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Wynn Macau, Limited  
永利澳門有限公司\*

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1128 and Debt Stock Code: 5279, 5280)**

## **INSIDE INFORMATION**

# **ANNUAL REPORT FOR THE FISCAL YEAR 2018 OF OUR CONTROLLING SHAREHOLDER, WYNN RESORTS, LIMITED**

This announcement is issued pursuant to Rule 13.09 and 37.47B of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited and under Part XIVA of the Securities and Futures Ordinance (Cap. 571).

Our controlling shareholder, Wynn Resorts, Limited has, on or about 28 February 2019 (1:41 p.m., Las Vegas time), released its Annual Report for the fiscal year 2018.

This announcement is issued by Wynn Macau, Limited (“we” or our “**Company**”) pursuant to Rule 13.09 and 37.47B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and under Part XIVA of the Securities and Futures Ordinance (Cap. 571).

Our Company’s controlling shareholder, Wynn Resorts, Limited, is a company listed on the National Association of Securities Dealers Automated Quotations (“**NASDAQ**”) Global Select Market in the United States. As at the date of this announcement, Wynn Resorts, Limited beneficially owns approximately 72% of the issued share capital of our Company.

\* For identification purposes only.

Reference is made to our announcement on 31 January 2019 (the “**WRL Earnings Release Announcement**”) in respect of the release by our controlling shareholder, Wynn Resorts, Limited, of its unaudited financial results for the fourth quarter and year end of the fiscal year 2018. Unless otherwise defined in this announcement, terms defined in the WRL Earnings Release Announcement have the same meaning when used in this announcement.

Further to the WRL Earnings Release Announcement, Wynn Resorts, Limited has, on or about 28 February 2019, 1:41 p.m., Las Vegas time, released its audited Annual Report for the fiscal year 2018 (“**WRL Annual Report**”). If you wish to review the WRL Annual Report prepared by Wynn Resorts, Limited and as filed with the U.S. Securities and Exchange Commission, please visit <https://www.sec.gov/Archives/edgar/data/1174922/000117492219000021/0001174922-19-000021-index.htm>. The WRL Annual Report contains segment financial information about Wynn Resorts, Limited’s Macau operations, which are owned by our Company, and details of the Group’s amended senior secured bank facilities. The WRL Annual Report is also available in the public domain.

The financial results of Wynn Resorts, Limited, including those contained in the WRL Annual Report, have been prepared in accordance with the Generally Accepted Accounting Principles of the United States (“**U.S. GAAP**”), which are different from the International Financial Reporting Standards (“**IFRS**”) that we use to prepare and present our financial information. As such, the financial information in the WRL Annual Report is not directly comparable to the financial results our Company discloses. Consequently, we offer no indication or assurance that the financial results of our Group for the fourth quarter and year end of the fiscal year 2018 will be the same as that presented in the WRL Annual Report. In the WRL Earnings Release Announcement, we announced our unaudited financial results for the fourth quarter ended 31 December 2018 prepared in accordance with IFRS.

To ensure that all shareholders and potential investors of our Company have equal and timely access to the information pertaining to our Company, set forth below are the key highlights of financial information and other information published by Wynn Resorts, Limited in the WRL Annual Report that relate to our Company and our operations in Macau (unless otherwise provided, all dollar amounts in the WRL Annual Report are denominated in United States dollars), some of which may constitute material inside information of the Company:

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

*For the fiscal year ended December 31, 2018*

## **Item 1. Business**

### **Our Resorts**

#### *Macau Operations*

*We opened Wynn Macau on September 6, 2006, Encore, an expansion of Wynn Macau, on April 21, 2010, and Wynn Palace on August 22, 2016. We operate our Macau Operations under a 20-year casino concession agreement granted by the Macau government in June 2002. We lease from the Macau government approximately 51 acres of land in the Cotai area of Macau where Wynn Palace is located and 16 acres of land in downtown Macau’s inner harbor where Wynn Macau is located.*

*Wynn Palace features the following as of February 20, 2019:*

- Approximately 424,000 square feet of casino space, offering 24-hour gaming and a full range of games with 320 table games and 1,041 slot machines, private gaming salons and sky casinos;*
- A luxury hotel tower with a total of 1,706 guest rooms, suites and villas;*
- 13 food and beverage outlets;*
- Approximately 106,000 square feet of high-end, brand-name retail space;*
- Approximately 37,000 square feet of meeting and convention space;*
- Recreation and leisure facilities, including a gondola ride, health club, spa, salon and pool; and*
- Public attractions including a performance lake and floral art displays.*

*Wynn Macau features the following as of February 20, 2019:*

- Approximately 273,000 square feet of casino space, offering 24-hour gaming and a full range of games with 317 table games and 810 slot machines, private gaming salons, sky casinos and a poker pit;*
- Two luxury hotel towers with a total of 1,008 guest rooms and suites;*
- 11 food and beverage outlets;*

- *Approximately 59,000 square feet of high-end, brand-name retail space;*
- *Approximately 31,000 square feet of meeting and convention space;*
- *Recreation and leisure facilities, including two health clubs and full service spas, a salon and a pool; and*
- *A 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 our commitment to creating a unique customer experience, we have made and expect to continue to make enhancements and refinements to these resorts.*

### ***Construction and Development Opportunities***

*We have begun a reconfiguration of the current Wynn Club gaming area at Wynn Macau. When completed, the enhanced space will consist of approximately 40 mass market table games, a refurbished high-limit slot area, two new restaurants and approximately 7,400 square feet of retail space, and will provide for improved pedestrian access. We estimate the total project budget to be approximately \$62 million. We expect to complete the gaming enhancements and open the new restaurants in the third quarter of 2019, and we expect to open the new retail space at the end of 2019.*

### ***Our Strategy***

*Our integrated resorts are conceptualized, designed, built and operated in major metropolitan markets to service all customers with an emphasis on providing superior levels of premium customer service. In Las Vegas and Macau, we have been successful in attracting not only a wide range of domestic guests, but also extending our customer market areas into international markets. We leverage our international marketing team across branch offices located in Hong Kong SAR, Singapore, Japan, Taiwan and Canada to attract international customers.*

*Reflecting our commitment to customer service globally, the Company has received the following recognition:*

- *Collectively, Wynn Resorts earned more Five-Star awards than any other independent hotel company in the world in the official 2019 Forbes Travel Guide Star Rating list.*
- *Wynn Palace garnered six individual Five-Star awards in the 2019 Forbes Travel Guide Star Rating list.*
- *In 2019, Wynn Macau continues to be the only resort in the world with eight individual Forbes Five-Star awards.*
- *With fourteen Forbes Five-Star awards combined, Wynn Macau and Wynn Palace are the most decorated integrated resort brands in Asia.*

## ***Market and Competition***

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

### ***Macau***

*Macau is governed as a special administrative region of China and is located approximately 37 miles southwest of Hong Kong. The journey between Macau and Hong Kong takes approximately 15 minutes by helicopter, 30 minutes by road since the opening of the Hong Kong-Zhuhai-Macau Bridge in October 2018 and one hour by jetfoil ferry. Macau, which has been a casino destination for more than 50 years, consists principally of a peninsula on mainland China and two neighboring islands, Taipa and Coloane, between which the Cotai area is located. In 2002, the government of Macau ended a 40-year monopoly on the conduct of gaming operations by conducting a competitive process that resulted in the issuance of gaming concessions to three concessionaires (including Wynn Resorts (Macau) S.A., (“Wynn Macau SA”)) 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 and subconcessionaires. In addition to Wynn Macau SA, each of Sociedade de Jogos de Macau (“SJM”) and Galaxy Entertainment Group Limited (“Galaxy”) are primary concessionaires with Sands China Ltd. (“Sands”), Melco International Development Limited (“Melco”) and MGM China Holdings Limited (“MGM China”) operating under subconcessions. There is no limit to the number of casinos each concessionaire or subconcessionaire is permitted to operate, but each facility is subject to government approval. Currently, there are 41 casinos operating in Macau.*

*We believe that the Macau region hosts one of the world’s largest concentrations of potential gaming customers. Since the introduction of new casinos starting in 2004, the Macau market has experienced a significant increase in annual gaming revenue and has become the largest gaming market in the world. According to Macau Statistical Information, annual gaming revenues have grown from \$2.9 billion in 2002 to \$37.5 billion in 2018.*

*Macau’s gaming market is primarily dependent on tourists. Gaming customers traveling to Macau typically come from nearby destinations in Asia. According to the Macau Statistics and Census Service Monthly Bulletin of Statistics, approximately 90% of the visitors to Macau in 2018 came from mainland China, Hong Kong, and Taiwan. Travel to Macau by citizens of mainland China requires a visa.*

*According to 2018 government statistics, Macau tourist arrivals increased 9.8%, to 35.8 million, from 32.6 million in 2017. The increase in tourist arrivals contributed to a 13.3% increase in annual gaming revenues, to \$37.5 billion in 2018, from \$33.1 billion in 2017.*

*The Macau market has experienced tremendous growth in capacity since the opening of Wynn Macau in 2006. As of December 31, 2018, there were 38,800 hotel rooms, 6,588 table games and 16,059 slot machines in Macau, compared to 12,978 hotel rooms, 2,762 table games and 6,546 slot machines as of December 31, 2006. During 2016, we contributed to the new capacity in the market, with the opening of Wynn Palace in the Cotai area. Several of the current concessionaires and subconcessionaires also opened additional facilities from 2016 through 2018 in the Cotai area and will open additional facilities over the next few years, which will further increase other gaming and non-gaming offerings in the Macau market.*

*Our Macau Operations face competition primarily from the 39 other casinos located throughout Macau in addition to casinos located throughout the world, including Singapore, South Korea, the Philippines, Malaysia, Australia, Las Vegas, cruise ships in Asia that offer gaming, and other casinos throughout Asia. Additionally, certain other Asian countries have legalized or in the future may legalize gaming.*

## **Regulation and Licensing**

### **Macau**

*The Macau government has publicly commented that it is studying the process by which gaming concessions and subconcessions may be extended, renewed or issued. The current term of our gaming concession ends on June 26, 2022. The gaming concession or subconcession held by each of Galaxy, Sands and Melco also end on June 26, 2022. The gaming concession or subconcession held by each of SJM and MGM China ends on March 31, 2020.*

*In late 2015, the Macau government implemented enhanced accounting and financial procedures and requirements to be followed by gaming promoters. These enhanced procedures require gaming promoters to disclose more detailed financial and accounting information to the DICJ, including the disclosure of certain financial information on a monthly basis. Gaming promoters also must identify and nominate senior financial or accounting representatives to be available to the DICJ for any follow-up matters the DICJ may require. Local Macau media has reported that the DICJ is finalizing its proposal for additional regulations and enhanced requirements on gaming promoters that may come into effect in 2019.*

### **Employees**

*As of December 31, 2018, we had approximately 26,000 employees (including approximately 13,700 in Macau and 12,300 in the United States).*

## **Item 1A. Risk Factors**

### **Risks Related to our Business**

***The controversy, regulatory action, litigation and investigations related to Stephen A. Wynn and his separation from the Company could significantly harm our business.***

*On February 6, 2018, Mr. Wynn resigned as CEO and Chairman of the Board of Directors after allegations of inappropriate personal conduct by Mr. Wynn in the workplace were reported in a January 26, 2018 Wall Street Journal article. The resulting controversy related to Mr. Wynn and his separation from the Company could significantly harm our business in numerous ways, including in ways that we cannot predict. As discussed elsewhere in this Form 10-K, our gaming regulators in Massachusetts and Nevada have investigated the situation. Our Nevada gaming regulators have completed their investigation and, on February 26, 2019, fined the Company \$20.0 million. Each of our regulatory authorities has extensive power to license and oversee the operations of our casino resorts and could take action against the Company and its related licensees, including actions that could affect the ability or terms upon which our subsidiaries hold their gaming licenses and concessions, and the suitability of the Company to continue as a stockholder of those subsidiaries. As discussed in Item 3 — “Legal Proceedings” and Item 8 — “Financial Statements and Supplementary Data,” Note 15, “Commitments and Contingencies,” lawsuits have been filed against the Company and our Board of Directors arising out of the allegations against Mr. Wynn, and such claims present a number of risks, including distraction of management, assertions that could affect our reputation, and potential legal liabilities. Additional allegations have been and may in the future be asserted against the Company, and additional regulatory or legal proceedings involving the Company may be commenced in the future. In addition, the Company’s integrated resort business model was pioneered by Mr. Wynn. Our business, reputation, and competitive position may now suffer as a result of our prior association with Mr. Wynn, or as a result of his separation from the Company and the loss of his skills and experience.*

***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.*

*Our Macau Operations are subject to unique risks. Failure to adhere to the regulatory and gaming environment in Macau could result in the revocation of our Macau Operations' 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 applicable U.S. gaming authorities require us, to conduct our operations in the United States.*

*As discussed in Item 8—"Financial Statements and Supplementary Data," Note 15, "Commitments and Contingencies," in connection with the allegations of inappropriate personal conduct by Mr. Wynn in the workplace reported in a January 26, 2018 Wall Street Journal article, gaming regulators in Massachusetts and Nevada conducted investigations. Each of these regulatory authorities has extensive power to license and oversee the operations of our casino resorts and has taken action and could take action against the Company and its related licensees, including actions that could affect the ability or terms upon which our subsidiaries hold their gaming licenses and concessions, and the suitability of the Company to continue as a stockholder of those affiliates.*

***Ongoing investigations, litigation and other disputes could distract management and result in negative publicity and additional scrutiny from regulators.***

*On January 26, 2018, the Company's Board of Directors formed a Special Committee comprised solely of independent directors to investigate allegations of inappropriate personal conduct by Mr. Wynn in the workplace. On February 12, 2018, the Special Committee amended and restated its charter to provide for a review of various governance issues regarding knowledge of the allegations and a comprehensive review of the Company's internal policies and procedures with the goal of employing best practices to maintain a safe and respectful workplace for all employees. On August 3, 2018, the Board received the final oral presentation from the Special Committee. The Special Committee provided a written memorialization to the Company's gaming regulators in Massachusetts and Nevada to cooperate with their respective investigations. Our Nevada gaming regulators have completed their investigation and, on February 26, 2019, fined the Company \$20.0 million.*

*As discussed in Item 3 — "Legal Proceedings" and Item 8 — "Financial Statements and Supplementary Data," Note 15, "Commitments and Contingencies," lawsuits have been filed against the Company and our Board of Directors arising out of the allegations against Mr. Wynn, and such claims present a number of risks, including distraction of management, assertions that could affect our reputation, and potential legal liabilities. Additional allegations have been and may in the future be asserted against Mr. Wynn and/or the Company, and additional regulatory or legal proceedings involving the Company may be commenced in the future.*

*The foregoing investigations, litigation and other disputes and any additional such matters that may arise in the future, can be expensive and may divert management's attention from the operations of our businesses. The investigations, litigation and other 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 the Company's ability to bid successfully for new gaming market opportunities. In addition, the actions, litigation and publicity could negatively impact our business, reputation and competitive position and could reduce demand for shares of Wynn Resorts and WML and thereby have a negative impact on the trading prices of their respective shares.*

***Demand for our products and services in Macau and Las Vegas may be negatively impacted by international relations, economic disruptions in mainland China, visa restrictions placed on citizens of mainland China, the anti-corruption campaign, restrictions on international money transfers or similar campaigns.***

*A significant amount of our gaming revenues in Macau and Las Vegas come from customers from mainland China. Economic disruption, international relations, contraction and uncertainty in China could impact the number of patrons visiting our Macau and Las Vegas properties or the amount they spend. In addition, policies adopted from time to time by governments, including any travel restrictions imposed on Chinese citizens such as restrictions imposed on exit visas or restrictions on United States visitor visas, could disrupt the number of visitors from mainland China to our properties. It is not known when, or if, policies restricting visitation by mainland Chinese citizens will be put in place and such policies may be adjusted, without notice, in the future. Furthermore, the Chinese government's continuing anti-corruption campaign has influenced the behavior of Chinese consumers and their spending patterns both domestically and abroad. That campaign, as well as mainland Chinese and Macau monetary outflow policies have specifically led to tighter monetary transfer regulations, real-time monitoring of certain financial channels, limitations on cash withdrawals from ATM machines by mainland China citizens, reduction of annual withdrawal limits from bank accounts while the account holder is outside of mainland China, and "know your client" protocols implemented on ATM machines. These policies may affect and impact the number of visitors and the amount of money they spend. The overall effect of the campaign and monetary transfer restrictions may negatively affect our revenues and results of operations.*

***System failure, information leakage and the cost of maintaining sufficient cybersecurity could adversely affect our business.***

*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.*

*Despite the security measures we currently have in place, our facilities and systems and those of our third-party service providers may be vulnerable to security breaches, acts of vandalism, phishing attacks, computer viruses, misplaced or lost data, programming or human errors and other events. Cyber-attacks are becoming increasingly more difficult to anticipate and prevent due to their rapidly evolving nature and, as a result, the technology we use to protect our systems from being breached or compromised could become outdated due to advances in computer capabilities or other technological developments.*

*Any perceived or actual electronic or physical security breach involving the misappropriation, loss, or other unauthorized disclosure of confidential or personally identifiable information, including penetration of our network security, whether by us or by a third party, could disrupt our business, damage our reputation and our relationships with our customers or employees, expose us to risks of litigation, significant fines and penalties and liability, result in the deterioration of our customers' and employees' confidence in us, and adversely affect our business, results of operations and financial condition. Since we do not control third-party service providers and cannot guarantee that no electronic or physical computer break-ins and security breaches will occur in the future, any perceived or actual unauthorized disclosure of personally identifiable information regarding our employees, customers or website visitors could harm our reputation and credibility and reduce our ability to attract and retain employees and customers. As these threats develop and grow, we may find it necessary to make significant further investments to protect data and our infrastructure, including the implementation of new computer systems or upgrades to existing systems, deployment of additional personnel and protection-related technologies, engagement of third-party consultants, and training of employees. The occurrence of any of the cyber incidents described above could have a material adverse effect on our business, results of operations and cash flows.*

***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 historical 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. There has been an increase in the international operation of fraudulent online gambling and investment websites attempting to scam and defraud members of the public. We do not offer online gambling or investment accounts. Websites offering these or similar activities and opportunities that use our names or similar names or images in likeness to ours, are doing so without our authorization and possibly unlawfully and with criminal intent. If our efforts to cause these sites to be shut down through civil action and by reporting these sites to the appropriate authorities (where applicable) are unsuccessful or not timely completed, these unauthorized activities may continue and harm our reputation and negatively affect 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.*

## **Risks Associated with our Macau Operations**

### ***Our Macau Operations 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. The future success of our Macau Operations will depend on political and economic conditions in Macau and mainland China. For example, fiscal decline, international relations, 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 our Macau Operations or our ability to repatriate funds.*

### ***Revenues from our Macau gaming operations will end if we cannot secure an extension or renewal of our concession, or a new concession, by June 26, 2022, or if the Macau government exercises its redemption right.***

*The term of our concession agreement with the Macau government ends on June 26, 2022. Unless the term of our concession agreement is extended, or our concession is renewed, subject to any separate arrangement with the Macau government, 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 at the end of the term of our concession agreement. The Macau government has publicly commented that it is studying the process by which concessions and subconcessions may be renewed, extended or issued. Effective June 2017, the Macau government may redeem our 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 by the remaining years under our concession. We are considering various options to place us in a good position for the renewal, extension or application process; however, we may not be able to extend our concession agreement or renew our concession or obtain a new concession on terms favorable to us or at all. 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 or renew our concession or obtain a new concession would have a material adverse effect on our results of operations.*

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

*In 2014, the Macau government approved additional smoking control legislation, which prohibited smoking in casinos starting on October 6, 2014. The legislation, however, permitted casinos to maintain certain limited smoking areas open to VIP patrons if certain stringent conditions were met, as enhanced from time to time. Smoking was also permitted*

*in approved smoking lounges if certain stringent technical standards were met. In 2017, the Macau government approved additional smoking control legislation that came into effect on January 1, 2018 banning smoking in all casino areas other than in approved smoking lounges by December 31, 2018. The new smoking control legislation also requires casinos to upgrade any existing smoking lounges in mass gaming areas and construct new smoking lounges in VIP gaming areas for inspection and approval in accordance with further enhanced technical standards by December 31, 2018. Although we have approved smoking lounges at both Wynn Macau and Wynn Palace, the smoking ban 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 gaming at our properties, 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 our Macau Operations.***

*Macau's subtropical climate and location on the South China Sea are subject to extreme weather conditions including typhoons and heavy rainstorms, such as Typhoon Hato in 2017. Unfavorable weather conditions could negatively affect the profitability of our resorts and prevent or discourage guests from traveling to Macau.*

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

*We may lose the clientele of our gaming promoters, who generate a significant portion of our gaming revenue. There is intense competition among casino operators in Macau for services provided by gaming promoters, which has intensified as additional casinos open in Macau. If we are unable to maintain, or develop additional, successful relationships with reputable gaming promoters, or lose a significant number of our gaming 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 gaming promoters are unable to develop or maintain relationships with our VIP customers, our ability to maintain or grow our gaming revenues will be hampered.*

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

*Economic and political factors in the region may cause our gaming promoters to experience difficulties in their Macau operations, including intensified competition in attracting patrons to come to Macau. Further, gaming promoters may face a decrease in liquidity, limiting their ability to grant credit to their patrons, and difficulties in collecting credit they extended previously. The inability to attract sufficient patrons, grant credit and collect amounts due in a timely manner may negatively affect our gaming promoters' operations, causing gaming promoters to wind up or liquidate their operations or resulting in some of our gaming promoters leaving Macau. Current and any future difficulties could have an adverse impact on our results of operations.*

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

*Certain gaming promoters have significant leverage and bargaining strength in negotiating operational agreements with casino operators. This leverage could result in gaming 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 gaming promoters. If we need to increase our commission rates or otherwise change our practices with respect to gaming promoters due to competitive forces, our results of operations could be adversely affected.*

***Failure by the gaming 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 gaming 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 gaming promoters' compliance with these high standards of probity and integrity, and our gaming 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 gaming promoter whose probity is in doubt, this may be considered by regulators or investors to reflect negatively on our own probity. If our gaming 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 gaming promoters violate the Macau gaming laws while on our premises, the Macau government may, in its discretion, take enforcement action against us, the gaming promoter, or each concurrently, and we may be sanctioned and our reputation could be harmed.*

***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 then would the holders of our Macau subsidiaries' unsecured debt be entitled to payment from their remaining assets, and only then would we, as a holder of capital stock, be entitled to distribution of any remaining assets.*

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

*Wynn Macau, Limited, an indirect majority owned subsidiary of Wynn Resorts and the developer, owner and operator of Wynn Macau and Wynn Palace, listed its ordinary shares of common stock on The Stock Exchange of Hong Kong Limited in October 2009. As of December*

31, 2018, Wynn Resorts owns approximately 72% of Wynn Macau, Limited's ordinary shares of 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.

***The Macau government has established a maximum number of gaming tables that can be operated in Macau and has limited the number of new gaming tables at new gaming areas in Macau.***

*In connection with the opening of Wynn Palace, the DICJ authorized 100 new table games for operation at Wynn Palace, with 25 additional table games authorized for operation on January 1, 2017, and a further 25 new table games for operation on January 1, 2018, for a total of 150 new table games in the aggregate. In addition, we have and will continue to transfer table games between Wynn Palace and Wynn Macau, subject to the aggregate cap. As of February 20, 2019, we had a total of 320 table games at Wynn Palace and 317 at Wynn Macau. The mix of table games in operation at Wynn Palace and Wynn Macau changes from time to time as a result of marketing and operating strategies in response to changing market demand and industry competition. Failure to shift the mix of our table games in anticipation of market demands and industry trends may negatively impact our operating results.*

### **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, 2018, Elaine P. Wynn was our second largest shareholder and owned 9,539,077 shares, or approximately 9%, of our outstanding common stock. As a result, Elaine P. Wynn may be able to exert significant influence over all matters requiring our stockholders' approval, including the approval of significant corporate transactions.*

*On August 3, 2018, we entered into a Cooperation Agreement (the "Cooperation Agreement") with Elaine P. Wynn regarding the composition of the Company's Board of Directors and certain other matters, including, among other things, the appointment of Mr. Philip G. Satre to the Company's Board of Directors, standstill restrictions, releases, non-disparagement and reimbursement of expenses. The term of the Cooperation Agreement expires on the day after the conclusion of the 2020 annual meeting of the Company's stockholders, unless earlier terminated pursuant to the circumstances described in the Cooperation Agreement.*

### ***Our stock price may be volatile.***

*The trading price of our common stock has been and may continue to 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, and other events impacting our business. 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 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.*

*Our 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 our Las Vegas and Macau Operations and reduces the amount of available cash, if any, to fund working capital and other cash requirements or pay for other capital expenditures;*
- we may not be able to obtain additional financing, if needed; 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.*

## Item 2. Properties

The following table presents our significant land holdings. We own or have obtained the right to use these properties. We also own or lease various other improved and unimproved properties associated with our development projects.

<b>Property</b>	<b>Approximate Acres</b>	<b>Location</b>
<b>Macau Operations</b> <sup>(1)</sup>		
Wynn Palace	51	Located in the Cotai area of Macau.
Wynn Macau	16	Located in downtown Macau's inner harbor.
	<u>67</u>	

(1) 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. Wynn Palace and Wynn Macau are built on land leased under land concession contracts each with terms of 25 years from May 2012 and August 2004, respectively, which may be renewed with government approval for successive periods.

## 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 information regarding the Company's legal proceedings see Item 8 — "Financial Statements and Supplementary Data," Note 15, "Commitments and Contingencies — Litigation" in this Annual Report on Form 10-K, which is incorporated herein by reference, and Item 1A — "Risk Factors" in this Annual Report on Form 10-K.

### CCAC Information Request

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

## Item 6. Selected Financial Data

	<b>December 31,</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>(in thousands, except per share amounts)</i>				

### Consolidated Balance

#### Sheets Data:

Cash and cash equivalents	\$2,215,001	\$2,804,474	\$2,453,122	\$2,080,089	\$2,182,164
Total long-term obligations <sup>(5)</sup>	9,519,417	9,673,099	10,279,375	9,327,143	7,482,510

(5) Includes long-term debt, other long-term liabilities, deferred income tax liabilities, net and the required contract premium payments under our land concession contracts at Wynn Palace.

## **Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

The results presented reflect the Company’s adoption of the new accounting guidance for revenue recognition (“ASC 606”), effective January 1, 2018. Certain prior period amounts have been adjusted to reflect the full retrospective adoption of ASC 606, with no impact to operating income, net income or Adjusted Property EBITDA.

### **Overview**

In Macau, we own approximately 72% of WML, which includes the operations of the Wynn Palace and Wynn Macau resorts.

### **Results of Operations**

#### **Summary annual results**

For the year ended December 31, 2018, net income attributable to Wynn Resorts, Limited was \$572.4 million, or \$5.35 per diluted share, a decrease of 23.4%, or \$174.8 million, compared to \$747.2 million, or \$7.28 per diluted share, for the same period of 2017. The decrease in net income attributable to Wynn Resorts, Limited was primarily the result of a litigation settlement expense of \$463.6 million, partially offset by an increase in operating income from Wynn Palace.

For the year ended December 31, 2018, Adjusted Property EBITDA was \$2.04 billion, an increase of 12.9%, or \$233.7 million, from \$1.81 billion for the same period of 2017. The increase in Adjusted Property EBITDA was the result of an increase of \$316.3 million from Wynn Palace, partially offset by decreases of \$27.5 million and \$55.1 million from Wynn Macau and our Las Vegas Operations, respectively.

**Financial results for the year ended December 31, 2018 compared to the year ended December 31, 2017.**

#### **Operating revenues**

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

	<u>Years Ended December 31,</u>		<u>Increase/</u>	<u>Percent</u>
	<u>2018</u>	<u>2017</u>	<u>(Decrease)</u>	<u>Change</u>
<b>Operating Revenues</b>				
Macau Operations:				
Wynn Palace	\$2,757,566	\$2,030,287	\$727,279	35.8
Wynn Macau	2,294,525	2,336,910	(42,385)	(1.8)
<b>Total Macau Operations</b>	<b>5,052,091</b>	<b>4,367,197</b>	<b>684,894</b>	<b>15.7</b>

The increase in operating revenues was primarily driven by increases in VIP turnover and table drop at Wynn Palace. The increase at Wynn Palace was partially offset by decreases at Wynn Macau and our Las Vegas Operations. The decrease at Wynn Macau was primarily driven by a lower VIP table games win percentage.

### Casino revenues

Casino revenues increased primarily due to increases in VIP turnover and table drop at Wynn Palace, partially offset by decreases at Wynn Macau and our Las Vegas Operations. The table below sets forth our casino revenues and associated key operating measures for our Macau and Las Vegas Operations (dollars in thousands, except for win per unit per day):

	<u>Years Ended December 31,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2018</u>	<u>2017</u>		
<b>Macau Operations:</b>				
Wynn Palace:				
Total casino revenues	\$2,356,022	\$1,714,417	\$641,605	37.4
VIP:				
Average number of table games	114	104	10	9.6
VIP turnover	\$61,097,527	\$52,573,258	\$8,524,269	16.2
Table games win	\$1,874,189	\$1,486,674	\$387,515	26.1
VIP win as a % of turnover	3.07%	2.83%	0.24	
Table games win per unit per day	\$45,006	\$39,325	\$5,681	14.4
Mass market:				
Average number of table games	209	202	7	3.5
Table drop	\$4,926,347	\$3,490,363	\$1,435,984	41.1
Table games win	\$1,206,244	\$795,159	\$411,085	51.7
Table games win %	24.5%	22.8%	1.7	
Table games win per unit per day	\$15,834	\$10,759	\$5,075	47.2
Average number of slot machines	1,065	1,026	39	3.8
Slot machine handle	\$3,933,064	\$3,053,614	\$879,450	28.8
Slot machine win	\$203,568	\$165,754	\$37,814	22.8
Slot machine win per unit per day	\$524	\$443	\$81	18.3

	<u>Years Ended December 31,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2018</u>	<u>2017</u>		
<i>Wynn Macau:</i>				
<i>Total casino revenues</i>	\$1,994,885	\$2,073,793	\$(78,908)	(3.8)
<i>VIP:</i>				
<i>Average number of table games</i>	111	96	15	15.6
<i>VIP turnover</i>	\$57,759,607	\$58,303,836	\$(544,229)	(0.9)
<i>Table games win</i>	\$1,588,002	\$1,907,625	\$(319,623)	(16.8)
<i>VIP win as a % of turnover</i>	2.75%	3.27%	(0.52)	
<i>Table games win per unit per day</i>	\$39,113	\$54,726	\$(15,613)	(28.5)
<i>Mass market:</i>				
<i>Average number of table games</i>	203	204	(1)	(0.5)
<i>Table drop</i>	\$5,058,332	\$4,525,727	\$532,605	11.8
<i>Table games win</i>	\$1,014,484	\$880,964	\$133,520	15.2
<i>Table games win %</i>	20.1%	19.5%	0.6	
<i>Table games win per unit per day</i>	\$13,698	\$11,820	\$1,878	15.9
<i>Average number of slot machines</i>	877	914	(37)	(4.0)
<i>Slot machine handle</i>	\$3,740,096	\$3,526,747	\$213,349	6.0
<i>Slot machine win</i>	\$161,384	\$154,425	\$6,959	4.5
<i>Slot machine win per unit per day</i>	\$504	\$463	\$41	8.9

*Non-casino revenues*

*Non-casino revenues increased \$85.7 million and \$36.5 million at Wynn Palace and Wynn Macau, partially offset by a decrease of \$15.4 million at our Las Vegas Operations.*

Room revenues increased \$80.8 million, primarily driven by increased ADR. The table below sets forth our room revenues and associated key operating measures for our Macau and Las Vegas Operations.

	<i>Years Ended December 31,</i>		<i>Increase/ (Decrease)</i>	<i>Percent Change</i>
	<i>2018</i>	<i>2017</i>		
<b>Macau Operations:</b>				
<i>Wynn Palace:</i>				
<i>Total room revenues</i>				
<i>(dollars in thousands)</i>	\$170,067	\$121,710	\$48,357	39.7
<i>Occupancy</i>	96.5%	96.2%	0.3	
<i>ADR</i>	\$265	\$199	\$66	33.2
<i>REVPAR</i>	\$255	\$191	\$64	33.5
<i>Wynn Macau:</i>				
<i>Total room revenues</i>				
<i>(dollars in thousands)</i>	\$113,495	\$95,871	\$17,624	18.4
<i>Occupancy</i>	99.2%	97.5%	1.7	
<i>ADR</i>	\$283	\$243	\$40	16.5
<i>REVPAR</i>	\$281	\$237	\$44	18.6

Food and beverage revenues increased \$14.6 million and \$8.3 million at Wynn Palace and Wynn Macau, respectively, driven by increased covers at our restaurants.

Entertainment, retail and other revenues increased \$22.8 million and \$10.6 million at Wynn Palace and Wynn Macau, primarily due to an increase in retail revenues. Additionally, Wynn Palace and Wynn Macau recorded business interruption insurance proceeds of \$5.4 million and \$5.3 million, respectively, related to the full settlement of claims from Typhoon Hato in 2017.

#### *Operating expenses*

Total operating expenses increased primarily due to a litigation settlement expense of \$463.6 million, and an increase of \$408.7 million at Wynn Palace, which primarily related to increased gaming taxes commensurate with increased casino revenues.

Casino expenses increased \$363.0 million at Wynn Palace, partially offset by a decrease of \$45.0 million at Wynn Macau.

Rooms expenses increased \$8.9 million at our Las Vegas Operations and were relatively flat at Wynn Palace and Wynn Macau.

Food and beverage expenses increased \$20.1 million, \$7.8 million and \$16.1 million at Wynn Palace, Wynn Macau, and at our Las Vegas Operations, respectively. The increases at Wynn Palace and Wynn Macau were commensurate with food and beverage revenue increases.

Entertainment, retail and other expenses increased \$6.9 million and \$1.6 million at Wynn Palace and Wynn Macau, offset by a decrease of \$21.9 million at our Las Vegas Operations.

The increase in expenses at Wynn Palace and Wynn Macau was commensurate with the increase in entertainment, retail and other revenues.

General and administrative expenses increased \$18.8 million, \$9.5 million and \$12.2 million, at Wynn Palace, Wynn Macau and our Las Vegas Operations, respectively. These increases were attributable to increased payroll costs at our Macau Operations and increased payroll and advertising costs at our Las Vegas Operations. Corporate and other general and administrative expenses increased \$35.4 million, primarily as a result of increased legal expenses and a fine of \$20.0 million assessed by the NGC on February 26, 2019, in connection with the conclusion of an NGCB investigation which had commenced in 2018.

The table below sets forth our property charges and other expenses (dollars in thousands):

	<i><b>Years Ended December 31,</b></i>	
	<i><b>2018</b></i>	<i><b>2017</b></i>
<i><b>Macau Operations</b></i>		
Wynn Palace asset abandonment and retirements	\$9,830	\$12,663
Wynn Macau asset abandonment and retirements	11,574	6,688
	<hr/>	<hr/>
Total Macau Operations property charges and other expenses	21,404	19,351
	<hr/>	<hr/>

*Other non-operating income and expenses*

We recorded a \$0.1 million net gain on extinguishment of debt for the year ended December 31, 2018 related to the repayment of the Redemption Note, offset by a loss on debt extinguishment associated with the amendment of the Wynn Macau Credit Facilities.

We also completed a cash tender offer and subsequent redemption of our 5 1/4% Senior Notes (“2021 Notes”) and issued our 4 7/8% Senior Notes due 2024 (the “2024 WML Notes”) and 5 1/2% Senior Notes due 2027 (the “2027 WML Notes”), together (the “WML Notes”). We recorded losses on extinguishment of debt of \$20.8 million in connection with the 2022 Notes and 2027 WLV Notes transactions and \$33.1 million in connection with the WML Notes transactions.

We incurred losses of \$4.1 million and \$21.7 million for the years ended December 31, 2018 and 2017, respectively, from foreign currency remeasurements. The losses were primarily due to the impact of the exchange rate fluctuation of the Macau pataca, in relation to the U.S. dollar, on the remeasurements of U.S. dollar denominated debt and other obligations from our Macau-related entities.

## *Income Taxes*

*Wynn Macau SA received a five-year exemption from the Macau Complementary Tax on casino gaming profits through December 31, 2020. For the years ended December 31, 2018 and 2017, we were exempt from the payment of \$96.8 million and \$63.0 million, respectively, in such taxes. 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 August 2016, Wynn Macau SA received an extension of its agreement with the Macau government that provides for an annual payment of 12.8 million Macau patacas (approximately \$1.6 million) as complementary tax due by stockholders on dividend distributions through December 31, 2020.*

*In March 2017, the Financial Services Bureau commenced an examination of the 2013 and 2014 Macau income tax returns of Wynn Macau SA. In July 2018, the Financial Services Bureau issued final tax assessments for the Company for the years 2013 and 2014. While no additional tax was due, adjustments were made to the Company's tax loss carryforwards.*

*In July 2017, the Financial Services Bureau commenced an examination of the 2013 and 2014 Macau income tax returns of Palo Real Estate Company Limited ("Palo"), a subsidiary of Wynn Macau SA. In February 2018, the Financial Services Bureau concluded its examination with no changes.*

### *Net income attributable to noncontrolling interests*

*Net income attributable to noncontrolling interests was \$230.7 million, compared to \$142.1 million for the year ended December 31, 2017. These amounts are primarily related to the noncontrolling interests' share of net income from WML.*

**Financial results for the year ended December 31, 2017 compared to the year ended December 31, 2016.**

*Operating Revenues*

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

	<u>Years Ended December 31,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2017</u>	<u>2016</u>		
<b>Operating revenues</b>				
<i>Macau Operations:</i>				
Wynn Palace <sup>(1)</sup>	\$2,030,287	\$555,574	\$1,474,713	265.4
Wynn Macau	2,336,910	2,150,721	186,189	8.7
<b>Total Macau Operations</b>	<b>4,367,197</b>	<b>2,706,295</b>	<b>1,660,902</b>	<b>61.4</b>

(1) Wynn Palace opened on August 22, 2016.

The increase in operating revenues was primarily attributable to a full year of operations at Wynn Palace for year ended December 31, 2017, compared to 132 days of operations in the year ended December 31, 2016.

*Casino Revenues*

The increase in casino revenues was primarily attributable to the contribution of a full year of operations at Wynn Palace, compared to 132 days of operations in the year ended December 31, 2016. Wynn Macau casino revenues increased primarily due to a 23.9% increase in VIP turnover.

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

	<u>Years Ended December 31,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2017</u>	<u>2016</u>		
<b>Macau Operations:</b>				
Wynn Palace <sup>(1)</sup> :				
Total casino revenues	\$1,714,417	\$448,006	\$1,266,411	282.7
VIP:				
Average number of table games	104	81	23	28.4
VIP turnover	\$52,573,258	\$14,480,023	\$38,093,235	263.1
Table games win	\$1,486,674	\$396,954	\$1,089,720	274.5
VIP win as a % of turnover	2.83%	2.74%	0.09	
Table games win per unit per day	\$39,325	\$37,009	\$2,316	6.3
Mass market:				
Average number of table games	202	245	(43)	(17.6)
Table drop	\$3,490,363	\$1,000,881	\$2,489,482	248.7
Table games win	\$795,159	\$211,146	\$584,013	276.6
Table games win %	22.8%	21.1%	1.7	
Table games win per unit per day	\$10,759	\$6,527	\$4,232	64.8
Average number of slot machines	1,026	962	64	6.7
Slot machine handle	\$3,053,614	\$738,907	\$2,314,707	313.3
Slot machine win	\$165,754	\$40,664	\$125,090	307.6
Slot machine win per unit per day	\$443	\$320	\$123	38.4

(1) Wynn Palace opened on August 22, 2016.

	<u>Years Ended December 31,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2017</u>	<u>2016</u>		
<i>Wynn Macau:</i>				
<i>Total casino revenues</i>	\$2,073,793	\$1,865,512	\$208,281	11.2
<i>VIP:</i>				
<i>Average number of table games</i>	96	149	(53)	(35.6)
<i>VIP turnover</i>	\$58,303,836	\$47,048,754	\$11,255,082	23.9
<i>Table games win</i>	\$1,907,625	\$1,547,261	\$360,364	23.3
<i>VIP win as a % of turnover</i>	3.27%	3.29%	(0.02)	
<i>Table games win per unit per day</i>	\$54,726	\$28,332	\$26,394	93.2
<i>Mass market:</i>				
<i>Average number of table games</i>	204	216	(12)	(5.6)
<i>Table drop</i>	\$4,525,727	\$4,585,476	\$(59,749)	(1.3)
<i>Table games win</i>	\$880,964	\$881,797	\$(833)	(0.1)
<i>Table games win %</i>	19.5%	19.2%	0.3	
<i>Table games win per unit per day</i>	\$11,820	\$11,131	\$689	6.2
<i>Average number of slot machines</i>	914	802	112	14.0
<i>Slot machine handle</i>	\$3,526,747	\$3,386,973	\$139,774	4.1
<i>Slot machine win</i>	\$154,425	\$145,680	\$8,745	6.0
<i>Slot machine win per unit per day</i>	\$463	\$497	\$(34)	(6.8)

*Non-casino revenues*

*Non-casino revenues increased \$208.3 million and \$44.7 million at Wynn Palace and our Las Vegas Operations, offset by a decrease of \$22.1 million at Wynn Macau.*

Room revenues increased \$75.3 million, primarily due to a full year of operations at Wynn Palace. The table below sets forth our rooms revenue and associated key operating measures for our Macau and Las Vegas Operations:

	<u>Years Ended December 31,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2017</u>	<u>2016</u>		
<b>Macau Operations:</b>				
Wynn Palace <sup>(1)</sup> :				
Total room revenues				
(dollars in thousands)	\$121,710	\$45,112	\$76,598	169.8
Occupancy	96.2%	83.2%	13.0	
ADR	\$199	\$232	\$(33)	(14.2)
REVPAR	\$191	\$193	\$(2)	(1.0)
Wynn Macau:				
Total room revenues				
(dollars in thousands)	\$95,871	\$113,014	\$(17,143)	(15.2)
Occupancy	97.5%	94.4%	3.1	
ADR	\$243	\$277	\$(34)	(12.3)
REVPAR	\$237	\$262	\$(25)	(9.5)

(1) Wynn Palace opened on August 22, 2016.

Food and beverage revenues increased \$68.3 million and \$32.2 million at Wynn Palace and our Las Vegas Operations, partially offset by a decrease of \$3.8 million at Wynn Macau. The increase at Wynn Palace was the result of its first full year of operations, while the increase at our Las Vegas Operations was primarily driven by increased revenues at our nightclubs.

Entertainment, retail and other revenues increased \$63.4 million at Wynn Palace, driven by a full year of operations. Wynn Macau and our Las Vegas Operations decreased \$1.2 million and \$3.4 million, respectively.

#### Operating expenses

Total operating expenses increased primarily due to increased casino, general and administrative and depreciation and amortization expenses, offset by decreased pre-opening expenses, all primarily related to the opening of Wynn Palace.

Casino expenses increased \$835.7 million and \$116.5 million at Wynn Palace and Wynn Macau, partially offset by a decrease of \$2.5 million at our Las Vegas Operations. The increase at Wynn Macau was driven by gaming taxes, which increased commensurate with the increase in casino revenues.

Rooms expenses increased \$29.6 million and \$8.3 million at Wynn Palace and our Las Vegas Operations, primarily attributable to expenses associated with the increase in occupancy and an increase in labor costs.

*Food and beverage expenses increased \$57.9 million and \$16.2 million at Wynn Palace and our Las Vegas Operations, partially offset by Wynn Macau, which decreased \$5.6 million.*

*Entertainment, retail and other expenses increased primarily due to a full year of operations at Wynn Palace.*

*General and administrative expenses increased primarily due to a full year of operations at Wynn Palace.*

*For the year ended December 31, 2017, we incurred pre-opening expenses of \$25.9 million related to Encore Boston Harbor and \$0.2 million related to our Las Vegas Operations. For the year ended December 31, 2016, we incurred \$129.8 million related to Wynn Palace, \$22.7 million related to Encore Boston Harbor, and \$2.3 million related to our Las Vegas Operations.*

*Depreciation and amortization expense increased primarily due to a full year of depreciation for Wynn Palace, which was placed in service in August 2016.*

*For the year ended December 31, 2017, we incurred property charges and other expenses of \$12.6 million and \$6.7 million at Wynn Palace and Wynn Macau, respectively, primarily due to abandonment charges and asset retirements associated with various renovation projects and estimated costs related to property damage caused by a typhoon that impacted Macau.*

*Interest expense, net of capitalized interest*

*Capitalized interest decreased primarily due to the completion of Wynn Palace construction activities in August of 2016, and a \$25.6 million out-of-period adjustment recorded in the first quarter of 2016.*

*Other non-operating income and expenses*

*We recorded a gain of \$1.1 million and a loss of \$0.4 million from the change in the fair value of derivatives for the years ended December 31, 2017 and 2016, respectively.*

*Income Taxes*

*Wynn Macau SA received a five-year exemption from the Macau Complementary Tax on casino gaming profits through December 31, 2020. For the years ended December 31, 2017 and 2016, we were exempt from the payment of \$63.0 million and \$27.3 million, respectively, in such taxes. 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 August 2016, Wynn Macau SA received an extension of its agreement with the Macau government that provides for an annual payment of 12.8 million Macau patacas (approximately \$1.6 million) as complementary tax due by stockholders on dividend distributions. This agreement on dividends is effective through December 31, 2020.*

*In March 2017, the Financial Services Bureau commenced an examination of the 2013 and 2014 Macau income tax returns of Wynn Macau SA. As of December 31, 2017, we believed no changes to the unrecognized tax benefits were required.*

*In July 2017, the Financial Services Bureau commenced an examination of the 2013 and 2014 Macau income tax returns of Palo Real Estate Company Limited (“Palo”), a subsidiary of Wynn Macau SA. In February 2018, the Financial Services Bureau concluded its examination with no changes.*

*Net income attributable to noncontrolling interests*

*Net income attributable to noncontrolling interests was \$142.1 million for the year ended December 31, 2017, compared to \$60.5 million for the year ended December 31, 2016. These amounts are primarily related to the noncontrolling interests’ share of net income from WML.*

### ***Adjusted Property EBITDA***

*We use Adjusted Property EBITDA to manage the operating results of our segments. Adjusted Property EBITDA is net income before interest, income taxes, depreciation and amortization, litigation settlement expense, pre-opening expenses, property charges and other, management and license fees, corporate expenses and other (including intercompany golf course and water rights leases), stock-based compensation, (loss) gain on extinguishment of debt, change in derivatives fair value, change in Redemption Note fair value and other non-operating income and expenses. 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, as well as a basis for determining certain incentive compensation. 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, income 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 16, “Segment Information.” That footnote also presents a reconciliation of Adjusted Property EBITDA to net income attributable to Wynn Resorts, Limited.

	<i>Years Ended December 31,</i>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Wynn Palace <sup>(1)</sup>	\$843,902	\$527,583	\$103,036
Wynn Macau	\$733,238	\$760,752	\$681,509

(1) Wynn Palace opened on August 22, 2016.

Adjusted Property EBITDA at Wynn Palace increased 60.0% for the year ended December 31, 2018, compared to the same period of 2017. Since opening in August 2016, Wynn Palace has experienced significant business volume increases in both VIP and mass market operations during its first two full years of operations. Wynn Palace operated for the final 132 days of 2016, which does not compare meaningfully to 2017.

Adjusted Property EBITDA at Wynn Macau decreased 3.6% for the year ended December 31, 2018, compared to the same period of 2017, primarily due to a decrease in VIP win as a percentage of turnover, partially offset by increases in mass market table games win and slot machine win. Adjusted Property EBITDA at Wynn Macau increased 11.6% for the year ended December 31, 2017, compared to the same period of 2016, primarily due to improved VIP operations driven by a year-over-year increase in VIP turnover.

## **Liquidity and Capital Resources**

### **Operating Activities**

Net cash provided by operations for the year ended December 31, 2018 was \$961.5 million, compared to \$1.88 billion for the same period of 2017. The decrease was primarily driven by a litigation settlement expense and a reduction in customer deposits at our Macau Operations.

Net cash provided by operations for the year ended December 31, 2017 was \$1.88 billion, compared to \$970.5 million for the same period of 2016. The increase was primarily due to the operations of Wynn Palace, which generated \$424.5 million of additional Adjusted Property EBITDA, and a \$292.8 million increase in customer deposits at Wynn Palace.

### **Investing Activities**

Net cash used in investing activities for the year ended December 31, 2017 was \$957.6 million, which was primarily attributable to \$935.5 million in capital expenditures, net of construction payables and retention, with \$572.8 million related to Encore Boston Harbor and \$150.9 million related to our Macau Operations.

Net cash used in investing activities for the year ended December 31, 2016 was \$1.29 billion, which was primarily attributable to \$1.23 billion in capital expenditures, net of construction payables and retention, with \$838.3 million related to Wynn Palace and \$212.2 million related to Encore Boston Harbor.

### **Financing Activities**

Net cash used in financing activities for the year ended December 31, 2018 was \$324.3 million. In March 2018, we repaid the Redemption Note principal amount of \$1.94 billion using cash on hand and amounts borrowed under the Bridge Facility and the WA Senior Revolving Credit Facility. In April 2018, we repaid all amounts borrowed under the Bridge Facility and the WA Senior Revolving Credit Facility using net proceeds of \$915.2 million from a registered public equity offering. In addition, we borrowed \$623.9 million under the Macau Senior Revolving Credit Facility, \$615.0 million under the Retail Term Loan, \$500.0 million under the Wynn Resorts Term Loan, and we used cash of \$569.8 million for the payment of dividends and \$305.4 million for distributions to noncontrolling interest holders of the Retail Joint Venture.

Net cash used in financing activities for the year ended December 31, 2017 was \$754.4 million, which was primarily attributable to net repayments of \$340.2 million under our Wynn Macau Credit Facilities, \$320.8 million for dividend payments and \$91.2 million for the payment of financing costs, partially offset by \$180.0 million in proceeds received from Crown for assets contributed to the Retail Joint Venture.

### **Capital Resources**

As of December 31, 2018, we had approximately \$2.22 billion of cash and cash equivalents. Cash and cash equivalents include cash on hand, cash in bank and fixed deposits, investments in money market funds, domestic and foreign bank time deposits, all with original maturities of less than 90 days. Of these amounts, WML and its subsidiaries (of which we own approximately 72%) held \$1.22 billion in cash and cash equivalents.

The following table summarizes our outstanding borrowings and available borrowing capacity under our credit facilities and Commitment Letter as of December 31, 2018 (in thousands):

	<u>Facility Borrowing Capacity</u>	<u>Borrowings Outstanding</u>	<u>Letters of Credit Outstanding</u>	<u>Facility Availability</u>
<b>Macau Related:</b>				
Wynn Macau Credit Facilities <sup>(1)</sup> :				
Senior Term Loan Facility	\$2,296,999	\$2,296,999	\$—	\$—
Senior Revolving Credit Facility	747,707	623,921	—	123,786

(1) Our Macau related credit facilities include a \$2.30 billion equivalent fully funded senior secured term loan facility (the “Wynn Macau Senior Term Loan Facility”) and a \$750 million equivalent senior secured revolving credit facility (the “Wynn Macau Senior Revolving Credit Facility,” and together with the Wynn Macau Senior Term Loan Facility, the “Wynn Macau Credit Facilities”). The borrower is Wynn Macau SA, an indirect wholly owned subsidiary of WML, and borrowings consist of both United States dollar and Hong Kong dollar tranches. Wynn Macau SA has the ability to upsize the Wynn Macau Credit Facilities by an additional \$1 billion in equivalent senior secured loans upon its satisfaction of various conditions.

## **Macau Related Debt**

2024 WML Notes. On September 20, 2017, WML issued the \$600 million 2024 WML Notes pursuant to an indenture, dated as of September 20, 2017, between WML and Deutsche Bank Trust Company Americas, as trustee (the “2024 WML Indenture”). The 2024 WML Notes will mature on October 1, 2024 and bear interest at the rate of 4 7/8% per annum. At any time prior to October 1, 2020, WML may redeem the 2024 WML Notes, in whole or in part, at a redemption price equal to the greater of (a) 100% of the principal amount of the WML 2024 Notes or (b) a “make-whole” amount as determined by an independent investment banker in accordance with the terms of the 2024 WML Indenture. In either case, the redemption price would include accrued and unpaid interest. In addition, at any time prior to October 1, 2020, WML may use the net cash proceeds from certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2024 WML Notes at a redemption price equal to 104.875% of the aggregate principal amount of the 2024 WML Notes. On or after October 1, 2020, WML may redeem the 2024 WML Notes, in whole or in part, at a premium decreasing annually from 102.438% of the principal amount to 100% of the principal amount, plus accrued and unpaid interest.

2027 WML Notes. On September 20, 2017, WML issued the \$750 million 2027 WML Notes pursuant to an indenture, dated as of September 20, 2017, between WML and Deutsche Bank Trust Company Americas, as trustee (the “2027 WML Indenture” and together with the 2024 WML Indenture, the “WML Indentures”). The 2027 WML Notes bear interest at the rate of 5 1/2% per annum and mature on October 1, 2027. At any time prior to October 1, 2022, WML may redeem the 2027 WML Notes, in whole or in part, at a redemption price equal to the greater of (a) 100% of the principal amount of the 2027 WML Notes or (b) a “makewhole” amount as determined by an independent investment banker in accordance with the terms of the 2027 WML Indenture. In either case, the redemption price would include accrued and unpaid interest. In addition, at any time prior to October 1, 2020, WML may use the net cash proceeds from certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2027 WML Notes, at a redemption price equal to 105.5% of the aggregate principal amount of the 2027 WML Notes. On or after October 1, 2022, WML may redeem the 2027 WML Notes, in whole or in part, at a premium decreasing annually from 102.75% of the principal amount to 100% of the principal amount, plus accrued and unpaid interest.

If WML undergoes a change of control (as defined in the WML Indentures), it must offer to repurchase the WML Notes at a price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest. In addition, WML may redeem the WML 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 WML Notes fails to meet certain requirements imposed by any Gaming Authority (as defined in the WML Indentures), WML may require the holder or beneficial owner to dispose of or redeem its WML Notes.

Upon the occurrence of (1) any event after which none of WML or any of its subsidiaries have such licenses, concessions, subconcessions or other permits or authorizations as necessary to conduct gaming activities in substantially the same scope as it does on the date of the WML Notes issuance, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of

*WML and its subsidiaries, taken as a whole, or (2) the termination, rescission, revocation or modification of any such licenses, concessions, subconcessions or other permits or authorizations which has had a material adverse effect on the financial condition, business, properties, or results of operations of WML and its subsidiaries, taken as a whole, each holder of the WML Notes will have the right to require WML to repurchase all or any part of such holders' WML Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest.*

*The WML 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 the Wynn Macau Credit Facilities and the WML Finance Credit Facility. The WML Notes are not registered under the Securities Act of 1933, as amended (the "Securities Act"), and the WML Notes are subject to restrictions on transferability and resale.*

*The WML Indentures contain 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 Indentures contain customary events of default, including, but not limited to: default for 30 days in the payment of interest when due on the WML Notes; default in the payment of the principal, or premium, if any, when due on the WML Notes; failure to comply with any payment obligations relating to the repurchase by WML of the WML Notes upon a change of control; failure to comply with certain covenants in the WML Indentures; certain defaults on certain other indebtedness; failure to pay judgments against WML or certain subsidiaries that, in the aggregate, exceed \$50.0 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 WML Notes then outstanding will become due and payable immediately without further action or notice.*

*Wynn Macau Credit Facilities. In December 2018, Wynn Macau SA amended the Wynn Macau Credit Facilities by entering into the Amended Common Terms Agreement. The Wynn Macau Senior Term Loan Facility was previously repayable in graduating installments of between 2.50% to 7.33% of the principal amount on a quarterly basis commencing December 2018, with a final installment of 50% of the principal amount repayable in September 2021; and the final maturity of any outstanding borrowings from the Wynn Macau Senior Revolving Credit Facility was previously repayable by September 2020. Following the execution of the Amended Common Terms Agreement, the Wynn Macau Senior Term Loan Facility is repayable in graduating installments of between 2.875% to 4.50% of the principal amount on a quarterly basis commencing September 30, 2020, with a final installment of 75% of the principal amount repayable in June 2022. The final maturity of any outstanding borrowings from the Wynn Macau Senior Revolving Credit Facility is in June 2022. The Wynn Macau Credit Facilities bear interest at LIBOR or HIBOR plus a margin of 1.50% to 2.25% per annum based on Wynn Macau SA's Leverage Ratio (as defined in the Wynn Macau Credit Facilities). The commitment fee required to be paid for unborrowed amounts under the Wynn Macau Senior Revolving Credit Facility, if any, is between 0.52% and 0.79%, per annum, based on Wynn Macau SA's Leverage Ratio. The annual commitment fee is payable quarterly in arrears and is calculated based on the daily average of the unborrowed amounts.*

*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's Leverage Ratio is greater than 4.5 to 1, then 25% of Excess Cash Flow (as defined in the Wynn Macau Credit Facilities) must be used for prepayment of indebtedness and cancellation of available borrowings under the Wynn Macau Credit Facilities. There is no mandatory prepayment in respect of Excess Cash Flow if Wynn Macau SA's Leverage Ratio is equal to or less than 4.5 to 1.*

*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 is required by the financial covenants to maintain a Leverage Ratio of not greater than 4.75 to 1 for the fiscal year ended December 31, 2018, and an Interest Coverage Ratio (as defined in the Wynn Macau Credit Facilities) of not less than 2.00 to 1 at any time.*

*Borrowings under the Wynn Macau Credit Facilities will continue to be guaranteed by Palo, 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 and Palo, and the equity interests in Wynn Macau SA. Borrowings under the Wynn Macau Credit Facilities are not guaranteed by the Company or WML.*

*In connection with the gaming concession contract of Wynn Macau SA, Wynn Macau SA entered into a Bank Guarantee Reimbursement Agreement with 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 and the payment of any gaming taxes. As of December 31, 2018, the guarantee was in the amount of MOP 300 million (approximately \$37.3 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 MOP 2.3 million (approximately \$0.3 million).*

## **Critical Accounting Policies and Estimates**

### *Allowance for Estimated Doubtful Accounts Receivable*

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

	<i>December 31,</i>	
	<i>2018</i>	<i>2017</i>
<i>Casino accounts receivable</i>	\$229,594	\$173,664

*As of December 31, 2018 and 2017, 57.9% and 42.4%, respectively, of our outstanding casino accounts receivable balance originated at our Macau Operations.*

## **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

### **Foreign Currency Risks**

*The currency delineated in Wynn Macau SA'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.*

*We expect most of the revenues and expenses for any casino that we operate in Macau will be in Hong Kong dollars or Macau patacas. For any U.S. dollar-denominated debt or other obligations incurred by our Macau-related entities, 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 debt. Based on our balances as of December 31, 2018, an assumed 100 basis point change in the US dollar/Hong Kong dollar exchange rate would cause a foreign currency transaction gain/loss of \$28.1 million.*

# WYNN RESORTS, LIMITED AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### *Note 2 — Summary of Significant Accounting Policies*

#### *Cash, Cash Equivalents and Restricted Cash*

*Cash, cash equivalents and restricted cash consisted of the following (in thousands):*

	<i>December 31,</i> <b>2018</b>	<i>December 31,</i> <b>2017</b>
<i>Restricted cash</i> <sup>(3)</sup>	4,322	2,160

(3) *Restricted cash consists of cash collateral associated with an obligation and cash held in a trust in accordance with WML's share award plan.*

#### *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. As of December 31, 2018 and 2017, approximately 85.0% and 81.7%, 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.*

### *Note 5 — Intangible Assets, net*

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

	<i>December 31,</i> <b>2018</b>	<i>December 31,</i> <b>2017</b>
<b><i>Finite-lived intangible assets:</i></b>		
<i>Macau gaming concession</i>	42,300	42,300
<i>Less: accumulated amortization</i>	(33,965)	(31,582)
	<b>8,335</b>	<b>10,718</b>

The Macau gaming concession is a finite-lived intangible asset that is 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 2019 through 2021, and \$1.2 million in 2022.

## **Note 6 — Long-Term Debt**

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

	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Macau Related:</b>		
<i>Wynn Macau Credit Facilities:</i>		
Senior Term Loan Facility, due 2022	\$2,296,999	\$2,298,798
Senior Revolving Credit Facility, due 2022	623,921	—
4 7/8% Senior Notes, due 2024	600,000	600,000
5 1/2% Senior Notes, due 2027	750,000	750,000

### **Macau Related Debt**

#### *Wynn Macau Credit Facilities*

As of December 31, 2018, the Company had available borrowing capacity under the Wynn Macau Senior Revolving Credit Facility of \$123.8 million. Wynn Macau SA borrows and repays its revolving credit facility from time to time as cash needs permit.

In December 2018, Wynn Macau SA amended the Wynn Macau Credit Facilities by entering into the Amended Common Terms Agreement. The Wynn Macau Senior Term Loan Facility was previously repayable in graduating installments of between 2.50% to 7.33% of the principal amount on a quarterly basis commencing December 2018, with a final installment of 50% of the principal amount repayable in September 2021; and the final maturity of any outstanding borrowings from the Wynn Macau Senior Revolving Credit Facility was previously repayable by September 2020. Following the execution of the Amended Common Terms Agreement, the Wynn Macau Senior Term Loan Facility is repayable in graduating installments of between 2.875% to 4.50% of the principal amount on a quarterly basis commencing September 30, 2020, with a final installment of 75% of the principal amount repayable in June 2022; and the final maturity of any outstanding borrowings from the Wynn Macau Senior Revolving Credit Facility is in June 2022. As of December 31, 2018 and 2017, the weighted average interest rate was 4.17% and 3.16%, respectively. The commitment fee required to be paid for unborrowed amounts under the Wynn Macau Senior Revolving Credit Facility, if any, is between 0.52% and 0.79%, per annum, based on Wynn Macau SA's Leverage Ratio. The annual commitment fee is payable quarterly in arrears and is calculated based on the daily average of the unborrowed amounts.

#### *WML Finance Revolving Credit Facility*

On July 18, 2018, the WML Finance Credit Facility matured with no outstanding borrowings.

*4 7/8% Senior Notes due 2024 and 5 1/2% Senior Notes due 2027*

*On September 20, 2017, WML issued the \$600 million 4 7/8% Senior Notes due 2024 (the “2024 WML Notes”) and the \$750 million of 5 1/2% Senior Notes due 2027 (the “2027 WML Notes” and together with the 2024 WML Notes, the “WML Notes”). WML used the net proceeds from the WML Notes and cash on hand to fund the cost of extinguishing the 5 1/4% Senior Notes due 2021 (the “2021 Notes”).*

*The 2024 WML Notes bear interest at the rate of 4 7/8% per annum and mature on October 1, 2024. The 2027 WML Notes bear interest at the rate of 5 1/2% per annum and mature on October 1, 2027. Interest on the WML Notes is payable semiannually in arrears on April 1 and October 1 of each year, beginning on April 1, 2018.*

*At any time prior to October 1, 2020 and October 1, 2022, WML may redeem the 2024 WML Notes and 2027 WML Notes, respectively, in whole or in part, at a redemption price equal to the greater of (a) 100% of the principal amount of the WML Notes or (b) a “make-whole” amount as determined by an independent investment banker in accordance with the terms of the indentures for the WML Notes, dated as of September 20, 2017 (the “WML Indentures”). In either case, the redemption price would include accrued and unpaid interest. In addition, at any time prior to October 1, 2020, WML may use the net cash proceeds from certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2024 WML Notes and the 2027 WML Notes, at a redemption price equal to 104.875% of the aggregate principal amount of the 2024 WML Notes and 105.5% of the aggregate principal amount of the 2027 WML Notes, as applicable.*

*On or after October 1, 2020 and October 1, 2022, WML may redeem the 2024 WML Notes and 2027 WML Notes, respectively, in whole or in part, at a premium decreasing annually from 102.438% and 102.75%, respectively, of the applicable principal amount to 100% of the applicable principal amount, plus accrued and unpaid interest. If WML undergoes a change of control (as defined in the WML Indentures), it must offer to repurchase the WML Notes at a price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest. In addition, WML may redeem the WML 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 WML Notes fails to meet certain requirements imposed by any Gaming Authority (as defined in the WML Indentures), WML may require the holder or beneficial owner to dispose of or redeem its WML Notes.*

*Upon the occurrence of (1) any event after which none of WML or any of its subsidiaries have such licenses, concessions, subconcessions or other permits or authorizations as necessary to conduct gaming activities in substantially the same scope as it does on the date of the WML Notes issuance, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of WML and its subsidiaries, taken as a whole, or (2) the termination, rescission, revocation or modification of any such licenses, concessions, subconcessions or other permits or authorizations which has had a material adverse effect on the financial condition, business, properties, or results of operations of WML and its subsidiaries, taken as a whole, each holder of the WML Notes will have the right to require WML to repurchase all or any part of such*

holders' WML Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest.

The WML 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 the Wynn Macau Credit Facilities and the WML Finance Credit Facility. The WML Notes are not registered under the Securities Act of 1933, as amended (the "Securities Act") and the WML Notes are subject to restrictions on transferability and resale.

## **Note 8 — Noncontrolling Interests**

### *Wynn Macau, Limited*

On October 5, 2018, WML paid a cash dividend of HK\$0.75 per share, consisting of an interim dividend of HK\$0.32 per share for the six months ended June 30, 2018 and a special dividend of HK\$0.43 per share, for a total of \$496.6 million. The Company's share of this dividend was \$358.3 million with a reduction of \$138.2 million to noncontrolling interests in the accompanying Consolidated Balance Sheet.

On April 25, 2018, WML paid a cash dividend of HK\$0.75 per share for a total of \$497.1 million. The Company's share of this dividend was \$358.8 million with a reduction of \$138.3 million to noncontrolling interests in the accompanying Consolidated Balance Sheet.

On September 15, 2017, WML paid a dividend of HK\$0.21 per share for a total of \$139.4 million. The Company's share of this dividend was \$100.6 million with a reduction of \$38.8 million to noncontrolling interests in the accompanying Consolidated Balance Sheets.

On June 20, 2017, WML paid a dividend of HK\$0.42 per share for a total of \$279.9 million. The Company's share of this dividend was \$202.0 million with a reduction of \$77.9 million to noncontrolling interests in the accompanying Consolidated Balance Sheets.

On April 27, 2016, WML paid a dividend of HK\$0.60 per share for a total of \$401.9 million. The Company's share of this dividend was \$290.1 million with a reduction of \$111.8 million to noncontrolling interests in the accompanying Consolidated Balance Sheets.

## **Note 9 — Benefit Plans**

### *Defined contribution plans*

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, 2018, 2017 and 2016, the Company recorded matching contribution expenses of \$16.6 million, \$15.8 million and \$12.9 million, respectively.

## **Note 10 — Revenue**

### *Disaggregation of Revenues*

The Company operates integrated resorts in Macau and Las Vegas and generates revenues at its properties by providing the following types of services and products: gaming, rooms, food and beverage and entertainment, retail and other. Revenues disaggregated by type of revenue and geographic location are as follows (in thousands):

<b>Year Ended December 31, 2018</b>	<b>Macau Operations</b>
Casino	\$4,350,907
Rooms	283,562
Food and beverage	187,006
Entertainment, retail and other <sup>(1)</sup>	230,616
<b>Total operating revenues</b>	<b><u><u>\$5,052,091</u></u></b>
<b>Year Ended December 31, 2017</b>	
Casino	\$3,788,210
Rooms	217,581
Food and beverage	164,189
Entertainment, retail and other <sup>(1)</sup>	197,217
<b>Total operating revenues</b>	<b><u><u>\$4,367,197</u></u></b>
<b>Year Ended December 31, 2016</b>	
Casino	\$2,313,518
Rooms	158,126
Food and beverage	99,703
Entertainment, retail and other <sup>(1)</sup>	134,948
<b>Total operating revenues</b>	<b><u><u>\$2,706,295</u></u></b>

(1) Includes lease revenue accounted for under lease accounting guidance.

## Note 11 — Stock-Based Compensation

### Wynn Macau, Limited

The Company's majority-owned subsidiary, WML, has two stock-based compensation plans that provide awards based on shares of WML's common stock. The shares available for issuance under these plans are separate and distinct from the common stock of Wynn Resorts' share plan and are not available for issuance for any awards under the Wynn Resorts share plan.

### Share Option Plan

WML adopted a stock incentive plan, effective September 16, 2009, for the grant of stock options to purchase shares of WML to eligible directors and employees of its subsidiaries (the "Share Option Plan"). The Share Option Plan is administered by WML's Board of Directors, which has 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. As of December 31, 2018, there were 507,244,000 shares available for issuance under the Share Option Plan.

The summary of stock option activity under the Share Option Plan for the year ended December 31, 2018 is presented below:

	<u>Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term</u>	<u>Aggregate Intrinsic Value</u>
Outstanding as of January 1, 2018	7,006,000	\$2.32		
Granted	4,494,000	\$2.65		
Exercised	(941,600)	\$1.94		
<b>Outstanding as of December 31, 2018</b>	<b><u>10,558,400</u></b>	<b>\$2.49</b>	<b>7.80</b>	<b>\$1,403,732</b>
Fully vested and expected to vest as of December 31, 2018	<u>10,558,400</u>	\$2.49	7.80	\$1,403,732
Exercisable as of December 31, 2018	<u>3,302,800</u>	\$2.72	5.20	\$484,717

The following is provided for stock options under the Share Option Plan (in thousands, except weighted average grant date fair value):

	<i>Years Ended December 31,</i>		
	<i>2018</i>	<i>2017</i>	<i>2016</i>
<i>Weighted average grant date fair value</i>	\$0.57	\$0.56	\$0.31
<i>Intrinsic value of stock options exercised</i>	\$1,715	\$369	\$—
<i>Cash received from the exercise of stock options</i>	\$1,823	\$703	\$—

As of December 31, 2018, there was \$3.4 million of unamortized compensation expense related to stock options, which is expected to be recognized over a weighted average period of 4.30 years.

#### *Share Award Plan*

On June 30, 2014, the Company's majority-owned subsidiary, WML, approved and adopted the WML Employee Ownership Scheme (the "Share Award Plan"). The Share Award Plan allows for the grant of nonvested shares of WML's common stock to eligible employees. The Share Award Plan is administered by WML's Board of Directors and has been mandated under the plan to allot, issue and process the transfer of a maximum of 50,000,000 shares. The Board of Directors has discretion on the vesting and service requirements, exercise price and other conditions, subject to certain limits. As of December 31, 2018, there were 33,362,988 shares available for issuance under the Share Award Plan.

The summary of nonvested share activity under the Share Award Plan for the year ended December 31, 2018 is presented below:

	<i>Shares</i>	<i>Weighted Average Grant Date Fair Value</i>
<i>Nonvested as of January 1, 2018</i>	11,842,707	\$2.24
<i>Granted</i>	3,256,630	\$3.07
<i>Vested</i>	(3,565,245)	\$3.56
<i>Forfeited</i>	<u>(1,780,825)</u>	\$2.03
 <i>Nonvested as of December 31, 2018</i>	 <u><u>9,753,267</u></u>	 <u><u>\$2.07</u></u>

The weighted average grant date fair value for shares granted during the year and the total fair value of shares vested under the Share Award Plan is presented below (in thousands, except weighted average grant date fair value):

	<b>Years Ended December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
Weighted average grant date fair value	\$3.07	\$2.22	\$1.38
Fair value of shares vested	\$1,309	\$6,884	\$—

As of December 31, 2018, there was \$12.7 million of unamortized compensation expense, which is expected to be recognized over a weighted average period of 2.82 years.

### Compensation Cost

The fair value of stock options granted under WML's Share Option Plan was estimated on the date of grant using the following weighted average assumptions:

	<b>Years Ended December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
Expected dividend yield	5.7%	5.7%	6.3%
Expected volatility	40.2%	41.5%	42.6%
Risk-free interest rate	2.3%	1.1%	1.0%
Expected term (years)	6.5	6.5	6.5

### Note 12 — Income Taxes

Wynn Macau SA received a five-year exemption from Macau's 12% Complementary Tax on casino gaming profits through December 31, 2020. Accordingly, for the years ended December 31, 2018, 2017 and 2016, the Company was exempt from the payment of such taxes totaling \$96.8 million, \$63.0 million and \$27.3 million or \$0.90, \$0.61 and \$0.27 per diluted 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.

Wynn Macau SA also entered into an agreement with the Macau government that provides for an annual payment of MOP 12.8 million (approximately \$1.6 million) as complementary tax otherwise due by stockholders of Wynn Macau SA on dividend distributions through 2020. As a result of the stockholder dividend tax agreements, income tax expense includes \$1.6 million for each of the years ended December 31, 2018, 2017 and 2016.

On December 31, 2018, the statute of limitations for the 2013 Macau Complementary tax return expired. As a result of the expiration of the statute of limitations for the Macau Complementary Tax return, the total amount of unrecognized tax benefits decreased by \$4.7 million.

*In March 2017, the Financial Services Bureau commenced an examination of the 2013 and 2014 Macau income tax returns of Wynn Macau SA. In July 2018, the Financial Services Bureau issued final tax assessments for the Company for the years 2013 and 2014. While no additional tax was due, adjustments were made to the Company's tax loss carryforwards.*

*In July 2017, the Financial Services Bureau commenced an examination of the 2013 and 2014 Macau income tax returns of Palo. In February 2018, the Financial Services Bureau concluded its examination with no changes.*

## **Note 15 — Commitments and Contingencies**

### **Litigation**

*In addition to the actions noted below, the Company and its 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 and cash flows.*

#### *Litigation Commenced by Kazuo Okada*

*On July 3, 2015, WML announced that the Okada Parties filed a complaint in the Court of First Instance of Macau ("Macau Court") against Wynn Macau SA and certain individuals who are or were directors of Wynn Macau SA and or WML (collectively, the "Wynn Macau Parties"). The principal allegations in the lawsuit are that the redemption of the Okada Parties' shares in Wynn Resorts was improper and undervalued, that the previously disclosed payment by Wynn Macau SA to an unrelated third party in consideration of relinquishment by that party of certain rights in and to any future development on the land in Cotai where Wynn Palace is located was unlawful and that the previously disclosed donation by Wynn Resorts to the University of Macau Development Foundation was unlawful. The plaintiffs sought dissolution of Wynn Macau SA and compensatory damages. On July 11, 2017, the Macau Court dismissed all claims by the Okada Parties as unfounded, fined the Okada Parties, and ordered the Okada Parties to pay for court costs and the Wynn Macau Parties' attorney's fees. On or about October 16, 2017, the Okada Parties filed formal appeal papers in Macau, which Wynn Macau SA received on November 21, 2017. Wynn Macau SA filed its response on December 21, 2017. In March 2018, pursuant to the Settlement Agreement, the Universal Parties voluntarily withdrew from the Macau Litigation, leaving Mr. Okada as the sole claimant. On February 21, 2019, the Macau Appellate Panel rejected Mr. Okada's appeal.*

## **Note 16 — Segment Information**

*The Company reviews the results of operations for each of its operating segments. Wynn Macau and Encore, an expansion at Wynn Macau, are managed as a single integrated resort and have been aggregated as one reportable segment ("Wynn Macau"). Wynn Palace is presented as a separate reportable segment and is combined with Wynn Macau for geographical presentation.*

*Other Macau primarily represents the Company's Macau holding company.*

The following tables present the Company's segment information (in thousands):

	<b>Years Ended December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Operating revenues</b>			
<i>Macau Operations:</i>			
Wynn Palace	\$2,757,566	\$2,030,287	\$555,574
Wynn Macau	2,294,525	2,336,910	2,150,721
<b>Total Macau Operations</b>	<b>5,052,091</b>	<b>4,367,197</b>	<b>2,706,295</b>
<b>Adjusted Property EBITDA<sup>(1)</sup></b>			
<i>Macau Operations:</i>			
Wynn Palace	\$843,902	\$527,583	\$103,036
Wynn Macau	733,238	760,752	681,509
<b>Total Macau Operations</b>	<b>1,577,140</b>	<b>1,288,335</b>	<b>784,545</b>

(1) "Adjusted Property EBITDA" is net income before interest, income taxes, depreciation and amortization, litigation settlement expense, pre-opening expenses, property charges and other, management and license fees, corporate expenses and other (including intercompany golf course and water rights leases), stock-based compensation, gain (loss) on extinguishment of debt, change in derivatives fair value, change in Redemption Note fair value and other non-operating income and expenses. 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, as well as a basis for determining certain incentive compensation. 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 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 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, income 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.

	<i>Years ended December 31,</i>		
	<i>2018</i>	<i>2017</i>	<i>2016</i>
<b><i>Capital expenditures</i></b>			
<i>Macau Operations:</i>			
<i>Wynn Palace</i>	\$89,617	\$107,405	\$838,271
<i>Wynn Macau</i>	62,542	43,510	43,548
	<hr/>	<hr/>	<hr/>
<b><i>Total Macau Operations</i></b>	<b><i>152,159</i></b>	<b><i>150,915</i></b>	<b><i>881,819</i></b>

	<i>December 31,</i>		
	<i>2018</i>	<i>2017</i>	<i>2016</i>
<b><i>Assets</i></b>			
<i>Macau Operations:</i>			
<i>Wynn Palace</i>	\$3,858,904	\$4,017,494	\$4,317,458
<i>Wynn Macau</i>	1,903,921	1,271,544	1,161,670
<i>Other Macau</i>	68,487	174,769	28,927
	<hr/>	<hr/>	<hr/>
<b><i>Total Macau Operations</i></b>	<b><i>5,831,312</i></b>	<b><i>5,463,807</i></b>	<b><i>5,508,055</i></b>

	<i>December 31,</i>		
	<i>2018</i>	<i>2017</i>	<i>2016</i>
<b><i>Long-lived assets</i></b>			
<i>Macau</i>	\$4,387,051	\$4,613,950	\$4,973,854”

This announcement contains forward-looking statements. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made by us. The risks and uncertainties include, but are not limited to, competition in the casino/hotel and resorts industries, our Company’s dependence on existing management, levels of travel, leisure and casino spending, general economic conditions, and changes in gaming laws or regulations. Additional information concerning potential factors that could affect our Company’s financial results are included in our published interim and annual reports. We are under no obligation to (and expressly disclaim any such obligation to) update the forward-looking statements as a result of new information, future events or otherwise.

Our shareholders and potential investors are advised not to place undue reliance on the WRL Annual Report and to exercise caution in dealing in securities in our Company.

By order of the Board  
**Wynn Macau, Limited**  
**Dr. Allan Zeman**  
*Chairman*

Hong Kong, 1 March 2019

*As at the date of this announcement, the Board comprises Matthew O. Maddox and Ian Michael Coughlan (as Executive Directors); Linda Chen (as Executive Director and Vice Chairman); Craig S. Billings (as Non Executive Director); Allan Zeman (as Independent Non-Executive Director and Chairman); and Jeffrey Kin-fung Lam, Bruce Rockowitz and Nicholas Sallnow-Smith (as Independent Non-Executive Directors).*