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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 Codes: 5279, 5280)

INSIDE INFORMATION

ANNUAL REPORT FOR THE FISCAL YEAR 2017 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 2018 (2:06 p.m., Las Vegas time), released its Annual Report for the fiscal year 2017.

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 the 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.

Reference is made to our announcement on 23 January 2018 (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 2017. Unless otherwise defined in this announcement, terms defined in the WRL Earnings Release Announcement have the same meaning when used in this announcement.

* For identification purposes only.

Further to the WRL Earnings Release Announcement, Wynn Resorts, Limited has, on or about 28 February 2018, 2:06 p.m., Las Vegas time, released its audited Annual Report for the fiscal year 2017 (“**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/1174922/000117492218000019/0001174922-18-000019-index.htm>. The WRL Annual Report contains segment financial information about Wynn Resorts, Limited’s Macau operations, which are owned by our Company. 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. In particular, Average Daily Rate (“**ADR**”) and Revenue Per Available Room (“**REVPAR**”) as presented in the WRL Annual Report are based on room revenues as reported under U.S. GAAP, which include associated promotional allowances within room revenues. Under U.S. GAAP, promotional allowances are deducted from gross revenues in presenting net revenue. Under IFRS, room revenues exclude such promotional allowances. 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 2017 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 2017 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, 2017

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 16 acres of land in downtown Macau’s inner harbor where Wynn Macau is located and 51 acres of land in the Cotai area of Macau where Wynn Palace is located.

Wynn Macau features the following as of February 15, 2018:

- Approximately 273,000 square feet of casino space, offering 24-hour gaming and a full range of games with 316 table games and 988 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;*
- Eight 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, 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.*

Wynn Palace features the following as of February 15, 2018:

- Approximately 420,000 square feet of casino space, offering 24-hour gaming and a full range of games with 323 table games and 1,115 slot machines, private gaming salons and sky casinos;*
- A luxury hotel tower with a total of 1,706 guest rooms, suites and villas;*

- *11 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.*

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.

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 2018 Forbes Travel Guide Star Rating list.*
- *Wynn Palace has earned a coveted Five-Star triple crown for its hotel, spa and Sushi Mizumi restaurant on the 2018 Forbes Travel Guide Star Rating list.*
- *Wynn Palace is the first and only resort in the world with more than one thousand rooms to receive Five Stars.*
- *Wynn Macau continues to be the only resort in the world with eight Forbes Travel Guide Five-Star awards.*

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, and approximately one hour away via ferry from, Hong Kong. Macau, which has been a casino destination for more than 50 years, consists principally of a peninsula on mainland China 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 \$33.1 billion in 2017.

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 2017 came from mainland China, Hong Kong, and Taiwan. Travel to Macau by citizens of mainland China requires a visa.

Government statistics show an increase of 5.4% in Macau tourist arrivals in 2017 compared to 2016, from 31 million to 33 million, which contributed to an increase in annual gaming revenues in Macau from \$27.9 billion in 2016 to \$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, 2017, there were 37,100 hotel rooms, 6,419 table games and 15,622 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 during 2016 and 2017 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, Philippines, Malaysia, Australia, Las Vegas, cruise ships in Asia that offer gaming, and other casinos throughout Asia. If current efforts to legalize gaming in other Asian countries, such as Japan, are successful, our Macau Operations will face additional competition.

Regulation and Licensing

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. In light of the article, on January 26, 2018, the Company's Board of Directors formed a Special Committee comprised solely of independent directors to investigate the allegations against Mr. Wynn. On February 12, 2018, the Special Committee announced that its review was expanded to include 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. The Board of Directors also announced that its Nominating and Corporate Governance Committee is commencing a process to add additional directors to strengthen the composition, skills and experience of the Board of Directors. The NGCB and the MGC have also commenced investigations into the foregoing matters, including suitability with respect to the Company and its licensees. The Company is cooperating with these regulatory reviews. In addition, the DICJ is monitoring and reviewing the situation, and the Company is cooperating. As discussed further below, each of these regulatory authorities has extensive power to license and oversee the operations of our casino resorts.

Macau

Concession Agreement.

The Macau government has publicly commented that it is studying the process by which gaming concessions and subconcessions will be renewed. Our gaming concession ends in 2022 along with Galaxy's, Sands' and Melco's concessions. SJM's and MGM China's concessions will end in 2020.

Employees

As of December 31, 2017, we had approximately 25,200 employees (including approximately 13,100 in Macau and 12,100 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, gaming regulators in Macau, Massachusetts and Nevada are reviewing the situation. Each of these 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 or Mr. Wynn, including actions that could affect the ability or terms upon which our subsidiaries hold their gaming licenses and concessions, the suitability of the Company to continue as a stockholder of those subsidiaries, and/or the suitability of Mr. Wynn to continue as a stockholder of the Company. As discussed in Item 3 — “Legal Proceedings” and Item 8 — “Financial Statements and Supplementary Data,” Note 14, “Commitments and Contingencies — Litigation,” 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 developments regarding Mr. Wynn have and may in the future affect the course of proceedings and the parties’ position in litigation in which Elaine P. Wynn, Mr. Wynn’s former spouse, submitted a cross claim seeking to void a stockholders agreement to which she and Mr. Wynn are parties. The cross claim, if successful, could increase the possibility of a change in control occurring for purposes of certain Wynn Las Vegas, LLC debt documents. For additional information on the cross claim, see Item 8 — “Financial Statements and Supplementary Data,” Note 14, “Commitments and Contingencies.” 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 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.

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

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 Nevada gaming authorities require us, to conduct our operations in the United States.

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 are reviewing the allegations, the Company's internal policies and procedures with respect to maintaining a safe and respectful workplace for all employees and suitability with respect to the Company and its related licensees. The gaming regulator in Macau is monitoring and reviewing the situation. Each of these 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 or Mr. Wynn, including actions that could affect the ability or terms upon which our subsidiaries hold their gaming licenses and concessions, the suitability of the Company to continue as a stockholder of those affiliates and/or the suitability of Mr. Wynn to continue as a stockholder of the Company.

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

There has been widespread publicity of the findings in the Freeh Report of prima facie violations of law by Mr. Okada and his affiliates, the Board of Directors' unsuitability finding, the redemption of shares and related litigation. In addition, Elaine P. Wynn has asserted various claims against Mr. Wynn, the Company and various Company officers, which have and may continue to draw adverse publicity or impugn the Company's reputation.

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 announced that its review was expanded to include 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. Gaming regulators in Massachusetts and Nevada are reviewing these matters, including suitability with respect to the Company and its related licensees, and the Company is cooperating with these regulatory reviews. The gaming regulator in Macau is monitoring and reviewing the situation, and the Company is cooperating.

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.

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

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

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

We rely on information technology and other systems (including those maintained by third parties with whom we contract to provide data services) to maintain and transmit large volumes of customer financial information, credit card settlements, credit card funds transmissions, mailing lists and reservations information and other personally identifiable information. We also maintain important internal company data such as personally identifiable information about our employees and information relating to our operations. The systems and processes we have implemented to protect customers, employees and company information are subject to the ever-changing risk of compromised security. These risks include cyber and physical security breaches, system failure, computer viruses, and negligent or intentional misuse by customers, company employees, or employees of third-party vendors. The steps we take to deter and

mitigate these risks may not be successful and our insurance coverage for protecting against cybersecurity risks may not be sufficient. Our third-party information system service providers face risks relating to cybersecurity similar to ours, and we do not directly control any of such parties' information security operations. A significant theft, loss or fraudulent use of customer or company data maintained by us or by a third-party service provider could have an adverse effect on our reputation, cause a material disruption to our operations and management team, and result in remediation expenses, regulatory penalties and litigation by customers and other parties whose information was subject to such attacks, all of which could have a material adverse effect on our business, results of operations and cash flows.

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

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

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

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

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

Furthermore, due to the increased use of technology in computerized gaming machines and in business operations generally, other forms of intellectual property rights (such as patents and copyrights) are becoming of increased relevance. It is possible that, in the future, third parties might assert superior intellectual property rights or allege that their intellectual property rights cover some aspect of our operations. The defense of such allegations may result in substantial expenses, and, if such claims are successfully prosecuted, may have a material impact on our business. 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 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 of our concession in 2022 or if the Macau government exercises its redemption right

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

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, permits casinos to maintain certain limited smoking areas open to VIP patrons if such areas are within restricted access areas, comply with certain square footage ratios based on overall gaming area square footage and comply with the conditions set out in the Dispatch of the Chief Executive, dated November 1, 2012, as amended by the Dispatch of the Chief Executive, dated June 3, 2014. Prior public announcements by the Macau government indicated that the Macau government intended to pursue a full smoking ban within all Macau casinos, however, a new tobacco control law went into effect on January 1, 2018 requiring casinos to prohibit smoking in the currently permissible areas by December 31, 2018 and construct smoking lounges in accordance with certain stringent technical standards still to be determined. The existing smoking legislation, and any smoking legislation intended to fully ban all smoking in casinos, may deter potential gaming customers who are smokers from frequenting casinos in Macau and disrupt the number of patrons visiting or the amount of time visiting patrons spend at our property, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Extreme weather conditions may have an adverse impact on 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. 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 only then would holders of our Macau subsidiaries' unsecured debt be entitled to payment from their 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, 2017, 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 Macau and Wynn Palace, subject to the aggregate cap. As of February 15, 2018, we had a total of 316 table games at Wynn Macau and 323 at Wynn Palace. The mix of table games in operation at Wynn Macau and Wynn Palace 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, 2017, Mr. Wynn and Elaine P. Wynn owned 12,131,707 shares and 9,539,077 shares, respectively, or in the aggregate approximately 21.1%, of our outstanding common stock. As a result, Mr. Wynn and Elaine P. Wynn, to the extent they vote their shares in a similar manner, may be able to exert significant influence over all matters requiring our stockholders' approval, including the approval of significant corporate transactions.

Under the Stockholders Agreement, Mr. Wynn and Elaine P. Wynn have agreed to vote the shares of Wynn Resorts' common stock held by them that are subject to the terms of the Stockholders Agreement in a manner so as to elect to our Board of Directors each of the nominees contained on each and every slate of directors endorsed by Mr. Wynn. As a result of this voting arrangement, Mr. Wynn, as a practical matter, exercises significant influence over the slate of directors to be elected to Wynn Resorts' Board of Directors. In addition, with stated exceptions, the Stockholders Agreement requires the written consent of the other party prior to any party selling any shares of Wynn Resorts' common stock that it owns.

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;*

- *the Okada Parties have challenged the redemption of Aruze’s shares and we are currently involved in litigation with those parties as well as related stockholder derivative litigation. The outcome of these various proceedings cannot be predicted. Any adverse judgments or settlements involving payment of a material sum of money could cause a material adverse effect on our financial condition and results of operations and could expose us to additional claims by third parties including current or former investors or regulators. Any adverse judgments or settlements would reduce our profits and could limit our ability to operate our business;*
- *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.

<i>Property</i>	<i>Approximate Acres</i>	<i>Location</i>
<i>Macau Operations⁽¹⁾</i>		
<i>Wynn Macau</i>	<i>16</i>	<i>Located in downtown Macau’s inner harbor.</i>
<i>Wynn Palace</i>	<i>51</i>	<i>Located in the Cotai area of Macau.</i>

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(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 Macau is leased under a land concession contract with a term of 25 years from August 2004, which may be renewed with government approval for successive periods. Wynn Palace is leased under a land concession contract with a term of 25 years from May 2012, 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. See Item 8 —“Financial Statements and Supplementary Data,” Note 14, “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

<i>December 31,</i>				
<u>2017⁽¹⁾</u>	<u>2016⁽²⁾</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>(in thousands, except per share amounts)</i>				

Consolidated Balance

Sheets Data:

<i>Cash and cash equivalents</i>	\$2,804,474	\$2,453,122	\$2,080,089	\$2,182,164	\$2,435,041
<i>Total long-term obligations⁽³⁾</i>	9,673,099	10,279,375	9,327,143	7,482,510	6,748,283

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

(3) 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

Overview

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

Macau Operations

Wynn Macau features two luxury hotel towers with a total of 1,008 guest rooms and suites, approximately 273,000 square feet of casino space, eight food and beverage outlets, approximately 31,000 square feet of meeting and convention space, approximately 59,000 square feet of retail space, a rotunda show and recreation and leisure facilities.

On August 22, 2016, we opened Wynn Palace, an integrated resort in the Cotai area of Macau. Wynn Palace features a luxury hotel tower with 1,706 guest rooms, suites and villas, approximately 420,000 square feet of casino space, 11 food and beverage outlets, approximately 37,000 square feet of meeting and convention space, approximately 106,000 square feet of retail space, public attractions, including a performance lake and floral art displays, and recreation and leisure facilities.

Results of Operations

Summary annual results

Wynn Palace opened on August 22, 2016, with our results for the year ended December 31, 2016 including 132 days of operations.

Adjusted Property EBITDA was \$1.81 billion for the year ended December 31, 2017, an increase of 43.8%, or \$551.4 million, from \$1.26 billion for the same period of 2016. The increase in Adjusted Property EBITDA was the result of increases of \$424.5 million, \$79.2 million, and \$47.7 million from Wynn Palace, Wynn Macau and our Las Vegas Operations, respectively.

Adjusted Property EBITDA was \$1.26 billion for the year ended December 31, 2016, an increase of 6.2%, or \$73.5 million, from \$1.19 billion for the same period of 2015. The increase in Adjusted Property EBITDA was primarily due to the new operations associated with the opening of Wynn Palace, partially offset by a decrease of 3.8% from Wynn Macau driven by a decrease in business volumes.

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

Net revenues

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

	<u>Years Ended December 31,</u>		<u>Percent Change</u>
	<u>2017</u>	<u>2016</u>	
Net Revenues			
<i>Macau Operations:</i>			
Wynn Macau	\$2,485,804	\$2,264,087	9.8
Wynn Palace ⁽¹⁾	2,139,154	583,336	266.7
Total Macau Operations	4,624,958	2,847,423	62.4

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

Net revenues increased 41.2%, or \$1.84 billion, to \$6.31 billion for the year ended December 31, 2017, from \$4.47 billion for the same period of 2016. The increase was the result of increases of \$1.56 billion, \$221.7 million and \$62.5 million from Wynn Palace, Wynn Macau and our Las Vegas Operations, respectively.

Casino revenues

Casino revenues increased 51.4%, or \$1.68 billion, to \$4.95 billion for the year ended December 31, 2017, from \$3.27 billion for the same period of 2016. The increase was primarily due to increases of \$1.45 billion, \$225.0 million and \$9.7 million from Wynn Palace, Wynn Macau and our Las Vegas Operations, respectively. The increase in casino revenues from Wynn Macau was primarily driven by a 23.9% increase in VIP turnover.

Prior to the opening of Wynn Palace, the Gaming Inspection and Coordination Bureau of Macau 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 Macau and Wynn Palace, subject to the aggregate cap, to optimize our casino operations. As of February 15, 2018, we had a total of 316 table games at Wynn Macau and 323 at Wynn Palace.

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>		
Macau Operations:				
<i>Wynn Macau:</i>				
Total casino revenues	\$2,360,221	\$2,135,193	\$225,028	10.5
<i>VIP:</i>				
Average number of table games	96	149	(53)	(35.6)
VIP turnover	\$58,303,836	\$47,048,754	\$11,255,082	23.9
Table games win	\$1,907,625	\$1,547,261	\$360,364	23.3
VIP win as a % of turnover	3.27%	3.29%	(0.02)	
Table games win per unit per day	\$54,726	\$28,332	\$26,394	93.2
<i>Mass market:</i>				
Average number of table games	204	216	(12)	(5.6)
Table drop	\$4,525,727	\$4,585,476	\$(59,749)	(1.3)
Table games win	\$880,964	\$881,797	\$(833)	(0.1)
Table games win %	19.5%	19.2%	0.3	
Table games win per unit per day	\$11,820	\$11,131	\$689	6.2
Average number of slot machines	914	802	112	14.0
Slot machine handle	\$3,526,747	\$3,386,973	\$139,774	4.1
Slot machine win	\$154,425	\$145,680	\$8,745	6.0
Slot machine win per unit per day	\$463	\$497	\$(34)	(6.8)
<i>Wynn Palace⁽¹⁾:</i>				
Total casino revenues	\$1,965,362	\$519,877	\$1,445,485	278.0
<i>VIP:</i>				
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

	<u>Years Ended December 31,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2017</u>	<u>2016</u>		
<i>Mass market:</i>				
<i>Average number of table games</i>	202	245	(43)	(17.6)
<i>Table drop</i>	\$3,490,363	\$1,000,881	\$2,489,482	248.7
<i>Table games win</i>	\$795,159	\$211,146	\$584,013	276.6
<i>Table games win %</i>	22.8%	21.1%	1.7	
<i>Table games win per unit per day</i>	\$10,759	\$6,527	\$4,232	64.8
<i>Average number of slot machines</i>	1,026	962	64	6.7
<i>Slot machine handle</i>	\$3,053,614	\$738,907	\$2,314,707	313.3
<i>Slot machine win</i>	\$165,754	\$40,664	\$125,090	307.6
<i>Slot machine win per unit per day</i>	\$443	\$320	\$123	38.4

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

Non-casino revenues

Non-casino revenues increased 13.3%, or \$159.9 million, to \$1.36 billion for the year ended December 31, 2017, from \$1.20 billion for the same period of 2016, primarily due to the increases of \$110.3 million and \$52.9 million from Wynn Palace and our Las Vegas Operations, respectively, partially offset by a decrease of \$3.3 million from Wynn Macau.

Room revenues increased 16.7%, or \$100.9 million, to \$704.2 million for the year ended December 31, 2017, from \$603.3 million for the same period of 2016, primarily due to increases of \$92.1 million and \$19.4 million from Wynn Palace and our Las Vegas Operations, respectively, partially offset by a decrease of \$10.6 million from Wynn Macau. The increase experienced by our Las Vegas Operations was driven by an ADR increase of 3.0% and a 1.6 percentage point increase in occupancy, while the decrease from Wynn Macau was a result of an ADR decline of 12.3%, partially offset by a 3.1 percentage point increase in occupancy.

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

	<u>Years Ended December 31,</u>		<u>Percent Change⁽¹⁾</u>
	<u>2017</u>	<u>2016</u>	
Macau Operations:			
Wynn Macau:			
Total room revenues (dollars in thousands)	\$101,242	\$111,817	(9.5)
Occupancy	97.5%	94.4%	3.1
ADR	\$257	\$293	(12.3)
REVPAR	\$251	\$277	(9.4)
Wynn Palace ⁽²⁾ :			
Total room revenues (dollars in thousands)	\$146,980	\$54,843	168.0
Occupancy	96.2%	83.2%	13.0
ADR	\$237	\$276	(14.1)
REVPAR	\$227	\$230	(1.3)

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

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

Food and beverage revenues increased 14.9%, or \$89.4 million, to \$690.9 million for the year ended December 31, 2017, from \$601.5 million for the same period of 2016, primarily due to increases of \$60.4 million and \$32.0 million from Wynn Palace and our Las Vegas Operations, respectively, partially offset by a decrease of \$3.1 million from Wynn Macau, respectively.

Entertainment, retail and other increased 16.9%, or \$61.4 million, to \$424.8 million for the year ended December 31, 2017, from \$363.4 million for the same period of 2016, primarily due to \$62.8 million from Wynn Palace.

Promotional allowances increased 24.8%, or \$91.8 million, to \$461.9 million for the year ended December 31, 2017, from \$370.1 million for the same period of 2016. The increase was primarily due to an increase of \$105.0 million from Wynn Palace, partially offset by decreases of \$8.0 million and \$5.2 million from Wynn Macau and our Las Vegas Operations, respectively. The decreases from Wynn Macau and our Las Vegas Operations were primarily a result of a greater percentage of cash-paying guests in our rooms and food and beverage outlets.

Operating expenses

Operating expenses increased 33.1%, or \$1.31 billion, to \$5.25 billion for the year ended December 31, 2017, from \$3.94 billion for the same period of 2016, primarily due to increases in casino expenses of \$1.12 billion, depreciation and amortization of \$147.6 million and general and administrative expenses of \$137.3 million, partially offset by a decrease of \$128.0 million in pre-opening expenses, all primarily related to the opening of Wynn Palace.

Casino expenses increased 53.8%, or \$1.12 billion, to \$3.20 billion for the year ended December 31, 2017, from \$2.08 billion for the same period of 2016, primarily due to increases of \$975.1 million and \$150.1 million from Wynn Palace and Wynn Macau, respectively. The increase at Wynn Macau was driven by gaming taxes, which increased commensurate with the 10.5% increase in casino revenues.

Room expenses increased 12.4%, or \$19.6 million, to \$177.5 million for the year ended December 31, 2017, from \$157.9 million for the same period of 2016. The increase was primarily due to increases of \$10.5 million and \$9.7 million from our Las Vegas Operations and Wynn Palace, respectively, mainly attributable to expenses associated with the increase in occupancy and an increase in labor costs.

Food and beverage expenses increased 9.5%, or \$35.6 million, to \$410.8 million for the year ended December 31, 2017, from \$375.2 million for the same period of 2016, primarily due to increases of \$23.7 million and \$16.8 million from Wynn Palace and our Las Vegas Operations, respectively.

Entertainment, retail and other expenses increased 10.0%, or \$16.2 million, to \$177.3 million for the year ended December 31, 2017, from \$161.1 million for the same period of 2016, primarily related to Wynn Palace.

General and administrative expenses increased 25.1%, or \$137.3 million, to \$685.5 million for the year ended December 31, 2017, from \$548.1 million for the same period of 2016, primarily related to Wynn Palace.

Pre-opening expenses were \$26.7 million for the year ended December 31, 2017, compared to \$154.7 million for the same period of 2016. During the year ended December 31, 2016, we incurred \$129.8 million related to Wynn Palace, \$22.7 million related to Wynn Boston Harbor, and \$2.3 million related to our Las Vegas Operations.

Depreciation and amortization increased 36.5%, or \$147.6 million, to \$552.4 million for the year ended December 31, 2017, from \$404.7 million for the same period of 2016. The increase was primarily due to the opening of Wynn Palace with the associated building and furniture, fixtures and equipment being placed in service.

Property charges and other was \$29.6 million for the year ended December 31, 2017, compared to \$54.8 million for the same period of 2016. During the year ended December 31, 2017, we incurred \$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 \$75.7 million for the year ended December 31, 2017, compared to the same period of 2016, primarily due to the completion of Wynn Palace construction activities in August 2016 and a \$25.6 million out-of-period adjustment recorded in the first quarter of 2016.

Other non-operating income and expenses

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 \$21.7 million and \$0.7 million for the years ended December 31, 2017 and 2016, 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

For the years ended December 31, 2017 and 2016, we recorded a tax benefit of \$329.0 million and a tax expense of \$8.1 million, respectively. Our income tax benefit for the year ended December 31, 2017 primarily relates to a provisional tax benefit of \$339.9 million resulting from the impact of U.S. tax reform on the Company’s deferred taxes. Our income tax expense for the year ended December 31, 2016 primarily related to an increase in our deferred tax liabilities.

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, based upon the current status of the examination, we believe no changes to the unrecognized tax benefits are 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.

Financial results for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Net Revenues

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

	<u>Years Ended December 31,</u>		<u>Percent Change</u>
	<u>2016</u>	<u>2015</u>	
<i>Net revenues</i>			
<i>Macau Operations:</i>			
Wynn Macau	\$2,264,087	\$2,463,092	(8.1)
Wynn Palace ⁽¹⁾	583,336	—	—
<i>Total Macau Operations</i>	2,847,423	2,463,092	15.6

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

Net revenues increased 9.6%, or \$390.4 million, to \$4.47 billion for the year ended December 31, 2016, from \$4.08 billion for the same period of 2015. The increase was primarily due to \$583.3 million from Wynn Palace and an increase of \$6.1 million from our Las Vegas Operations, partially offset by a decrease of \$199.0 million from Wynn Macau.

Casino Revenues

Casino revenues increased 11.4%, or \$335.7 million, to \$3.27 billion for the year ended December 31, 2016, from \$2.93 billion in the same period of 2015. The increase was primarily due to casino revenues of \$519.9 million from Wynn Palace, partially offset by a \$177.7 million decrease from Wynn Macau. The decline in casino revenues from Wynn Macau was driven by a decrease in business volumes from both our VIP and mass market operations, with decreases in VIP turnover of 18.8%, table drop of 5.6% and slot handle of 14.5%. The business volume decrease for Wynn Macau was primarily driven by the impact from the economic and political conditions in Macau and China, as well as from resort openings in the Cotai area of Macau, including Wynn Palace. We experienced a VIP win as a percentage of turnover of 3.29% for the year ended December 31, 2016, compared to 2.87% for the same period of 2015, which partially offset the business volume decrease in our VIP operations.

Prior to the opening of Wynn Palace, the Gaming Inspection and Coordination Bureau of Macau 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 Macau and Wynn Palace, subject to the aggregate cap, to optimize our casino 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>2016</u>	<u>2015</u>		
Macau Operations:				
<i>Wynn Macau:</i>				
Total casino revenues	\$2,135,193	\$2,312,925	\$(177,732)	(7.7)
<i>VIP:</i>				
Average number of table games	149	230	(81)	(35.2)
VIP turnover	\$47,048,754	\$57,917,060	\$(10,868,306)	(18.8)
Table games win	\$1,547,261	\$1,659,683	\$(112,422)	(6.8)
VIP win as a % of turnover	3.29%	2.87%	0.42	
Table games win per unit per day	\$28,332	\$19,785	\$8,547	43.2
<i>Mass market:</i>				
Average number of table games	216	228	(12)	(5.3)
Table drop	\$4,585,476	\$4,857,804	\$(272,328)	(5.6)
Table games win	\$881,797	\$951,458	\$(69,661)	(7.3)
Table games win %	19.2%	19.6%	(0.4)	
Table games win per unit per day	\$11,131	\$11,431	\$(300)	(2.6)
Average number of slot machines	802	708	94	13.3
Slot machine handle	\$3,386,973	\$3,961,115	\$(574,142)	(14.5)
Slot machine win	\$145,680	\$191,164	\$(45,484)	(23.8)
Slot machine win per unit per day	\$497	\$740	\$(243)	(32.8)

	<u>Years Ended December 31,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2016</u>	<u>2015</u>		
<i>Wynn Palace⁽¹⁾:</i>				
<i>Total casino revenues</i>	\$519,877	\$—	\$519,877	—
<i>VIP:</i>				
<i>Average number of table games</i>	81	—	81	—
<i>VIP turnover</i>	\$14,480,023	\$—	\$14,480,023	—
<i>Table games win</i>	\$396,954	\$—	\$396,954	—
<i>VIP win as a % of turnover</i>	2.74%	—%	2.74	—
<i>Table games win per unit per day</i>	\$37,009	\$—	\$37,009	—
<i>Mass market:</i>				
<i>Average number of table games</i>	245	—	245	—
<i>Table drop</i>	\$1,000,881	\$—	\$1,000,881	—
<i>Table games win</i>	\$211,146	\$—	\$211,146	—
<i>Table games win %</i>	21.1%	—%	21.1	—
<i>Table games win per unit per day</i>	\$6,527	\$—	\$6,527	—
<i>Average number of slot machines</i>	962	—	962	—
<i>Slot machine handle</i>	\$738,907	\$—	\$738,907	—
<i>Slot machine win</i>	\$40,664	\$—	\$40,664	—
<i>Slot machine win per unit per day</i>	\$320	\$—	\$320	—

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

Non-casino revenues

Non-casino revenues increased 4.8%, or \$54.7 million, to \$1.20 billion for the year ended December 31, 2016, from \$1.14 billion for the same period of 2015, primarily due to the opening of Wynn Palace during the third quarter of 2016 and an increase of 5.7% in room revenue from our Las Vegas Operations, partially offset by a 14.4% decrease in non-casino revenues at Wynn Macau.

Room revenues increased 12.0%, or \$64.8 million, to \$603.3 million for the year ended December 31, 2016, from \$538.5 million for the same period of 2015, primarily due to \$54.8 million from Wynn Palace and an increase of \$23.5 million from our Las Vegas Operations, partially offset by a decrease of \$13.5 million from Wynn Macau. The increase experienced by our Las Vegas Operations was driven by an ADR increase of 3.9% while the decrease from Wynn Macau was the result of an ADR decline of 9.3% and a 2.1 percentage point decrease in occupancy.

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

	<u>Years Ended December 31,</u>		<u>Percent Change⁽¹⁾</u>
	<u>2016</u>	<u>2015</u>	
Macau Operations:			
Wynn Macau:			
Total room revenues (dollars in thousands)	\$111,817	\$125,348	(10.8)
Occupancy	94.4%	96.5%	(2.1)
ADR	\$293	\$323	(9.3)
REVPAR	\$277	\$312	(11.2)
Wynn Palace ⁽²⁾ :			
Total room revenues (dollars in thousands)	\$54,843	\$—	—
Occupancy	83.2%	—%	—
ADR	\$276	\$—	—
REVPAR	\$230	\$—	—

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

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

Food and beverage revenues increased 0.7%, or \$4.4 million, to \$601.5 million for the year ended December 31, 2016, from \$597.1 million for the same period of 2015, primarily due to \$27.1 million from Wynn Palace, partially offset by decreases of \$12.0 million and \$10.7 million from our Las Vegas Operations and Wynn Macau, respectively. The decrease at our Las Vegas Operations was primarily due to a decline in revenues at our nightclubs and the decrease from Wynn Macau was mainly from a decline in revenues at our restaurants.

Entertainment, retail and other increased 3.7%, or \$12.8 million, to \$363.4 million for the year ended December 31, 2016, from \$350.6 million for the same period of 2015, primarily due to \$38.0 million from Wynn Palace, partially offset by a \$19.3 million decrease in revenue from retail shops at Wynn Macau.

Operating expenses

Operating expenses increased 15.4%, or \$527.6 million, to \$3.94 billion for the year ended December 31, 2016, from \$3.42 billion for the same period of 2015, driven primarily by increases in casino expenses of \$217.1 million, general and administrative expenses of \$83.3 million, depreciation and amortization of \$82.1 million and pre-opening expenses of \$77.1 million, all primarily due to the opening of Wynn Palace.

Room expenses increased 6.0%, or \$8.9 million, to \$157.9 million for the year ended December 31, 2016, from \$149.0 million for the same period of 2015. The increase was primarily due to \$16.4 million from Wynn Palace and a \$4.3 million increase from our Las Vegas Operations, partially offset by an \$11.6 million decrease from Wynn Macau.

Food and beverage expenses increased 3.9%, or \$14.0 million, to \$375.2 million for the year ended December 31, 2016, from \$361.2 million for the same period of 2015, primarily related to Wynn Palace.

Entertainment, retail and other expenses increased 2.4%, or \$3.7 million, to \$161.1 million for the year ended December 31, 2016, from \$157.4 million in the same period of 2015. The increase was primarily due to \$8.9 million from Wynn Palace, partially offset by a decrease of \$4.8 million from Wynn Macau.

General and administrative expenses increased 17.9%, or \$83.3 million, to \$548.1 million for the year ended December 31, 2016, from \$464.8 million in the same period of 2015. The increase was primarily due to \$73.9 million from Wynn Palace, as well as increases in general and administrative expenses from our Las Vegas Operations and corporate related expenses.

Provision for doubtful accounts decreased 26.2%, or \$2.9 million, to \$8.2 million for the year ended December 31, 2016, from \$11.1 million for the same period of 2015. The change in the provision was primarily due to increased collections of certain casino accounts receivable at Wynn Macau.

Pre-opening expenses were \$154.7 million for the year ended December 31, 2016, compared to \$77.6 million for the same period of 2015. During the year ended December 31, 2016, we incurred pre-opening expenses of \$129.8 million related to Wynn Palace, \$22.7 million related to Wynn Boston Harbor and \$2.3 million related to our Las Vegas Operations. During the year ended December 31, 2015 we incurred pre-opening expenses of \$55.1 million and \$22.6 million related to Wynn Palace and Wynn Boston Harbor, respectively.

Depreciation and amortization increased 25.4%, or \$82.1 million, to \$404.7 million for the year ended December 31, 2016, from \$322.6 million for the same period of 2015. The increase was attributable to \$105.9 million from Wynn Palace, primarily from the opening and associated building and furniture, fixtures and equipment placed in service, partially offset by a decrease of \$14.1 million at Wynn Macau. The majority of the Wynn Macau decrease was due to a change in estimated useful lives of buildings and improvements, which was effective September 1, 2015, to more accurately reflect the estimated periods during which these assets are expected to remain in service.

Interest expense, net of capitalized interest

Capitalized interest increased \$40.8 million for the year ended December 31, 2016, primarily due to the \$25.6 million correction of an immaterial amount during 2016 as well as the construction of Wynn Palace.

Other non-operating income and expenses

In connection with the amendment of the Wynn Macau Credit Facilities, we expensed \$2.1 million of unamortized debt issuance costs. We incurred no loss on extinguishment of debt for the year ended December 31, 2016.

We incurred a gain of \$0.4 million and a loss of \$5.3 million from the change in the fair value of our interest rate swaps for the years ended December 31, 2016 and 2015, respectively.

Income Taxes

For the years ended December 31, 2016 and 2015, we were exempt from the payment of \$27.3 million and \$41.6 million, respectively, under our exemption from the Macau Complementary Tax on gaming profits. 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.

Net income attributable to noncontrolling interests

Net income attributable to noncontrolling interests was \$60.5 million for the year ended December 31, 2016, compared to \$86.2 million for the year ended December 31, 2015. 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, 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 on extinguishment of debt, change in interest rate swap fair value, change in Redemption Note fair value and other non-operating income and expenses, and includes equity in income from unconsolidated affiliates. Adjusted Property EBITDA is presented exclusively as a supplemental disclosure because management believes that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. Management uses Adjusted Property EBITDA as a measure of the operating performance of its segments and to compare the operating performance of its properties with those of its competitors, 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 U.S. generally accepted accounting principles ("GAAP"). In order to view the operations of their casinos on a more standalone 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 15, “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>2017</u>	<u>2016</u>	<u>2015</u>
Wynn Macau	\$760,752	\$681,509	\$708,623
Wynn Palace ⁽¹⁾	\$527,583	\$103,036	\$—

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

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. Adjusted Property EBITDA at Wynn Macau decreased 3.8% for the year ended December 31, 2016, compared to the same period of 2015, primarily due to casino revenue performance driven by year-over-year declines in VIP turnover, table drop and slot machine handle.

Adjusted Property EBITDA at Wynn Palace was \$527.6 million for the year ended December 31, 2017, compared to \$103.0 million for the same period of 2016. Although the ramp up of Wynn Palace continues to be impacted by construction surrounding the property, we experienced significant business volume increases in both VIP and mass market operations during 2017, its first full year of operations. VIP turnover increased 18.5%, 39.9% and 47.0%, for the three months ended December 31, 2017, compared to the three months ended September 30, 2017, June 30, 2017 and March 31, 2017, respectively. Table drop increased 29.8%, 54.3% and 46.1%, for the three months ended December 31, 2017, compared to the three months ended September 30, 2017, June 30, 2017 and March 31, 2017, respectively.

Liquidity and Capital Resources

Operating Activities

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.

Net cash provided by operations for the year ended December 31, 2016 was \$970.5 million, compared to \$572.8 million for the same period of 2015. The increase was primarily due to an increase in customer deposits of \$276.0 million and a change in working capital accounts from our Macau Operations.

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 Wynn 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 Wynn Boston Harbor.

Net cash used in investing activities for the year ended December 31, 2015 was \$1.89 billion, which was primarily attributable to \$1.92 billion in capital expenditures, net of construction payables and retention, with \$1.57 billion related to Wynn Palace.

Financing Activities

Net cash used in financing activities for the year ended December 31, 2017 was \$563.7 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.

Net cash provided by financing activities was \$1.22 billion for the year ended December 31, 2015, which was primarily attributable to net borrowings of \$1.62 billion under our amended Wynn Macau Credit Facilities, partially offset by dividend payments of \$499.1 million. We also issued the \$1.8 billion 5 1/2% Senior Notes due 2025 (the "2025 Notes") and used the proceeds to extinguish \$1.6 billion of our 2020 Notes.

Capital Resources

As of December 31, 2017, we had approximately \$2.80 billion of cash and cash equivalents and \$327.5 million of available-for-sale investments in domestic and foreign debt securities. 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 and commercial paper, all with original maturities of less than 90 days. Of these amounts, WML and its subsidiaries (of which we own approximately 72%) held \$670.3 million in cash and cash equivalents.

The following table summarizes our outstanding borrowings and available borrowing capacity under our credit facilities as of December 31, 2017 (in thousands):

	<u>Facility Borrowing Capacity</u>	<u>Borrowings Outstanding</u>	<u>Letters of Credit Outstanding</u>	<u>Facility Availability</u>
Macau Related:				
Wynn Macau Credit Facilities⁽¹⁾:				
Senior Term Loan Facility	\$2,298,798	\$2,298,798	\$—	\$—
Senior Revolving Credit Facility	748,287	—	—	748,287
WML Finance Credit Facility ⁽²⁾	495,152	—	—	495,152

(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.

(2) Our Macau related credit facilities include a HK\$3.87 billion (approximately \$495.2 million) cash-collateralized revolving credit facility (“WML Finance Credit Facility”) under which WML Finance I, Limited, an indirect wholly owned subsidiary of WML, is the borrower.

Macau Related Debt

Our Macau related debt consists of senior notes, the Wynn Macau Credit Facilities and the WML Finance Credit Facility.

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 “make-whole” 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. The Wynn Macau Senior Term Loan Facility is repayable in graduating installments of 2.50% to 7.33% of the principal amount on a quarterly basis commencing in December 2018, with a final installment of 50% of the principal amount repayable in September 2021. The Wynn Macau Senior Revolving Credit Facility will mature in September 2020, at which time any outstanding borrowings must be repaid. 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 5.25 to 1 for the fiscal year ending December 31, 2017, 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, 2017, 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).

WML Finance Credit Facility. Borrowings under the WML Finance Credit Facility are in Hong Kong dollars and are used for working capital requirements and general corporate purposes. The WML Finance Credit Facility matures in July 2018, at which time any outstanding borrowings must be repaid. The WML Finance Credit Facility bears interest initially at 1.50% per annum, such rate calculated as the interest rate paid by the lender as the deposit bank for the cash collateral deposited and pledged with the lender plus a margin of 0.40%. Under terms of the agreement, mandatory repayment is required upon a Change in Control or Material Adverse Effect, as defined in the agreement.

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>2017</i>	<i>2016</i>
<i>Casino accounts receivable</i>	<i>\$173,664</i>	<i>\$211,557</i>

As of December 31, 2017 and 2016, 42.4% and 49.2%, respectively, of our outstanding casino accounts receivable balance originated at our Macau Operations.

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, 2017, an assumed 1% change in the US dollar/Hong Kong dollar exchange rate would cause a foreign currency transaction gain/loss of \$25.2 million.

WYNN RESORTS, LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 — Summary of Significant Accounting Policies

Restricted Cash

The Company's restricted cash consists of cash held in trust in accordance with WML's share award plan and additionally as of December 31, 2016, collateral associated with borrowings under a revolving credit facility.

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, 2017 and 2016, 81.7% and 88.1%, 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.

Derivative Financial Instruments

The Company had three interest rate swap agreements intended to hedge a portion of the underlying interest rate risk on borrowings under our Wynn Macau Credit Facilities, which matured in July 2017.

Note 6 — Intangible Assets, net

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

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Finite-lived intangible assets:		
Macau gaming concession	42,300	42,300
Less: accumulated amortization	<u>(31,582)</u>	<u>(29,199)</u>
	10,718	13,101

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 2018 through 2021, and \$1.2 million in 2022.

Note 7 — Long-Term Debt

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

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Macau Related:		
<i>Wynn Macau Credit Facilities:</i>		
Senior Term Loan Facility	\$2,298,798	\$2,306,773
Senior Revolving Credit Facility	—	340,846
WML Finance Credit Facility	—	189,651
4 7/8% Senior Notes, due 2024	600,000	—
5 1/2% Senior Notes, due 2027	750,000	—
5 1/4% Senior Notes, due 2021	—	1,350,000

Macau Related Debt

Wynn Macau Credit Facilities

As of December 31, 2017, the Company had no borrowings under the Wynn Macau Senior Revolving Credit Facility.

WML Finance Revolving Credit Facility

As of December 31, 2017, the Company had no borrowings under the WML Finance Credit Facility.

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 semi-annually 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.

5 1/4% Senior Notes due 2021

On September 11, 2017, WML commenced a cash offer for any and all of the outstanding aggregate principal amount of the 2021 Notes. The Company accepted for purchase valid tenders with respect to \$946.4 million and paid a tender premium of \$27.2 million.

On October 20, 2017, WML redeemed the remaining \$403.6 million principal amount of the untendered 2021 Notes and discharged the indenture under which the 2021 Notes were issued. The Company paid a premium of \$10.6 million related to this redemption.

In connection with the WML Notes issuance and the 2021 Notes cash tender offer and subsequent redemption, the Company recorded a loss on extinguishment of debt of \$33.1 million.

Note 10 – Noncontrolling Interests

WML

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.

On March 31, 2015, WML paid a dividend of HK\$1.05 per share for a total of \$702.6 million. The Company's share of this dividend was \$507.1 million with a reduction of \$195.5 million to noncontrolling interests in the accompanying Consolidated Balance Sheets.

Note 11– Benefit Plans

Defined contribution plans

During the years ended December 31, 2017, 2016 and 2015, the Company recorded matching contribution expenses of \$15.8 million, \$12.9 million and \$11.2 million, respectively.

Note 12 — 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, 2017, there were 511,738,000 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, 2017 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, 2017	6,290,000	\$2.28		
Granted	1,208,000	\$2.26		
Exercised	<u>(492,000)</u>	\$1.43		
Outstanding as of December 31, 2017	<u>7,006,000</u>	\$2.32	6.9	\$6,539,606
Fully vested and expected to vest as of December 31, 2017	<u>7,006,000</u>	\$2.32	6.9	\$6,539,606
Exercisable as of December 31, 2017	<u>3,074,000</u>	\$2.66	5.3	\$1,932,866

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

	<u>Years Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Weighted average grant date fair value	\$0.56	\$0.31	\$0.47
Intrinsic value of stock options exercised	\$369	\$—	\$—
Cash received from the exercise of stock options	\$703	\$—	\$—

As of December 31, 2017, there was \$1.4 million of unamortized compensation expense related to stock options, which is expected to be recognized over a weighted average period of 1.6 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, 2017, there were 34,838,793 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, 2017 is presented below:

	<u>Shares</u>	<u>Weighted Average Grant Date Fair Value</u>
Nonvested as of January 1, 2017	14,009,134	\$2.61
Granted	2,726,097	\$2.22
Vested	(3,318,500)	\$3.79
Forfeited	(1,574,024)	\$1.98
Nonvested as of December 31, 2017	<u>11,842,707</u>	\$2.24

The following is provided for share awards under the Share Award Plan (in thousands, except weighted average grant date fair value):

	<u>Years Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Weighted average grant date fair value	\$2.22	\$1.38	\$1.95
Fair value of shares vested	\$6,884	\$—	\$—

As of December 31, 2017, there was \$11.7 million of unamortized compensation expense, which is expected to be recognized over a weighted average period of 2.53 years.

Note 13 — Income Taxes

In July 2011, Wynn Macau SA received an extension of its agreement with the Macau government that provides for an annual payment of MOP 15.5 million (approximately \$1.9 million) as complementary tax otherwise due by stockholders of Wynn Macau SA on dividend distributions through 2015. In August 2016, Wynn Macau SA received an extension of the agreement for an additional five years applicable to tax years 2016 through 2020. The extension agreement provides for an annual payment of MOP 12.8 million (approximately \$1.6 million). As a result of the stockholder dividend tax agreements, income tax expense includes \$1.6 million for each of the years ended December 31, 2017 and 2016 and \$1.9 million for the year ended December 31, 2015.

On December 31, 2017, the statute of limitations for the 2012 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 \$3.8 million.

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, based upon the current status of the examination, no changes to the unrecognized tax benefits are required.

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 14 — 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.

Macau Action:

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 seek 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 as vexatious litigants, 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.

The Company believes the action commenced by the Okada Parties is without merit and will vigorously defend itself against the claims pleaded against it. Management has determined that based on proceedings to date, it is currently unable to determine the probability of the outcome of this action or the range of reasonably possible loss, if any.

Note 15 — 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):

	Years Ended December 31,		
	2017	2016	2015
Net revenues			
<i>Macau Operations:</i>			
Wynn Macau	\$2,485,804	\$2,264,087	\$2,463,092
Wynn Palace	2,139,154	583,336	—
Total Macau Operations	4,624,958	2,847,423	2,463,092
Adjusted Property EBITDA⁽¹⁾			
<i>Macau Operations:</i>			
Wynn Macau	\$760,752	\$681,509	\$708,623
Wynn Palace	527,583	103,036	—
Total Macau Operations	1,288,335	784,545	708,623

(1) "Adjusted Property EBITDA" is net income before interest, income taxes, depreciation and amortization, preopening 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 on extinguishment of debt, change in interest rate swap fair value, change in Redemption Note fair value and other non-operating income and expenses, and includes equity in income from unconsolidated affiliates. Adjusted Property EBITDA is presented exclusively as a supplemental disclosure because management believes that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. Management uses Adjusted Property EBITDA as a measure of the operating performance of its segments and to compare the operating performance of its properties with those of its competitors, 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 Wynn Resorts, Limited, 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>2017</i>	<i>2016</i>	<i>2015</i>
<i>Capital expenditures</i>			
<i>Macau Operations:</i>			
<i>Wynn Macau</i>	\$43,510	\$43,548	\$68,744
<i>Wynn Palace</i>	107,405	838,271	1,566,090
<i>Total Macau Operations</i>	150,915	881,819	1,634,834
	<i>December 31,</i>		
	<i>2017</i>	<i>2016</i>	<i>2015</i>
<i>Assets</i>			
<i>Macau Operations:</i>			
<i>Wynn Macau</i>	\$1,271,544	\$1,161,670	\$1,331,312
<i>Wynn Palace</i>	4,017,494	4,317,458	3,439,041
<i>Other Macau</i>	174,769	28,927	570,959
<i>Total Macau Operations</i>	5,463,807	5,508,055	5,341,312
	<i>December 31,</i>		
	<i>2017</i>	<i>2016</i>	<i>2015</i>
<i>Long-lived assets</i>			
<i>Macau</i>	\$4,613,950	\$4,973,854	\$4,324,743

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 2018

As at the date of this announcement, the Board comprises Matthew O. Maddox, Ian Michael Coughlan and Linda Chen (as Executive Directors); Kim Sinatra and Maurice L. Wooden (as Non-Executive Directors); Dr. Allan Zeman (as Independent Non-Executive Director and Chairman); and Nicholas Sallnow-Smith, Bruce Rockowitz and Jeffrey Kin-fung Lam (as Independent Non-Executive Directors).