *10.12.1 Completion Guaranty, dated as of November 20, 2014, by and between Wynn Resorts, Limited, and Deutsche Bank AG New York Branch, as administrative agent.
- *10.12.2 Security Agreement, dated as of November 20, 2014, by and among Wynn America, LLC, Wynn Las Vegas Holdings, LLC, Everett Property, LLC and Wynn MA, LLC, as pledgors, and Deutsche Bank AG New York Branch, as collateral agent.
- *21.1 Subsidiaries of the Registrant.
- *23.1 Consent of Ernst & Young LLP.
- *31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- *31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- *32.1 Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350.
- *101 The following financial information from the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on February 27, 2015 formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Income for the years ended December 31, 2014, 2013 and 2012, (ii) the Consolidated Balance Sheets at December 31, 2014 and December 31 2013, (iii) the Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012, (iv) the Consolidated Statements of Stockholders' Equity at December 31, 2014, 2013 and 2012, (v) the Consolidated Statements of Comprehensive Income and (vi) Notes to Consolidated Financial Statements.

* Filed herein

+ Denotes management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WYNN RESORTS, LIMITED

Dated: February 27, 2015

By: /s/ Stephen A. Wynn

Stephen A. Wynn

Chairman of the Board and Chief Executive Officer (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Stephen A. Wynn</u> Stephen A. Wynn	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 27, 2015
<u>/s/ John Hagenbuch</u> John Hagenbuch	Director	February 27, 2015
<u>/s/ Dr. Ray R. Irani</u> Dr. Ray R. Irani	Director	February 27, 2015
<u>/s/ Robert J. Miller</u> Robert J. Miller	Director	February 27, 2015
<u>/s/ Alvin V. Shoemaker</u> Alvin V. Shoemaker	Director	February 27, 2015
<u>/s/ Edward J Virtue</u> Edward J Virtue	Director	February 27, 2015
<u>/s/ D. Boone Wayson</u> D. Boone Wayson	Director	February 27, 2015
<u>/s/ Elaine P. Wynn</u> Elaine P. Wynn	Director	February 27, 2015
<u>/s/ Stephen Cootey</u> Stephen Cootey	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	February 27, 2015


CLERK OF THE COURT

MCOM

J. Stephen Peek, Esq. (1758)
Bryce K. Kunimoto, Esq. (7781)
Robert J. Cassity, Esq. (9779)
HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, Nevada 89134
Tel: (702) 669-4600
Fax: (702) 669-4650
speek@hollandhart.com
bkunimoto@hollandhart.com
bcassity@hollandhart.com

David S. Krakoff, Esq. (*Admitted Pro Hac Vice*)
Benjamin B. Klubes, Esq. (*Admitted Pro Hac Vice*)
Adam Miller, Esq. (*Admitted Pro Hac Vice*)
BUCKLEYSANDLER LLP
1250 24th Street NW, Suite 700
Washington DC 20037
Tel: (202) 349-8000
Fax: (202) 349-8080
dkrakoff@bucklesandler.com
bklubes@bucklesandler.com
amiller@bucklesandler.com

*Attorneys for Defendant Kazuo Okada and
Defendants/Counterclaimants Aruze USA, Inc.,
and Universal Entertainment Corp.*

DISTRICT COURT

CLARK COUNTY, NEVADA

WYNN RESORTS, LIMITED, a Nevada
corporation,

Plaintiff,

v.

KAZUO OKADA, an individual, ARUZE USA,
INC., a Nevada corporation, and UNIVERSAL
ENTERTAINMENT CORP., a Japanese
corporation,

Defendants.

AND ALL RELATED CLAIMS.

CASE NO.: A-12-656710-B
DEPT. NO.: XI

**DEFENDANTS' MOTION TO COMPEL
WYNN RESORTS, LIMITED TO
PRODUCE FREEH DOCUMENTS**

**EX PARTE APPLICATION FOR ORDER
SHORTENING TIME**

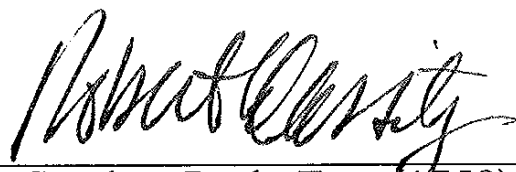
Electronic Filing Case

Hearing Date:
Hearing Time:

Defendant Kazuo Okada and Defendants/Counterclaimants Aruze USA, Inc. ("Aruze") and Universal Entertainment Corporation ("UEC," and collectively the "Aruze Parties"), by and through their undersigned counsel of record, hereby move the Court for an order compelling Plaintiff/Counterdefendant Wynn Resorts, Limited ("WRL") to produce documents prepared by Louis J. Freeh and his firm in connection with their investigation of the Aruze Parties on behalf of WRL. The documents are identified with particularity on the "Wynn Parties' Second Amended Privilege Log for Documents Produced by Pepper Hamilton, LLP Pursuant to Subpoena Duces Tecum," which WRL served in this matter on August 17, 2015. Counsel's certification of good faith effort to meet and confer prior to the filing of this Motion is attached hereto as **Exhibit 1**. This Motion is made pursuant to NRCP 26 and 37 and EDCR 2.34, and is based on the attached Memorandum of Points and Authorities, the papers and pleadings on file in this action, and any oral argument this Court may allow.

DATED this 21st day of September 2015.

By


J. Stephen Peek, Esq. (1758)
Bryce K. Kunimoto, Esq. (7781)
Robert J. Cassity, Esq. (9779)
HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, Nevada 89134

David S. Krakoff, Esq.
(Admitted Pro Hac Vice)
Benjamin B. Klubes, Esq.
(Admitted Pro Hac Vice)
Adam Miller, Esq.
(Admitted Pro Hac Vice)
BUCKLEYSANDLER LLP
1250 24th Street NW, Suite 700
Washington DC 20037

*Attorneys for Defendant Kazuo Okada and
Defendants/Counterclaimants Aruze USA, Inc.,
and Universal Entertainment Corp.*

EX PARTE APPLICATION FOR ORDER SHORTENING TIME

Pursuant to EDCR 2.26, the Aruze Parties apply to the Court *ex parte* for an Order Shortening Time for the hearing of Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents ("Motion").


Good cause supports the Aruze Parties request for an order shortening time. Specifically, as discussed in the accompanying Declaration of Adam Miller, attached as Exhibit 1, the Aruze Parties served Wynn Resorts, Limited ("WRL") with requests for the documents underlying the report prepared by Louis J. Freeh, which WRL then relied on to justify its forced redemption of the WRL stock held by Aruze USA, Inc. Ex. 1 ¶ 4; Ex. 2. The Aruze Parties also served subpoenas on Freeh Group International Solutions, LLC and Pepper Hamilton LLP on or about February 26, 2013. Ex. 1 ¶ 6. WRL has refused to produce a substantial number of these documents based on claims of privilege. *Id.* at ¶¶ 5, 7; Exs. 4, 5. The Aruze Parties dispute those claims because no privilege applied to Mr. Freeh's work and, if it did, it was waived by virtue of WRL's repeated reliance on Mr. Freeh's report in this litigation and elsewhere. Counsel held a meet-and-confer session to discuss these objections but were unable to resolve their differences. Ex. 1 ¶ 15.

Given the substantial number of documents at issue and their importance to upcoming depositions, the Aruze Parties respectfully request that the Motion be resolved soon after the Court returns from its vacation. There is a status conference scheduled for October 15, 2015, so the Aruze Parties respectfully request that the Court set the Motion for hearing on that date.

Counsel for the Aruze Parties notified counsel for WRL that it would request this date in advance of filing this motion.

DATED this 21st day of September 2015.

By


J. Stephen Peek, Esq. (1758)
Bryce K. Kunimoto, Esq. (7781)
Robert J. Cassity, Esq. (9779)
HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, Nevada 89134

David S. Krakoff, Esq.
(Admitted Pro Hac Vice)
Benjamin B. Klubes, Esq.
(Admitted Pro Hac Vice)
Adam Miller, Esq.
(Admitted Pro Hac Vice)
BUCKLEYSANDLER LLP
1250 24th Street NW, Suite 700
Washington DC 20037

*Attorneys for Defendant Kazuo Okada and
Defendants/Counterclaimants Aruze USA, Inc.,
and Universal Entertainment Corp.*

ORDER SHORTENING TIME

Having considered the Ex Parte Application for Order Shortening Time Filed by the Aruze Parties, and good cause appearing,

IT IS HEREBY ORDERED that DEFENDANTS' MOTION TO COMPEL WYNN RESORTS, LIMITED TO PRODUCE FREEH DOCUMENTS shall come for hearing before Department XI of the above-entitled Court on the 15th day of October 2015 at the hour of 8:30 a.m./p.m.

DATED this 23rd day of September, 2015.


DISTRICT COURT JUDGE 

1 MEMORANDUM OF POINTS AND AUTHORITIES

2 I. INTRODUCTION

3 The Nevada Supreme Court instructs that the attorney-client privilege (and the attorney
4 work product doctrine) is “intended as a shield, not a sword.” *Wardleigh v. Second Judicial Dist.*
5 *Court*, 111 Nev. 345, 354, 891 P.2d 1180, 1186 (1995). When a party chooses to deploy
6 privileged information to benefit it in litigation, it voluntarily waives any protection from
7 disclosure; fairness demands that it forfeit the protective shield of the privilege over all related
8 information. This is hornbook law.

9 Wynn Resorts, Limited (“WRL”), however, improperly seeks to use the privilege as both
10 sword and shield. Specifically, WRL chose to rely on an internal investigation report prepared by
11 Louis J. Freeh (the “Freeh Report”) to support its claims against Kazuo Okada. It attached the
12 Freeh Report to its Complaint and has repeatedly invoked its findings in this Court and in public.¹
13 Yet WRL also claims privilege over the majority of the documents generated during the course of
14 Mr. Freeh’s investigation, which are necessary to evaluate and test Mr. Freeh’s findings. WRL’s
15 privilege claims cannot be accepted because they would prevent a full and fair inquiry into the
16 central issue in this litigation – the validity of Mr. Freeh’s report. Indeed, the Freeh Report is
17 WRL’s core justification for its claim that Mr. Okada breached his fiduciary duties to WRL.

18 In 2011, WRL faced a dissident director, Mr. Okada, who was questioning the propriety of
19 transactions in Macau personally spearheaded by Chairman and CEO Steve Wynn. Moreover,
20 Mr. Wynn had recently lost half his stock in a divorce, making Mr. Okada’s company, Aruze
21 USA, Inc. (“Aruze”), by far the largest stockholder in WRL. Seeking to solidify Mr. Wynn’s
22 control over the company that bears his name, WRL began questioning the propriety of Mr.
23 Okada’s separate business dealings in the Philippines. When Mr. Okada resisted Mr. Wynn’s

24 ¹ See, e.g., Ex. 18 (Feb. 21, 2012 WRL Form 8-K attaching Feb. 19, 2012 Press Release); Ex. 17
25 (transcript of Feb. 21, 2012 conference call with analysts and investors) at WYNN00006747-48; Sept. 20,
26 2012 Wynn Parties’ Opp. To Mot. For Prelim. Injunction at 7-9, 13 (arguing that the WRL Directors did
27 not breach fiduciary duties in voting for the redemption because they relied on the Freeh Report); Sept. 26,
28 2012 Wynn Parties’ Mot. To Dismiss the Second Amended Counterclaim at 6-8, 10 (same); Tr. of Oct. 2,
2012 Hearing on Aruze and UEC’s Mot. for Prelim. Injunction at 22-24 (same); Ex. 24 (WRL 2014 10-K
detailing the Freeh Report) at 33.

1 demands that he resign, WRL hired Mr. Freeh to conduct a supposedly “independent
2 investigation” of Mr. Okada’s activities in the Philippines. Mr. Freeh then produced a report that
3 delivered exactly what his client needed – harsh critiques of Mr. Okada that WRL could use to
4 justify his expulsion from the company.

5 The Freeh Report is deeply flawed in many respects, including its dubious interpretations
6 of the evidence, its willful ignorance of alternative explanations for the questioned conduct, its
7 unexplained and unsubstantiated credibility judgments, and its failure to afford Mr. Okada
8 anything like due process. Nevertheless, its bottom line conclusion that Mr. Okada had engaged
9 in misconduct gave Mr. Wynn the excuse he needed to get rid of Mr. Okada and forcibly redeem
10 his WRL stock at an arbitrary and heavily discounted value, thereby protecting the company from
11 Mr. Okada’s inquiries into the Macau transactions and ensuring Mr. Wynn’s continued status and
12 control.

13 Within twenty-four hours of receiving the Freeh Report, WRL’s Board of Directors:

- 14 • Held a Board meeting in Las Vegas to address the Freeh Report. Mr. Okada, who was
15 in Asia, was not provided with a copy of the Freeh Report and his efforts to participate
16 in the meeting by telephone were obstructed by the Board.
- 17 • Determined, based entirely on the Freeh Report, that Mr. Okada was “unsuitable” to
18 be associated with a Nevada gaming licensee.
- 19 • Decided, based upon advice from lawyers from other law firms, that the finding of
20 unsuitability based on the Freeh Report warranted expelling Mr. Okada from the
21 company.
- 22 • Redeemed Aruze’s stock in WRL at a huge discount, thereby substantially enriching
23 all other stockholders including themselves.
- 24 • Filed this lawsuit seeking judicial ratification of their actions, and attaching a copy of
25 the Freeh Report as an exhibit.
- 26 • Provided the Freeh Report – which the day before was so confidential that it could not
27 be shown to Mr. Okada – to the Wall Street Journal.

28 Given the centrality of the Freeh Report to WRL’s whole case, fairness demands that Mr.
Okada be afforded a full and fair opportunity to challenge the Freeh Report in this court. Yet
WRL has prevented Mr. Freeh’s firm from producing all but a small number of the thousands of

documents created in the course of its investigation.² WRL seeks to shield the rest behind the attorney-client privilege and the work product doctrine. WRL's tactics are unfair and inconsistent with the law. As the Nevada Supreme Court has explained:

[S]elective use of privileged information by one side may garble the truth. The privilege suppress[es] the truth, but that does not mean that it is a privilege to garble it . . . ; it should not furnish one side with what may be false evidence and deprive the other of the means of detecting the imposition.

Wardleigh, 111 Nev. at 355, 891 P.2d at 1186 (emphasis added; quotation marks omitted).

WRL could have chosen to keep the Freeh Report confidential, perhaps simply alerting the Nevada gaming authorities that it had concerns about Mr. Okada's suitability and allowing them to investigate. Had it done so, litigation might not have followed. But it chose a different path. Determined to expel Mr. Okada from the company, it chose to act unilaterally and to loudly and repeatedly trumpet the Freeh Report as its justification. Therefore, it has lost the ability to keep secret the documents underlying Mr. Freeh's assertions.

I. FACTUAL BACKGROUND

A. The Breakdown of the Business Relationship Between Mr. Wynn and Mr. Okada

The Court is by now well aware of the background of the business relationship between Mr. Wynn and Mr. Okada. The two partnered to form WRL in 2002 and, for the next several years, the company was extremely successful. Mr. Wynn ran the company as Chairman and CEO; Mr. Okada, who lived in Tokyo and does not speak English, attended Board meetings but was not involved in the day-to-day management of the company.

² Mr. Freeh's firm ("Freeh Sporkin") has a business model of playing on Mr. Freeh's reputation as the former director of the FBI to hire itself out to conduct so-called "independent" investigations that its clients can use in the public domain to justify their actions. *See* fn 19, *infra*. As such, while Freeh Sporkin is technically a "law firm," it does not serve the traditional role of advisor, counselor and advocate that the attorney-client privilege intends to protect against the publication of confidential communications between lawyer and client so that this relationship, so fundamental to the system of justice, may operate free from scrutiny except in very limited circumstances.

1 Their relationship began to deteriorate after Mr. Wynn lost half his stock in a divorce,
2 leaving Aruze as the largest shareholder by far. This was untenable for Mr. Wynn, who had
3 previously been forced out of his position as CEO of Mirage Resorts following a stock takeover
4 by a rival. *See* Aruze USA, Inc.’s Mot. for Partial Summ. J. (Sept. 16, 2014) at 6-9.

5 The rift deepened at an April 2011 Board meeting when Mr. Okada objected to Mr.
6 Wynn’s plan to “donate” \$135 million to an entity connected to government officials in Macau,
7 where WRL had long been seeking a license to build a lucrative new casino on the “Cotai Strip.”
8 *See* Aruze Parties’ Mot. to Compel (Apr. 28, 2015) at 7-13. At the very next Board meeting, held
9 in July 2011, Mr. Okada’s fellow directors expressed *for the first time* their purported concern
10 regarding “possible probity issues” related to Mr. Okada’s separate business activities in the
11 Philippines. Ex. 11 (July 28, 2011 WRL Board Minutes) at WYNN_FGIS0000840.³ As
12 explained in detail in the Aruze Parties’ recent Motion to Compel, this purported concern over
13 Mr. Okada’s activities was in reality a pretext to give Mr. Wynn and his cronies on the Board an
14 excuse to force Mr. Okada out before his inquiries into the questionable \$135 million donation
15 could bear fruit or lead to additional questions about the company’s many other suspicious
16 transactions in Macau.

17 **B. WRL Retains Louis Freeh to Investigate Mr. Okada**

18 In late September and early October 2011, as Mr. Okada pressed his demands for
19 information about the Macau transactions, Mr. Wynn demanded that Mr. Okada resign from the
20 Board and threatened to invoke the “redemption” provisions in the company’s Articles of
21 Incorporation. Mr. Okada refused these demands. *See* WRL’s Second Amended Complaint
22 (“SAC”) ¶ 42; Fourth Am. Countercl. ¶¶ 103-117; Ex. 12 (Oct. 12, 2011 Letter from Robert L.
23 Shapiro to Robert D. Faiss) at WYNN001419.

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³ Years earlier, Mr. Okada disclosed to Mr. Wynn and WRL his plans for Universal Entertainment
26 Corporation (“UEC”) to develop a casino project in the Philippines. He repeatedly asked whether WRL or
27 Mr. Wynn would join or assist in that effort in some capacity; WRL considered the possibility for some
28 time before firmly rejecting it in February 2011. *See* Aruze Parties’ Reply in Support of Motion to
Compel (May 28, 2015) at 4-6.

1 In October 2011, WRL retained attorney Robert Shapiro to advise it with respect to
2 matters involving Mr. Okada, and the Compliance Committee of the Board engaged Mr. Freeh “to
3 conduct an independent investigation” of Mr. Okada’s activities in the Philippines. Ex. 12 (Oct.
4 12, 2011 Letter from Robert L. Shapiro to Robert D. Faiss) at 2.⁴ Mr. Freeh’s law firm, Freeh
5 Sporkin, was engaged to conduct an investigation, not to represent WRL in this or any other
6 litigation. The engagement letter between WRL and Freeh Sporkin states that Mr. Freeh’s
7 assignment was to “perform an independent investigation” into various matters involving Mr.
8 Okada and then to report on his “findings.” There was no mention of Mr. Freeh advising WRL
9 regarding litigation or representing it in any ongoing or anticipated litigation. Ex. 13
10 (engagement letter) at WYNN_FGIS0050059. Indeed, WRL has described Mr. Freeh in prior
11 filings as a “*third party* . . . who conducted the independent investigation.” Wynn Parties’ Opp’n
12 to Defs.’ Mot. to Challenge Confidentiality Designations (Mar. 6, 2013) at 7 (emphasis added).

13 From the outset, WRL anticipated that Mr. Freeh would “render a written report to the
14 [Compliance] Committee, which will be shared with the Board and, if advisable, appropriate
15 gaming regulatory agencies. At that time, the Board will consult further with Mr. Shapiro and its
16 regulatory counsel regarding any further action to be taken.” Ex. 14 (Nov. 1, 2011 WRL Board
17 Minutes, attaching as Exhibit B Nov. 1, 2011 Compliance Committee Report) at
18 WYNN00009698-99. WRL also advised regulatory agencies of Mr. Freeh’s investigation while
19 it was in process. Ex. 16 (Feb. 18, 2012 WRL Board Minutes) at WYNN00011221.

20 Mr. Freeh and his team then conducted their “independent investigation.” According to
21 WRL, “[o]ver a three-month period, Mr. Freeh and/or his colleagues made several trips to the
22 Philippines and Macau, reviewed thousands of pages of documents, emails, and public records,
23 and conducted dozens of interviews, including of every independent director on the Wynn Resorts
24
25

26 ⁴ The Compliance Committee of WRL’s Board, which consists of one Director and two members of
27 management, has the lead responsibility to ensure the company’s compliance with applicable laws and
28 regulations. SAC ¶ 14.

1 Board. By early 2012, Mr. Freeh and his team had uncovered detailed prima facie evidence of
2 serious wrongdoing by Mr. Okada and his associates.” SAC ¶ 46.⁵

3 Mr. Freeh and his colleagues interviewed Mr. Okada for a full day in Tokyo on February
4 15, 2012. Ex. 20 (Feb. 22, 2012 WRL Form 8-K attaching Freeh Report) at 60. Two days later,
5 on Friday, February 17, Mr. Okada’s counsel asked Mr. Freeh for “an opportunity for Mr. Okada
6 and [UEC] to submit additional material for your consideration.” Ex. 15 (Feb. 17, 2012 email
7 exchange) at UEC000000775. Mr. Freeh responded that Mr. Okada could either provide a
8 “proffer” that same day, or Mr. Okada could respond after receiving a copy of the final report. *Id.*
9 at 2. Mr. Okada’s counsel noted that he was still traveling back from Asia, and therefore selected
10 the latter option. *Id.* at 1. Mr. Freeh replied that he had completed his investigation and would
11 now submit his report to the Board, after which Mr. Okada could submit any additional
12 information. However, Mr. Freeh stated that “the report I am submitting is not a ‘draft’ subject to
13 being finalized after Mr. Okada provides any response. Rather this is akin to a final brief being
14 submitted with the opportunity for a response to be made.” *Id.* As it turned out, Mr. Okada never
15 was given an opportunity to respond to Mr. Freeh’s “final brief.”

16 The very next day, Saturday, February 18, 2012, Mr. Freeh submitted his 47 page report to
17 the WRL Board. Ex. 18 (Feb. 21, 2012 WRL Form 8-K attaching Feb. 19, 2012 Press Release) at
18 8. The report was marked, on the top of every page, as being “Attorney-Client / Work Product /
19 Privileged and Confidential.” Ex. 20 (Feb. 22, 2012 WRL Form 8-K attaching Freeh Report). It
20 concluded that there was “substantial evidence” that Mr. Okada and his companies had violated
21 anti-bribery laws and that this evidence “provide[s] the Compliance Committee and Board of
22 Directors a factual basis to review Mr. Okada’s continued suitability to be a major shareholder
23

24 ⁵ Mr. Freeh’s determination in early 2012 that there was “prima facie evidence” of wrongdoing by Mr.
25 Okada was reached without even giving Mr. Okada an opportunity to be heard. In an affidavit, Robert
26 Miller, the Chairman of WRL’s Compliance Committee, described a briefing in early 2012 in which Mr.
27 Freeh alleged improprieties by Mr. Okada. Ex. 23 (Sept. 20, 2012 Affidavit of Robert J. Miller) ¶ 18.
28 Then, Mr. Miller “decided that before Mr. Freeh concluded his investigation and produced his report, Mr.
Okada should be afforded the opportunity to submit exculpatory evidence.” *Id.* ¶ 19. Only then did Mr.
Freeh attempt to interview Mr. Okada.

1 and director of Wynn Resorts.” *Id.* at 43, 47.⁶ The report did not reach any conclusions about
2 Mr. Okada’s suitability or recommend any particular actions that WRL should take, but it did
3 become the basis for legal advice provided by other law firms as described below.⁷

4 **C. WRL Deems Mr. Okada Unsuitable, Redeems His Shares and Files this**
5 **Lawsuit**

6 Mr. Freeh presented his report at a meeting of the WRL Board on Saturday, February 18,
7 2012.⁸ Mr. Freeh “advised the Board that he was presenting facts and leaving conclusions to the
8 Board.” Ex. 16 (Feb. 18, 2012 WRL Board Minutes) at WYNN00011220. After Mr. Freeh
9 completed his presentation, the Board received advice from two other law firms regarding the
10 implications of Mr. Freeh’s factual findings under Nevada’s gaming laws and regulations. *Id.* at
11 5-6; Ex. 23 (Sept. 20, 2012 Affidavit of Robert J. Miller) ¶ 23. Then, “[b]ased on the Freeh
12 Report, the Board of Directors of Wynn Resorts determined that the Okada Parties are ‘unsuitable
13 persons’ under Article VII of the Company’s articles of incorporation.” Ex. 24 (WRL 2014 10-K)
14 at 33. In a press release the next day, WRL reiterated that the unsuitability determination was
15 “based on the Freeh Report.” Ex. 18 (Feb. 21, 2012 WRL Form 8-K attaching Feb. 19, 2012
16 Press Release) at 8.

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19 ⁶ Mr. Okada’s interview was little more than an afterthought to Mr. Freeh; rather than being discussed
20 throughout the body of the report in connection with the various issues and accusations, it is tacked onto
21 the end of the report as a bullet point list of Mr. Okada’s statements. *Id.* at 36-43. This is not surprising,
22 of course, given that the full-day interview had taken place only three days earlier (when, presumably, the
23 rest of the report was substantially complete) and, more importantly, that Mr. Freeh’s results were entirely
24 preordained to serve his client’s interest.

25 ⁷ According to documents produced in the case, Mr. Freeh’s firm billed WRL more than \$1 million in less
26 than four months to conduct its investigation. Ex. 1 (Miller Decl.) ¶ 17.

27 ⁸ Mr. Okada was not present for the meeting and, according to WRL’s own Board minutes, his efforts to
28 participate by telephone from Asia were obstructed by the Board. First, despite the fact that WRL had
numerous attorneys present, Mr. Wynn told Mr. Okada that he could not have any of his attorneys in the
room with him. Second, numerous translation problems prevented Mr. Okada from understanding what
was being said. Third, WRL refused to provide Mr. Okada with a copy of the Freeh Report, purportedly
because he had not executed a confidentiality agreement (this despite the fact that WRL was hours away
from providing the report to the Wall Street Journal). Fourth, after an adjournment to allow members of
the Board (except Mr. Okada) to read the Report, the Board decided not to reconnect Mr. Okada for the
remainder of the meeting. Ex. 16 (Feb. 18, 2012 WRL Board Minutes) at WYNN00011218-1221.

1 After determining that Mr. Okada was “unsuitable,” the Board received additional legal
2 advice about its options before reaching the apparently preordained result that Aruze’s stock
3 would be redeemed: “In light of the determination of the Board that each of [the Aruze Parties] is
4 an Unsuitable Person, the Board turned to a detailed and extensive discussion regarding the
5 Company’s [redacted in original]. . . . The discussion turned to the tools available to the Board
6 and to the Company to deal with an ‘Unsuitable Person’ and its stockholding in the Company.
7 Ms. Schulhofer explained [redacted in original].” Ex. 16 (Feb. 18, 2012 Minutes) at
8 WYNN00011223.⁹ Later, after considering stock valuation issues, the Board finally voted to
9 redeem Aruze’s stock. *Id.* at 8-9. Aruze’s shares were cancelled and, in return, Aruze received a
10 promissory note worth far less than the actual value of the shares (approximately \$2.7 billion).
11 This resulted in a huge windfall for all other stockholders, including each member of the Board.
12 *See* Aruze USA, Inc.’s Mot. for Partial Summ. J. (Sept. 16, 2014) at 5-6.

13 Hours later, at 2:14 a.m. on Sunday, February 19, WRL publicly filed its Complaint in this
14 matter, alleging that “Freeh uncovered substantial evidence of gross improprieties by Okada and
15 his agents, as explained in Freeh’s report, attached as Exhibit 1.” Compl. (Feb. 19, 2012) at 1.
16 WRL also provided a copy of the Freeh Report to the Wall Street Journal and attached it to SEC
17 filings available on its website. Ex. 19 (Feb. 21, 2012 Wall Street Journal article stating that the
18 Freeh Report “was viewed by The Wall Street Journal”); Ex. 20 (Feb. 22, 2012 Form 8-K
19 attaching Freeh Report in its entirety). Since then, WRL has repeatedly referred to the Freeh
20 Report in public statements designed to defend its actions and to disparage Mr. Okada. *See, e.g.,*
21 Ex. 17 (transcript of Feb. 21, 2012 conference call with investor analysts) at WYNN00006747-
22 48; Ex. 21 (March 7, 2012 WRL proxy statement mailed to all stockholders summarizing Freeh
23 Report); Ex. 22 (March 13, 2012 WRL press release criticizing the Aruze Parties for allegedly
24 failing to rebut the Freeh Report); Ex. 24 (WRL 2014 10-K detailing the Freeh Report) at 33.

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26
27 ⁹ Ms. Schulhofer was an attorney with the Brownstein Hyatt law firm. Ex. 16 (Feb. 18, 2012 WRL Board
28 Minutes) at WYNN00011217.

D. The Aruze Parties Issue Document Requests to WRL and Subpoenas to the Freeh Parties

After discovery commenced, the Aruze Parties sought to discover the documents underlying the Freeh Report so that they could test the validity of its findings. First, the Aruze Parties requested that WRL produce “[a]ll documents concerning any investigation of any of the Defendants or their businesses in the Philippines and Korea conducted by Freeh Sporkin.” Ex. 2 (Defendants’ First Request for Production, Jan. 2, 2013) at 22 # 39. WRL responded by offering several objections, including privilege, but producing a small number of responsive documents. Ex. 3 (Wynn Resorts, Limited’s Responses and Objections to Defendants’ First Request for Production of Documents, Mar. 19, 2013) at 52 #39. These documents consisted primarily of materials relating to the February 18 Board meeting and the aftermath of the redemption, as well as minutes of a Compliance Committee meeting, background information on the Philippines supplied to WRL by a third party, and a few other documents.

Second, the Aruze Parties sought to issue subpoenas directly to Freeh Sporkin. It appeared that work may also have been done by an affiliated but separately managed entity, Freeh Group International Solutions LLC (“Freeh Group”), which bills itself as a “global risk management firm serving in the areas of business integrity and compliance, safety and security, and investigations and due diligence.” Ex. 25 (Freeh Group website) (last accessed Sept. 17, 2015). Additionally, after Freeh Sporkin’s investigation was complete, it was acquired by Pepper Hamilton LLP, a nationally recognized law firm. Accordingly, on February 26, 2013, the Aruze Parties served identical subpoenas on both Pepper Hamilton (as successor to Freeh Sporkin) and the Freeh Group. Exs. 4 and 5.

On March 26, 2013, an attorney with Pepper Hamilton responded to the subpoenas by letter, stating objections on behalf of both Pepper Hamilton and the Freeh Group (together, the “Freeh Parties”). Ex. 6. Since then, counsel for the Aruze Parties and counsel for the Freeh Parties have engaged in multiple discussions regarding the subpoenas.¹⁰ The parties agreed on a

¹⁰ Counsel for the parties have treated the two subpoenas as one and the same. Neither the production nor

number of search terms that the Freeh Parties used to identify potentially responsive documents. Counsel for the Freeh Parties then reviewed those documents to remove those that did not pertain at all to this matter. That process yielded approximately 8,000 documents. Ex. 1 (Declaration of Adam Miller (“Miller Decl.”)) ¶ 9.¹¹

E. Counsel for WRL Reviews the Freeh Parties’ Documents and Decides What Will be Produced

Once counsel for the Freeh Parties had completed its review, the 8,000 potentially responsive documents were transferred to WRL’s lead counsel, Pisanelli Bice PLLC, which then conducted a separate review of the documents to determine which would be produced. Ex. 7 (Mar. 5, 2015 email from Thomas Zemaitis of Pepper Hamilton to Adam Miller); Miller Decl. ¶ 10. On March 13, 2015, Pisanelli Bice filed with the Court “The Wynn Parties’ Status Memorandum Regarding Review and Production of Documents,” which disclosed that “[t]he Wynn Parties anticipate completing their review of the Freeh Sporkin/Pepper Hamilton documents [by] June 11, 2015. The Wynn Parties will produce a privilege log in this action upon completion of their review, and the documents will be simultaneously returned to Freeh Sporkin and/or Pepper Hamilton for production.”

On August 17, 2015, Pisanelli Bice served in this action the “Wynn Parties’ Second Amended Privilege Log for Documents Produced by Pepper Hamilton, LLP Pursuant to Subpoena Duces Tecum.” The privilege log is nearly 400 pages long and contains almost 6,000 entries – virtually all of which contain descriptions that are so vague (*e.g.*, “email exchange providing confidential information needed to render legal advice regarding Freeh investigation”) as to be useless. Ex. 10. WRL’s ambiguous privilege log stands in stark contrast to the Court’s

the privilege log distinguishes between documents possessed by Pepper Hamilton and documents possessed by the Freeh Group.

¹¹ The Freeh Parties refused to run certain search terms requested by the Aruze Parties on the ground that they would generate too many “false positives.” The Aruze Parties disputed that assertion, but the parties agreed to defer resolution of the issue by the Court. Ex. 1 (Miller Decl.) ¶ 8.

1 requirement that privilege logs contain useable and transparent document descriptions, not
2 obfuscation.

3 Meanwhile, on June 10, 2015 and June 18, 2015, a Pepper Hamilton lawyer sent counsel
4 for the Aruze Parties electronic sets of the documents as to which no privilege was claimed or
5 from which privileged information had been redacted. Exs. 8, 9. The productions total
6 approximately 1,900 documents, but do not contain any notes or memos relating to the “dozens of
7 interviews” that the Freeh Parties conducted during the investigation (SAC ¶ 46), nor any
8 materials analyzing the facts, evaluating the witnesses or explaining the basis for the findings
9 ultimately expressed in the Freeh Report. Instead, the production consists largely of billing
10 statements, invoices, emails regarding scheduling and travel issues, WRL’s Board minutes,
11 contractual agreements, publicly available investor materials, and other background materials.

12 **II. LEGAL STANDARDS**

13 Nevada law favors a liberal construction of discovery rules and a broad scope of
14 discovery. *See, e.g., Palmer v Pioneer Inn Assocs., Ltd.*, 118 Nev. 943, 952, 59 P.3d 1237, 1243
15 (2002) (observing that Nevada’s “rules of civil procedure, especially discovery rules, are designed
16 to afford parties broad access of information”); *Maheu v. Eighth Judicial Dist. Court*, 88 Nev. 26,
17 42, 493 P.2d 709, 719 (1972) (stating that Nevada’s discovery rules “grant broad powers to
18 litigants”). Thus, parties “may obtain discovery regarding any matter, not privileged, which is
19 relevant to the subject matter involved in the pending action.” NRCP 26(b)(1).

20 The Nevada Supreme Court has held that the attorney-client privilege and the work
21 product doctrine must be strictly construed. “Because both the work product and the attorney-
22 client privileges obstruct the search for truth and because their benefits are, at best, indirect and
23 speculative, they must be strictly confined within the narrowest possible limits consistent with the
24 logic of [their] principles.” *Whitehead v. Nevada Comm’n on Judicial Discipline*, 110 Nev. 380,
25 414-415, 873 P.2d 946, 968 (1994) (quotation marks and alterations omitted). The proponent of a
26 privilege bears the burden of establishing its applicability. *Rogers v. State*, 127 Nev. Adv. Op. 25,

1 255 P.3d 1264, 1268 (2011); *McNair v. Eighth Judicial Dist. Court*, 110 Nev. 1285, 1289, 885
2 P.2d 576, 579 (1994).

3 “The attorney-client privilege, codified in NRS 49.095, protects communications between
4 clients or client representatives and lawyers when made in furtherance of legal services.” *Coyote*
5 *Springs Inv., LLC v. Eighth Judicial Dist. Court*, 131 Nev. Adv. Op. 18, 347 P.3d 267, 270
6 (2015). To be privileged, the communication must be “confidential,” which is defined by statute
7 as a communication that “is not intended to be disclosed to third persons other than those to
8 whom disclosure is in furtherance of the rendition of professional legal services to the client or
9 those reasonably necessary for the transmission of the communication.” NRS 49.055.

10 The work product doctrine applies to documents “prepared in anticipation of litigation or
11 for trial by or for another party or by or for that other party’s representative.” NRCP 26(b)(3).
12 “The anticipation of litigation must be the *sine qua non* for the creation of the document – *but for*
13 *the prospect of that litigation, the document would not exist.*” *Mega Mfg., Inc. v. Eighth Judicial*
14 *Dist. Court*, 2014 WL 2527226, at *2 (Nev. May 30, 2014) (emphasis added; citations and
15 alterations omitted) (unpublished). Such documents can be obtained “upon a showing that the
16 party seeking discovery has substantial need of the materials in the preparation of the party’s case
17 and that the party is unable without undue hardship to obtain the substantial equivalent of the
18 materials by other means.” NRCP 26(b)(3).

19 Both the attorney-client privilege and the work product doctrine can be waived. “A
20 person upon whom these rules confer a privilege against disclosure of a confidential matter
21 waives the privilege if the person . . . voluntarily discloses or consents to disclosure of any
22 significant part of the matter.” NRS 49.385(1). If a party “seeks an advantage in litigation by
23 revealing part of a privileged communication, the party shall be deemed to have waived the entire
24 attorney-client privilege as it relates to the subject matter of that which was partially disclosed.”
25 *Wardleigh v. Second Judicial Dist. Court*, 111 Nev. 345, 354, 891 P.2d 1180, 1186 (1995). With
26 respect to work product, a “testimonial use” of the materials will result in a subject matter waiver
27 as to all work product on the same subject. *Lisle v. State*, 113 Nev. 679, 696, 941 P.2d 459, 470
28

(1997) (*quoting United States v. Nobles*, 422 U.S. 225, 239 (1975)) (overruled on other grounds by *Middleton v. State*, 114 Nev. 1089, 968 P.2d 296 (1998)).

III. ARGUMENT

All of the documents created by the Freeh Parties during the course of the investigation must be produced. WRL has unquestionably waived any privilege that might have existed by publicizing the Freeh Report in order to gain advantages in this lawsuit and its business dealings. This conduct is manifestly inconsistent with the policies underlying the attorney-client privilege and the work product doctrine, not to mention basic principles of fair play. Further, neither the attorney-client privilege nor the work product doctrine attached in the first place. The attorney-client privilege does not apply because WRL engaged Mr. Freeh to provide investigative, not legal, services.¹² The work product doctrine does not apply because Mr. Freeh's work was not undertaken "because of litigation." And even if the documents are work product, the Aruze Parties have a substantial need for the documents because the validity of Mr. Freeh's *judgments* about the evidence he compiled (not just the underlying evidence itself) will be a crucial issue at trial.

WRL commissioned and then relied on the Freeh Report to unilaterally deprive the Aruze Parties of valuable rights and to repeatedly disparage Mr. Okada in public; it is the backbone of WRL's claims in this litigation. Now, the Aruze Parties must be given access to the information underlying and supporting the Report and its findings so that they have a full and fair opportunity to defend themselves.¹³

¹² WRL's privilege claims are also deficient because many of the nearly 6,000 individual documents referenced on its privilege log appear to reflect communications with individuals outside the scope of the purportedly privileged relationship, or from time periods before or after Mr. Freeh's engagement. In addition, many of the privilege descriptions on the privilege log are woefully inadequate, with descriptions stating only that the documents relate to the "Okada matter" or the "Freeh investigation." Counsel for the parties have begun to discuss these matters but their resolution will take substantial time due to the document-by-document nature of the issues. Ex. 1 (Miller Decl.) ¶ 15. In the meantime, the Aruze Parties are filing this motion now to obtain the Court's guidance regarding the overarching issues of waiver and the application of the privileges in general. If the Court agrees with the Aruze Parties on either point, then the more individualized issues will be moot; if the Court denies this motion, however, the Aruze Parties reserve the right to seek relief on the individualized issues at a later date.

¹³ By this motion, the Aruze Parties seek to compel WRL to produce the documents created by the Freeh

1 **A. WRL Waived Any Privilege by Publicizing the Freeh Report and Relying on**
2 **Its Conclusion**

3 Even if the Freeh documents withheld by WRL were subject to the protection of the
4 privilege or the work product doctrine in the first instance (which, as explained below, they are
5 not), WRL has waived any such protection by its reliance on the Freeh Report in this litigation
6 and its repeated use of the Freeh Report to publicly attack Mr. Okada. “[W]here a party injects
7 part of a communication as evidence, *fairness demands* that the opposing party be allowed to
8 examine the whole picture.” *Wardleigh*, 111 Nev. at 355, 891 P.2d at 1186 (emphasis in
9 original). WRL bears the burden of showing that the privilege has not been waived. *FSP Stallion*
10 *1, LLC v. Luce*, 2010 WL 3895914, at *15 (D. Nev. Sept. 30, 2010) (“In order to establish the
11 applicability of the attorney-client privilege to a given communication, the party asserting the
12 privilege must affirmatively demonstrate non-waiver.”) (*quoting United States v. Zolin*, 809 F.2d
13 1411, 1415 (9th Cir. 1987)).

14 Here, if the Court concludes that Mr. Freeh was engaged to provide legal services or in
15 anticipation of litigation (neither of which is correct), then the Freeh Report itself was privileged
16 and/or work product. Mr. Freeh attempted to claim as much by marking every page of the Report
17 “Attorney-Client / Work Product / Privileged and Confidential.” In that case, it is beyond dispute
18 that WRL’s publication and use of the Freeh Report in this litigation and elsewhere constituted an
19 affirmative waiver of the privilege or work product protection. The only question, then, is
20

21 Parties in the course of their investigation. Under Rule 34, a party may serve on another party to the
22 litigation a request for copies of documents “in the responding party’s possession, custody, or control.”
23 NRCP 34(a)(1). “Under Rule 34, ‘control’ does not require that the party have legal ownership or actual
24 physical possession of the documents at issue; rather, documents are considered to be under a party’s
25 control when that party has the right, authority, or practical ability to obtain the documents from a non-
26 party to the action.” *In re NTL, Inc. Sec. Litig.*, 244 F.R.D. 179, 195 (S.D.N.Y. 2007) (citations omitted);
27 *Ice Corp. v. Hamilton Sundstrand Corp.*, 245 F.R.D. 513, 517 (D. Kan. 2007) (“Rule 34 performs the
28 salutary function of creating access to documentation in an economical and expeditious fashion by
 requiring a party to produce relevant records not in its physical possession when the records can be
 obtained easily from a third-party source. Production of documents not in a party’s possession is required
 if a party has the *practical ability* to obtain the documents from another, irrespective of legal entitlements
 to the documents.”) (emphasis in original; citations omitted). WRL clearly has the “right, authority, or
 practical ability to obtain” the Freeh documents because it has already done so.

1 whether WRL can limit the scope of its waiver to just those materials it wishes to disclose, or
2 whether it must disclose all materials necessary “to examine the whole picture.” *Wardleigh*, 111
3 Nev. at 355, 891 P.2d at 1186.¹⁴

4 Courts have repeatedly held that a company that chooses to disclose the results of an
5 internal investigation thereby waives the attorney-client privilege for all matters relating to that
6 subject matter. *See, e.g., United States v. Ruehle*, 583 F.3d 600, 607 (9th Cir. 2009) (“[B]y
7 electing to reveal the information gathered” during an internal investigation to its auditors and
8 regulators, the company “deliberately waived any corporate attorney-client privilege it held with
9 respect to all matters at issue.”); *In re Martin Marietta Corp.*, 856 F.2d 619, 623-24 (4th Cir.
10 1988) (where company had submitted a “position paper” to the government describing why the
11 evidence did not support an indictment, the privilege over the “underlying details” was waived).¹⁵

12 A waiver of work product protection also requires disclosure of all materials relating to
13 the same subject matter. In *United States v. Nobles*, the U.S. Supreme Court held that by calling
14 an investigator to testify, a party waived work product protection “with respect to matters covered
15 in his testimony.” 422 U.S. 225, 226, 239 & n.14 (1975). The Nevada Supreme Court approved
16 the *Nobles* waiver standard, holding that a “testimonial use” of work product results in a waiver as
17 to “the matters covered in the investigator’s testimony.” *Lisle v. State*, 113 Nev. 679, 696, 941

18
19 ¹⁴ The Court need not address the waiver issues unless it finds that Mr. Freeh’s work was subject to the
20 attorney-client privilege or work product protection in the first instance. As explained below, neither the
21 privilege nor work product protection should apply to Mr. Freeh’s work.

22 ¹⁵ *See also In re OM Group Sec. Litig.*, 226 F.R.D. 579, 593 (N.D. Ohio 2005) (“There is no reason
23 Defendants, who voluntarily disclosed substantial information about an investigation that led to a public
24 announcement that OMG anticipated a restatement of earnings, should now be able to withhold
25 information that would allow Plaintiff to review the whole picture. For these reasons, Plaintiff is entitled
26 to the documents relating to and/or underlying the presentation.”); *In re Kidder Peabody Sec. Litig.*, 168
27 F.R.D. 459, 472 (S.D.N.Y. 1996) (“Kidder has repeatedly proffered the Lynch report not merely as a
28 signal of its own good faith, but as a reliable, if not authoritative, source of data on which the court should
rely in reaching whatever conclusion would favor the company. Implicitly, then, Kidder is proffering the
underlying facts on which the Lynch report is assertedly based, including particularly the statements made
to the investigators by the witnesses whom they interviewed.”); *In re Leslie Fay Cos., Inc. Sec. Litig.*, 161
F.R.D. 274, 283 (S.D.N.Y. 1995) (“Attempting to shield the documents underlying the [investigative
report] from discovery while at the same time urging this Court to award it damages in reliance, at least in
part, on the [report], the Audit Committee seems guilty of the exact conduct that subject matter waiver
doctrine was formulated to address.”).

1 P.2d 459, 470-71 (1997) (overruled on other grounds by *Middleton v. State*, 114 Nev. 1089, 968
2 P.2d 296 (1998)). Other courts have also applied the same standard. *See, e.g., Martin Marietta*
3 *Corp.*, 856 F.2d at 624-25 (holding that disclosure of witness statements and audit materials to
4 government investigators “impliedly waived the work-product privilege as to all non-opinion
5 work-product on the same subject matter as that disclosed”).¹⁶

6 Here, it is plain that WRL seeks to make “testimonial use” of the Freeh Report. It relies
7 on it in its complaint and has repeatedly invoked Mr. Freeh’s findings against Mr. Okada in this
8 litigation and in the public domain. But WRL cannot have it both ways – having chosen to use
9 Mr. Freeh’s report as a sword, it cannot shield any other documents involving that subject matter.
10 Any privilege that may have applied to the Freeh documents has been waived. And because Mr.
11 Freeh was engaged for only one purpose – to investigate Mr. Okada – all materials his firm
12 generated during the course of that engagement necessarily relate to the same subject matter.

13 **B. The Work Product Doctrine Does Not Apply**

14 1. *Documents Created by the Freeh Parties Were Not Prepared in*
15 *Anticipation of Litigation*

16 The work product doctrine applies only to documents “prepared in anticipation of
17 litigation or for trial.” NRCP 26(b)(3). The Nevada Supreme Court has held that “[t]he
18 anticipation of litigation must be the *sine qua non* for the creation of the document – *but for the*
19 *prospect of that litigation, the document would not exist.*” *Mega Mfg., Inc. v. Eighth Judicial*
20 *Dist. Court*, 2014 WL 2527226, at *2 (Nev. May 30, 2014) (emphasis added; citations and
21 alterations omitted) (unpublished).

22
23 ¹⁶ *See also United States v. Reyes*, 239 F.R.D. 591, 598 (N.D. Cal. 2006) (“[C]ourts are in accord that that
24 the attorney work product privilege is not absolute and may be waived, for example, when an attorney
25 attempts to use the work product as testimony or evidence, or reveals it to an adversary to gain an
26 advantage in litigation.”); *In re Royal Ahold N.V. Sec. & ERISA Litig.*, 230 F.R.D. 433, 436 (D. Md. 2005)
27 (finding that a company that disclosed the results of an investigation had “waived the attorney-client
28 privilege and non-opinion work product protection as to the subject matters discussed in the
[disclosures]”); *Bowles v. Nat’l Assoc. of Home Builders*, 224 F.R.D. 246, 258-59 (D.D.C. 2004) (holding
that disclosure of work product resulted in subject matter waiver where, among other things, the disclosure
was made to “establish a particular point in this litigation”).

Documents that serve multiple purposes, some related to litigation and some not, are protected only if they were “created because of anticipated litigation, and would not have been created in substantially similar form but for the prospect of litigation.” *United States v. Richey*, 632 F.3d 559, 568 (9th Cir. 2011) (quotation omitted); *see also Wells Fargo Bank, N.A. v. ANC Vista I, LLC*, 2015 WL 557069, at *2 (D. Nev. Feb. 11, 2015) (“In determining whether a document was prepared in anticipation of litigation, courts analyze the totality of the circumstances to determine if the document was created ‘because of’ litigation.”).

The mere fact that litigation was a possibility, or even likely, when the document was created is not enough to establish that the document was prepared “because of” litigation. *Columbia/HCA Healthcare Corp. v. Eighth Judicial Dist. Court*, 113 Nev. 521, 528 n.5, 936 P.2d 844, 848 n.5 (1997) (“Even though litigation is already in prospect, there is no work product immunity for documents prepared in the regular course of business rather than for purposes of litigation.”) (citing 8 Charles Alan Wright & Arthur A. Miller *Federal Practice and Procedure* § 2024, at 343-46 (1994)).¹⁷

Here, Mr. Freeh’s investigation was undertaken for a non-litigation purpose – to evaluate whether WRL should seek Mr. Okada’s removal from the Board and redemption of Aruze’s shares. Courts regularly hold that such internal investigations are performed for non-litigation purposes and thus are not work product. For instance, in *In re Kidder Peabody Securities Litigation*, 168 F.R.D. 459 (S.D.N.Y. 1996), a publicly traded financial firm discovered that a high level employee had perpetrated a massive fraud. This discovery made litigation almost inevitable, and the company hired a prominent lawyer to conduct an investigation and to represent it in all related litigation. The court held that, even without the prospect of litigation, the lawyer’s investigation would have been conducted and his eventual report publicly released because the “scandal presented Kidder not only with a serious legal problem, but with a major business

¹⁷ Similarly, the mere fact that an attorney created a document is not determinative of whether it was created “because of” litigation. *Columbia/HCA Healthcare*, 113 Nev. at 528, 936 P.2d at 848.

1 crisis.” *Id.* at 465. The lawyer’s investigation served to “convey the public impression not only
2 of factual innocence, but of [Kidder’s] determination to root out any wrongdoing.” *Id.*

3 The court also observed that Kidder’s emphasis in public statements that the lawyer would
4 conduct an “independent” investigation further supported the conclusion that the lawyer was hired
5 to serve the company’s business interests. Therefore, the court concluded that the investigation
6 was “required for pressing business purposes and thus would have been undertaken regardless of
7 whether litigation was threatened.” *Id.* at 466. Importantly, the court noted that the investigation
8 also served litigation purposes, but this was not enough: “[L]itigation was not the principal, or
9 dominant, motivator, but rather was, at most, an inducement equivalent in importance to the
10 business necessities.” *Id.* Therefore, Kidder had not carried its burden of establishing that the
11 investigation was conducted principally for litigation purposes. *Id.*

12 Many other courts have reached similar conclusions in cases involving investigations like
13 the one conducted by Mr. Freeh. *See, e.g., In re Royal Ahold N.V. Sec. & ERISA Litig.*, 230
14 F.R.D. 433, 435 (D. Md. 2005) (“Undoubtedly, the company was also preparing for litigation . . .
15 but the investigation would have been undertaken even without the prospect of preparing a
16 defense to a civil suit.”); *In re OM Group Sec. Litig.*, 226 F.R.D. 579, 586-87 (N.D. Ohio 2005)
17 (holding that an investigation into accounting irregularities was not conducted because of the
18 prospect of litigation even though litigation on the same matters was already ongoing when the
19 investigation started; the investigation would have been performed anyway to address business
20 concerns relating to the accuracy of the company’s financial statements); *In re Leslie Fay Cos.,*
21 *Inc. Sec. Litig.*, 161 F.R.D. 274, 280 (S.D.N.Y. 1995) (“While we agree with Weil that once the
22 accounting irregularities were publicly disclosed by the Company, litigation against and on behalf
23 of [the Company] could be reasonably anticipated, Weil has not made a sufficient showing that
24 the [Report] was prepared and the internal investigation conducted because of the prospect of that
25 litigation.”).

26 Here, WRL cannot carry its burden of demonstrating that Mr. Freeh’s work was
27 undertaken “because of litigation.” WRL hired Mr. Freeh to fulfill a business purpose, not to
28

1 prepare for litigation. According to Mr. Freeh's engagement letter, the purpose and scope of his
2 assignment was limited to conducting an investigation of Mr. Okada. Nothing in the engagement
3 letter suggests that Mr. Freeh was hired to evaluate WRL's potential claims and defenses against
4 Mr. Okada or to prepare litigation strategies, and nothing in the Freeh Report suggests that he
5 actually did so. Mr. Freeh's only job was to gather facts regarding Mr. Okada. Based on that
6 factual information provided by Mr. Freeh (inaccurate though it was), and the input provided by
7 other law firms, WRL's Board determined that Mr. Okada was unsuitable. Then, after receiving
8 still more legal advice regarding its options under Nevada's gaming laws from the other law
9 firms, the Board decided to invoke the redemption provisions and to bring suit against Mr. Okada.
10 Mr. Freeh was several steps removed from the litigation and played no part in preparing the
11 company's claims or its litigation strategy.

12 Put another way, Mr. Freeh's report would have been created in the same form even if the
13 Board had not intended to pursue litigation against Mr. Okada. For instance, the Board might
14 have decided at the outset that it would do no more than share Mr. Freeh's ultimate findings with
15 Nevada gaming regulators and let them investigate and determine Mr. Okada's suitability. This
16 would have made litigation between the company and Mr. Okada much less likely, but Mr.
17 Freeh's report would have been the same. Therefore, the documents he created as part of his
18 investigation were not prepared "because of litigation."

19 2. *The Aruze Parties Have a Substantial Need for the Freeh Documents and*
20 *No Other Means of Obtaining the Information*

21 The Aruze Parties would still be entitled to discover the non-opinion portions of Mr.
22 Freeh's documents by showing that they have "substantial need" for the materials and are "unable
23 without undue hardship to obtain the substantial equivalent of the materials by other means," even
24 if the documents were prepared because of litigation. NRCP 26(b)(3).

25 The central issue in this case is the validity of Mr. Freeh's findings that Mr. Okada bribed
26 government officials and engaged in other misconduct. WRL lays the responsibility for those
27 determinations squarely at Mr. Freeh's feet. WRL SAC ¶ 50 ("The conduct detailed in Mr.
28

Freeh's report is conduct of a type that, when engaged in by a person affiliated with a licensed entity, puts the entity's existing and prospective gaming licenses at risk."); Ex. 18 (Feb. 21, 2012 WRL Form 8-K attaching Feb. 19, 2012 WRL Press Release) at 9 (stating that "it is very clear from the Freeh Report" that Mr. Okada engaged in improper conduct).

At trial the Aruze Parties will seek to demonstrate that Mr. Freeh got it wrong – that, among other things, he relied on dubious interpretations of the evidence, ignored alternative explanations for the questioned conduct, made unexplained and unsubstantiated credibility judgments, and failed to afford Mr. Okada due process, leading to a deeply flawed report.

To mount this defense, the Aruze Parties need to understand the entire body of factual information that was available to Mr. Freeh. It is not enough for the Aruze Parties to have access to the documents referenced in the Freeh Report;¹⁸ they also must have access to the documents not cited and the documents that demonstrate how he reached his findings, including materials related to the interviews he conducted and relied on throughout the Report.¹⁹ That is the only way that the Aruze Parties can fairly defend themselves, and the only possible source of that information is the complete set of materials that Mr. Freeh developed during his investigation.

C. The Attorney-Client Privilege Does Not Apply Because Mr. Freeh Did Not Provide Legal Services

The attorney-client privilege only applies to confidential communications "made in furtherance of legal services." *Coyote Springs Inv., LLC v. Eighth Judicial Dist. Court*, 131 Nev. Adv. Op. 18, 347 P.3d 267, 270 (2015); *see also Howard v. State*, 128 Nev. Adv. Op. 67, 291 P.3d 137, 144 (2012); NRS 49.095(3). The mere fact that an attorney is involved is not enough to establish that the privilege applies; the purpose of the communication must be to obtain legal advice. *United States v. Martin*, 278 F.3d 988, 999 (9th Cir. 2002) ("The fact that a person is a

¹⁸ WRL and Pepper Hamilton have produced some, but not all, such documents. For instance, nothing was produced regarding any of the referenced witness interviews.

¹⁹ For instance, the interview notes and memoranda may reveal that Mr. Freeh or his staff received information inconsistent with the Report's findings, which would be extremely valuable to defend against WRL's claim that Mr. Okada breached his fiduciary duties.

1 lawyer does not make all communications with that person privileged.”); *Henderson Apartment*
2 *Venture, LLC v. Miller*, 2011 WL 1300143, at *9 (D. Nev. Mar. 31, 2011) (“Communications by
3 corporate counsel providing business advice are not covered by the privilege.”).

4 Here, WRL did not engage Mr. Freeh to provide it with legal services or advice. Instead,
5 Mr. Freeh’s only role was to gather facts – judgments about the actions WRL would take based
6 on those purported facts were made by WRL based on input from *other* lawyers, including Mr.
7 Shapiro, Ms. Schulhofer and others; Mr. Freeh was not part of those discussions. *See supra* at
8 Sec. I.C. WRL also repeatedly touted its claim that Mr. Freeh’s investigation was “independent,”
9 clearly relying on the implication that such independence gives rise to greater credibility than an
10 investigation conducted by an advocate. But such independence is inconsistent with the
11 confidential nature of an attorney-client relationship. *Wartell v. Purdue Univ.*, 2014 WL
12 3687233, at *5 (N.D. Ind. July 24, 2014) (“The term ‘independent’ suggests that the investigator
13 would not be working on behalf of either party, but rather would be neutral.”)


14 Moreover, Mr. Freeh’s purpose was to justify a business decision that WRL apparently
15 had already made – to expel Mr. Okada from the Company – not to provide advice about the legal
16 implications of Mr. Okada’s alleged conduct. Even if one accepts WRL’s assertion that the Board
17 gave even-handed and unbiased consideration to the Freeh Report, it was generated to make a
18 business decision, not provide legal advice. Indeed, that alternate version of reality is not credible
19 because even before Mr. Freeh was hired, Mr. Wynn had embarked on an effort to rid himself of
20 Mr. Okada. Mr. Freeh then conducted his investigation in a manner that left no doubt about his
21 purpose – he formed his opinions before hearing from Mr. Okada; he denied Mr. Okada the
22 opportunity to submit additional evidence after his interview; and he submitted his report just
23 days later with a summary of Mr. Okada’s comments tacked onto the end like an appendix.²⁰ In
24 sum, Mr. Freeh was hired to fulfill a business objective, not a legal one.

25 _____
26 ²⁰ The issues identified herein are those relevant to the privilege determination. At an appropriate stage of
27 the litigation, the Aruze Parties will demonstrate that Mr. Freeh’s work suffered from many other
28 significant flaws that render it extremely unreliable on the merits. Indeed, the Aruze Parties are not the
only ones to have been victimized by Mr. Freeh’s penchant for delivering so-called “independent”
investigations that in reality are carefully tailored to suit the needs of whoever is paying him. As the

1 **IV. CONCLUSION**

2 For the foregoing reasons, the Aruze Parties respectfully request that the Court order WRL
3 to produce all documents identified on the “Wynn Parties’ Second Amended Privilege Log for
4 Documents Produced by Pepper Hamilton, LLP Pursuant to Subpoena Duces Tecum.”

5 DATED this 21st day of September 2015.

6
7 By 
8 J. Stephen Peek, Esq. (1758)
9 Bryce K. Kunimoto, Esq. (7781)
10 Robert J. Cassity, Esq. (9779)
11 Brian G. Anderson, Esq. (10500)
12 HOLLAND & HART LLP
13 9555 Hillwood Drive, 2nd Floor
14 Las Vegas, Nevada 89134

15 David S. Krakoff, Esq.
16 (*Admitted Pro Hac Vice*)
17 Benjamin B. Klubes, Esq.
18 (*Admitted Pro Hac Vice*)
19 Adam Miller, Esq.
20 (*Admitted Pro Hac Vice*)
21 BUCKLEYSANDLER LLP
22 1250 24th Street NW, Suite 700
23 Washington DC 20037
24 *Attorneys for Defendant Kazuo Okada and*
25 *Defendants/Counterclaimants Aruze USA, Inc.,*
26 *and Universal Entertainment Corp.*

27 former President of Penn State University recently alleged in a defamation suit arising out of Mr. Freeh’s
28 investigation and report on child sexual abuse by a former assistant to Coach Joe Paterno, “Freeh and his
affiliated law and consulting firms have developed a lucrative business model — predicated on Freeh’s
name recognition and FBI credentials — that depends on conducting so-called ‘independent
investigations’ and producing ‘investigative reports’ custom tailored with preconceived storylines to meet
his clients’ objectives. . . . Freeh performs an ‘independent investigation’ to produce an ‘investigative
report’ to identify one or more ‘wrongdoers’ (never Freeh’s clients) who can be blamed publicly for the
crisis.” Complaint at ¶ 12, *Spanier v. Freeh*, No. 2013-2707, Court of Common Pleas of Centre County,
Pennsylvania.

Holland & Hart LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, Nevada 89134

CERTIFICATE OF SERVICE

I hereby certify that on the 23rd day of September 2015, a true and correct copy of the foregoing **DEFENDANTS' MOTION TO COMPEL WYNN RESORTS, LIMITED TO PRODUCE FREEH DOCUMENTS** was served by the following method(s):


☒ Electronic: by submitting electronically for filing and/or service with the Eighth Judicial District Court's e-filing system and served on counsel electronically in accordance with the E-service list to the following email addresses:

Please see the attached Master E-Service List

☐ U.S. Mail: by depositing same in the United States mail, first class postage fully prepaid to the persons and addresses listed below:

☐ Email: by electronically delivering a copy via email to the following e-mail address:

☐ Facsimile: by faxing a copy to the following numbers referenced below:



An Employee of Holland & Hart LLP

**E-Service Master List
For Case****null - Wynn Resorts, Limited, Plaintiff(s) vs. Kazuo Okada, Defendant(s)****BuckleySandler LLP**

Contact	Email
Adam Miller	amiller@buckleysandler.com
Ashley Morley	amorley@buckleysandler.com
Ben Klubes	bkubes@buckleysandler.com
David Krakoff	dkrakoff@buckleysandler.com
Jay Williams	jwilliams@BuckleySandler.com
Joe Reilly	jreilly@buckleysandler.com
Laurie Randell	lrandell@buckleysandler.com
Matt Carson	mcarson@buckleysandler.com
Nicole Reeber	nreeber@buckleysandler.com

Campbell & Williams

Contact	Email
Donald J. Campbell	Djc@Campbellandwilliams.com
J. Colby Williams	JCW@Campbellandwilliams.com
Lucinda Martinez	Lmartinez@Campbellandwilliams.com
Philip Erwin	Pre@Campbellandwilliams.com
Robert Rozycki	rpr@cwlawlv.com
W. Hunter Campbell	Whc@Campbellandwilliams.com

Glaser Weil Fink Howard Avchen & Shapiro LLP

Contact	Email
Pam Moore	pmoore@glaserweil.com
Robert Shapiro	rs@glaserweil.com
Virginia Desmond	vdesmond@glaserweil.com

Holland & Hart

Contact	Email
Laura Z. Chester	LZChester@hollandhart.com
Steve Peek	speek@hollandhart.com

Holland & Hart LLP

Contact	Email
Alexis Grangaard	algrangaard@hollandhart.com
Angela Rogan	amrogan@hollandhart.com
Brian Anderson	bganderson@hollandhart.com
Bryce K. Kunitomo	bkunitomo@hollandhart.com
Lorie Januskevicius	ljanuskevicius@hollandhart.com
Robert Cassity	bcassity@hollandhart.com
Valerie Larsen	vlarsen@hollandhart.com

Jolley Urga Woodbury & Little

Contact	Email
David J. Malley	djm@juww.com
Linda Schone	ls@juww.com
William R. Urga, Esq.	wru@juww.com

Munger, Tolles & Olson

Contact	Email
Cindi Richardson	cindi.richardson@mto.com
James Berry	James.Berry@mto.com
Jeffrey Y. Wu, Esq.	Jeffrey.Wu@mto.com
Joannette Driver-Moore	joannette.driver-moore@mto.com
John P. Mittelbach, Esq.	john.mittelbach@mto.com
Mark B. Helm, Esq.	Mark.Helm@mto.com
Ronald L. Olson, Esq.	Ronald.Olson@mto.com
Soraya Kelly	soraya.kelly@mto.com



Pisanelli Bice PLLC

Contact	Email
Debra L. Spinelli	dls@pisanellibice.com
James J. Pisanelli, Esq.	lit@pisanellibice.com
Magali Calderon	mmc@pisanellibice.com
Paul Garcia	pg@pisanellibice.com
PB Lit	lit@pisanellibice.com
Todd Bice	tlb@pisanellibice.com

Wachtell Lipton Rosen & Katz

Contact	Email
Bradley R. Wilson	brwilson@wlrk.com
Paul K. Rowe	pkrowe@wlrk.com



CLERK OF THE COURT

ORDG

J. Stephen Peek, Esq. (1758)
Bryce K. Kunimoto, Esq. (7781)
Robert J. Cassity, Esq. (9779)
HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, Nevada 89134
Tel: (702) 669-4600
Fax: (702) 669-4650
speek@hollandhart.com
bkunimoto@hollandhart.com
bcassity@hollandhart.com

David S. Krakoff, Esq. (*Admitted Pro Hac Vice*)
Benjamin B. Klubes, Esq. (*Admitted Pro Hac Vice*)
Adam Miller, Esq. (*Admitted Pro Hac Vice*)
BUCKLEYSANDLER LLP
1250 24th Street NW, Suite 700
Washington DC 20037
Tel: (202) 349-8000
Fax: (202) 349-8080
dkrakoff@bucklesandler.com
bklubes@bucklesandler.com
amiller@bucklesandler.com

*Attorneys for Defendant Kazuo Okada and
Defendants/Counterclaimants Aruze USA, Inc.,
and Universal Entertainment Corp.*

DISTRICT COURT

CLARK COUNTY, NEVADA

WYNN RESORTS, LIMITED, a Nevada
corporation,

Plaintiff,

v.

KAZUO OKADA, an individual, ARUZE USA,
INC., a Nevada corporation, and UNIVERSAL
ENTERTAINMENT CORP., a Japanese
corporation,

Defendants.

AND ALL RELATED CLAIMS.

CASE NO.: A-12-656710-B
DEPT. NO.: XI

**ORDER GRANTING
IN PART DEFENDANTS' MOTION TO
COMPEL FREEH DOCUMENTS**

Date of Hearing: October 15, 2015
Time of Hearing: 8:00 a.m.
Electronic Filing Case

Defendants' Motion to Compel Freeh Documents, filed on September 21, 2015 (the
"Motion"), came before this Court for hearing on October 15, 2015 at 8:00 a.m. James J.
Pisanelli, Esq. and Debra L. Spinelli, Esq., of PISANELLI BICE PLLC, appeared on behalf of

1 Plaintiff/Counterdefendant Wynn Resorts, Limited (“WRL”) and Counterdefendants Linda
2 Chen, Russell Goldsmith, Ray R. Irani, Robert J. Miller, John A. Moran, Marc D. Schorr, Alvin
3 V. Shoemaker, Kimmarré Sinatra, D. Boone Wayson, and Allan Zeman (the “Wynn Parties”).
4 Donald J. Campbell, Esq. and J. Colby Williams, Esq. of Campbell & Williams, appeared on
5 behalf of Counterdefendant/Cross-defendant Stephen A. Wynn (“Mr. Wynn”). William R. Urga,
6 of Jolley Urga Woodbury & Little, and Jeffrey Wu, Esq. of Munger, Tolles & Olson LLP,
7 appeared on behalf of Counterdefendant/Counterclaimant/Cross-claimant Elaine P. Wynn (“Ms.
8 Wynn”). And, J. Stephen Peek, Esq. and Robert J. Cassity, Esq., of Holland & Hart, and Adam
9 Miller, Esq., of BuckleySandler LLP, appeared on behalf of Defendant Kazuo Okada (“Mr.
10 Okada”) and Defendants/Counterclaimants/Counter-defendants Aruze USA, Inc. (“Aruze USA”)
11 and Universal Entertainment Corp. (“Universal”) (the “Aruze Parties”).

12 The Court having considered the Motion, the Opposition filed by the Wynn Parties, and
13 the Reply, as well as the arguments of counsel presented at the hearing, and good cause
14 appearing, the Court finds that Mr. Freeh was hired as counsel to conduct an investigation to
15 provide facts and conclusions related to the investigation at the request of the WRL board of
16 directors. Therefore, the attorney-client privilege may apply to certain of the entries in the
17 privilege log regarding the Freeh documents (the “Freeh Privilege Log”). However, the Court
18 finds that Freeh documents were not prepared in anticipation of litigation, and therefore the work
19 product doctrine does not apply. WRL’s attachment of the Freeh Report and Appendices to the
20 Complaint in this matter does not amount to a wholesale waiver of any privilege.

21 Having made the foregoing findings, and good cause appearing,

22 IT IS HEREBY ORDERED that the Motion is GRANTED in part as follows:

23 1. The Court overrules all claims of work product in the Freeh Privilege Log, except
24 as to those documents that were described as attorneys’ notes in the Freeh Privilege Log because
25 such documents may be subject to the attorney-client privilege.

26 2. With respect to those documents over which attorney-client privilege has been
27 claimed, including those described as attorneys’ notes as referenced in Paragraph 1, WRL may
28

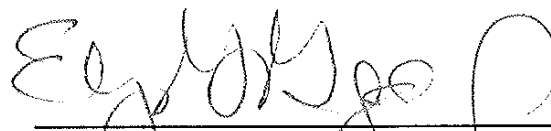
1 supplement the Freeh Privilege Log within 15 days of this Order to provide greater detail on the
2 subject matter of the documents. The Aruze Parties may then challenge the privilege claims on a
3 document-by-document basis. If necessary, the Court may conduct an *in-camera* review of such
4 documents.

5 IT IS FURTHER ORDERED that the Court's ruling is stayed for a period of 10 days
6 from the date of the hearing to provide WRL an opportunity to file a writ petition with the
7 Nevada Supreme Court.

8 IT IS FURTHER ORDERED that WRL shall pay to the Aruze Parties the sum of
9 \$500.00 in attorneys' fees in connection with bringing the Motion.

10 IT IS SO ORDERED.

11 DATED this 17th day of Nov 2015.

12 
13 THE HONORABLE ELIZABETH GONZALEZ
14 EIGHTH JUDICIAL DISTRICT COURT

15 Respectfully submitted by:

16
17 By: 

18 J. Stephen Peek, Esq. (1758)
19 Bryce K. Kunimoto, Esq. (7781)
20 Robert J. Cassity, Esq. (9779)
21 HOLLAND & HART LLP
22 9555 Hillwood Drive, 2nd Floor
23 Las Vegas, NV 89134

24 Benjamin B. Klubes, Esq. (*pro hac vice*)
25 David S. Krakoff, Esq. (*pro hac vice*)
26 Adam Miller, Esq. (*pro hac vice*)
27 BUCKLEYSANDLER LLP
28 1250 24th Street NW, Suite 700
Washington, DC 20037

*Attorneys for Kazuo Okada, Aruze USA, Inc., and
Universal Entertainment Corp.*

IN THE SUPREME COURT OF THE STATE OF NEVADA

WYNN RESORTS LIMITED,

Petitioners,

vs.

THE EIGHTH JUDICIAL DISTRICT
COURT OF THE STATE OF
NEVADA, IN AND FOR THE
COUNTY OF CLARK; AND THE
HONORABLE ELIZABETH
GONZALEZ, DISTRICT JUDGE,
DEPT. XI,

Respondent,

and

KAZUO OKADA, UNIVERSAL
ENTERTAINMENT CORP.
AND ARUZE USA, INC.,

Real Parties in Interest.

Case No. _____

Electronically Filed
May 25 2016 08:55 a.m.

Tracie K. Lindeman
Clerk of Supreme Court
**APPENDIX IN SUPPORT OF
WYNN RESORTS, LIMITED'S
PETITION FOR WRIT OF
PROHIBITION OR
ALTERNATIVELY, MANDAMUS**

VOLUME I OF IV

DATED this 24th day of May, 2016.

PISANELLI BICE PLLC

By: /s/ Todd L. Bice

James J. Pisanelli, Esq., Bar No. 4027
Todd L. Bice, Esq., Bar No. 4534
Debra L. Spinelli, Esq., Bar No. 9695
400 South 7th Street, Suite 300
Las Vegas, Nevada 89101

Attorneys for Petitioner Wynn Resorts, Limited

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2
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Second Amended and Restated Articles of Incorporation of Wynn Resorts, Limited (Exhibit 2 to Affidavit of Robert J. Miller)	09/16/2002	I	APP_0005-APP_00016
The Arkin Group LLC, Memorandum (Exhibit 3 to Wynn Resorts, Limited's Opposition to the Okada Parties' Motion to Compel Supplemental Responses to their Second and Third Sets of Requests for Production) FILED UNDER SEAL	02/04/2011	III	APP_0385-APP_0402
The Arkin Group LLC, Memorandum (Exhibit 38 in the Appendix of Exhibits Referenced in the Aruze Parties' Reply in Support of Motion to Compel Supplemental Responses to their Second and Third Set of Requests for Production of Documents to Wynn Resorts, Limited) FILED UNDER SEAL	02/11/2011	III	APP_0403-APP_0409
Minutes of a Meeting of the Board of Directors of Wynn Resorts, Limited (Exhibit C to Appendix to Wynn Resorts, Limited's Opposition to Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents) FILED UNDER SEAL	02/24/2011	III	APP_0468-APP_0473
Archfield Reports (Exhibit H to Appendix to Wynn Resorts, Limited's Opposition to Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents) FILED UNDER SEAL	08/24/2011	III	APP_0474-APP_0494

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Engagement Letter from Joel M. Friedman to Kim Sinatra and Robert J. Miller, as amended by a letter from Joel M. Friedman to Kim Sinatra (Exhibit 13 to Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents) FILED UNDER SEAL	10/27/2011	III	APP_0533-APP_0542
Minutes of a Meeting of the Board of Directors of Wynn Resorts, Limited (Exhibit 14 to Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents) FILED UNDER SEAL	11/01/2011	III	APP_0495-APP_0532
Freeh Report (Exhibit 1 to Affidavit of Robert J. Miller)	02/18/2012	I	APP_0017-APP_0063
Minutes of a Special Meeting of the Board of Directors of Wynn Resorts, Limited (Exhibit 2 to Appendix to Wynn Resorts, Limited's Opposition to Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents) FILED UNDER SEAL	02/18/2012	III	APP_0436-APP_0448
Minutes of a Special Meeting of the Board of Directors of Wynn Resorts, Limited (Exhibit 16 to Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents) FILED UNDER SEAL	02/18/2012	IV	APP_0543-APP_0721
Transcript of February 2012 Wynn Resorts, Limited Conference Call (Exhibit 17 to Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents) FILED UNDER SEAL	02/21/2012	III	APP_0449-APP_0467
Affidavit of Robert J. Miller	09/20/2012	I	APP_0064-APP_0073

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DOCUMENT	DATE	VOL.	PAGE
Annual Report of Wynn Resorts, Limited on Form 10-K (Exhibit 24 to Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents)	03/02/2015	I	APP_0074-APP_0207
Wynn Resorts, Ltd., Corporate Security, The Republic of the Philippines (Exhibit 2 to Wynn Resorts, Limited's Opposition to the Okada Parties' Motion to Compel Supplemental Responses to their Second and Third Sets of Requests for Production) FILED UNDER SEAL	05/19/2015	III	APP_0377-APP_0384
Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents	09/23/2015	I	APP_0208-APP_0236
Reply in Support of Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents	10/14/2015	II	APP_0359-APP_0376
Transcript: Hearing Wynn Parties' Motion to Compel Expedited Responses and Defendants' Motion to Compel Freeh Documents	10/15/2015	II	APP_0261-APP_0296
Order Granting In Part Defendants' Motion to Compel Freeh Documents	11/18/2015	I	APP_0237-APP_0239
Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents and <i>Ex Parte</i> Application for Order Shortening Time	01/05/2016	II	APP_0240-APP_0260
Deposition of Alvin V. Shoemaker (Excerpt) FILED UNDER SEAL	01/28/2016	III	APP_0432-APP_0435
Deposition of Robert J. Miller (Excerpt) FILED UNDER SEAL	02/09/2016	III	APP_0410-APP_0420
Deposition of D. Boone Wayson (Excerpt) FILED UNDER SEAL	02/16/2016	III	APP_0421-APP_0426

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DOCUMENT	DATE	VOL.	PAGE
Deposition of Russell Goldsmith (Excerpt) FILED UNDER SEAL	02/19/2016	III	APP_0427- APP_0431
Transcript: Hearing on Elaine Wynn's Motion to De-Designate And Kimmarie Sinatra's Motion to Associate Counsel	04/14/2016	II	APP_0297- APP_0358
Order Regarding (1) Motions to Compel Freeh Documents and (2) <i>In-Camera</i> Review of Freeh Group Documents	05/03/2016	I	APP_0001- APP_0004

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DOCUMENT	DATE	VOL.	PAGE
Affidavit of Robert J. Miller	09/20/2012	I	APP_0064- APP_0073
Annual Report of Wynn Resorts, Limited on Form 10-K (Exhibit 24 to Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents)	03/02/2015	I	APP_0074- APP_0207
Archfield Reports (Exhibit H to Appendix to Wynn Resorts, Limited's Opposition to Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents) FILED UNDER SEAL	08/24/2011	III	APP_0474- APP_0494
Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents	09/23/2015	I	APP_0208- APP_0236
Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents and <i>Ex Parte</i> Application for Order Shortening Time	01/05/2016	II	APP_0240- APP_0260
Deposition of Alvin V. Shoemaker (Excerpt) FILED UNDER SEAL	01/28/2016	III	APP_0432- APP_0435
Deposition of D. Boone Wayson (Excerpt) FILED UNDER SEAL	02/16/2016	III	APP_0421- APP_0426
Deposition of Robert J. Miller (Excerpt) FILED UNDER SEAL	02/09/2016	III	APP_0410- APP_0420
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Freeh Report (Exhibit 1 to Affidavit of Robert J. Miller)	02/18/2012	I	APP_0017-APP_0063
Minutes of a Meeting of the Board of Directors of Wynn Resorts, Limited (Exhibit 14 to Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents) FILED UNDER SEAL	11/1/2011	III	APP_0495-APP_0532
Minutes of a Meeting of the Board of Directors of Wynn Resorts, Limited (Exhibit C to Appendix to Wynn Resorts, Limited's Opposition to Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents) FILED UNDER SEAL	02/24/2011	III	APP_0468-APP_0473
Minutes of a Special Meeting of the Board of Directors of Wynn Resorts, Limited (Exhibit 16 to Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents) FILED UNDER SEAL	02/18/2012	IV	APP_0543-APP_0721
Minutes of a Special Meeting of the Board of Directors of Wynn Resorts, Limited (Exhibit 2 to Appendix to Wynn Resorts, Limited's Opposition to Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents) FILED UNDER SEAL	02/18/2012	III	APP_0436-APP_0448
Order Granting In Part Defendants' Motion to Compel Freeh Documents	11/18/2015	I	APP_0237-APP_0239
Order Regarding (1) Motions to Compel Freeh Documents and (2) <i>In-Camera</i> Review of Freeh Group Documents	05/03/2016	I	APP_0001-APP_0004

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DOCUMENT	DATE	VOL.	PAGE
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Second Amended and Restated Articles of Incorporation of Wynn Resorts, Limited (Exhibit 2 to Affidavit of Robert J. Miller)	09/16/2002	I	APP_0005-APP_00016
The Arkin Group LLC, Memorandum (Exhibit 3 to Wynn Resorts, Limited's Opposition to the Okada Parties' Motion to Compel Supplemental Responses to their Second and Third Sets of Requests for Production) FILED UNDER SEAL	02/04/2011	III	APP_0385-APP_0402
The Arkin Group LLC, Memorandum (Exhibit 38 in the Appendix of Exhibits Referenced in the Aruze Parties' Reply in Support of Motion to Compel Supplemental Responses to their Second and Third Set of Requests for Production of Documents to Wynn Resorts, Limited) FILED UNDER SEAL	02/11/2011	III	APP_0403-APP_0409
Transcript of February 2012 Wynn Resorts, Limited Conference Call (Exhibit 17 to Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents) FILED UNDER SEAL	02/21/2012	III	APP_0449-APP_0467
Transcript: Hearing on Elaine Wynn's Motion to De-Designate And Kimmarie Sinatra's Motion to Associate Counsel	04/14/2016	II	APP_0297-APP_0358
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Affidavit of Robert J. Miller	09/20/2012	I	APP_0064-APP_0073

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I am an employee of PISANELLI BICE PLLC, and that on this 24th day of May, 2016, I electronically filed and served by electronic mail and U.S. Mail true and correct copies of the above and foregoing **APPENDIX IN SUPPORT OF WYNN RESORTS, LIMITED'S PETITION FOR WRIT OF PROHIBITION OR ALTERNATIVELY, MANDAMUS** to the following:

SERVED VIA U.S. MAIL

J. Stephen Peek, Esq.
Bryce K. Kunimoto, Esq.
Robert J. Cassity, Esq.
Brian G. Anderson, Esq.
HOLLAND & HART LLP
9555 Hillwood Drive, Second Floor
Las Vegas, NV 89134
*Attorneys for Defendants/
Counterclaimants Kazuo Okada,
Aruze USA, Inc. and Universal
Entertainment Corp.*

David S. Krakoff, Esq.
Benjamin B. Klubes, Esq.
Joseph J. Reilly, Esq.
BUCKLEY SANDLER LLP
1250 – 24th Street NW, Suite 700
Washington, DC 20037
*Attorneys for
Defendants/Counterclaimants
Kazuo Okada, Aruze USA, Inc. and
Universal Entertainment Corp.*

Richard A. Wright, Esq.
WRIGHT STANISH & WINCKLER
300 South 4th Street, Suite 701
Las Vegas, NV 89101
*Attorneys for
Defendants/Counterclaimants
Kazuo Okada, Aruze USA, Inc. and
Universal Entertainment Corp.*

SERVED VIA HAND-DELIVERY

The Honorable Elizabeth Gonzalez
Eighth Judicial District court, Dept. XI
Regional Justice Center
200 Lewis Avenue
Las Vegas, Nevada 89155

Donald J. Campbell, Esq.
J. Colby Williams, Esq.
CAMPBELL & WILLIAMS
700 South 7th Street
Las Vegas, NV 89101
Attorneys for Stephen A. Wynn

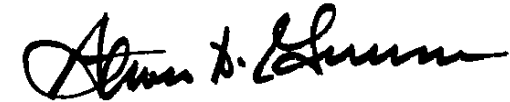
William R. Urga, Esq.
Martin A. Little, Esq.
JOLLEY URGA WOODBURY & LITTLE
3800 Howard Hughes Parkway, 16th Floor
Las Vegas, NV 89169
Attorneys for Elaine P. Wynn

John B. Quinn, Esq.
Michael T. Zeller, Esq.
Jennifer D. English, Esq.
Susan R. Estrich, Esq.
QUINN EMANUEL URQUHART &
SULLIVAN LLP
865 Figueroa Street, Tenth Floor
Los Angeles, CA 90017
Attorneys for Elaine P. Wynn

Melinda Haag, Esq.
James N. Kramer, Esq.
ORRICK, HERRINGTON &
SUTCLIFFE
The Orrick Building
405 Howard Street
San Francisco, CA 94105
Attorneys for Kimmarie Sinatra

/s/ Kimberly Peets
An employee of Pisanelli Bice PLLC

1 **ORDR**



CLERK OF THE COURT

2 **DISTRICT COURT**

3 **CLARK COUNTY, NEVADA**

4 WYNN RESORTS, LIMITED, a Nevada
5 corporation,

6 Plaintiff,

7 v.

8 KAZUO OKADA, an individual, ARUZE USA,
9 INC., a Nevada corporation, and UNIVERSAL
ENTERTAINMENT CORP., a Japanese
corporation,

10 Defendants.

CASE NO.: A-12-656710-B
DEPT. NO.: XI

**ORDER REGARDING (1) MOTIONS TO
COMPEL FREEH DOCUMENTS AND (2)
IN-CAMERA REVIEW OF FREEH
GROUP DOCUMENTS**

Date of Hearing: April 14, 2016
Time of Hearing: 8:30 a.m.
Electronic Filing Case

11 AND ALL RELATED CLAIMS.
12

13 Defendants' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents
14 (filed January 7, 2016); Defendants' Supplemental Motion to Compel Wynn Resorts, Limited to
15 Produce Freeh Group Interview Notes (filed April 11, 2016); and Defendants' Motion to Compel
16 Wynn Resorts, Limited to Produce Freeh Documents Following *In-Camera* Review (filed April
17 13, 2016) came before this Court for hearing on April 21, 2016. James J. Pisanelli, Esq. and
18 Debra L. Spinelli, Esq., of PISANELLI BICE PLLC, appeared on behalf of
19 Plaintiff/Counterdefendant Wynn Resorts, Limited and Counterdefendants Linda Chen, Russell
20 Goldsmith, Ray R. Irani, Robert J. Miller, John A. Moran, Marc D. Schorr, Alvin V. Shoemaker,
21 Kimmarie Sinatra, D. Boone Wayson, and Allan Zeman (the "Wynn Parties"). J. Colby
22 Williams, Esq. of Campbell & Williams, appeared on behalf of Counterdefendant/Cross-
23 defendant Stephen A. Wynn ("Mr. Wynn"). William R. Urga, of Jolley Urga Woodbury &
24 Little, and Michael Zeller of Quinn Emanuel Urquhart & Sullivan LLP, appeared on behalf of
25 Counterdefendant/Counterclaimant/Cross-claimant Elaine P. Wynn ("Ms. Wynn"). And, J.
26 Stephen Peek, Esq. of Holland & Hart LLP appeared on behalf of Defendant Kazuo Okada ("Mr.
27 Okada") and Defendants/Counterclaimants/Counter-defendants Aruze USA, Inc. ("Aruze USA")
28

1 and Universal Entertainment Corp. ("Universal") (the "Aruze Parties").

2 The Court having considered the Motions and related briefing, having ordered and
3 conducted an *in-camera* review of a portion of the documents (approximately twenty-five
4 percent (25%)) from the privilege log submitted by the Wynn Parties on or about February 4,
5 2016; having entered a Minute Order and distributed to the parties Court Exhibits 2 and 2a
6 regarding its rulings on the privilege log; having considered this sampling of the documents
7 identified in the privilege log, as well as the arguments of counsel presented at the hearing; and
8 good cause appearing therefor,

9 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the Motions are
10 GRANTED IN PART as follows:

11 1. The attorney work product doctrine does not apply to documents related to work
12 performed by the Freeh Group prior to February 22, 2012 because its work was not done in
13 anticipation of litigation.

14 2. Under the doctrine of at-issue waiver, WRL's claims of attorney-client privilege
15 regarding the documents identified in the privilege log submitted to the Court for its *in camera*
16 review are OVERRULED as to all documents for the time period leading up to and including
17 February 22, 2012, when the Freeh Report and Appendix thereto were completed.

18 3. WRL's claim of attorney-client privilege with respect to the documents identified
19 on the privilege log submitted to the Court for its *in camera* review are overruled as to all
20 documents for the time period leading up to and including February 22, 2012, when the Freeh
21 Group's investigative report and appendices were completed because while there was an attorney-
22 client relationship, there was a waiver of the attorney-client privilege by the use of the Freeh
23 Group's report to inform the WRL board's decision-making with respect to the potential
24 redemption and the public disclosure of the Freeh Group's report.¹

27
28 ¹ In light of this ruling, the Okada Parties' Supplemental Motion to Compel

4. WRL's obligation to produce the documents as to which its privilege claims were overruled in paragraphs 1 and 2 shall be stayed to enable WRL to file a writ petition with the Nevada Supreme Court regarding the Court's ruling. The stay shall expire on July 13, 2016 (90 days after April 14, 2016), or upon the Nevada Supreme Court's earlier denial of WRL's writ petition.

5. The Court will require further briefing from the parties regarding WRL's claims of privilege as to any documents for the time period after February 22, 2016, following the completion of the Freeh Report and Appendix thereto.²

6. WRL shall file its opening brief on or before May 12, 2016. The Aruze Parties shall file their opposition brief on or before June 9, 2016. WRL shall file a reply brief on or before June 20, 2016.

7. The Court will hold a hearing regarding the further briefing on June 28, 2016 at 8:30 a.m.

IT IS SO ORDERED.

DATED this 3 day of Mar 2016.

THE HONORABLE ELIZABETH GONZALEZ
EIGHTH JUDICIAL DISTRICT COURT

Wynn Resorts, Limited to Produce Freeh Group Interview Notes, filed on April 11, 2016, and the Okada Parties' Motion to Compel Wynn Resorts, Limited to Produce Freeh Documents Following *In Camera* Review, filed on April 13, 2016, are deemed moot. Thus, this ruling does not address the more specific arguments in these two motions.

² This ruling does not address any additional arguments for compelling the production of documents related to the Freeh investigation that are not at issue in the Court's ruling, which may be raised or renewed in the future.

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CERTIFICATE OF SERVICE:

I hereby certify that on or about the date filed, this document was Electronically Served to the Counsel on Record on the Clark County E-File Electronic Service List, placed in the attorney's folder, or mailed to the proper party as follows:

J. Stephen Peek, Esq.
Bryce K. Kunimoto, Esq.
Robert J. Cassity, Esq.
HOLLAND & HART

David S. Krakoff, Esq.
BUCKLEY SANDLER, LLP

Donald J. Campbell, Esq.
J. Colby Williams, Esq.
CAMPBELL & WILLIAMS

Richard Wright, Esq.
WRIGHT STANSIH & WINCKLER

John B. Quinn, Esq.
Michael Zeller, Esq.
QUINN EMANUEL URQUHART & SULLIVAN

William R. Urga, Esq.
JOLLEY URGa WOODBURY & LITTLE

James J. Pisanelli, Esq.
Todd L. Bice, Esq.
Debra Spinelli, Esq.
PISANELLI BICE


Laura Rose



DEAN HELLER
Secretary of State

202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684 5700

**Certificate to Accompany
Restated Articles**

(Pursuant to
NRS 78.403 or 82.371)

Filed in the office of

Dean Heller
Secretary of State
State of Nevada

FILED

C14059-02

Document Number

C14059-2002-004

Filing Date and Time

09/16/2002 12:00 AM

Entity Number

C14059-2002

002

Important: Read attached instructions

This Form is to Accompany Restated Articles

(Pursuant to NRS 78.403 or 82.371)

(This form may also be used to accompany Restated Articles for
Limited-Liability Companies and Certificates of Limited Partnership
and Business Trusts)

- Remit in Duplicate -

1. Name of Nevada entity as last recorded in this office:

Wynn Resorts, Limited

2. Indicate what changes have been made by checking the appropriate spaces.*

- ☐ The entity name has been amended.
- ☐ The resident agent has been changed.
(attach Certificate of Acceptance from new resident agent)
- ☐ The purpose of the entity has been amended.
- ☐ The authorized shares have been amended.
- ☐ The directors, managers or general partners have been amended.
- ☐ The duration of the entity has been amended.
- ☐ IRS tax language has been added.
- ☐ Articles have been added to the articles or certificate.
- ☐ Articles have been deleted from the articles or certificate.
- ☒ None of the above apply. The articles or certificate have been amended as follows:
(provide article numbers, if available)

Article IV, Section 2: The board will become classified upon the effectiveness of the IPO.

Article V, Section 1: The provision regarding the number of directors and providing for the classified board cannot be amended without the approval of at least 66-2/3% of the issued and outstanding stock.

* This form is to accompany Restated Articles which contain newly altered or amended articles.
The Restated Articles must contain all of the requirements as set forth in the statutes for amending
or altering Articles of Incorporation, Articles of Organization or Certificates of Limited Partnership.

IMPORTANT: Failure to include any of the above information and remit the proper fees may cause
this filing to be rejected.

FILED 9

C14059-02

SECOND AMENDED AND RESTATED ARTICLES OF INCORPORATION SEP 16 2002

OF

WYNN RESORTS, LIMITED

NOTICE OF
FILING
DEPARTMENT OF REVENUE

WYNN RESORTS, LIMITED (the "Corporation"), a corporation organized under the laws of the State of Nevada, by its Chief Executive Officer, does hereby certify that:

1. Pursuant to the provisions of Sections 78.390 and 78.403 of Nevada Revised Statutes ("NRS") the Corporation hereby amends and restates its articles of incorporation as follows:
2. The amendment and restatement of the Articles of Incorporation as set forth below was adopted by the Corporation's board of directors by the unanimous written consent as of September 16, 2002 in accordance with the provisions of NRS 78.315 and NRS 78.390.
3. The amendment and restatement of the Articles of Incorporation as set forth below was approved by the written consent of the sole stockholder as of September 16, 2002.
4. That the undersigned officer has been authorized and directed by the board of directors to execute and file this certificate setting forth the text of the Articles of Incorporation of the Corporation as amended and restated in its entirety to this date as follows:

ARTICLE I
NAME

The name of the corporation is Wynn Resorts, Limited (the "Corporation").

ARTICLE II
CAPITAL STOCK

Section 1. Authorized Shares. The aggregate number of shares which the Corporation shall have authority to issue is four hundred and forty million (440,000,000) shares, consisting of two classes to be designated, respectively, "Common Stock" and "Preferred Stock," with all of such shares having a par value of \$.01 per share. The total number of shares of Common Stock that the Corporation shall have authority to issue is four hundred million (400,000,000) shares. The total number of shares of Preferred Stock that the Corporation shall have authority to issue is forty million (40,000,000) shares. The Preferred Stock may be issued in one or more series, each series to be appropriately designated by a distinguishing letter or title, prior to the issuance of any shares thereof. The voting powers, designations, preferences, limitations, restrictions, and relative, participating, optional and other rights, and the qualifications, limitations, or restrictions thereof, of the Preferred Stock shall hereinafter be prescribed by resolution of the board of directors pursuant to Section 3 of this Article II.

Section 2. Common Stock.

(a) Dividend Rate. Subject to the rights of holders of any Preferred Stock having preference as to dividends and except as otherwise provided by these Articles of Incorporation, as amended from time to time (hereinafter, the "Articles") or the NRS, the holders of Common Stock shall be entitled to receive dividends when, as and if declared by the board of directors out of assets legally available therefor.

(b) Voting Rights. Except as otherwise provided by the NRS, the holders of the issued and outstanding shares of Common Stock shall be entitled to one vote for each share of Common Stock. No holder of shares of Common Stock shall have the right to cumulate votes.

(c) Liquidation Rights. In the event of liquidation, dissolution, or winding up of the affairs of the Corporation, whether voluntary or involuntary, subject to the prior rights of holders of Preferred Stock to share ratably in the Corporation's assets, the Common Stock and any shares of Preferred Stock which are not entitled to any preference in liquidation shall share equally and ratably in the Corporation's assets available for distribution after giving effect to any liquidation preference of any shares of Preferred Stock. A merger, conversion, exchange or consolidation of the Corporation with or into any other person or sale or transfer of all or any part of the assets of the Corporation (which shall not in fact result in the liquidation of the Corporation and the distribution of assets to stockholders) shall not be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

(d) No Conversion, Redemption, or Preemptive Rights. The holders of Common Stock shall not have any conversion, redemption, or preemptive rights.

(e) Consideration for Shares. The Common Stock authorized by this Article shall be issued for such consideration as shall be fixed, from time to time, by the board of directors.

Section 3. Preferred Stock.

(a) Designation. The board of directors is hereby vested with the authority from time to time to provide by resolution for the issuance of shares of Preferred Stock in one or more series not exceeding the aggregate number of shares of Preferred Stock authorized by these Articles, and to prescribe with respect to each such series the voting powers, if any, designations, preferences, and relative, participating, optional, or other special rights, and the qualifications, limitations, or restrictions relating thereto, including, without limiting the generality of the foregoing: the voting rights relating to the shares of Preferred Stock of any series (which voting rights, if any, may be full or limited, may vary over time, and may be applicable generally or only upon any stated fact or event); the rate of dividends (which may be cumulative or noncumulative), the condition or time for payment of dividends and the preference or relation of such dividends to dividends payable on any other class or series of capital stock; the rights of holders of Preferred Stock of any series in the event of liquidation, dissolution, or winding up of the affairs of the Corporation; the rights, if any, of holders of Preferred Stock of any series to convert or exchange such shares

of Preferred Stock of such series for shares of any other class or series of capital stock or for any other securities, property, or assets of the Corporation or any subsidiary (including the determination of the price or prices or the rate or rates applicable to such rights to convert or exchange and the adjustment thereof, the time or times during which the right to convert or exchange shall be applicable, and the time or times during which a particular price or rate shall be applicable); whether the shares of any series of Preferred Stock shall be subject to redemption by the Corporation (in addition to any right of redemption pursuant to Article VII of these Articles) and if subject to redemption, the times, prices, rates, adjustments and other terms and conditions of such redemption. The powers, designations, preferences, limitations, restrictions and relative rights may be made dependent upon any fact or event which may be ascertained outside the Articles or the resolution in the manner in which the fact or event may operate on such series is stated in the Articles or resolution. As used in this section "fact or event" includes, without limitation, the existence of a fact or occurrence of an event, including, without limitation, a determination or action by a person, government, governmental agency or political subdivision of a government. The board of directors is further authorized to increase or decrease (but not below the number of such shares of such series then outstanding) the number of shares of any series subsequent to the issuance of shares of that series. Unless the board of directors provides to the contrary in the resolution which fixes the characteristics of a series of Preferred Stock, neither the consent by series, or otherwise, of the holders of any outstanding Preferred Stock nor the consent of the holders of any outstanding Common Stock shall be required for the issuance of any new series of Preferred Stock regardless of whether the rights and preferences of the new series of Preferred Stock are senior or superior, in any way, to the outstanding series of Preferred Stock or the Common Stock.

(b) Certificate. Before the Corporation shall issue any shares of Preferred Stock of any series, a certificate of designation setting forth a copy of the resolution or resolutions of the board of directors, and establishing the voting powers, designations, preferences, the relative, participating, optional, or other rights, if any, and the qualifications, limitations, and restrictions, if any, relating to the shares of Preferred Stock of such series, and the number of shares of Preferred Stock of such series authorized by the board of directors to be issued shall be made and signed by an officer of the corporation and filed in the manner prescribed by the NRS.

Section 4. Non-Assessment of Stock. The capital stock of the Corporation, after the amount of the subscription price has been fully paid, shall not be assessable for any purpose, and no stock issued as fully paid shall ever be assessable or assessed, and the Articles shall not be amended in this particular. No stockholder of the Corporation is individually liable for the debts or liabilities of the Corporation.

ARTICLE III ACTION OF STOCKHOLDERS

Prior to the completion of the initial public offering of the Corporation, the stockholders may take action by written consent in lieu of a meeting. After the completion of the initial public offering of the Corporation, the stockholders may not in any circumstance take action by written consent.

ARTICLE IV
DIRECTORS AND OFFICERS

Section 1. Number of Directors. The members of the governing board of the Corporation are styled as directors. The board of directors of the Corporation shall be elected in such manner as shall be provided in the bylaws of the Corporation. The board of directors shall consist of at least one (1) individual and not more than thirteen (13) individuals. The number of directors may be changed from time to time in such manner as shall be provided in the bylaws of the Corporation.

Section 2. Classified Board. Upon the effectiveness of the Corporation's registration statement on Form S-1 with respect to its initial public offering of common stock, the directors shall be classified, with respect to the time for which they shall hold their respective offices, by dividing them into three classes, to be known as "Class I," "Class II" and "Class III." Directors of Class I shall hold office until the next annual meeting of stockholders after such effectiveness and until their successors are elected and qualified, directors of Class II shall hold office until the second annual meeting of stockholders after such effectiveness and until their successors are elected and qualified and directors of Class III shall hold office until the third annual meeting of stockholders after such effectiveness and until their successors are elected and qualified. At each annual meeting of stockholders following such effectiveness, successors to the directors of the class whose term of office expires at such annual meeting shall be elected to hold office until the third succeeding annual meeting of stockholders, so that the term of office of only one class of directors shall expire at each annual meeting. The number of directors in each class, which shall be such that as near as possible to one-third and at least one-fourth (or such other fraction as required by the NRS) in number are elected at each annual meeting, shall be established from time to time by resolution of the board of directors and shall be increased or decreased by resolution of the board of directors, as may be appropriate whenever the total number of directors is increased or decreased.

Section 3. Limitation of Liability. The liability of directors and officers of the Corporation shall be eliminated or limited to the fullest extent permitted by the NRS. If the NRS is amended to further eliminate or limit or authorize corporate action to further eliminate or limit the liability of directors or officers, the liability of directors and officers of the Corporation shall be eliminated or limited to the fullest extent permitted by the NRS, as so amended from time to time.

Section 4. Payment of Expenses. In addition to any other rights of indemnification permitted by the laws of the State of Nevada or as may be provided for by the Corporation in its bylaws or by agreement, the expenses of officers and directors incurred in defending any threatened, pending, or completed action, suit or proceeding (including without limitation, an action, suit or proceeding by or in the right of the Corporation), whether civil, criminal, administrative or investigative, involving alleged acts or omissions of such officer or director in his or her capacity as an officer or director of the Corporation or member, manager, or managing member of a predecessor limited liability company or affiliate of such limited liability company or while serving in any capacity at the request of the Corporation as a director, officer, employee, agent, member, manager, managing member, partner, or fiduciary of, or in any other capacity for, another corporation or any partnership,

joint venture, trust, or other enterprise, shall be paid by the Corporation or through insurance purchased and maintained by the Corporation or through other financial arrangements made by the Corporation, as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of the officer or director to repay the amount if it is ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the Corporation. To the extent that an officer or director is successful on the merits in defense of any such action, suit or proceeding, or in the defense of any claim, issue or matter therein, the Corporation shall indemnify him or her against expenses, including attorneys' fees, actually and reasonably incurred by him or her in connection with the defense. Notwithstanding anything to the contrary contained herein or in the bylaws, no director or officer may be indemnified for expenses incurred in defending any threatened, pending, or completed action, suit or proceeding (including without limitation, an action, suit or proceeding by or in the right of the Corporation), whether civil, criminal, administrative or investigative, that such director or officer incurred in his or her capacity as a stockholder, including, but not limited to, in connection with such person being deemed an Unsuitable Person (as defined in Article VII hereof).

Section 5. Repeal And Conflicts. Any repeal or modification of Sections 3 or 4 above approved by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the liability of a director or officer of the Corporation existing as of the time of such repeal or modification. In the event of any conflict between Sections 3 or 4 above and any other Article of the Articles, the terms and provisions of Sections 3 or 4 above shall control.

ARTICLE V VOTING ON CERTAIN TRANSACTIONS

Section 1. Amendment of Articles. The Corporation reserves the right to amend, alter, change or repeal any provision contained in the Articles, in the manner now or hereafter prescribed by the NRS, and all rights conferred on stockholders herein are granted subject to this reservation; provided, however, that no amendment, alteration, change or repeal may be made to: (a) Article III, (b) Sections 1, 2, 3 and 4 of Article IV, or (c) this Article V without the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 $\frac{2}{3}$ %) of the issued and outstanding shares of stock of the Corporation entitled to vote in the election of directors excluding stock entitled to vote only upon the happening of a fact or event unless such fact or event shall have occurred, considered for the purposes of this section as one class.

Section 2. Additional Vote Required. Any affirmative vote required by this Article V shall be in addition to the vote of the holders of any class or series of stock of the Corporation otherwise required by law, the Articles, the resolutions of the board of directors providing for the issuance of such class or series and any agreement between the Corporation and any securities exchange or over-the-counter market upon which the Corporation's shares are listed or designated for trading.

ARTICLE VI
COMBINATIONS WITH INTERESTED STOCKHOLDERS

At such time, if any, as the Corporation becomes a "resident domestic corporation," as that term is defined in NRS 78.427, the Corporation shall not be subject to, or governed by, any of the provisions in NRS 78.411 to 78.444, inclusive, as may be amended from time to time, or any successor statutes.

ARTICLE VII
COMPLIANCE WITH GAMING LAWS

Section 1. Definitions. For purposes of this Article VII, the following terms shall have the meanings specified below:

(a) "Affiliate" shall mean a Person who, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, a specified Person. For the purpose of this Section 1(a) of Article VII, "control," "controlled by" and "under common control with" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract, or otherwise. "Affiliated Companies" shall mean those partnerships, corporations, limited liability companies, trusts or other entities that are Affiliates of the Corporation, including, without limitation, subsidiaries, holding companies and intermediary companies (as those and similar terms are defined in the Gaming Laws of the applicable Gaming Jurisdictions) that are registered or licensed under applicable Gaming Laws.

(b) "Gaming" or "Gaming Activities" shall mean the conduct of gaming and gambling activities, or the use of gaming devices, equipment and supplies in the operation of a casino or other enterprise, including, without limitation, race books, sports pools, slot machines, gaming devices, gaming tables, cards, dice, gaming chips, player tracking systems, cashless wagering systems and associated equipment and supplies.

(c) "Gaming Authorities" shall mean all international, foreign, federal, state, local and other regulatory and licensing bodies and agencies with authority over Gaming within any Gaming Jurisdiction. "Gaming Jurisdiction" shall mean all jurisdictions, domestic and foreign, and their political subdivisions, in which Gaming Activities are lawfully conducted.

(d) "Gaming Laws" shall mean all laws, statutes, ordinances and regulations pursuant to which any Gaming Authority possesses regulatory and licensing authority over Gaming within any Gaming Jurisdiction, and all orders, decrees, rules and regulations promulgated by such Gaming Authority thereunder.

(e) "Gaming Licenses" shall mean all licenses, permits, approvals, authorizations, registrations, findings of suitability, franchises, concessions and entitlements issued by a Gaming Authority necessary for or relating to the conduct of Gaming Activities.

(f) "Own," "Ownership," or "Control," (and derivatives thereof) shall mean (i) ownership of record, (ii) "beneficial ownership" as defined in Rule 13d-3

promulgated by the United States Securities and Exchange Commission (as now or hereafter amended), or (iii) the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person or the disposition of Securities, by agreement, contract, agency or other manner.

(g) "Person" shall mean an individual, partnership, corporation, limited liability company, trust or any other entity.

(h) "Redemption Date" shall mean the date specified in the Redemption Notice as the date on which the shares of the Securities Owned or Controlled by an Unsuitable Person or an Affiliate of an Unsuitable Person are to be redeemed by the Corporation.

(i) "Redemption Notice" shall mean that notice of redemption given by the Corporation to an Unsuitable Person or an Affiliate of an Unsuitable Person pursuant to this Article VII. Each Redemption Notice shall set forth (i) the Redemption Date, (ii) the number and type of shares of the Securities to be redeemed, (iii) the Redemption Price and the manner of payment therefor, (iv) the place where any certificates for such shares shall be surrendered for payment, and (v) any other requirements of surrender of the certificates, including how they are to be endorsed, if at all.

(j) "Redemption Price" shall mean the price to be paid by the Corporation for the Securities to be redeemed pursuant to this Article VII, which shall be that price (if any) required to be paid by the Gaming Authority making the finding of unsuitability, or if such Gaming Authority does not require a certain price to be paid, that amount determined by the board of directors to be the fair value of the Securities to be redeemed; provided, however, that the price per share represented by the Redemption Price shall in no event be in excess of the closing sales price per share of shares on the principal national securities exchange on which such shares are then listed on the trading date on the day before the Redemption Notice is deemed given by the Corporation to the Unsuitable Person or an Affiliate of an Unsuitable Person or, if such shares are not then listed for trading on any national securities exchange, then the closing sales price of such shares as quoted in the Nasdaq National Market or SmallCap Market or, if the shares are not then so quoted, then the mean between the representative bid and the ask price as quoted by any other generally recognized reporting system. The Redemption Price may be paid in cash, by promissory note, or both, as required by the applicable Gaming Authority and, if not so required, as the board of directors determines. Any promissory note shall contain such terms and conditions as the board of directors determines necessary or advisable, including without limitation, subordination provisions, to comply with any law or regulation then applicable to the Corporation or any Affiliate of the Corporation or to prevent a default under, breach of, event of default under or acceleration of any loan, promissory note, mortgage, indenture, line of credit, or other debt or financing agreement of the Corporation or any Affiliate of the Corporation. Subject to the foregoing, the principal amount of the promissory note together with any unpaid interest shall be due and payable no later than the tenth anniversary of delivery of the note and interest on the unpaid principal thereof shall be payable annually in arrears at the rate of 2% per annum.

(k) "Securities" shall mean the capital stock of the Corporation.

(i) "Unsuitable Person" shall mean a Person who (i) is determined by a Gaming Authority to be unsuitable to Own or Control any Securities or unsuitable to be connected or affiliated with a Person engaged in Gaming Activities in a Gaming Jurisdiction, or (ii) causes the Corporation or any Affiliated Company to lose or to be threatened with the loss of any Gaming License, or (iii) in the sole discretion of the board of directors of the Corporation, is deemed likely to jeopardize the Corporation's or any Affiliated Company's application for, receipt of approval for, right to the use of, or entitlement to, any Gaming License.

Section 2. Finding of Unsuitability.

(a) The Securities Owned or Controlled by an Unsuitable Person or an Affiliate of an Unsuitable Person shall be subject to redemption by the Corporation, out of funds legally available therefor, by action of the board of directors, to the extent required by the Gaming Authority making the determination of unsuitability or to the extent deemed necessary or advisable by the board of directors. If a Gaming Authority requires the Corporation, or the board of directors deems it necessary or advisable, to redeem any such Securities, the Corporation shall give a Redemption Notice to the Unsuitable Person or its Affiliate and shall purchase on the Redemption Date the number of shares of the Securities specified in the Redemption Notice for the Redemption Price set forth in the Redemption Notice. From and after the Redemption Date, such Securities shall no longer be deemed to be outstanding, such Unsuitable Person or any Affiliate of such Unsuitable Person shall cease to be a stockholder with respect to such shares and all rights of such Unsuitable Person or any Affiliate of such Unsuitable Person therein, other than the right to receive the Redemption Price, shall cease. Such Unsuitable Person or its Affiliate shall surrender the certificates representing any shares to be redeemed in accordance with the requirements of the Redemption Notice.

(b) Commencing on the date that a Gaming Authority serves notice of a determination of unsuitability or the board of directors determines that a Person is an Unsuitable Person, and until the Securities Owned or Controlled by such Person are Owned or Controlled by a Person who is not an Unsuitable Person, the Unsuitable Person or any Affiliate of an Unsuitable Person shall not be entitled: (i) to receive any dividend or interest with regard to the Securities, (ii) to exercise, directly or indirectly or through any proxy, trustee, or nominee, any voting or other right conferred by such Securities, and such Securities shall not for any purposes be included in the shares of capital stock of the Corporation entitled to vote, or (iii) to receive any remuneration in any form from the Corporation or any Affiliated Company for services rendered or otherwise.

Section 3. Notices. All notices given by the Corporation pursuant to this Article, including Redemption Notices, shall be in writing and may be given by mail, addressed to the Person at such Person's address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed given at the time deposited in the United States mail. Written notice may also be given personally or by telegram, facsimile, telex or cable and such notice shall be deemed to be given at the time of receipt thereof, if given personally, or at the time of transmission thereof, if given by telegram, facsimile, telex or cable.

Section 4. Indemnification. Any Unsuitable Person and any Affiliate of an Unsuitable Person shall indemnify and hold harmless the Corporation and its Affiliated Companies for any and all losses, costs, and expenses, including attorneys' fees, incurred by the Corporation and its Affiliated Companies as a result of, or arising out of, such Unsuitable Person's or Affiliate's continuing Ownership or Control of Securities, the neglect, refusal or other failure to comply with the provisions of this Article VII, or failure to promptly divest itself of any Securities when required by the Gaming Laws or this Article VII.

Section 5. Injunctive Relief. The Corporation is entitled to injunctive or other equitable relief in any court of competent jurisdiction to enforce the provisions of this Article VII and each holder of the Securities of the Corporation shall be deemed to have acknowledged, by acquiring the Securities of the Corporation, that the failure to comply with this Article VII will expose the Corporation to irreparable injury for which there is no adequate remedy at law and that the Corporation is entitled to injunctive or other equitable relief to enforce the provisions of this Article.

Section 6. Non-exclusivity of Rights. The Corporation's rights of redemption provided in this Article VII shall not be exclusive of any other rights the Corporation may have or hereafter acquire under any agreement, provision of the bylaws or otherwise.

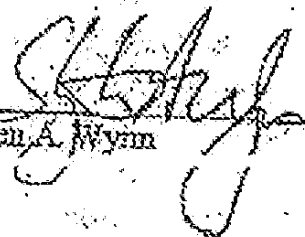
Section 7. Further Actions. Nothing contained in this Article VII shall limit the authority of the board of directors to take such other action to the extent permitted by law as it deems necessary or advisable to protect the Corporation or its Affiliated Companies from the denial or threatened denial or loss or threatened loss of any Gaming License of the Corporation or any of its Affiliated Companies. Without limiting the generality of the foregoing, the board of directors may conform any provisions of this Article VII to the extent necessary to make such provisions consistent with Gaming Laws. In addition, the board of directors may, to the extent permitted by law, from time to time establish, modify, amend or rescind bylaws, regulations, and procedures of the Corporation not inconsistent with the express provisions of this Article VII for the purpose of determining whether any Person is an Unsuitable Person and for the orderly application, administration and implementation of the provisions of this Article VII. Such procedures and regulations shall be kept on file with the Secretary of the Corporation, the secretary of its Affiliated Companies and with the transfer agent, if any, of the Corporation and any Affiliated Companies, and shall be made available for inspection by the public and, upon request, mailed to any holder of Securities. The board of directors shall have exclusive authority and power to administer this Article VII and to exercise all rights and powers specifically granted to the board of directors or the Corporation, or as may be necessary or advisable in the administration of this Article VII. All such actions which are done or made by the board of directors in good faith shall be final, conclusive and binding on the Corporation and all other Persons; provided, however, that the board of directors may delegate all or any portion of its duties and powers under this Article VII to a committee of the board of directors as it deems necessary or advisable.

Section 8. Severability. If any provision of this Article VII or the application of any such provision to any Person or under any circumstance shall be held invalid, illegal, or

unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Article VII.

Section 9. Termination and Waivers. Except as may be required by any applicable Gaming Law or Gaming Authority, the board of directors may waive any of the rights of the Corporation or any restrictions contained in this Article VII in any instance in which the board of directors determines that a waiver would be in the best interests of the Corporation. The board of directors may terminate any rights of the Corporation or restrictions set forth in this Article VII to the extent that the board of directors determines that any such termination is in the best interests of the Corporation. Except as may be required by a Gaming Authority, nothing in this Article VII shall be deemed or construed to require the Corporation to repurchase any Securities Owned or Controlled by an Unsuitable Person or an Affiliate of an Unsuitable Person.

IN WITNESS WHEREOF, Wynn Resorts, Limited has caused these second
amended and restated articles of incorporation to be executed in its name by its Chief
Executive Officer this 14th day of September, 2002.


Stephen A. Wynn

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I. Introduction

Wynn Resorts, Limited (“Wynn Resorts”), a publicly traded company incorporated in the State of Nevada, on behalf of its Compliance Committee, retained Freeh Sporkin & Sullivan, LLP (“FSS”) on November 2, 2011 to conduct an independent investigation. That independent investigation has been conducted under the sole direction of the Compliance Committee. The purpose of the investigation was to determine whether there is evidence that Mr. Kazuo Okada, a member of the Wynn Resorts Board of Directors, may have: (i) breached his fiduciary duties to Wynn Resorts; (ii) engaged in conduct that potentially could jeopardize the gaming licenses of Wynn Resorts; and/or, (iii) violated the Wynn Resorts compliance policy. Specifically, FSS has been asked to examine Mr. Okada’s efforts in connection with the creation of a gaming establishment in the Republic of the Philippines.

This is the Report to the Compliance Committee Chairman on the results of FSS’ investigation. As set forth with greater detail in the attached appendix, FSS has performed its investigation by interviewing dozens of individuals and by reviewing thousands of documents, electronic emails, corporate and public records.

II. Summary

The investigation has produced substantial evidence that:

1. Despite being advised by the Wynn Resorts Board of Directors and Wynn Resorts attorneys on the strict US anti-bribery laws which govern Wynn Resorts and its board, Mr. Okada strongly believes and asserts that when doing business in Asia, he should be able to provide gifts and things of value to foreign government officials, whether directly or by the use of third party intermediaries or consultants.
2. Mr. Okada, his associates and companies have arranged and designed his corporate gaming business and operations in the Philippines in a manner which appears to contravene Philippine Constitutional provisions and statutes that require 60% ownership by Philippine nationals, as well as a Philippine criminal statute.
3. Mr. Okada, his associates and companies appear to have engaged in a longstanding practice of making payments and gifts to his two (2) chief gaming regulators at the Philippines Amusement and Gaming Corporation (“PAGCOR”), who directly oversee and regulate Mr. Okada’s Provisional Licensing Agreement to operate in that country. Since 2008, Mr. Okada and his associates have made multiple payments to and on behalf of these chief regulators, former PAGCOR Chairman Efraim Genuino and Chairman Cristino Naguiat (his current chief regulator), their families and PAGCOR associates, in an amount exceeding US 110,000. At times, Mr. Okada, his

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associates and companies have consciously taken active measures to conceal both the nature and amount of these payments, which appear to be prima facie violations of the United States Foreign Corrupt Practices Act (“FCPA”). In one such instance in September 2010, Mr. Okada, his associates and companies, paid the expenses for a luxury stay at Wynn Macau by Chairman Naguiat, Chairman Naguiat’s wife, their three children and nanny, along with other senior PAGCOR officials, one of whom also brought his family. Mr. Okada and his staff intentionally attempted to disguise this particular visit by Chairman Naguiat by keeping his identity “Incognito” and attempting to get Wynn Resorts to pay for the excessive costs of the chief regulator’s stay, fearing an investigation. Wynn Resorts rejected the request by Mr. Okada and his associates to disguise and to conceal the actual expenditures made on behalf of Chairman Naguiat.

4. Additionally, Mr. Okada, his associates and companies appear to have engaged in a pattern of such prima facie violations of the FCPA. For example, in 2010 it also is possible that Mr. Okada, his associates and companies made similar payments to a Korean government official who oversees Mr. Okada’s initial gaming investment in that country. Additional investigation is needed to develop and confirm these possible FCPA violations.
5. The prima facie FCPA violations by Mr. Okada, his associates and companies constitute a substantial, ongoing risk to Wynn Resorts and to its Board of Directors, creating regulatory risk, conflicts of interest and potential violations of his fiduciary duty to Wynn Resorts. Finally, Mr. Okada’s documented refusal to receive Wynn Resorts requisite FCPA training provided to other Directors, as well as his failure to sign an acknowledgment of understanding of Wynn Resorts Code of Conduct, increase this risk going forward.
6. Mr. Okada insisted in his interview that all of his gaming efforts in the Philippines prior to the change of the presidential administration in the summer of 2010 were undertaken on behalf of and for the benefit of Steve Wynn and Wynn Resorts. This assertion is contradicted by press releases dating back to 2007 on his website, which announce an independent effort by Universal; his real estate investments; and the ownership of his corporations in the Philippines.
7. (7) Mr. Okada has stated that Universal paid expenses related to then-PAGCOR Chairman Genuino’s trip to Beijing during the 2008 Olympics.

III. Kazuo Okada's Relevant Corporate Affiliations

A. Wynn Resorts

After an initial public offering which closed in October 2002, Aruze USA, Inc., controlled by Mr. Okada, became a 24.5% shareholder of Wynn Resorts. Mr. Okada's current ownership of Wynn Resorts through his control of Aruze USA, Inc. is 19.66%.

Mr. Okada became a member of the Wynn Resorts Board of Directors on October 21, 2002, and remains on the Board of Directors as of the date of this Report. In the past, Mr. Okada has used the title of Vice Chairman of Wynn Resorts. In October 2011, the Wynn Resorts Board of Directors eliminated the position of Vice Chairman.

As a Director of Wynn Resorts, Mr. Okada is entitled to receive the courtesy of what is called a "City Ledger Account." Such accounts were originally instituted as a result of Sarbanes Oxley's prohibition of extensions of credit, in the form of a personal loan from an issuer to an officer or director. The accounts were funded by deposits from the director or his company. Such an account exists for billing conveniences related to charges incurred at various Wynn Resorts locales. Mr. Okada has availed himself of this courtesy and established such a City Ledger Account.¹ Within Wynn Resorts, this Okada City Ledger Account is referred to either as the "Universal City Ledger Account" or as the "Aruze City Ledger Account." Accordingly, the phrases Universal City Ledger Account and Aruze City Ledger Account will be referred to interchangeably within this report despite the fact that Aruze Corp.'s name was changed to Universal Entertainment Corporation in November of 2009.

Mr. Okada has been found to be suitable by the Nevada Gaming Commission.²

B. Universal Entertainment Corporation of Japan

Mr. Okada currently serves as Director and Chairman of the Board of Universal Entertainment Corporation ("Universal Entertainment"), registered in Tokyo, Japan. Universal Entertainment Corporation is the current trade name of a company which was incorporated in 1969 as Universal Lease Co. Ltd. and which became Aruze Corp. in 1998. Aruze changed its

¹ The initial wire to establish the Aruze Corp. City Ledger Account was dated February 15, 2008.

² Mr. Okada was originally found to be suitable as a shareholder of Aruze Corp. as part of *An Order of Registration* issued jointly by the State Gaming Control Board and the Nevada Gaming Commission on June 4, 2004. On June 5, 2005, in a similar order, the Nevada Commission and the State Gaming Control Board found Aruze Corp. to be (1) suitable as a controlling shareholder of Wynn Resorts, Limited, (2) suitable as the sole shareholder of Aruze USA, Inc., (3) that Aruze USA, Inc. is registered as an intermediary company and is found suitable as a shareholder of Wynn Resorts, Limited, and (4) that Mr. Okada is suitable as a shareholder and controlling shareholder of Aruze Corp. [See Appendix]

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name to Universal Entertainment Corporation in November 2009. Universal is listed on the JASDAQ stock exchange and is engaged in the manufacture and sale of pachinko and gaming machines and related business activities. As of September 2011, Okada Holdings Godokaisha was Universal Entertainment's major shareholder, with 67.90% of the issued shares.

The Nevada Gaming Commission has approved Universal Entertainment's suitability as the 100% shareholder for a subsidiary, Aruze USA, Inc.

C. Aruze USA, Inc.

Aruze USA, Inc. ("Aruze USA") is a wholly owned subsidiary of Universal Entertainment. Aruze USA is a US company and was incorporated in the State of Nevada on June 9, 1999. Mr. Okada is a Director of Aruze USA and serves as its President, Secretary, and Treasurer.

Aruze USA has been found suitable by the Nevada Gaming Commission as a major shareholder of Wynn Resorts.

D. Aruze Gaming America, Inc.

Aruze Gaming America, Inc. is a private company that is 100% personally owned by Mr. Okada. He currently serves as a Director, Secretary, and Treasurer of the company. Aruze Gaming America, Inc. is a US company and was incorporated on February 7, 1983. The company changed its name from Universal Distributing of Nevada, Inc. to Aruze Gaming America, Inc. on January 6, 2006. Aruze Gaming America, Inc. shares a common business address with Aruze USA, Inc. in Las Vegas, Nevada.

E. Business Interests in the Republic of the Philippines

Since 2008, Mr. Okada has been involved with a variety of corporate entities and with various business associates in the creation of a gaming establishment in an area of the Philippines known as Entertainment City Manila.³ In furtherance of this endeavor, Mr. Okada and his associates have procured land and a provisional gaming license in the Philippines. A more detailed review of Mr. Okada's corporate entities and business associates in the Philippines is set forth in Section V(2)(A) below.

F. Business Interests in the Republic of Korea

Mr. Okada has recently pursued development of a casino resort complex in the Incheon Free Economic Zone in the Republic of Korea. A more detailed review of Mr. Okada's activities in Korea is set forth in Section V(4) below.

³ On the Universal Entertainment website (viewed January 30, 2012) this project is referenced as "Manila Bay Resorts." [See Appendix]

IV. Relevant Legal and Policy Standards

A. FCPA

The United States Foreign Corrupt Practices Act (“FCPA”) contains two primary categories of violations: (i) a books and records provision, and (ii) a bribery provision. Based upon available information, it seems clear that Aruze USA fits the definition of domestic concern⁴ and United States person⁵ provided in the FCPA, and that the FCPA applies both to Aruze USA and to Mr. Okada personally, in his capacity as an officer and director of Aruze USA.

Under the definitions of domestic concern and United States person, the statute applies to a corporation, partnership, unincorporated organization and other enumerated entities that have their principal place of business in the United States or which are organized under the laws of a State of the United States. It also applies to officers and directors of such concerns.⁶

In 1998, the FCPA was amended and added an alternative basis to interstate commerce for jurisdiction. As the United States District Court for the Southern District of New York wrote: “. . . . The amendments expanded FCPA coverage to ‘any person’ -- not just ‘issuers’ or ‘domestic concerns’ [A]ny United States person or entity violating the Act outside of the United States is subject to prosecution, regardless of whether any means of interstate commerce were used. Citing 15 USC 78dd-1, 78dd-2. . . . (Emphasis added.)⁷

Under this definition, Aruze USA is a covered party under the FCPA.

The FCPA provides that “[i]t shall be unlawful for any domestic concern, other than an issuer which is subject to section 78dd–1 of this title, or for any officer, director, employee, or agent of such domestic concern or any stockholder thereof acting on behalf of such domestic concern, to make use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to—

(1) any foreign official for purposes of—

(A)

⁴ 15 U.S.C. 78 dd – 2(a),(h).

⁵ 15 U.S.C. 78 dd – 2(i).

⁶ 15 U.S.C. 78 dd – 2(g).

⁷ *In re Grand Jury Subpoena*, 218 F. Supp. 2d 544, 550 (S.D.N.Y. 2002).

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- (i) influencing any act or decision of such foreign official in his official capacity,
 - (ii) inducing such foreign official to do or omit to do any act in violation of the lawful duty of such official, or
 - (iii) securing any improper advantage; or
- (B) inducing such foreign official to use his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist such domestic concern in obtaining or retaining business for or with, or directing business to, any person; . . .”⁸

The head of PAGCOR fits within the definition of foreign official as used in the FCPA.

According to PAGCOR’s website, it “is a 100 percent government-owned and controlled corporation that runs under the direct supervision of the Office of the President of the Republic of the Philippines.”⁹ In addition to prescribing mandates to generate revenue for certain government programs and promote tourism in the Philippines, PAGCOR’s charter states that the entity will “...[r]egulate, authorize and license games of chance, games of cards and games of numbers, *particularly casino gaming*, in the Philippines....”¹⁰ (Emphasis added.)

As set forth above, there is still the interstate commerce basis for jurisdiction, but there is also an alternative. The alternative would require the same elements for an offense, but a showing of interstate commerce would not be required. If the interstate commerce basis for jurisdiction were used, the analysis set forth below would be of significance.

With regard to means or instrumentality of interstate commerce, some of the facts referred to in this report pertain to Mr. Okada utilizing the Universal City Ledger Account to confer financial benefits upon Philippine gambling regulators who could affect the business interests of Aruze USA, Inc. in the Philippines. Some of those benefits were conferred at Wynn Macau. The following facts concerning the Universal City Ledger Account, which bear upon use of means or instrumentalities of interstate commerce, were established during the investigation:

- The account is maintained at the corporate offices of Wynn Resorts, Limited in Las Vegas, Nevada where periodic deposits are made from Universal into the Wynn Resorts, Limited operating account at Bank of America in Las Vegas, Nevada to ensure that the amount on deposit remains at or about US 100,000. Bank documents reflect that the deposits are received from a Universal Entertainment account located in Japan.¹¹

⁸ 15 U.S.C. Section 78dd – 2(a).

⁹ <http://www.pagcor.ph/pagcor-faqs-profile.php>, viewed January 18, 2012. [See Appendix]

¹⁰ Ibid., viewed January 18, 2012. [See Appendix]

¹¹ See, e.g. wire transfer documents from Sumitomo Mitsumi Bank to Bank of America. [See Appendix]

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- When charges are incurred at Wynn Macau, Wynn Macau tracks all charges for the Universal City Ledger Account on its books, and then the accounting department transfers the charges to accounting at Wynn Resorts, Limited in Las Vegas via a journal entry. Wynn Macau sends a pdf file to a staff accountant at Wynn Resorts, Limited in Las Vegas with all the backup documentation. Invoices issued by Wynn Resorts, Limited are periodically sent to a Universal Entertainment email address.¹²

B. Nevada Gaming Regulations and Wynn Resorts Policies

The question of whether or not a gaming licensee or licensee applicant is deemed “suitable” in Nevada is answered by reviewing the Nevada Revised Statutes (“NRS”) in conjunction with the regulations promulgated by the Nevada Gaming Commission (“NGC”), which is empowered by the NRS.¹³

1. Legislative Authority

The standard for determining suitability is found in Section 463.170 of the NRS. Paragraph (2) of the NRS 463.170, entitled *Qualifications for license, finding of suitability or approval; regulations*, provides that the person seeking a license or a suitability determination is subject to the following considerations: “[a]n application to receive a license or be found suitable must not be granted unless the Commission is satisfied that the applicant is: (a) A person of good character, honesty and integrity; (b) A person whose prior activities, criminal record, if any, reputation, habits and associations do not pose a threat to the public interest of this State or to the effective regulation and control of gaming. . . .” In addition, paragraph (3) provides in pertinent part “[a] license to operate a gaming establishment or an inter-casino linked system must not be granted unless the applicant has satisfied the Commission that: (a) [t]he applicant has adequate business probity, competence and experience, in gaming or generally. . . .”

The Nevada Gaming Commission Regulations (“Nevada Gaming Regulations”) are also relevant to the conditions placed upon suitability. According to Section 3.080 of the Nevada Gaming Regulations, entitled *Unsuitable affiliates*, “[t]he commission may deny, revoke, suspend, limit, condition or restrict any registration or finding of suitability or application therefor upon the same grounds as it may take such action with respect to licenses, licensees and licensing; without exclusion of any other grounds.” Paragraph (1) of Section 3.090, entitled

¹² In a Wynn Resorts Memorandum to File from the Corporate Accounting department, dated January 10, 2012, the “invoice[s] and all support documentation are emailed to kimiko.okamura@hq.universal-777.com, takashi.usami@hq.universal-777.com and iwayama.hidetsugu@hq.universal-777.com on the 5th of each month for the prior month [sic] activity.” [See Appendix]

¹³ For further advice regarding suitability, please consult directly with David Arrajj, Esq. and/or see Memo dated December 9, 2011 from Kate Lowenhar-Fisher, Esq. and Jamie L. Thalgott, Esq. to David Arrajj, Esq. re Associations and the Suitability Analysis. [See Appendix]

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Standards for commission action, provides in pertinent part that “[n]o license, registration, finding of suitability, or approval shall be granted unless and until the applicant has satisfied the commission that the applicant: (a) Is a person of good character, honesty, and integrity; (b) Is a person whose background, reputation and associations will not result in adverse publicity for the State of Nevada and its gaming industry; and (c) Has adequate business competence and experience for the role or position for which application is made.”

2. Underlying Corporate Documents of Wynn Resorts

The Second Amended and Restated Articles of Incorporation of Wynn Resorts, Limited (filed September 16, 2002) also provide for standards that seek to define an “Unsuitable Person.” As set forth on page 8 of the Articles of Incorporation, the phrase Unsuitable Person “shall mean a Person who . . . in the sole discretion of the board of directors of the Corporation, is deemed likely to jeopardize the Corporation’s or any Affiliated Company’s application for, receipt of approval for, right to the use of, or entitlement to, any Gaming License.” (Emphasis added.)

Finally, the Amended and Restated Gaming and Compliance Program of Wynn Resorts, Limited (adopted as of July 29, 2010) defines an *Unsuitable person* as a “[p]erson (i) who has been denied licensing or other related approvals by a Gaming Authority on the grounds of unsuitability or who has been determined to be unsuitable to be associated with a gaming enterprise by a Gaming Authority; or (ii) that the Company determines is unqualified as a business associate of the Company or its Affiliates based on, without limitation, that Person’s antecedents, associations, financial practices, financial condition or business probity.”

In the event of a finding of unsuitability, there are provisions within the aforementioned corporate documents that provide for a resolution post determination. Specifically, on page 6 of the Second Amended and Restated Articles of Incorporation of Wynn Resorts, Limited, the Articles state in pertinent part, “[t]he Securities Owned or Controlled by an Unsuitable Person or an Affiliate of an Unsuitable Person shall be subject to redemption by the Corporation, out of funds legally available therefor, by action of the board of directors, to the extent required by the Gaming Authority making the determination of unsuitability or to the extent deemed necessary or advisable by the board of directors. If a Gaming Authority requires the Corporation, or the board of directors deems it necessary or advisable, to redeem any such Securities, the Corporation shall give a Redemption Notice to the Unsuitable Person or its Affiliate and shall purchase on the Redemption Date the number of shares of the Securities specified in the Redemption Notice for the Price set forth in the Redemption Notice. . . .” The Articles provide further guidance as to the terms of the redemption.

In addition, according to Section 3.6 of the Fourth Amended and Restated Bylaws, effective as of November 13, 2006, the removal of a director is premised upon “. . . the

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affirmative vote of the holders of not less than two-thirds (2/3) of the voting power of the issued and outstanding stock of the Corporation entitled to vote generally in the election of directors (voting as a single class). . . .” Resignation is also listed as an option “upon giving written notice, unless the notice specifies a later time for effectiveness of such resignation, to the chairman of the board, if any, the president or secretary, or in the absence of all of them, any other officer.”

C. Wynn Resorts Code of Business Ethics

Wynn Resorts first adopted a Code of Business Conduct and Ethics on May 4, 2004. The document defines itself as “a statement of policies for the individual and business conduct of the Company’s employees and Directors”¹⁴ There are two sections of the Code that are relevant to this investigation: (i) conflict of interest and (ii) interaction with government officials. The sections are included below for reference purposes.

1. Conflict of Interest:

"A Conflict of interest occurs when your private interests interfere, or even appear to interfere, with the interests of the Company. A conflict situation can arise when you take actions or have interests that make it difficult for you to perform your Company work objectively and effectively. Your obligation to conduct the Company's business in an honest and ethical manner includes the ethical handling of actual, apparent and potential conflicts of interest between personal and business relationships. This includes full disclosure of any actual, apparent or potential conflicts of interest as set forth below.

Special rules apply to executive officers and Directors who engage in conduct that creates an actual, apparent or potential conflict of interest. Before engaging in any such conduct, executive officers and Directors must make full disclosure of all facts and circumstances to the Corporate Secretary, who shall inform and seek the prior approval of the Audit Committee of the Board of Directors."

2. Interacting with Government:

Prohibition on Gifts to Government Officials and Employees

"Different governments have different laws restricting gifts, including meals, entertainment, transportation and lodging, that may be provided to government officials and government employees. You are prohibited from providing gifts, meals or anything of value to government officials or employees or members of their families in connection with Company business without prior written approval from the Compliance Officer."

¹⁴ Wynn Resorts Code of Business Conduct and Ethics dated May 4, 2004, page 7. [See Appendix]

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Bribery of Government Officials

"The Company's Policy Regarding Payments to Foreign Officials, the U.S. Foreign Corrupt Practices Act (the "FCPA"), and the laws of many other countries prohibit the Company and its officers, employees and agents from giving or offering to give money or anything of value to a foreign official, a foreign political party, a party official or a candidate for political office in order to influence official acts or decisions of that person or entity, to obtain or retain business, or to secure any improper advantage. Please refer to the Company's Policy Regarding Payments to Foreign Officials for more details regarding prohibited payments to foreign government officials."

Discipline for Violations:

"The Company intends to use every reasonable effort to prevent the occurrence of conduct not in compliance with its Code and to halt any such conduct that may occur as soon as reasonably possible after its discovery. Subject to applicable laws and agreements, Company personnel who violate this Code and other Company policies and procedures may be subject to disciplinary action, up to and including discharge." (Emphasis added.)

The Code has since been revised twice, once in 2009 and then again on November 1, 2011. Although the above sections have been expanded in these later editions, for the purpose of this investigation and the dates in question the substance has remained basically the same and the FCPA has continued to be a point of emphasis.

V. Report of Investigation

1. Mr. Okada's Attitude Toward Wynn Resorts Compliance Requirements

Mr. Okada's prima facie violations of FCPA, involving both his government regulators in the Philippines and possibly in Korea, do not appear to be accidental or based upon a misunderstanding of anti-bribery laws. Conversely, despite being advised by fellow Wynn Resorts Board members and Wynn Resorts counsel that payments and gifts to foreign government officials are strictly prohibited, Mr. Okada has insisted that there is nothing wrong with this practice in Asian countries. Mr. Okada has stated his personal rejection of Wynn Resorts anti-bribery rules and regulations, as well as legal prohibitions against making such payments to government officials, to fellow Wynn Resorts Board members.

In a February 24, 2011 Wynn Resorts Board of Directors ("Board") meeting at which Mr. Okada was present, after a lengthy discussion by the Board of the FCPA,¹⁵ including specifically the Universal project in the Philippines and potential Wynn Resorts' involvement, "[t]he

¹⁵ In an email from Kim Sinatra to Michiaki Tanaka, dated February 26, 2011, Ms. Sinatra referenced a meeting with Mr. Okada in which she furnished FCPA policy and training materials and reiterated the importance of strict compliance with the FCPA. [See Appendix]

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independent members of the board unanimously advised management that any involvement [by Wynn Resorts] in the Philippines under the current circumstances was inadvisable.”¹⁶ During this discussion, Mr. Okada challenged the other board members over statements regarding the impermissibility under the FCPA of giving gifts abroad in return for favorable treatment, and made statements about hiring “third party consultants” to give gifts to officials.¹⁷

One board member recalled Mr. Okada stating that, in Asia, one must follow the local culture, and that is why one should hire “consultants” to give the gifts.¹⁸ This board member understood Mr. Okada to mean that such use of consultants would help avoid prosecution under the FCPA. Another board member who was present recalled Mr. Okada stating that conducting business in the Philippines was all a matter of “hiring the right people” to pay other people.¹⁹ Yet another board member recalled Mr. Okada being “adamant” during the FCPA discussion that it is not corrupt to give “gifts.”²⁰ A board member who participated in the meeting by phone recalled Mr. Okada claiming that, in the Philippines, “business is done in a different manner, and sometimes you have an ‘intermediary’ that will do whatever he has to do,” or words to that effect.²¹ A different board member recalled being “shocked” by the contradiction between two of Mr. Okada’s statements during this discussion.²² Early in the discussion, Mr. Okada explained that there were no longer corruption issues in the Philippines with the new administration. However, Mr. Okada subsequently stated, in effect, that while he himself would not pay bribes, he would “hire someone else” to bribe the necessary person.

Pursuant to a chain of emails reviewed by FSS, commencing with an email on August 4, 2011 from Roxane Peper, Director of Intellectual Property and Corporate Records, to each of the board members (or their representatives), and ending with an email from Ms. Peper to Kevin Tourek, Senior Vice President and Corporate Counsel, on October 26, 2011, the following is clear:²³

- All board members were notified of upcoming FCPA training/board meeting set for October 31 – November 1, 2011 and asked to confirm attendance by August 31, 2011.
- Mr. Okada, through two of his representatives, was emailed at least three (3) separate times before Shinobu Noda, his assistant, sent an email on September 15, 2011 confirming that Mr. Okada would attend.

¹⁶ Minutes of Wynn Resorts Board of Directors meeting, February 24, 2011, p.3. [See Appendix]

¹⁷ Interview of Steve Wynn, November 7, 2011.

¹⁸ Interview of Robert J. Miller, December 16, 2011.

¹⁹ Interview of Alvin V. Shoemaker, December 20, 2011.

²⁰ Interview of Marc D. Schorr, December 20, 2011.

²¹ Interview of Allan Zeman, December 21, 2011.

²² Interview of D. Boone Wayson, December 20, 2011.

²³ See emails from Roxane Peper to Kevin Tourek on October 26, 2011. [See Appendix]

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Subsequent to the confirmation, Ms. Peper received an email from Ms. Noda on October 25, 2011. Ms. Noda stated that the email contained a message to Kim Sinatra, Senior Vice President and General Counsel of Wynn Resorts, from Mr. Okada.²⁴ This part of the message was entirely in Japanese and had to be translated. Mr. Okada asked for the FCPA training materials to be provided in Japanese. He also stated that he would be arriving on “Monday [October 31]”, which was the day the FCPA training was to commence. He asked if the training could be held after the board meeting or rescheduled. Kim Sinatra sent a response to Ms. Noda via email on October 25, 2011 thanking Mr. Okada for the note and stating further that the FCPA training materials had been translated and would be provided to him via email and that Wynn Resorts had made further arrangements to have the FCPA live training translated to Japanese via simultaneous translation.²⁵ She also stated that the date of the training could not be rescheduled because it had been planned around his previous confirmation and that outside counsel was coming to Las Vegas to provide the training.

Mr. Okada failed to attend the training on October 31, 2011. He was the only member of the board not in attendance (all others attended in person or via telephone dial-in as evidenced via a sign-in sheet).²⁶

2. Gaming Establishment in the Philippines

Evidence obtained in the course of the investigation establishes that Mr. Okada, his associates and companies, may have arranged and manipulated the ownership and management of legal entities in the Philippines under his control, in a manner that may have enabled the evasion of Philippine constitutional and statutory requirements. It is also noted that Mr. Okada’s two principal Philippine corporations, Eagle I Landholdings, Inc. and Eagle II Holdco, Inc., which may have been purposefully created to circumvent Philippine constitutional restrictions on foreign ownership of land, appear to be closely intertwined with Rodolfo Soriano, Paolo Bombase and Manuel M. Camacho, who have numerous common ties to former PAGCOR Chairman Efraim Genuino. For example, with regard to Eagle II Holdco, Inc., as late as 2010, Platinum Gaming and Entertainment (“Platinum”) had acquired 60% of its shares. According to a dated filing by Platinum on file with the Philippine SEC, Rodolfo Soriano controlled 20% of Platinum at the time of its incorporation. Mr. Soriano, referred to by attorney Camacho as a “bag man” for then-Chairman Genuino, is a former PAGCOR consultant and respondent in PAGCOR corruption referrals (see page 15 *infra*). Similarly, Paolo Bombase, an officer, director and nominal shareholder of Eagle I Landholding, Inc. and Eagle II Holdco, Inc. has a 1.25% share of Ophiuchus Real Properties Corp. This Ophiuchus entity is 15% owned by a Philippine company named SEAA Corp. In turn, SEAA is the family-controlled company of former PAGCOR Chairman Efraim Genuino. At this time, the significance of this interlocking shareholder link

²⁴ See email from Shinobu Noda to Roxane Peper dated October 25, 2011. [See Appendix]

²⁵ See email from Kim Sinatra to Shinobu Noda dated October 25, 2011. [See Appendix]

²⁶ See FCPA Training Sign-In sheet dated October 31, 2011. [See Appendix]

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between Mr. Okada, his former Philippine gaming regulator, and the regulator's associates is not known.

A. Corporate Links between Mr. Okada's Business Interests and Those of Philippine Government Officials

Close associates and consultants of the former Genuino PAGCOR administration eventually attained positions as corporate officers, directors and/or nominal shareholders in legal entities controlled by Mr. Okada, and, in some cases, served as links between the business interests of Mr. Okada and those of former PAGCOR chairman Efraim Genuino and members of Genuino's immediate family.

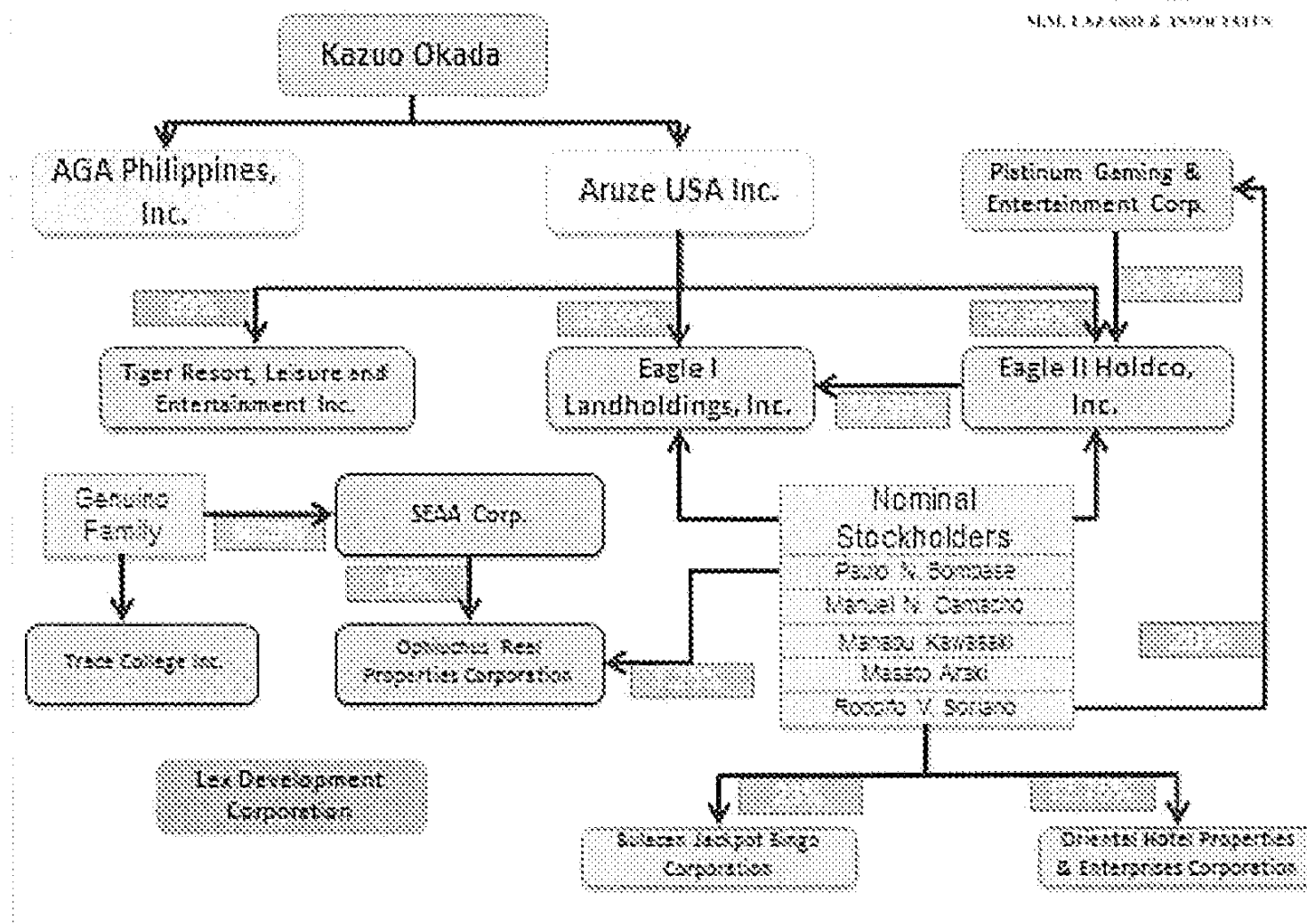
In order to better understand the interrelationships among corporate entities in the Philippines controlled by Mr. Okada and those controlled by PAGCOR officials and their associates, FSS requested the Philippines law firm of M. M. Lazaro & Associates ("Lazaro") to produce a study of this issue.²⁷ Drawing upon official records obtained from the Philippines Securities and Exchange Commission, Lazaro produced an analysis of the relationships created by the ownership and control structures of these entities.²⁸ The chart below, extracted from that analysis, illustrates these relationships in schematic form.

²⁷ Manuel Lazaro was formerly a government corporate counsel with the rank and privileges of a Philippine presiding justice, court of appeals, who FSS retained to assist in the investigation and to advise on certain aspects of Philippine law. [See Appendix]

²⁸ The complete Lazaro PPT is attached to this report. [See Appendix]

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Overview



Tiger Resorts, Leisure and Entertainment, Inc. (“Tiger”) was incorporated in the Philippines on June 13, 2008.²⁹ Its primary purpose was stated as:

To acquire, own, maintain, operate and/or manage hotels (city and resort), inns, apartments, private clubs, pension houses, convention halls, lodging houses, restaurants, cocktail bars, and any and all services and facilities related or incident thereto.³⁰

Tiger is predominantly owned by Aruze USA, Inc.³¹ In August 2008, PAGCOR granted Tiger a Provisional Licensing Agreement to operate a gaming establishment in the Entertainment City Manila Zone. An official of the current PAGCOR administration told FSS in December 2011 that PAGCOR was currently reexamining this license.³²

²⁹ Articles of Incorporation of Tiger. [See Appendix]

³⁰ Ibid. [See Appendix]

³¹ GIS of Tiger, 2010. [See Appendix]

³² Combined interview of Jay Daniel R. Santiago and Thadeo Francis P. Hernando, on December 12, 2011. It should be noted that after the interview with Santiago and Hernando, FSS along with its Philippine counsel, for purposes of this investigation, formally requested a copy of the Provisional Licensing Agreement from PAGCOR, as well as other related documents. On the same date that the formal request was made, PAGCOR refused to supply a

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Eagle I Landholdings, Inc. (“Eagle I”) was incorporated in the Philippines on May 16, 2008 with 5 partners of the Philippines law firm Sycip Salazar Gatmaitan (“Sycip”) as the shareholders, directors and officers.³³ By certification on September 5, 2008, the original shareholders were all replaced by, among others, Eagle II Holdco, Inc. (“Eagle II”), with approximately 60% ownership. Eagle II maintained this percentage of ownership of Eagle I through the filing of the latest available General Information Statement (“GIS”) for the year 2010.³⁴ Eagle I’s 2009 GIS, filed September 17, 2009, indicates that Paolo Bombase, Manuel N. Camacho and Rodolfo V. Soriano (whose associations with PAGCOR and Mr. Genuino are explained below) all had become officers/directors and nominal stockholders of Eagle I; they retained this status through the filing of the latest GIS for Eagle I.³⁵ Aruze USA, Inc. first appears as the owner of approximately 40% of Eagle I as of the 2010 GIS, owning the share previously owned by Molly Investments Cooperative UA (“Molly”).³⁶

Eagle II’s filings with the Philippines Securities and Exchange Commission indicate a history similar to that of Eagle I. Incorporated on May 19, 2008 by the same 5 Sycip partners,³⁷ Eagle II reflected the acquisition of approximately 60% of its shares by Platinum Gaming & Entertainment Corp. (“Platinum”) on its GIS filed September 17, 2009, with Platinum owning the same percentage as of the 2010 GIS.³⁸ The same filings reflect the appearance--in 2009 and continuing through the 2010 filing--of Messrs. Camacho, Soriano and Bombase as officers/directors and nominal shareholders. In 2010 Aruze USA, Inc. appears with the 40% shareholding that was attributed to Molly in 2009.³⁹

Platinum was incorporated in the Philippines on November 21, 2001, with a Certificate of Filing of Amended Articles of Incorporation (“AOI”) issued by the Philippines Securities and Exchange Commission on June 10, 2002.⁴⁰ Platinum has no GIS on file with the Philippines Securities and Exchange Commission, and the only corporate document filed besides the Articles of Incorporation is the 2004 Financial Statement. The latest information on file lists Mr.

copy of Tiger’s Provisional Licensing Agreement, saying that they were bound by a non-disclosure clause. That refusal was signed by Francis P. Hernando, who is identified below as a PAGCOR employee, who stayed in Wynn Macau in June 2011 and had US 709.72 of expenses paid for by the Aruze City Ledger account. See Letter of Request and Letter of Refusal. [See Appendix]

³³ Articles of Incorporation of Eagle I. [See Appendix]

³⁴ GIS of Eagle I for years 2009 and 2010. [See Appendix] A GIS is required to be filed on an annual basis according to Section 141 of the Corporation Code of the Philippines. [See Appendix]

³⁵ Ibid. [See Appendix]

³⁶ Ibid. [See Appendix]; FSS has determined Molly to be a wholly owned subsidiary of Aruze Corp. See http://www.universal-777.com/en/ir/ir_lib/material/annual_20081119.pdf, page 32.

³⁷ Articles of Incorporation of Eagle II. [See Appendix]

³⁸ GIS of Eagle II, years 2009-2010. [See Appendix]

³⁹ GIS of Eagle II, 2010. [See Appendix]

⁴⁰ Articles of Incorporation of Platinum, as amended June 10, 2002. [See Appendix]

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Soriano, a former PAGCOR consultant, as a director/officer and a 20% shareholder in Platinum.⁴¹

Messrs. Camacho, Bombase and Soriano are all directly associated with former PAGCOR Chairman Genuino in significant ways. Mr. Camacho is an attorney and a principal of the Manila law firm Camacho & Associates. He was for a time in a law partnership with Mr. Genuino's son, Erwin Genuino.⁴² Mr. Camacho traveled to Japan with Mr. Soriano at then PAGCOR Chairman Genuino's behest, to meet with Mr. Okada and other representatives of Aruze. This meeting resulted in Mr. Camacho's firm replacing Sycip in representing Aruze with respect to the development of the project in Entertainment City Manila.⁴³

Sometime subsequent to this meeting, Aruze wired retainer funds to the bank account of Mr. Camacho's firm, an account controlled jointly by Mr. Camacho and Erwin Genuino. Later, Mr. Camacho discovered that all or most of these funds had been withdrawn by Erwin Genuino. When he questioned this withdrawal, he was eventually told by Mr. Soriano and/or then PAGCOR Chairman Genuino that the funds had been withdrawn to be used as a "cash payoff" to the mayor of the municipality in which the Entertainment City Manila project is located, in order to facilitate approval of the use of some plots of land to build roads needed for Mr. Okada's casino project. Mr. Camacho claims to have had a falling out with Erwin Genuino and Mr. Soriano, and to be involved currently in a lawsuit against Erwin Genuino over the dissolution of their law partnership.⁴⁴ Erwin Genuino is named as a respondent, along with former PAGCOR Chairman Genuino, in two sworn corruption referrals ("PAGCOR Referrals") filed with the Republic of the Philippines Department of Justice ("DOJ") in the summer of 2011 by the current PAGCOR Administration.⁴⁵

Mr. Bombase, also an attorney, is an officer/director and shareholder of Ophiuchus Real Properties Corporation ("Ophiuchus"), incorporated in April 2011.⁴⁶ According to its 2011 GIS, Ophiuchus was 15% owned by SEAA Corporation ("SEAA").⁴⁷ SEAA, which was registered with the Philippine SEC on December 3, 1997, is, according to its 2011 GIS, 100% owned by members of former PAGCOR Chairman Genuino's immediate family.⁴⁸ The Articles of

⁴¹ M. M. Lazaro & Associates, "Aruze Corporations in the Philippines and 'Related' Corporations", p. 18. [See Appendix]

⁴² Interview of M. Camacho, December 13, 2011.

⁴³ In his discussion with FSS, Mr. Camacho referred to the firm only as "Aruze," not further defined.

⁴⁴ Although Mr. Camacho, who is in his seventies, failed to recall some details of his dealings with Mr. Genuino and Mr. Soriano, FSS credits the general account given by him during the December 13, 2011 interview.

⁴⁵ See PAGCOR Referrals. [See Appendix]

⁴⁶ Articles of Incorporation of Ophiuchus. [See Appendix]

⁴⁷ GIS of Ophiuchus, 2011. [See Appendix]

⁴⁸ GIS of SEAA, 2011. [See Appendix]

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Incorporation of Ophiuchus also list Emilio Marcelo as an officer/director and shareholder.⁴⁹ Mr. Marcelo is named as a respondent in the PAGCOR Referrals.⁵⁰

Mr. Soriano is a former PAGCOR consultant, named by Mr. Camacho as a close business associate and “bag man” for Mr. Genuino.⁵¹ Mr. Soriano is also named as a respondent in the PAGCOR Referrals.⁵² As of the latest information filed with the Philippines Securities and Exchange Commission in 2002, Mr. Soriano was a 20% shareholder and an officer/director of Platinum,⁵³ identified above as a 60% shareholder in Eagle II. If Mr. Soriano still held the same stake in Platinum when it acquired its share of Eagle II in 2009, then he became an effective owner of 12% of Eagle II and approximately 7% in Eagle I.

B. Apparent Evasion of Republic of Philippines Legal Requirements

As described in the preceding section, Mr. Okada caused various legal entities to be incorporated in the Philippines, in order to develop his casino resort project there, over time replacing the original incorporating Filipino shareholders with combinations of foreign shareholders affiliated with or controlled by him and associates of then-PAGCOR Chairman Genuino. As discussed below, there are constitutional and statutory requirements in the Republic of the Philippines requiring that purchasers of land be Philippines citizens or Filipino-owned legal entities, and that legal entities conducting business in the Philippines, with certain exceptions, be at least 60% Filipino owned.

In 2008, Eagle I purchased various tracts of land near Manila Bay totaling approximately 30 hectares at a total price of PHP 13,527,637,941.00 (approximately US 314,953,000.00) for the development of the project in Entertainment City Manila.⁵⁴

At FSS’ request, Lazaro prepared an analysis and opinion on the validity of Eagle I’s ownership of these properties, in light of the aforementioned provisions of the Philippines Constitution and applicable statutes.⁵⁵ The analysis included a detailed review of the ownership and capitalization of Eagle I and associated entities described in the preceding section. The following is a summary of pertinent findings of the Lazaro analysis.

⁴⁹ Articles of Incorporation of Ophiuchus. [See Appendix]

⁵⁰ See PAGCOR Referrals. [See Appendix]

⁵¹ Interview of M. Camacho, Dec 13, 2011.

⁵² See PAGCOR Referrals. [See Appendix]

⁵³ Articles of Incorporation of Platinum, as amended June 10, 2002. The 2001 Articles of Incorporation list four (4) additional 20% shareholders, identified as Filipino nationals. Because Platinum has not filed a GIS since 2002, the current ownership and control of Platinum is unknown. [See Appendix]

⁵⁴ Numbered Transfer Certificates of Title (“TCT”) for Eagle I purchase of land tracts in Parañaque City, Philippines, dated August 19, 2008. [See Appendix]

⁵⁵ M. M. Lazaro & Associates. Memo re “Validity of Eagle I’s Ownership of Real Estate Properties” (“Ownership Memo”), Jan 2012. [See Appendix]

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A review of the 2009 Financial Statement of Eagle I disclosed that the funds used to purchase the land tracts appear to have been advanced by Molly.⁵⁶

Platinum, the 59.99% owner of Eagle II, has filed no records with the Philippines Securities and Exchange Commission indicating that its paid-in capital ever increased beyond the original PHP 62,500, despite its amended Articles of Incorporation indicating that its authorized capital stock was increased from the initial PHP 1,000,000.00 to PHP 24,000,000.00.⁵⁷ Nor is it known today what person(s) or entities have controlled Platinum since incorporation in 2001.

The 1987 Constitution of the Philippines requires that only Philippines citizens or corporations with at least 60% of their capital stock owned by Filipinos are qualified to acquire land in the Philippines.⁵⁸ The Philippines Foreign Investment Act further requires that for a corporation to be considered a Philippines national, at least 60% of its capital stock outstanding and entitled to vote must be owned and held by citizens of the Philippines.⁵⁹

Whenever facts or circumstances create doubt as to whether the ownership of 60% of a corporation is truly Filipino, Philippines Securities and Exchange Commission case law has held that a stringent examination of the true ownership of the voting stock of the subject corporation and of the true ownership of the voting stock of all successive layers of corporate ownership should be conducted. The application of this stringent standard is known as the “Grandfather Rule.”⁶⁰

Serious doubts are therefore raised about the actual Filipino equity of Eagle I, because of the appearance that Eagle I and Eagle II were created purposely to “...circumvent the constitutional restriction on foreign ownership of land.”⁶¹ Lazaro bases this assertion on its conclusion that “...Platinum appears to be merely a shell corporation used to satisfy the Filipino equity requirement.”⁶² Application of the Grandfather Rule would therefore be appropriate.

Applying the Grandfather Rule, Lazaro calculates the true percentage of Filipino versus foreign equity in Eagle I as illustrated in the following table:⁶³

⁵⁶ Ibid, p. 2. [See Appendix]

⁵⁷ Ibid, pp. 5-6. [See Appendix]

⁵⁸ Ibid, p. 8. [See Appendix]

⁵⁹ Ibid, pp. 9-10. [See Appendix]

⁶⁰ Ibid, pp. 11-14. [See Appendix]

⁶¹ Ibid, p. 14. [See Appendix]

⁶² Ibid, pp. 14-15. [See Appendix]

⁶³ Ibid, p. 15. [See Appendix]

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Shareholder	Direct	Indirect	Total Filipino investment in Eagle I	Total Foreign investment in Eagle I
Aruze USA	40% of Eagle I	24% (40% of 60% total holdings of Eagle II in Eagle I)		64%
Platinum*		36% (60% of 60% total holdings of Eagle II in Eagle I)	36%	

*As noted above, Platinum has failed to file its annually required GIS with the Philippine SEC since its inception in 2001. The calculations in the above table prepared by Lazaro assume the “best case” scenario (for Platinum), i.e., that it is a truly 100% Filipino-owned corporation. If Platinum’s actual Filipino ownership is less than 100%, then the percentage of Filipino investment in Eagle I would be correspondingly even less than calculated in the table.

Lazaro concludes that “...the foregoing shareholder structure appears to have been formulated by the parties as a legal scheme to justify the qualification of Eagle I to own real estate properties. The scheme employed...gives Aruze USA, Inc....a convenient vehicle to justify its ownership...in circumvention of the constitutional restriction on the foreign ownership of land.”⁶⁴ Lazaro goes on to conclude that the apparent shareholder structuring scheme outlined above may also constitute a violation of Commonwealth Act No. 108, commonly known in the Philippines as the “Anti-Dummy Law.”⁶⁵ If convicted of a violation of this law, stockholders of Platinum and of Aruze USA, Inc. who profited from the scheme would face a sentence of imprisonment of not less than five years nor more than fifteen years.⁶⁶

From the foregoing discussion, there is substantial evidence and credible legal opinion indicating that the ownership structure of Eagle I and Eagle II may subject Mr. Okada, along with his associates and companies, to civil as well as criminal sanctions under Philippine law.

⁶⁴ Ibid, p. 16. [See Appendix]

⁶⁵ Ibid, pp. 16-17. [See Appendix]

⁶⁶ Ibid, p. 17. [See Appendix]

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3. Apparent FCPA Violations Regarding Philippine PAGCOR Officials at Wynn Resort Properties

FSS has reviewed records of the Aruze City Ledger Account, through which Mr. Okada and Universal charge expenses for lodging, entertainment and other incidentals incurred at Wynn Resorts facilities against funds deposited into the account by Universal, and available underlying documentation furnished by Wynn Resorts management. The table below highlights thirty-six (36) separate instances, from May, 2008, through June 2011 (more than a three (3) year period), when Mr. Okada, his associates and companies made payments exceeding US 110,000, which directly benefitted senior PAGCOR officials, including two chairmen and their family members.

Name	Relationship to PAGCOR/Phil. Gov't.	Location(s) and Date(s) of Stay(s)	Total Charged to Aruze City Ledger Account (in US)
Efraim C. Genuino	Former PAGCOR Chairman (February 2001 to June 30, 2010)	WM June 6-9 2010	1,870.64
Cristino L. Naguiat Jr.	PAGCOR Chairman (July 2, 2010 to Present)	WM Sep 22-26 2010	See Suzanne Bangsil ⁶⁷
		WLV Nov 15-20 2010	5,380.86
		WM June 6-10 2011	3,909.80
Dinner (Naguiat Party)	Chairman (PAGCOR)	WM Sep 24 2010 (Hosted by and charged to Kazuo Okada)	1,673.07
Maria Teresa Socorro Naguiat	Wife of PAGCOR Chairman Cristino L. Naguiat Jr.	WM June 6-10 2011	1,039.31
Suzanne Bangsil ⁶⁸	Wife of Rogelio Bangsil, PAGCOR	WM Sep 22-26 2010	50,523.22
Jose Miguel	Husband of former	WLV Nov 12-17	4,642.40

⁶⁷ Chairman Naguiat did not identify himself and Mr. Okada's representatives insisted that his stay there be "Incognito." Accordingly, the bulk of the charges for the trip are reflected on the City Ledger Account as attributable to "Suzanne Bangsil," the wife of Rogelio Bangsil, a senior PAGCOR official and Chairman Naguiat's employee. However, interviews, photo identifications and documentary evidence clearly establish that Chairman Naguiat was the "Incognito" guest and the direct beneficiary of these payments.

⁶⁸ Investigation has in fact determined that Chairman Naguiat was registered as an "Incognito" VIP guest under Suzanne Bangsil's reservation. Therefore, this US 50,523.22 was paid for Chairman Naguiat's benefit.

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"Mike" Arroyo	Philippines President Gloria M. Arroyo (Jan 20 2001 – June 20 2010)	2009	
Imelda Dimaporo	PAGCOR Board Member	WM June 8-10 2010	891.44
Philip Lo	PAGCOR Board Member	WLV April 29 2009 – May 3 2009	1,755.25
Manuel Roxas	PAGCOR Board Member	WLV April 2009 ⁶⁹	253.75
		WLV April 29 2009 – May 3 2009	1,686.95
Susan Vargas	PAGCOR Board Member	WM June 8-10 2010	480.17
Jose Tanjuatco	PAGCOR Board Member (July 19 2010 to Present)	WLV Nov 15-18 2010	2,148.57
Rogelio J. B. Bangsil	Officer in Charge of PAGCOR Gaming Department	WM Sep 24-26 2010	1,149.04
		WM June 6-12 2011	2,955.23
Rodolfo Soriano	PAGCOR Consultant	WM June 3-7 2008	1,186.08
		WLV Nov 12-17 2009	4,228.00
		WM June 7-10 2010	1,104.06
		WM Aug 18 2010	368.06
Olivia Soriano	Relative of Rodolfo Soriano	WLV May 2008	975.55
Anthony F. "Ton" Genuino ⁷⁰	Son of Efraim C. Genuino; Mayor of Los Baños (2010 to Present)	WLV Sep. 2008	2,386.26
		WLV Oct 2008	2,326.49
Rafael Francisco	PAGCOR COO and President	WLV Nov 12-17 2009	4,360.16
		WM June 7-11 2010	935.21

⁶⁹ When the "Dates of Stay" in this table were not readily available, the month and year that the charges were entered in the City Ledger Account are used.

⁷⁰ See PAGCOR Referrals (Anthony Genuino is named as a respondent). [See Appendix]

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Emelio Marcello	PAGCOR Consultant	WLV Nov 12-17 2009	1,181.60
		WM June 7-9 2010	471.51
Carlos Bautista	PAGCOR VP Legal	WM June 6-10 2010	1,049.69
Mario Cornista	PAGCOR Consultant	WM June 7-9 2010	600.02
Rene Figueroa	PAGCOR Executive VP	WM June 7-10 2010	646.76
Ernesto Francisco	PAGCOR Executive Committee and Casino General Manager	WM June 7-10 2010	797.17
Edward King	PAGCOR VP Corporate Communications	WM June 7-10 2010	767.71
Transportation	PAGCOR Delegation	WM Aug 2010	462.42
Jeffrey Opinion	Member of Naguiat Party	WM Sep 24-26 2010	906.61
Ed de Guzman	PAGCOR Executive Committee, AVP Slots	WM Jun 6-12 2011	3,421.79
Gabriel Guzman	Probable relative of Ed de Guzman (had adjoining room)	WM Jun 6-12 2011	1,391.71
(Thadeo) Francis P. Hernando ⁷¹	PAGCOR VP, Licensed Casino Development Dept.	WM Jun 8-10 2011	709.72
TOTAL			110,636.36

The total in the above table represents charges from the Aruze City Ledger Account that are readily identifiable as incurred directly by officials and consultants of PAGCOR,⁷² their family members and close associates, including Jose Miguel Arroyo, the then-First Gentleman of the Republic of the Philippines, husband of Philippine President Gloria Arroyo. Through a review of the Aruze City Ledger Account for statement periods March 2008 through November 2011, FSS has calculated that total charges to the account for that period, attributable to

⁷¹ This is the same PAGCOR official who denied the FSS request for documents in December 2011, including a copy of the Provisional License Agreement. See footnote 31.

⁷² In order to establish the PAGCOR affiliation of some of the individuals listed in this chart, various sources were consulted, including the PAGCOR website, internet news articles and the PAGCOR Referrals.

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PAGCOR officials, employees, consultants, their associates and family members, exceed USD 110,000.⁷³

FSS investigators interviewed members of the Wynn Macau management team, who furnished the following relevant information regarding a visit to that property in September 2010 by then and current PAGCOR Chairman and CEO Cristino L. Naguiat, Jr., his wife, three children, nanny and other PAGCOR officials, whose four-day stay at Wynn Macau was paid for via the Aruze City Ledger Account:

- September 20, 2010: Yoshiyuki Shoji of Universal, in an e-mail to Angela Lai of Wynn Macau, requests reservations for “Rogelio Bangsil (Guest Representative) & Others.” Mr. Shoji requests Encore Suite or “more gorgeous room, such as Villa,” and “the best butler” for unnamed person in group, who is “VIP for Universal.” Mr. Shoji states that guests other than Bangsil should not be registered, that all charges should be posted to Universal’s City Ledger,⁷⁴ and that “Mr. Okada would like them to experience the best accommodations and services at Wynn Macau.”⁷⁵ The communication makes no reference to PAGCOR or the government affiliation of the guests.
- September 20, 2010: In an e-mail to Wynn Macau President Ian Coughlan and others, Ms. Lai informs Mr. Coughlan of the reservation and that checks of websites indicate that Mr. Bangsil is in charge of PAGCOR’s gaming department.⁷⁶
- September 20, 2010: In an e-mail to Mr. Shoji, Ms. Lai advises that Wynn Macau is checking on availability of the requested upgrade and that Macau law requires that all room occupants be registered, and requests that all guest names be furnished in advance of or at the time of registration.⁷⁷
- September 22, 2010: In an e-mail to Wynn Macau President Ian Coughlan, Wynn Macau Senior Vice-President – Legal Jay M. Schall advises Mr. Coughlan of

⁷³ See City Ledger Account. [See Appendix]

⁷⁴ When Mr. Shoji set up the City Ledger Account for Mr. Okada in 2008, he asked whether the customer name and amount paid would be made public. He was advised that such information would not become public. Email response from Kim Sinatra to Shoji, dated February 8, 2008. [See Appendix]

⁷⁵ E-mail from Y. Shoji to A. Lai, September 20, 2010 [See Appendix]; interview of A. Lai, January 4, 2012.

⁷⁶ E-mail from A. Lai to I. Coughlan, September 20, 2011 [See Appendix]; interview of A. Lai, January 4, 2012; interview of I. Coughlan, December 29, 2011. It should be noted that according to an article in Manilatimes.net, published February 2, 2012, Rogelio Bangsil has recently been transferred to the PAGCOR international marketing department after a probe that found the government losing PHP 160 million in government run casinos to a Mr. Liu. [See Appendix]

⁷⁷ E-mail from A. Lai to Y. Shoji, September 20, 2010 [See Appendix]; interview of A. Lai, January 4, 2012.

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PAGCOR's 100% government ownership and of Mr. Bangsil's position there. He writes "Bangsil, the guest of Mr. Okada, is a top five (if not 3) officer."⁷⁸

- September 22, 2010 (14:00): Wynn Macau sends 1 Rolls Royce and 1 Elgrand to the airport, along with Masato Araki, Special Assistant to Mr. Okada; and Kenichiro Watanabe, another Universal associate, to meet arriving party, who arrived on Philippine Airline Flight 352 from Manila. They return with Chairman Cristino L. Naguiat, Rogelio Bangsil and Jeffrey Opinion at 14:45.⁷⁹ Only Mr. Bangsil furnishes his name upon registration. Ms. Lai and Wynn Macau VIP Services Manager Beatrice Yeung thereafter checks PAGCOR website and identifies Chairman Naguiat's name from his picture there.⁸⁰ Ms. Yeung's log and ongoing entries refer to "[I]ncognito (Mr. Naguiat, Cristino L.)."⁸¹
- Chairman Naguiat occupies Villa 81, the most expensive accommodation at Wynn Resorts Macau (about 7,000 square feet in size, which then cost about US 6,000 per day and is mostly reserved for "high rollers").
- September 22, 2010: the Wynn Encore log book reflects "Incognito (Mr. Naguiat) stayed in Villa 81 Master Bedroom 1."⁸²
- September 23, 2010 (10:00): Mr. Araki advises Ms. Yeung that Chairman Naguiat plans to have lunch with Miss Pansy Ho at MGM.⁸³
- September 23, 2010 (14:04): Jay Schall sends an email to Wynn Macau corporate security to check Worldcheck, as a rush job, for Cristino L. Naguiat Jr., Chairman and Chief Executive Officer of PAGCOR.⁸⁴

⁷⁸ E-mail from J. Schall to I. Coughlan, September 22, 2010 [See Appendix]; interview of J. Schall, January 3, 2012; interview of I. Coughlan, December 29, 2011.

⁷⁹ Wynn Macau Manager – Encore Logbook, September 22, 2010. [See Appendix]

⁸⁰ Interviews of Beatrice Yeung, January 4, 2012 and February 1, 2012; interviews of Angela Lai January 4, 2012 and February 2, 2012.

⁸¹ Wynn Macau Manager – Encore Logbook, September 22, 2010. [See Appendix]

⁸² Ibid. [See Appendix] During subsequent visits, Chairman Naguiat was identified as "Naguiat," though he was identified during his initial visit as "incognito." The negative inference to be drawn is an attempt to hide the payment of extremely costly expenses by a corporation connected with a regulated entity. The fact that he had only recently become chairman may have been a factor in his desire to keep his identity secret.

⁸³ Miss Ho is the daughter of Hong-Kong and Macau-based businessman Stanley Ho. Though Nevada gaming regulators found Miss Ho to be a suitable business partner for MGM Mirage, see <http://www.lvri.com/business/45462797.html>, New Jersey regulators recommended that she be found unsuitable as MGM Mirage's joint venture partner in Macau. See <http://www.newjerseynewsroom.com/state/mgm-mirage-chooses-pansy-ho-over-atlantic-city>. [See Appendix]

⁸⁴ Email from Jay Schall to Peter Barnes of Wynn Macau Corporate Security, dated September 23, 2010. [See Appendix]

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- September 23, 2010: In an e-mail to Ms. Lai, with a copy to Mr. Okada, Mr. Shoji requests that a credit of US 5,000 be extended to each person now staying at the Villa for shopping and gaming, up to a total of US 50,000. According to Mr. Shoji's email, the funds are to be advanced by Wynn Macau and charged to the Universal City Ledger account.⁸⁵
- September 24, 2010 (13:45): MOP 80,000⁸⁶ (approximately US 10,000) is advanced from the Wynn Macau main cage to a Wynn Macau VIP Services employee (no longer employed at Wynn Macau), who in turn hands the money to Masato Araki, special assistant to president of Aruze USA, based upon instructions in the above referenced e-mail to Ms. Lai. The handover of funds is witnessed by Wynn Encore manager Alex Kong. The funds are charged to the Universal City Ledger Account.⁸⁷ MOP 15,000 of this sum is used to pay for a Chanel bag that Chairman Naguiat requested be purchased for his wife.⁸⁸
- September 24, 2010 (Approximately 14:00): Mrs. Naguiat, her three children, Mrs. Bangsil and her daughter arrive at Wynn Macau.
- September 24, 2010 (15:45): Wynn Macau employees meet Mr. Okada and his assistant, Jun Yoshie, at the airport, transport them to Wynn Macau and escort Mr. Okada to room 5688.⁸⁹
- September 24, 2010 (late afternoon): Mr. Coughlan receives a phone message from Mr. Yoshie that Mr. Okada would like to speak to him. Mr. Coughlan proceeds to an area near the Wynn Encore reception desk, where he meets Mr. Yoshie and Mr. Okada. They step into the Cristal Bar to talk, whereupon Mr. Okada, with Mr. Yoshie interpreting into English, tells Mr. Coughlan that the guests [referring to

⁸⁵ E-mail from Y. Shoji to A. Lai, September 23, 2010 [See Appendix]; e-mail from B. Yeung to I. Coughlan, September 27, 2010 [See Appendix]; interview of B. Yeung, January 4, 2012; Wynn Macau Manager – Encore Logbook, September 24, 2010.

⁸⁶ MOP 80,000 was worth approximately US 9,816 at that time.

⁸⁷ Wynn Macau Manager – Encore Logbook, September 24, 2010 [See Appendix]; Wynn Macau "Miscellaneous Disbursement" record #013014, dated September 24, 2010 [See Appendix]; e-mail from B. Yeung to I. Coughlan, September 27, 2010 [See Appendix]; interview of B. Yeung, January 4, 2012; interview of Alex Kong, February 1, 2012.

⁸⁸ Wynn Macau Manager – Encore Logbook, September 24, 2010. [See Appendix]. The Chanel bag was purchased by a Wynn Macau employee as per instructions by Mr. Araki, who works for Mr. Okada. The Wynn Macau employee gave the bag, store receipt and change to Mr. Araki to deliver to Mrs. Naguiat. Later, Mr. Araki stated that Mrs. Naguiat did not like the bag so he would give it to his own wife.

⁸⁹ Wynn Macau Manager – Encore Logbook, September 24, 2010 [See Appendix]; interview of B. Yeung, January 4, 2012.

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Chairman Naguiat's party] are very important to Universal, and that Mr. Okada wants Mr. Coughlan to insure that they are well cared for during their stay.⁹⁰

- September 24, 2010 (17:00): Mr. Okada meets Chairman Naguiat (and approximately thirteen (13)) others in his party) for dinner at Okada Restaurant.⁹¹ Mr. Okada hosts the dinner and the bill for \$1,673.07 is charged to his room.
- September 25, 2010 (05:45): Wynn Macau employees meet Mr. Okada outside his room and escort him to a limousine, which transports him to the Macau Ferry Terminal for 07:00 scheduled ferry departure to Hong Kong International Airport.⁹²
- September 25, 2010: Beatrice Yeung describes in her log book "Movements – Incognito (Mr. Naguiat, Cristino L) / Mr. Bangsil, Rogelio / Mr. Opinion, Jeffrey (Mr. Okada's guests, Villa 81)."⁹³
- September 25, 2010: Mr. Araki requests a second advance of MOP 80,000 for guests in Villa 81. Ms. Yeung accompanies Mr. Araki to the Main Cage and obtains the advance for him.⁹⁴ [This makes a total of MOP 160,000 advanced for the use of Chairman Naguiat and his party and charged to the Universal City Ledger Account per Mr. Okada's orders, as relayed in Mr. Shoji's e-mail.]
- September 26, 2010 (11:10): Mr. Araki departs the Wynn Macau Encore main entrance. He hands Ms. Yeung MOP 4100, returning what he says is the remainder of the two cash advances for Chairman Naguiat's party.⁹⁵
- September 26, 2010 (13:15): Chairman Naguiat's party departs via Wynn Macau limousine to pick up Mrs. Naguiat from shopping and proceeds to the airport.⁹⁶

⁹⁰ Interviews of Ian Coughlan, January 5, 2012 and February 2, 2012.

⁹¹ Interview of B. Yeung, January 4, 2012; Wynn Macau Manager – Encore Logbook, September 24, 2010. [See Appendix]

⁹² Interview of B. Yeung, January 4, 2012; Wynn Macau Manager – Encore Logbook, September 25, 2010. [See Appendix]

⁹³ Wynn Macau Manager – Encore Logbook, September 25, 2010. [See Appendix]

⁹⁴ Interview of B. Yeung, January 4, 2012; Wynn Macau Manager – Encore Logbook, September 25, 2010 [See Appendix]; Wynn Macau "Miscellaneous Disbursement" record #013066, dated September 25, 2010. [See Appendix]

⁹⁵ E-mail from B. Yeung to I. Coughlan, September 27, 2010 [See Appendix]; Wynn Macau Manager – Encore Logbook, September 26, 2010 [See Appendix]; handwritten and signed note dated "9/26/10" with notation "MOP 4.100". [See Appendix]. The returned funds were equal to approximately US 503.07 returned out of a total of approximately US 19,632 provided.

⁹⁶ Interview of B. Yeung, January 4, 2012; Wynn Macau Manager – Encore Logbook, September 26, 2010. [See Appendix]

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- November 10, 2010: Mr. Shoji advises Mr. Coughlan in an e-mail of receipt of Wynn Macau's invoice for the late September 2010 visit, in which the Villa [for Chairman Naguiat] was charged at the amount of MOP 48,000. Mr. Shoji states that "I understand that Mr. Okada explained to you in Macau that they were our business guests and we made reservations for them and all charges are billed to our company. While some of charges [sic] will be reimbursed by them, room charges were planned to be borne by us as ordinary business expenses. Since the amount charged is too much and beyond the ordinary room charge, our company will be put in a very difficult position to give reasonable explanations if we are inquired by someone. I would appreciate if you would reconsider this matter and charge us the original rate (free upgrade to Villa) since the party directly dealing with [sic] on this matter is our company rather than the each [sic] individual guest."(Emphasis added.)⁹⁷
- On or about December 10, 2010: After e-mails and phone messages following Mr. Shoji's September 20, 2010 e-mail, Mr. Coughlan has a phone conversation with Mr. Shoji, in which he advises Mr. Shoji that, after internal Wynn Macau discussions, the final decision was that Wynn Macau would not provide the requested free upgrade for the Villa occupied during the September 2010 visit.⁹⁸

The foregoing recitation of facts surrounding the September 2010 visit of Chairman Naguiat and his party to Wynn Macau demonstrates several significant elements of that visit:

- Mr. Okada considered these guests to be very important to his company.
- An effort was made from the outset to conceal Chairman Naguiat's identity and official status, to the point of not even wanting to advise Wynn Macau management and staff.
- With Mr. Okada's knowledge, Chairman Naguiat and his family were provided with approximately US 20,000 cash to use for gaming and also shopping
- Mr. Okada's representative sought to have Wynn Resorts fund a portion of the expenses incurred by Chairman Naguiat and his party, i.e., the free upgrade to a Villa.

⁹⁷ E-mail from Y. Shoji to I. Coughlan, November 10, 2010 [See Appendix]; interviews of I. Coughlan, December 29, 2011 and January 5, 2012.

⁹⁸ Interviews of I. Coughlan, December 29, 2011 and January 5, 2012; e-mail string between I. Coughlan and Y. Shoji and others, September 20 to December 9, 2010, subject: "Invoice and Statement for September Stay." [See Appendix]

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- Mr. Okada's representative expressed apprehension about Universal being able to justify the level of expenditures in the event of future inquiries.

There is evidence that Mr. Okada personally directed the payments and gifts provided to Chairman Naguiat and his family during their luxury stay at Wynn Macau's most expensive accommodation in September 2010. On October 5, 2010, Mr. Araki sent an email to Wynn Macau in order to arrange for a "second group of PAGCOR" checking into Wynn Macau on October 8, 2010. Clearly referring back to Chairman Naguiat's stay less than two weeks earlier, Mr. Araki writes: "Our Chairman Okada once again instructed us to take care of the group, but not like last time meaning that we will not take care of their room charges and others." (Emphasis added). Mr. Araki, who worked for Mr. Okada and personally supervised Chairman Naguiat's luxury stay at Wynn Macau, appears to confirm Mr. Okada's personal knowledge and control of the payments for Chairman Naguiat.⁹⁹

It is significant to note that the leadership of PAGCOR, which is appointed by the President of the Republic of the Philippines, changed effective June 30, 2010, when Benigno S. Aquino III assumed office as President of the Republic of the Philippines, succeeding Gloria M. Arroyo. Former PAGCOR Chairman Efraim C. Genuino, an Arroyo appointee, left office effective June 30, 2010, and Cristino L. Naguiat, Jr., President Aquino's appointee, assumed the position of Chairman and CEO of PAGCOR on July 2, 2010.

A review of the Aruze City Ledger Account records reveals that, after June 30, 2010, there are no charges attributed to Mr. Genuino or any of his family members who collectively had three (3) separate stays at Wynn resorts (Macau or Las Vegas) while Mr. Genuino was PAGCOR Chairman.¹⁰⁰ Conversely, the Aruze City Ledger Account reflects charges for Chairman Naguiat, his family, and key PAGCOR staff from Chairman Naguiat's "new" administration only after Naguiat became PAGCOR Chairman. This sequence is evidence that the hosting of these persons at Wynn Resorts, and payments made for them through the Aruze City Ledger Account, are solely related to PAGCOR, the Philippines government agency in charge of licensing and regulating Mr. Okada's business interests.

It is also clear that, having already received approval from PAGCOR in 2008 for a Provisional Licensing Agreement to develop a gaming business in the Philippines, Mr. Okada had a strong and continuing motive through 2010 and beyond to maintain favorable relations with the Chairmen and senior officials of PAGCOR. As previously noted, PAGCOR's primary governmental mission is regulating gaming businesses in the Philippines. Mr. Okada's project in Entertainment City Manila was prominently featured in PAGCOR's annual reports for

⁹⁹ Email from Matt Araki to Beatrice Yeung dated October 5, 2010. [See Appendix]

¹⁰⁰ The sole exception identified, Rodolfo Soriano, Jr., is listed on the Aruze City Ledger Account as having a single room charge on August 18, 2010. [See Appendix]

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2008,¹⁰¹ 2009¹⁰² and 2010.¹⁰³ The 2010 Annual report features photos and messages from Chairman Naguiat, and several other members of the new PAGCOR leadership. The 2010 Annual report makes it clear that two of the proponents, Bloomsbury and the SM Consortium, are constructing their resorts and are expected to complete their first phase within 2014. The other two proponents (one of which is Tiger, the provisional licensee for Mr. Okada's casino project) are in the initial design stages and are expected to break ground in 2012.

The continuing coverage of Mr. Okada's Manila Bay Resorts project in PAGCOR's annual reports indicates that PAGCOR's interest in and oversight of this project did not stop with the granting of the Provisional Licensing Agreement in 2008. Indeed, the very nature of the Provisional Licensing Agreement requires continued oversight by PAGCOR officials. As Lazaro advised, the Provisional Licensing Agreement was issued in relation to the "Bagong Nayong Philipino Manila Bay Tourism City" project, which is also referred to as "PAGCOR City." PAGCOR City is envisioned to be a Las Vegas-style gaming and entertainment complex. The project was designed to attract proponents with established experience in the hotel and gaming business. PAGCOR released the "Terms of Reference," which detailed a list of requirements to which project proponents must conform in order to qualify for a PAGCOR license to operate within PAGCOR City.

The "Terms of Reference" section provides, in pertinent part, a mandatory Minimum Investment of US 1 Billion, consisting of both equity and debt, and the submission of an associated Project Implementation Plan within 120 days from signing of the Provisional License and approval by PAGCOR (Paragraph 4, Section II, Terms of Reference). Furthermore, within 30 days of signing of the Provisional License, proponents are required to submit a Performance Assurance Bond in the amount of PHP 100 Million to guarantee the completion of the project (Paragraph 8, Section II, Terms of Reference). Within 15 days of signing of the Provisional License, proponents are also required to open an Escrow Account (with an initial deposit of at least US 100 Million) through which funds for the project will pass. This Escrow Account must maintain a balance of at least US 50 Million. (Paragraph 9, Section II, Terms of Reference).

Specifically, paragraph 13 of the Terms of Reference states the following in relation to achieving a regular, non-provisional, Casino Gaming license:

¹⁰¹ PAGCOR 2008 Annual Report, pp. 12-18, viewed January 25, 2012 at <http://www.pagcor.ph/annual-reports/annual-2008/pagcor-annual-report-2008.html>. [See Appendix]

¹⁰² PAGCOR 2009 Annual Report, pp. 16-19, viewed January 25, 2012 at <http://www.pagcor.ph/annual-reports/annual-2009/pagcor-annual-report-2009.html>. [See Appendix]

¹⁰³ PAGCOR 2010 Annual Report, pp. 24-26, viewed January 25, 2012 at <http://www.pagcor.ph/annual-reports/annual-2010/pagcor-annual-report-2010.html>. [See Appendix]

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“13. Issuance of License

A Provisional License will be issued to the winning proponent effective for the duration of the project development period and shall not exceed the approved completion date of the whole project.

The Regular Casino Gaming License will be issued upon completion of the Project and upon approval by PAGCOR of the report detailing the actual total cost of the Project to ensure the proponent's compliance with the approved project cost based on the Project Implementation Plan. The term of the License shall not exceed the term of PAGCOR as specified in RA 9487.

No sub-license will be issued nor allowed.” (Emphasis added.)

Thus, a Regular Casino Gaming License will be issued by PAGCOR upon (1) completion of the Project and (2) compliance with the approved project cost as approved by PAGCOR, based on the previously submitted Project Implementation Plan, including all other conditions as may be stipulated in the Provisional License Agreement.¹⁰⁴ Clearly, PAGCOR maintains an active regulatory role over gaming businesses after the issuance of a provisional gaming license. An operator who has already been granted a provisional license, therefore, would have a powerful business incentive to maintain favorable relations with PAGCOR's Chairman and senior leadership.¹⁰⁵

Finally, the PAGCOR officials with whom FSS spoke in December 2011 indicated that, upon “taking over” from the Genuino Administration in 2010, they conducted a review of previously granted gaming licenses to ensure that all issuance decisions had been done properly, indicating that the Naguiat Administration was exercising close review in monitoring of all licensees, including Mr. Okada.

¹⁰⁴ See research of Michelle Lazaro as expressed in her email dated January 30, 2012 to Mike McCall; See also “Terms of Reference” that were attached to the email. [See Appendix]

¹⁰⁵ A recent example of the extent of PAGCOR's continuing oversight of gaming operators can be found in the August 2011 issue of *Inside Asian Gaming* magazine. An article therein reported on claims by gaming operator Thunderbird Resorts, Inc. (“Thunderbird”) that PAGCOR had unlawfully attempted to force Thunderbird, through various allegedly selective enforcement actions, to renegotiate the revenue sharing agreement it had signed with the previous PAGCOR leadership under Mr. Genuino. See “Ball of Confusion,” dated August 10, 2011, *Inside Asian Gaming*, online edition, viewed January 26, 2011 at <http://www.asgam.com/features/item/1238-ball-of-confusion.html>. In the September 2011 issue, PAGCOR responded by making reference to various regulatory or enforcement functions it had been carrying out with regard to Thunderbird's casinos, up through the time that the dispute became heated. Among the functions mentioned were “resident monitoring teams” in Thunderbird casinos to “...guarantee the fair conduct of games...” as well as PAGCOR's serving of a notice of closure to Thunderbird in response to the disputed issues. See “Philippines Gaming Regulation—The Untold Story”, dated 23 September 2011, *Inside Asian Gaming*, online edition, viewed January 26, 2011. [See Appendix]. These statements by PAGCOR clearly indicate that PAGCOR maintains active regulatory monitoring of licensed gaming businesses in the Philippines and claims the authority to close down licensed operators.

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Mr. Okada's hosting and payments on behalf of PAGCOR Chairman Naguiat and his family at Wynn Macau, was most likely related to Mr. Okada's business interests in the Philippines, and would therefore constitute a prima facie violation of the FCPA both by Mr. Okada as well as by Aruze USA, Inc.

4. Possible Pattern of FCPA Violations Regarding Korean Government Officials

As stated previously, in recent years, Mr. Okada has been pursuing development of a resort complex in the Incheon Free Economic Zone in the Republic of Korea. Jong Cheol Lee, the Commissioner of the Incheon Free Economic Zone Authority, and apparently an Incheon government official, announced the signing of a Memorandum of Understanding on approximately October 27, 2011, between the Incheon Free Economic Zone ("IFEZ") and Okada Holdings Korea to develop a casino resort near the Incheon International Airport.¹⁰⁶

A review of the Aruze City Ledger Account disclosed charges paid for Jong Cheol Lee and other guests of his party at Wynn Las Vegas and Wynn Macau for the period November 2010 to June 2011. Registration documents provided by Wynn Resorts disclosed annotations for Mr. Lee and three other guests, indicating: "Share with Incheon Free Economic Zone." According to the Aruze City Ledger Account, the following amounts were paid for government Lee and his party:

Name	Relationship to Incheon Free Economic Zone	Location and Date of Stay	Total Charged to Aruze City Ledger Account
Jong Cheol Lee	Commissioner	WLV Nov 16-18 2010	1,597.16
		WM June 2011	1,134.55
Woo Hyeung Lee	Unknown	WLV Nov 16-18 2010	843.89
		WM June 2011	1,083.22
Min Yong Choi	Unknown	WLV Nov 16-18 2010	507.50
Ki Dong Hur	Unknown	WLV Nov 16-18 2010	779.20
TOTAL PAID			5,945.52

These payments made for and on behalf of possible Korean government officials may be part of a continuing pattern by Mr. Okada and his associates to commit prima facie violations of the

¹⁰⁶http://english.visitkorea.or.kr/enu/bs/tour_investment_support/pds/content/cms_view_1516066.jsp?gotoPage=&item=&keyword=, viewed January 14, 2012 [See Appendix]. <http://blog.daum.net/ikoreatimes/60>, viewed January 14, 2012. [See Appendix]

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FCPA. However, further investigation is required in order to determine (i) the nature of Mr. Okada's relationship with these guests; (ii) whether these guests actually had a government affiliation at the time of their 2010 visits to Wynn Las Vegas and Wynn Macau; and, (iii) the status of Mr. Okada's gaming initiative in Korea.

5. Mr. Okada's Continuing Refusal to Receive Wynn Resorts mandated FCPA Orientation Training and to Acknowledge Wynn Resorts Code of Conduct

Mr. Okada's apparent practice and pattern of committing prima facie violations of the FCPA must also be reviewed in the context of his ongoing and likely future conduct as a majority shareholder and director of Wynn Resorts. Since August, 2011, Mr. Okada has failed to make himself available for requisite Wynn Resorts Board of Directors training regarding the FCPA and compliance. Not only has every other board member accepted and received such training, but attempts to accommodate Mr. Okada (including Japanese translation of the FCPA training materials and telephonic availability for the training) have failed.

Moreover, since August 2011, Mr. Okada has also failed even to acknowledge in writing Wynn Resorts Code of Business Ethics and Wynn Resorts Policy regarding Payments to Government Officials. Mr. Okada's continuing failure to perform this requisite review and agreement to comply with Wynn Resorts Ethics and anti-bribery rules and regulations create risk to Wynn Resorts and its board. Such non-compliance by Mr. Okada also suggests that he intends to continue his apparent practice and pattern of making FCPA prohibited payments on a going-forward basis. Any such future conduct would substantially enhance the risks to Wynn Resorts and compromise Mr. Okada's fiduciary duties to Wynn Resorts.

On August 5, 2011, Cheryl Palmer, the executive assistant to Kevin Tourek, sent out an email memorandum on Mr. Tourek's behalf to all board members stating that per compliance policy requirements, all members must acknowledge in writing on an annual basis having reviewed (and agreeing to comply with) two separate documents: (1) the Company's Code of Business Ethics and (2) Policy Regarding Payments to Government Officials.¹⁰⁷ A copy of the form was attached to the email, as was a copy of both the Code and the Policy. The email asked for the executed form to be returned prior to August 26, 2011. All of the members of the board, except for Mr. Okada, returned a signed copy of the acknowledgement. Mr. Okada was reminded, via emails to his representatives on a number of occasions,¹⁰⁸ as well as via a letter from Kevin Tourek, dated November 2, 2011, to provide an executed copy of the

¹⁰⁷ See email from Cheryl Palmer dated August 5, 2011. [See Appendix]

¹⁰⁸ See emails contained in email from Kevin Tourek to Robert Shapiro, Esq., dated October 24, 2011. [See Appendix]

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acknowledgement form no later than November 15, 2011.¹⁰⁹ Mr. Okada failed to meet this deadline and, as of the date of this report, has yet to provide a signed copy of the form.¹¹⁰

In addition to his failure to return the fully executed Code of Business Conduct and Ethics and the Policy Regarding Payments to Government Officials Acknowledgment Form, which, as previously indicated, was sent out in August of 2011, Mr. Okada has yet to return a secondary acknowledgement form that was attached to the annual Directors' & Officers' Questionnaire ("D&O Questionnaire"). This form was sent out to each member of the board of directors on January 9, 2012, as part of the overall D&O Questionnaire packet.¹¹¹ The packet contained instructions to "sign where indicated by the *sign here tabs*" and asked that the 2012 D&O Questionnaire be returned in its entirety on or before January 27, 2012. The two places that required Mr. Okada's signature were (1) on page 26 of the D/O Questionnaire itself, and (2) on page 50 on the separate Code of Business Conduct and Ethics Acknowledgment Form that was part of the overall D&O Questionnaire packet. Though Mr. Okada returned the signature page (page 26) of the D&O Questionnaire itself on January 27, 2012,¹¹² (which was confirmed to FSS on February 7, 2012), the fact that he has yet to return the separate Code of Business Conduct and Ethics Acknowledgment Form (which he has unequivocally pledged to do by virtue of signing on the signature page of the D&O Questionnaire) is telling and is consistent with his refusal to provide an executed copy of the Code of Business Conduct and Ethics and the Policy Regarding Payments to Government Officials Acknowledgment Form that was sent to him in August of 2011. Though Wynn Resorts did not send to Mr. Okada the Code of Business Conduct and Ethics and the Policy Regarding Payments to Government Officials attached to the D & O Questionnaire in Japanese language versions, which they did previously with respect to the code and policy sent out in August of 2011 after a request by Mr. Okada's attorney, Mr. Okada has never previously requested that the D & O Questionnaire itself be translated into Japanese. Mr. Okada was again reminded of his obligation to return the separate Code of Business Conduct and Ethics Acknowledgment Form (page 50 of the D&O Questionnaire packet) in an email from Roxane Peper to Mr. Okada's assistant, Takashi Matsui, on January 31, 2012.¹¹³ A copy of the form was attached to the email for Mr. Okada's convenience. This form remains outstanding.

¹⁰⁹ See letter from Kevin Tourek to Mr. Okada, dated November 2, 2011. [See Appendix]

¹¹⁰ In a letter dated December 1, 2011 to Robert Shapiro, Esq., outside counsel for Wynn Resorts, Gidon Caine, Esq., counsel for Mr. Okada, explained that the reason Mr. Okada did not sign the acknowledgment form was due to the fact that the materials had not been translated into Japanese. As of the date of submission of this Report, Mr. Okada has not yet submitted a signed copy of the acknowledgment form despite being provided with the requested translations, which were attached to a letter sent via email dated December 27, 2011 from Jeffrey Soza to Gidon Caine. [See Appendix]

¹¹¹ See Memorandum from Kim Sinatra to Board of Directors and Officers of Wynn Resorts, Limited, dated January 9, 2012, and 2012 Director's & Officers Questionnaire attached thereto. [See Appendix]

¹¹² See email from Takashi Matsui to Roxane Peper, dated January 27, 2012. [See Appendix]

¹¹³ See email from Roxane Peper to Takashi Matsui, dated January 31, 2012. [See Appendix]

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On February 1, 2012, Barry Brooks, one of Mr. Okada's attorneys, contacted Kevin Tourek, senior vice president and general counsel with Wynn Resorts, via email regarding "address[ing] the request, forwarded to Mr. Okada under cover of a memorandum from Mr. Wynn, that Mr. Okada execute and return to Wynn Resorts, Ltd. ("Wynn Resorts") a form of acknowledgment ("Acknowledgment") in regard to the Wynn Resorts Code of Business Conduct and Ethics (the "Code"). Most importantly, I wanted to emphasize that Mr. Okada agrees, with a deep sense of commitment, with the principles set out in the Code and agrees that it is in the best interest of Wynn Resorts and its shareholders that he, as a director, be a leader in observing and advocating for those principles. Also, and in any case, Mr. Okada believes that the requirements of the Code, and the spirit of those requirements, are keys to the future success of Wynn Resorts."¹¹⁴ In a follow-up phone call to that email, Mr. Brooks and Mr. Tourek discussed the ramifications of Mr. Okada not signing the policy, the possibility of interpretation issues, and concerns over whether Mr. Okada may have any conflict of interest issues. Mr. Brooks also asked for a copy of the D & O Questionnaire.¹¹⁵

6. Mr. Okada, his associates and companies, Universal have pursued independently a casino gambling development in the Philippines since 2008.

FSS interviewed Mr. Okada on February 15, 2012 and the results of that interview are set forth more fully in Section VI.¹¹⁶ In this interview, Mr. Okada asserted that all his efforts in the Philippines prior to the change of presidential administration in the summer of 2010 were undertaken on behalf of and for the benefit of Steve Wynn and Wynn Resorts, and that he only undertook to develop a gaming business in the Philippines independently subsequent to the change of presidential administrations.

On December 20, 2007, Aruze Corp. issued a press release entitled "Business Realignment and Future Business Development." The press release stated the following:

"The Company looks to acquire the licenses necessary to operate a casino resort in the Asian region, including Macau, and to commence operation of a casino resort on its own over the next business year. . . . For this know-how, which is vital from a management perspective, the Company intends to enlist the full cooperation of Wynn Resorts, Limited's Steve Wynn in its future pursuits regarding this project. For the purpose of successfully operating a casino resort in the Asian Region on an independent basis, the Company has received agreement from Steve Wynn that he will supply all necessary support, including active personal exchange with Wynn Resorts, Limited. . . ."¹¹⁷(Emphasis added.)

¹¹⁴ See email from Barry Brooks to Kevin Tourek, dated February 1, 2012. [See Appendix]

¹¹⁵ See email from Kevin Tourek to Kim Sinatra, dated February 2, 2012. [See Appendix]

¹¹⁶ Statements attributed to Okada during the February 15, 2012 interview are based on FSS' contemporaneous notes.

¹¹⁷ See JASDAQ press release for Aruze Corp., dated December 20, 2007, entitled "Business Realignment and Future Business," available at: http://www.universal-777.com/en/ir/releases/2007/20071220_e.pdf. [See Appendix]

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On April 25, 2008, Aruze Corp. issued another press release entitled “Casino Project in the Philippines.” This press release stated the following:

“As announced in its ‘Business Realignment and Future Business Development’ press release issued December 20, 2007, ARUZE GROUP seeks to commence the operation of a casino resort in the Asian region, which shall be conducted independently by ARUZE CORP. . . . Out of the above mentioned elements, where essential management-based know-how is concerned, the Company intends to proceed with the project under the full guidance of Wynn Resorts, Limited’s Steve Wynn.”¹¹⁸(Emphasis added.)

The press release identifies the location of the planned casino as a plot of land adjacent to “Bagong Nayong Pilipino Manila Bay Tourism City.”

The language in the press releases suggest that Universal’s intentions from the inception of the project were to develop a gaming business independently, and not for the benefit of Steve Wynn or Wynn Resorts.

7. Mr. Okada has stated that Universal paid expenses related to then-PAGCOR Chairman Genuino’s trip to Beijing during the 2008 Olympics.¹¹⁹

Mr. Okada was asked during his interview whether he met then-PAGCOR Chairman Genuino in Beijing during the 2008 Olympics. Mr. Okada stated that Universal’s President Tokuda made the arrangements for Chairman Genuino to travel to the Olympics. Mr. Okada explained that Mr. Tokuda was involved with the setting of the travel itinerary. When Mr. Okada was asked if the travel arrangements were “paid by Universal,” Mr. Okada responded “not 100% perhaps there were people certainly not all but I’m not familiar with the details.” Mr. Okada was then asked “To your knowledge, did Universal pay any of the associated costs of any of the travel of Mr. Genuino?” Mr. Okada answered “I don’t know whether or not the travel expense was paid by them. My understanding is that there was a certain amount of personal monies being spent from the attendees and participants including Chairman Genuino but I do not know details regarding this.” Mr. Okada was then asked “But is it your knowledge that some of those expenses were paid by Universal?” Mr. Okada answered: “Regarding the individual payment of personal monies, whether before or after, it was Universal that put together all of the expenses.”

Mr. Okada then explained that since Mr. Okada was previously invited to “one of the islands in the Philippines so in return well we decided that we would decide to do this in turn so I too would invite them as well. There was a time from where we had that understanding now that I recall. So I may have asked Mr. Tokuda to include this person [Genuino] as well.” The

¹¹⁸ See JASDAQ press release for Aruze Corp., dated April 25, 2008, entitled “Casino Project in the Philippines,” available at: http://www.universal-777.com/en/ir/releases/2008/20080425_e_pr2.pdf. [See Appendix]

¹¹⁹ Attributions from Mr. Okada’s interview are based on FSS contemporaneous notes.

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following question was then asked: “If there was a time that Genuino has invited you to the Philippines and in return for that you may have invited him or had some knowledge that Universal paid some of his expenses when he came to Beijing?” Mr. Okada responded: “I don’t like to be invited more than what is necessary because that would mean that I am vulnerable and I don’t like that. I was told that it was paid for and he insisted so I remember he had to be paid for in this way. So I remember that Mr. Tokuda said he should be included as well. I remember thinking that I had to return this in some way so I may have made that decision based on that memory.” (Emphasis Added).

Later in the interview, Mr. Okada stated that Chairman Genuino appeared to have a “few people” with him at the Olympics and, “I asked my staff why wasn’t he around and then my people said Mr. Genuino had a few people accompany him and he met with them to go shopping and once I heard that I do not recall now but again I don’t have a clear recollection of his whereabouts.”

VI. Summary of Mr. Okada’s February 15, 2012 Interview¹²⁰

Mr. Okada had four lawyers present over the course of the interview, including a Japanese interpreter/associate. Mr. Okada was given a full opportunity to answer all questions. He attended the interview voluntarily and at the end he was asked whether he wanted to explain anything else.

A. Apparent FCPA Violations regarding Philippine PAGCOR officials.

1. Mr. Okada admitted going to Macau on or about September 24 2010 to meet with PAGCOR chairman Naguiat at Wynn Macau. Mr. Araki called Mr. Okada on either September 24 or 23 to advise that Chairman Naguiat was at Wynn Macau.
2. Mr. Okada stated he flew to Macau from Japan for the sole reason of meeting Chairman Naguiat.
3. Mr. Okada stated the purpose of Chairman Naguiat’s visit to Wynn Macau was for business – as a new PAGCOR Chairman, Naguiat wanted to better understand the casino business. Mr. Okada stated that a number of his Universal employees, including Araki, were at Wynn Macau in order to assist Chairman Naguiat in this regard.
4. Mr. Okada stated that when he got to Wynn Macau he asked to see Ian Coughlan, Wynn Macau CEO.
5. Mr. Okada asked to see and met with Ian Coughlan at Wynn Macau but denied telling Coughlan that the guests were Universal VIPs and that they should be treated well.

¹²⁰ Certain sections of the report below are presented in an abbreviated form. See the attached notes of Mr. Okada’s interview for a more expansive description. [See Appendix]

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6. Mr. Okada emphatically denied saying this and related that there is no way he would have said something to that extent regarding special care: “I would have said this is a person with a position with PAGCOR, I would have said be normal and don’t do anything out of the ordinary.”
7. Mr. Okada stated he attended a dinner for approximately ten (10) people at Wynn Macau and that Chairman Naguiat also attended.
8. Mr. Okada stated that either Araki, Shoji or Universal paid for the dinner
9. Mr. Okada said that he did not know whether any other PAGCOR officials attended the dinner.
10. Mr. Okada stated that he and Naguiat did not discuss any business at the dinner which would have been rude.
11. Mr. Okada stated that he believed Naguiat’s wife was present at the dinner but that he was not introduced to her.
12. Mr. Okada stated he left early the next morning.

B. Mr. Okada’s Knowledge of and Response to Chairman Naguiat’s September 2010 stay

1. Mr. Okada stated that sometime after September 2010 he learned from Universal President Tokuda that the cost of Chairman Naguiat’s stay at Wynn Macau exceeded reasonable entertainment expenses.
2. Mr. Okada learned about the excessive September 2010 expenses from Takuda about three or four months after the events when the bills would come up.
3. Mr. Okada stated that he was never told the cost of Chairman Naguiat’s Wynn Macau stay nor did he ask anybody that question.
4. Mr. Okada stated that he understood that Chairman Naguiat had stayed in the most expensive accommodation at Wynn Macau. But he said “I heard later on that he was in one of the more expensive rooms. I heard this in the context of it would be a problem regarding our corporate policy....”
5. Mr. Okada stated that Chairman Naguiat’s wife was present at Wynn Macau. Mr. Okada did not know if his children were present.
6. Mr. Okada stated that he did not know that any cash had been provided to Chairman Naguiat.
7. Mr. Okada stated that he did not know that Universal employees had tried to hide the identity of Chairman Naguiat as a guest.
8. Mr. Okada stated that he did not know how long Chairman Naguiat had stayed at Wynn Macau.
9. Mr. Okada denied seeing two (2) emails from Shoji to Angela Lai at Wynn Macau, dated September 20th and 23rd 2010 respectively, which requested

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reservations for a Universal VIP guest, “who would not be registered,” and arrangements to provide up to 5,000 US credit for each person staying at Naguiat’s Villa. Mr. Okada explained that although he saw his name in the email cc’s, he would not have seen either email because for the most part he does not use his PC.

10. Mr. Okada stated that internal Universal rules do not permit the payment of cash to government officials. Mr. Okada stated that no stay in the Villa in Wynn Macau could cost US 50,000
11. Mr. Okada stated that internal Universal rules permitted the payment of reasonable entertainment expense for government officials but did not know what amount was permitted.
12. Mr. Okada stated that the cost of Chairman Naguiat’s stay at Wynn Macau caused a “problem” for Universal and that as a result Araki was fired, and Shoji resigned after having been scolded by Mr. Okada.
13. Mr. Okada stated that he did not make any changes at his company or give anyone new instructions as a result of finding out about Naguiat’s stay in September 2010.
14. Mr. Okada said that it was possible that Chairman Naguiat would be billed for the cost of the stay.
15. Mr. Okada said, when he was asked about a reference in a Shoji email to posting all expenses to the Universal City Ledger Account, that he lacked any knowledge of such an account and said “I wonder if the City Ledger is in reference to our internal policy, as long as it is under that ceiling....”

C. Mr. Okada stated that he was aware of only one other guest stay at Wynn Macau that he believed was improperly paid by Universal.

1. Mr. Okada stated only a few weeks ago he learned from President Tokuda that Anthony Genuino, son of former PAGCOR Chairman Genuino, had stayed at Wynn Las Vegas in September of 2008 and that Universal had paid US 2300 for his stay.
2. Mr. Okada stated that Genuino would be sent the bill for this cost
3. Mr. Okada denied any knowledge of other PAGCOR officials staying at Wynn Resorts from 2008 through June 2011 with Universal paying for their expenses.
4. Mr. Okada stated that he had just instructed President Tokuda of Universal to conduct an investigation into Universal’s payment of entertainment expenses.
5. Mr. Okada blamed Shoji as the responsible party for these payments.
6. Mr. Okada stated that he yelled at Shoji for not reporting these matters to him and would have fired Shoji except that Shoji resigned. Mr. Okada stated that Tokuda

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- did report these matters and Mr. Okada believed that Shoji was also in a position to know all about what had happened but had failed to report it to him.
7. Mr. Okada stated that Shoji was a trusted employee who had worked closely with him since 2002 and should have reported these matters to him.
 8. Mr. Okada stated that they were just starting this investigation and that bills may be sent to certain of these guests for the expenses which Universal paid.
 9. Mr. Okada especially blamed Mr. Shoji since he was the head of the company's compliance committee from 2002-2010.
 10. Mr. Okada stated that he last met with Chairman Naguiat in the Philippines during January 2012 in order to seek land leasing approval from PAGCOR.
 11. Mr. Okada stated that Universal had an expense policy but he didn't know what the amounts were. Mr. Okada stated that he was unfamiliar with the specific details of his compliance policy because he was too high within the company. He left it to others to handle the details of the policies.
 12. Mr. Okada was asked a series of questions regarding about a dozen other PAGCOR officials who stayed at Wynn Macau or Wynn Las Vegas during 2010 and 2011 for whom Universal paid their expenses.
 13. Mr. Okada denied having authorized any of these payments and said that he would not have authorized such payments if the guests were PAGCOR officials.
 14. Mr. Okada stated that on one occasion he met Jose Miguel Arroyo, husband of Former Philippine President Gloria Arroyo, but did not know that Jose Arroyo had stayed at Wynn Las Vegas in November 2009, with Universal paying for his expenses totaling US 4,642.
 15. Mr. Okada stated that he met Chairman Naguiat approximately 4 or 5 times since Naguiat's Chairmanship in June 2010 and that these meetings always involved official matters.
 16. Mr. Okada stated that he told Tokuda in December of 2011 to investigate these matters.
 17. Mr. Okada stated that December was the first time he asked Mr. Tokuda investigate these charges for Universal.
 18. Mr. Okada stated further that Shoji was a trusted employee whom he had met with "very frequently." During the time period in September 2010 when Shoji was setting up the Naguiat visit, Shoji told Mr. Okada nothing about Naguiat.

D. Okada statements to the Board of Directors Regarding doing business in Asia

1. Mr. Okada stated that he could not specifically remember attending a Wynn Resorts Board of Directors meeting in February 2011.

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2. Mr. Okada stated that he did not remember attending a Wynn Resorts Board of Directors meeting where bribery was discussed.
3. Mr. Okada denied ever stating to Wynn Resort Directors words to the effect that “it was a matter of hiring the right people and that you must pay other people.” He responded “absolutely not, that’s a lie.”
4. Mr. Okada denied telling fellow board members words to the effect that “you have to follow local customs and that’s why you have consultants.”
5. Mr. Okada also denied ever stating to fellow board members words to the effect “I wouldn’t bribe someone but would have someone else bribe that person.”
6. As to bribing someone in the Philippines, Mr. Okada stated that “there is no need to do that in the Philippines even because we are in the position to invest.”
7. Mr. Okada also denied ever stating words to the effect that “in Asia, it is okay to give gifts to government officials.” His response was “absolutely not.”
8. Mr. Okada stated that he had been a member of the Wynn Resorts Board of Directors since 2005 or 2006. When asked about his duties or responsibilities as a director of Wynn Resorts, Okada stated that he had to “ensure socially just company, there should be no illegal activities, and that I have to help them be successful and grow as a company.”
9. Mr. Okada was asked if he had ever read the Wynn Resorts Code of Conduct to which he responded, “No because it is in English, no I cannot.”
10. Mr. Okada was asked if he had accepted Wynn Resorts Board of Director FCPA training in 2011, to which he replied that he had received some documents but sent them to his lawyers.

E. Doing Business in the Philippines

1. Mr. Okada stated that prior to the new Philippine administration taking over in 2010, his efforts to conduct a gambling business in the Philippines were being done for Wynn Resorts and that he was reporting to Steve Wynn about these activities.
2. Mr. Okada said before the new Philippine administration in 2010 “All of the conversation between myself and Genuino was for the sake of explaining to Mr. Wynn.”
3. Mr. Okada stated that a press release from Aruze Corp. dated April 25, 2008, that announced Aruze would independently operate a casino project in the Philippines, had not been presented to him for approval.
4. Mr. Okada stated that neither Steve Wynn nor Wynn Resorts had invested any money in the Philippine business initiative which he had been conducting since 2008.

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5. Okada stated that Universal had invested between US 300-400 million in 2008 to acquire the land for the Manila Bay project.
6. When asked whether Mr. Wynn or Wynn Resorts invested any money in the US 300-400 million purchase, Mr. Okada stated that “Wynn Resorts had no involvement whatsoever.”
7. Mr. Okada stated that it was only after the new Aquino presidency in June of 2010 that he decided to pursue a Philippine gaming project independently.
8. Mr. Okada stated that this land had been acquired by a company called Eagle I Land Holdings in which Aruze USA had an ownership interest.
9. Mr. Okada stated that at the time of the land acquisition in 2008, Eagle I Land Holdings was 60% owned by Filipino nationals. However, when asked to identify the 60% ownership today, he responded “I know of them I know who they are but I don’t remember their names.”
10. Mr. Okada stated that he was aware of the Philippine legal requirement that land be 60% owned by Filipinos.
11. Mr. Okada stated that neither Tiger or Aruze had a provisional gaming license for the Philippines.
12. Mr. Okada does not know whether a deposit was made by Universal in order to pursue the Filipino gaming initiative.
13. It was his understanding that to get a gaming license in the Philippines you needed to do certain things beforehand and that he asked questions on Wynn’s behalf as to what had to be done.
14. Mr. Okada stated that Platinum Gaming and Entertainment was a Philippine company run by Soriano.
15. Mr. Okada stated that he did not know Paolo Bombase or Manuel Camacho as shareholders of Eagle I and Eagle II.
16. Mr. Okada stated that Masato Araki may have lent his name as a stockholder to Eagle I and Eagle II but that Mr. Okada did not know the details. Mr. Okada stated that he did not know whether Manabu Kawasaki, who was another Universal employee, was a stockholder of Eagle I or Eagle II.

F. Possible Payments by Universal to Korean Government Officials.

Mr. Okada stated that he is interested in the IFEZ for possible investment. Mr. Okada stated that he personally set up arrangements in 2009 or 2010 for a Korean delegation from the IFEZ to visit Las Vegas. According to Mr. Okada, this delegation was led by a Mr. Lee, who was “seconded” to IFEZ by the Korean government. Mr. Okada invited this delegation to see the Venetian.

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Mr. Okada stated that “at the very beginning” he discussed the “issue of expense” and the Korean side said they had to pay for their own expenses as government officials. Mr. Okada stated that the Korean delegation stayed at Wynn Las Vegas and paid for their rooms. When told that Universal in fact paid for the Koreans’ rooms, Mr. Okada stated “It’s possible we paid in advance the first time but then they paid later. I am personally in charge of the Koreans.” When Mr. Okada was then asked if he knew that was done he responded “I am certain it was done.”

Mr. Okada later repeated that the Koreans paid for their own travel. When advised that Universal paid for Commissioner Lee and others to stay at Wynn Macau in 2011, and Wynn Las Vegas in 2010, Mr. Okada stated that “It may have been that we made a temporary payment to be reimbursed later but in any case for Korea all trips must be applied for with the City Hall and they need to get prior approval.”

Mr. Okada later repeated that he did not authorize Universal to pay approximately US 6,000 worth of room charges for Commissioner Lee and other IFEZ officials for stays at Wynn Resorts. When asked if it would be against “Universal’s policy” to pay such travel expenses, Mr. Okada repeated that the Koreans would pay for their own expenses. He added that “Maybe it was the case where Universal made a temporary payment to be reimbursed later and all this would be paid by ‘admin official.’”

G. Mr. Okada Instructs Mr. Tokuda to Conduct an Investigation

Mr. Okada stated that since about 2008-2009, Universal has had both “ordinary” and “extraordinary” rules about paying entertainment expenses regarding government officials. However, he stated that he did not know the “specific details.” Mr. Okada stated that “cash” could not be given but that he did not know the dollar amount limit for providing government officials with meals.

Mr. Okada stated that after learning from Mr. Tokuda about the excessive expenses paid by Universal for Chairman Naguiat’s September 2010 stay at Wynn Macau, Mr. Okada did not take any steps or give instructions to prevent a recurrence. Indeed, Mr. Okada stated his belief that Universal’s corporate policy as it exists today is “plenty on its own.”

Mr. Okada stated that “within the last week or so” he learned from Mr. Tokuda that the son of then-PAGCOR Chairman Genuino stayed at Wynn Las Vegas in 2008 and that Universal had paid US 2,800 for his expenses. Mr. Okada said this was “inexcusable” and that he had given instructions to have him [Genuino] billed directly. Mr. Okada further stated that Mr. Tokuda had found “several more” of these instances but that Mr. Okada did not “know the details.” Mr. Okada stated that in regard to Chairman Naguiat’s stay at Wynn Macau, perhaps an invoice should also be sent to him as the customer.

Mr. Okada stated that “it was just yesterday” that he heard from Tokuda about “these issues being raised.” After being asked what he knew about a list of PAGCOR officials whose