Wynn RESORTS

2003 Annual Report

Wynn Resorts Limited | 2003 Annual Report

To Our Stockholders

In the world of business, the common perception is that rapid growth and expansion are positive and exciting. Applause. Applause.

But in truth the opportunity attendant on real, dramatic growth requires very strenuous and disciplined management. Of course, that management is a story about people—experienced, skilled and highly motivated.

Since we went public at the end of 2002, investors have been well aware of our current prospects involving the construction of Wynn Las Vegas, our completely unique breakaway resort in Nevada, and the beginning of our first standard-setting resort in Macau, People's Republic of China.

Our real estate holdings at the Las Vegas development cannot be duplicated in this city of 130,000 rooms. Strip frontage, convention

center proximity, and sheer size of approximately 217 acres afford us choices and leverage for expansion almost without limit.

Our concession in Macau allows future growth opportunity for our own account with additional hotel projects as well as joint venture potential under our interesting "sub-concession" authority granted in our agreement with the government. The "sub-concession" authority provides Wynn Macau the ability to join on terms most beneficial to our company with other qualified operators who desire access to the Chinese market. All of these facts are surely provocative and absolutely exciting. But our future is being defined today in real terms by the organization that is being assembled now.

The gathering of these men and women has occupied the greatest part of my time and that of my colleagues for most of calendar year 2003. We are delighted with the success that has so far been achieved in this critical exercise. The challenge of that task continues in the months ahead as we point to our Las Vegas opening in just over twelve months.

Over 100 individuals who will be the leaders of the company's operations have already started work and are supervising the identification and recruitment of our Nevada and Macau work force, which will number close to 15,000 people within the next 30–36 months. To ensure the quality of performance of our staff, we will review over 175,000 candidates. Sounds daunting? Well it is. We have done it several times before, efficiently and successfully. The men and women who have supervised that process in the past are on the job at Wynn

Resorts, more experienced and even better prepared for these projects. It is no secret that in Las Vegas our new property is universally considered to be "the place to work." We intend to capitalize on that enviable position.

And so the countdown has begun, the construction is on the mark, we are engaged to full capacity, the process is breathtaking and joyous for us all, including our investors to whom we are grateful.

Stephen A. Wynn
Chairman & Chief Executive Officer
Las Vegas, Nevada
April 2004

Board of Directors

Stephen A. Wynn
Chairman of the Board and Chief Executive Officer of Wynn Resorts, Limited

Kazuo Okada
Vice Chairman of the Board of Wynn Resorts, Limited Founder and President of Aruze Corporation

Ronald J. Kramer
President of Wynn Resorts, Limited

Robert J. Miller
Director of Wynn Resorts, Limited Partner of Jones Vargas and of Miller & Behar Strategies Former Governor of the State of Nevada from January 1989 until January 1999

John A. Moran
Director of Wynn Resorts, Limited Honorary Co-Chairman of the Republican Leadership Council of Washington, D.C. and Former Chairman of Dyson-Kissner-Moran Corporation

Alvin V. Shoemaker
Director of Wynn Resorts, Limited Former Chairman of the Board of First Boston Inc. and of the First Boston Corporation

D. Boone Wayson
Director of Wynn Resorts, Limited Principal of Wayson's Properties, Inc.

Elaine P. Wynn
Director of Wynn Resorts, Limited Active participant in educational and philanthropic affairs in Las Vegas

Stanley R. Zax
Director of Wynn Resorts, Limited Chairman of the Board and Chief Executive Officer of Zenith National Insurance Corp.

Allan Zeman
Director of Wynn Resorts, Limited Chairman of the Board of Lan Kwai Fong Holdings Limited and Chairman of Ocean Park Hong Kong

Executive Officers

Stephen A. Wynn
Chief Executive Officer

Ronald J. Kramer
President

Marc D. Schorr
Chief Operating Officer

John Strzemp
Executive Vice President, Chief Financial Officer and Treasurer

Marc H. Rubinstein
Senior Vice President, General Counsel and Secretary

DeRuyter O. Butler
Executive Vice President of Architecture

W. Todd Nisbet
Executive Vice President and Project Director

Roger P. Thomas
Executive Vice President of Design

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IBC Corporate Information

Company Description

Unless the context otherwise requires, all references herein to "Wynn Resorts," "the Company," "we," "us" or "our," or similar terms, refer to Wynn Resorts, Limited, a Nevada corporation and its consolidated subsidiaries or, with respect to periods prior to September 24, 2002, to Valvino Lamore, LLC ("Valvino") and its consolidated subsidiaries, as the predecessor company of Wynn Resorts, all references to "Wynn Las Vegas entities" refer to our wholly owned subsidiaries, Valvino, Wynn Las Vegas, LLC and Wynn Las Vegas Capital Corp. and their consolidated subsidiaries (other than Desert Inn Improvement Co. and Wynn Completion Guarantor, LLC), and all references to the "Wynn Macau companies" refer to Wynn Resorts (Macau), S.A. and each of its direct and indirect parent companies (other than Wynn Resorts).

Wynn Resorts is a development-stage company and premier global developer of casino hotel resorts, led by Stephen A. Wynn. The Company is currently constructing and will own and operate Wynn Las Vegas, a $2.4 billion luxury hotel and destination casino resort located on the Las Vegas Strip which is expected to open in April 2005. The Company also is preparing to construct and operate one or more casino gaming properties in Macau in connection with a concession agreement that was granted in June 2002 by the government of the Macau Special Administrative Region of the People's Republic of China ("Macau") to Wynn Resorts' 82.5% owned indirect subsidiary, Wynn Resorts (Macau), S.A. ("Wynn Macau, S.A."). The Company's first anticipated casino resort in Macau is hereafter referred to as "Wynn Macau."

Wynn Las Vegas is designed to be the preeminent luxury hotel and destination casino resort in Las Vegas. Wynn Las Vegas is being constructed on the site of the former Desert Inn Resort and Casino, and is expected to cost approximately $2.4 billion to design, construct, develop, equip and open, including the cost of approximately 217 acres of land, capitalized interest on indebtedness of the Wynn Las Vegas entities, pre-opening expenses and all financing fees. Groundbreaking for Wynn Las Vegas occurred on October 31, 2002, with an opening to the general public scheduled for April 2005.

We have funded approximately $1.1 billion of Wynn Las Vegas project costs through December 31, 2003, with equity contributions and debt. As of December 31, 2003, we had more than $1.1 billion available under our existing credit agreements and approximately $220 million of long-term restricted cash available for the project. The overall scope and general design of Wynn Las Vegas is complete and the construction of the project is tracking on schedule and within budget. We continue to evaluate and refine certain elements of the project design and expect to implement certain project design changes that will not significantly increase the project cost or extend the construction schedule. We are also actively exploring certain additions on the Wynn Las Vegas site as well as the development of our adjacent parcel of approximately 20 acres fronting the Strip. These additional developments might be initiated before the completion of Wynn Las Vegas.

We also are continuing work on the design of Wynn Macau, as well as our efforts to lease the land and obtain the financing to be used for Wynn Macau. We have not yet finalized the budget for the construction and development of Wynn Macau, and we will not begin construction or operation of Wynn Macau until a number of objectives and conditions are met. Those conditions include obtaining sufficient financing to commence construction of Wynn Macau, and obtaining the ability to extend credit to gaming customers and enforce gaming debts in Macau (which are not currently permitted under Macau law). In February 2004, legislative changes relating to credit extension and the collection of gaming debts were introduced in the Macau Legislative Assembly.

Selected Financial Data

The selected data presented below as of December 31, 2003, 2002, 2001 and 2000, and for the years ended December 31, 2003, 2002 and 2001 and the periods from inception (April 21, 2000) through December 31, 2003 and 2000 is derived from the consolidated financial statements of Wynn Resorts or Valvino as its predecessor, which have been audited by Deloitte & Touche LLP, independent auditors. The consolidated financial statements as of December 31, 2003 and 2002, and for the years ended December 31, 2003, 2002 and 2001 and the period from inception through December 31, 2003 and the auditors' report thereon, are included elsewhere in this Annual Report. This data should be read together with Wynn Resorts' consolidated financial statements and notes thereto, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the other information contained in this Annual Report.

	Year Ended December 31,			Period from Inception to December 31,	
(in thousands, except per share amounts)	2003	2002	2001	2000	2003
Consolidated Statement of Operations Data:					
Net revenues	$ 1,018	$ 1,159	$ 1,157	$ 87	$ 3,421
Pre-opening costs	(47,119)	(25,147)	(11,862)	(5,706)	(89,834)
Operating loss	(53,335)	(34,400)	(20,060)	(12,033)	(119,828)
Net loss accumulated during the development stage	(48,892)	(31,713)	(17,726)	(10,616)	(108,947)
Basic and diluted loss per share	$ (0.62)	$ (0.68)	$ (0.45)	$ (0.28)	$ (2.10)

	As of December 31,			
(in thousands)	2003	2002	2001	2000
Consolidated Balance Sheet Data:				
Cash and cash equivalents	$ 341,552	$ 109,644	$ 39,268	$ 54,429
Restricted cash and investments[1]	400,432	792,877	524	—
Construction in progress	570,988	90,189	27,475	8,484
Total assets	1,733,323	1,398,601	388,543	387,084
Total long-term obligations[2]	659,319	382,697	326	358
Stockholders' equity	$1,001,815	$ 991,613	$384,230	$381,956

[1] As of December 31, 2001, restricted cash and investments balances related primarily to certain certificates of deposits to collateralize certain construction insurance claims as well as required sales tax deposits. At December 31, 2003 and 2002, in addition to these deposits, restricted cash and investments includes the majority of the unused proceeds of the initial public offering of our common stock and the issuance of the Notes (as defined below), which are restricted by various agreements that govern the availability of and generally restrict such funds for construction costs of Wynn Las Vegas. Restricted cash and investments at December 31, 2003 also includes approximately $44.3 million of amounts restricted for the payment of the first three years of scheduled interest on the Debentures (as defined below). The funds from the initial public offering, the Notes and the Debentures are held in relatively short-term government-backed debt securities.

[2] Includes the current portion of long-term debt amounting to approximately $41,000, $38,000, $35,000 and $32,000 as of December 31, 2003, 2002, 2001 and 2000, respectively.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements and the notes thereto included elsewhere in this Annual Report. Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward-looking statements. See "Forward-Looking Statements" on page 31.

Overview

Wynn Resorts was formed in June 2002 and consummated an initial public offering of its common stock in October 2002. Its predecessor, Valvino, was formed in April 2000 to acquire land and design, develop and finance Wynn Las Vegas. In June 2000, Valvino completed the purchase of the Desert Inn Resort and Casino (the "Desert Inn") from Starwood Hotels & Resorts Worldwide, Inc., and ceased gaming and hotel operations of the Desert Inn in August 2000 and ceased operating the golf course in June 2002. On September 24, 2002, Wynn Resorts became the parent company of Valvino when the members of Valvino contributed 100% of the membership interests in Valvino to Wynn Resorts in exchange for shares of the Company's common stock.

Upon the completion of our initial public offering, certain of the Wynn Las Vegas entities issued $370 million of 12% second mortgage notes (the "Notes") and obtained commitments for a $750 million senior secured revolving credit facility (the "Revolver"), a $250 million delay draw term loan facility (the "Term Loan" and together with the Revolver, the "Credit Facilities") and a $188.5 million FF&E facility (the "FF&E Facility"). In June 2003, we sold an additional three million shares of our common stock in a privately negotiated, all-cash transaction for $45 million. In July 2003, we issued $250 million of 6% convertible subordinated debentures (the "Debentures").

Since the Company ceased operating the Desert Inn, our efforts have been devoted principally to the financing activities described above and the design and development activities described below with respect to Wynn Las Vegas and Wynn Macau. We continue to operate an art gallery displaying works from The Wynn Collection, which consists of artwork from the personal art collection of Stephen A. and Elaine Wynn. In addition, the financial position and operating results of World Travel, LLC and Las Vegas Jet, LLC which comprise principally the ownership and operation of a corporate aircraft, are included in the Company's financial statements.

We are constructing and plan to operate Wynn Las Vegas as a world-class destination casino resort which, together with the new golf course located behind the hotel, will occupy approximately 197 acres of a 217-acre parcel of land on the Las Vegas Strip in Las Vegas, Nevada. Construction of Wynn Las Vegas began with groundbreaking in October 2002 and we expect Wynn Las Vegas to commence operations in April 2005. The budget for Wynn Las Vegas is approximately $2.4 billion. We expect to complete the project on time and on budget.

We have funded approximately $1.1 billion of project costs through December 31, 2003 with equity contributions and debt. Costs still to be incurred are approximately $1.3 billion. A majority of these costs have been committed to or contracted for. As of December 31, 2003, we had more than $1.1 billion available under our existing credit agreements and approximately $220 million of long-term restricted cash available for the project.

The overall scope and general design of Wynn Las Vegas is complete and construction of the project is tracking on schedule and within budget. For the purpose of managing the design, procurement and construction of Wynn Las Vegas, the project is divided into several design and construction components. We have made significant progress towards constructing and developing Wynn Las Vegas:

- Construction of the 45-story high-rise core and shell is substantially complete.
- The public areas, including the casino, are in various stages of construction. Interior framing and drywall installation continues and the central power plant is scheduled to go online in April 2004.
- Construction of the Aqua Theater showroom continues to progress on schedule. Excavation, foundation, erection of the steel exterior frame and the pool walls are complete. Completion of the Aqua Theater showroom is expected in the fourth quarter of 2004.
- The hotel parking garage is substantially complete and is currently used for parking by construction personnel.
- Construction on the fairway villas, consisting of eighteen luxury suites, is under way. The building structure has been completed and progress continues on the interior framing and drywall installation.
- Construction of the golf course is proceeding according to schedule, with completion expected prior to the opening of Wynn Las Vegas. Grassing is complete for ten of the eighteen holes. Rough grading and shaping continues for the remaining holes. Work continues on the streams and lakes.
- Construction of the lake-mountain feature continues. Internal access tunnels for this feature have been completed and equipment housing and elevator columns are under construction.

Although construction is proceeding in accordance with the overall scope and general design of Wynn Las Vegas, we continue to evaluate and refine certain elements of the project design. We expect to implement certain project design changes that will not significantly increase the project cost or extend the construction schedule. We are also actively exploring certain additions on the Wynn Las Vegas site as well as the development of our adjacent parcel of approximately 20 acres fronting the Strip. These additional developments might be initiated before the completion of Wynn Las Vegas. There are significant risks associated with any major construction project, and unexpected developments may occur; therefore, we cannot assure you that the funds available will be sufficient for the construction, development and opening of Wynn Las Vegas or that it will be completed by April 2005. Wynn Las Vegas will also be required to obtain a state gaming license and county gaming and liquor licenses before it is able to fully commence operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations

On June 24, 2002, Wynn Macau, S.A. entered into a 20-year concession agreement with the government of Macau granting Wynn Macau, S.A. the right to construct and operate one or more casinos in Macau. The concession agreement obligates Wynn Macau, S.A. to invest no less than a total of 4 billion patacas (approximately U.S. $500 million at the December 31, 2003 exchange rate) in Macau-related projects by June 2009, and to commence operations of Wynn Macau no later than December 2006. The development of Wynn Macau is subject to a number of uncertainties, including risks associated with doing business in foreign locations and risks associated with Macau's developing gaming regulatory framework. If Wynn Macau, S.A. does not invest 4 billion patacas by June 2009, it is obligated to invest the remaining amount in projects related to its gaming operations in Macau that the Macau government approves, or in projects of public interest designated by the Macau government. We have obtained the services of architects and designers and have begun preliminary discussions to arrange the additional financing that would be required to complete Wynn Macau. Wynn Macau, S.A. will not finalize any lease for land for any casino or begin construction or operation of any casino in Macau until a number of objectives and conditions are met, including: 1) obtaining sufficient financing to commence construction of Wynn Macau, 2) obtaining the ability to extend credit to gaming customers and enforce gaming debts in Macau and 3) in the case of commencing operations only, obtaining certain relief related to Macau's tax regulations. In February 2004, the legislative and regulatory changes with respect to obtaining the ability to extend credit and enforce gaming debts in Macau were introduced in the Macau Legislative Assembly. Although we expect the legislation to be enacted in the second quarter of 2004, we cannot assure you that such proposed legislative and regulatory changes will be enacted. In addition, we cannot assure you that we will be able to obtain the relief related to Macau's tax regulations or obtain sufficient financing for the project.

As of December 31, 2003, Wynn Macau was owned 82.5% by the Company through a series of wholly-owned and partially owned domestic and foreign subsidiaries, none of which is a guarantor of, or otherwise restricted by, the debt facilities related to Wynn Las Vegas.

Results of Operations

As is customary for a development stage company, the Company has not commenced principal operations and therefore revenues are not significant. Consequently, the Company has incurred losses in each period from inception to December 31, 2003. Management expects these losses to continue and increase until planned principal operations have commenced. These losses will grow due to increasing pre-opening expenses as the Wynn Las Vegas project nears completion. The acceleration of these costs is expected and was included in the project budget. The Company does not expect that its operating results prior to opening Wynn Las Vegas and Wynn Macau will be indicative of operating results thereafter.

We intend to continue our operation of the art gallery (admissions and retail revenues) and the corporate aircraft once our principal operations have begun. We expect that the revenues associated with these businesses will be immaterial compared to the revenues that will be associated with the lodging, gaming, dining and entertainment operations of our casino resorts.

Results of Operations for the Year Ended December 31, 2003 Compared to the Year Ended December 31, 2002—The Company's development operations resulted in a net loss for the year ended December 31, 2003, of approximately $48.9 million, a $17.2 million or 54% increase over the net loss of approximately $31.7 million for the year ended December 31, 2002, due to increased development activities.

Total revenues for the year ended December 31, 2003, of approximately $1.0 million decreased approximately $141,000 or 12% from total revenues of approximately $1.2 million for the year ended December 31, 2002. The Company sold its original aircraft in February 2002 and purchased a new aircraft concurrent with the acquisition of World Travel, LLC and Las Vegas Jet, LLC in May 2002. The new aircraft is not licensed for charter services; consequently, charter revenues, which now consist solely of fees charged for personal usage by certain executive officers, have decreased significantly, thus decreasing aircraft revenues by approximately $254,000 or 40% to $375,000 for the year ended December 31, 2003 from $629,000 during the year ended December 31, 2002. Offsetting the decrease in aircraft revenues are increases in revenues from the art gallery and the retail shop of approximately $38,000 and $75,000, respectively, due to increased patronage.

Total expenses for the year ended December 31, 2003 increased approximately $18.8 million, or 55% to $54.4 million, as compared to $35.6 million for the year ended December 31, 2002 primarily due to an approximately $21.2 million or 84% increase in pre-opening costs to $46.3 million for the year ended December 31, 2003 from $25.1 million for the year ended December 31, 2002, offset by a decrease in depreciation and amortization expenses of approximately $3.2 million from approximately $8.9 million for the year ended December 31, 2002 to approximately $5.7 million for the year ended December 31, 2003. The increase in pre-opening costs, which consist primarily of salaries and wages, including non-recurring employee separation expenses of approximately $1.4 million, and consulting and legal fees, is directly attributable to an increase in pre-opening activities as compared to the same period in the prior year. We expect pre-opening costs to continue to increase as development of Wynn Las Vegas, and Wynn Macau pre-development activities, progress. The decrease in depreciation and amortization expenses is a result of most current buildings and improvements becoming fully depreciated in June of 2003.

Other income/(expense)—net for the year ended December 31, 2003, decreased by approximately $507,000 to income of approximately $1.3 million from approximately $1.8 million of income during the year ended December 31, 2002. Interest expense for the year ended December 31, 2003 increased approximately $7.1 million to approximately $9.0 million or 376% over the interest expense of approximately $1.9 million for the year ended December 31, 2002, due primarily to the commitment fees related to certain of the unused outstanding debt facilities entered into in October 2002. Offsetting the increase in interest expense is an increase in interest income for the year ended December 31, 2003 of approximately $6.6 million to approximately $10.3 million or 178% over interest income of approximately $3.7 million for the year ended December 31, 2002, as a result of the significant increase in invested cash from the net proceeds from equity and debt financing activity.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations for the Year Ended December 31, 2002 Compared to the Year Ended December 31, 2001—The Company's development operations resulted in a net loss for the year ended December 31, 2002, of approximately $31.7 million, a 79% increase over the net loss of approximately $17.7 million for the comparable year ended December 31, 2001, due to increased development activities.

Total revenues for the year ended December 31, 2002, were nearly consistent with the year ended December 31, 2001. The Company sold its original aircraft in February 2002 and purchased a new aircraft concurrent with the acquisition of World Travel, LLC and Las Vegas Jet, LLC in May 2002. The new aircraft was not licensed for charter services; consequently, charter revenues subsequent to the new aircraft purchase consisted solely of fees charged for personal usage by officers of the Company, and therefore decreased by $448,000 or 42% to $629,000 in 2002 from $1.1 million in 2001. Offsetting the decrease in aircraft revenues are increases in revenues from the art gallery and the retail shop, which were opened in November 2001, of $244,000 and $210,000, respectively.

Total expenses for the year ended December 31, 2002 increased approximately $14.3 million, or 68%, as compared to the year ended December 31, 2001 primarily due to an approximately $13.3 million increase in pre-opening costs, a loss from incidental operations of approximately $700,000, and approximately $771,000 of increased depreciation expense offset by the absence of facility closure expenses of $373,000 relating to the 2001 closure of the Desert Inn. The increase in pre-opening costs, which consist primarily of salaries and wages and consulting and legal fees, was directly attributable to an increase in pre-opening activities as compared to the same period in the prior year. Depreciation expenses increased primarily due to the addition of the new aircraft in May 2002, while incidental operations incurred a loss due to the closure of the golf course in summer 2002.

Other income—net for the year ended December 31, 2002 decreased approximately $513,000 from the year ended December 31, 2001, primarily as a result of an approximately $1.3 million increase in interest income from 2002 to 2001, offset by an approximately $1.9 million increase in interest expenses. Higher interest income is attributable mainly to the significant increase in cash from the net proceeds from equity and debt financing activity which took place in the fourth quarter of 2002, while increased outstanding debt resulting from the aircraft purchase in May 2002 and subsequent refinancing from the FF&E Facility increased the interest expense. See "Liquidity and Capital Resources" below.

Certain Trends that May Affect Development Activities and Future Results of Operations—In the near term, our development activities may be impacted by various economic factors, including, among other things, the availability and cost of materials, the availability of labor resources, interest rate levels and, specifically in connection with Wynn Macau, foreign exchange rates and legislative and regulatory issues relating to gaming and income taxes. The strength and profitability of our business after our casinos open will depend on consumer demand for hotel casino resorts in general and for the type of luxury amenities that Wynn Las Vegas and Wynn Macau will offer. Adverse changes in consumer preferences, discretionary income and general economic conditions

as well as fears of recession, reduced consumer confidence in the economy, the possibility of continued terrorist activities in the United States and elsewhere, the war in Iraq and other military conflicts in the Middle East and a resurgence of SARS or another infectious disease, could reduce customer demand for the products and services we will offer, thus imposing practical limits on pricing and harming our operations.

In addition, a Nevada statute enacted in the second quarter of 2003 significantly increased, among other things, gaming taxes by 0.5%, and instituted a business payroll tax of 0.65% on all wages. These fee and tax increases will increase our previously estimated tax liabilities and reduce our previously estimated cash flows and net income accordingly.

Liquidity and Capital Resources

Material Transactions Affecting Liquidity and Capital Resources—Since Valvino's (Wynn Resorts' predecessor) inception on April 21, 2000, there have been a number of transactions that have had a significant impact on the Company's liquidity. Our operations have required substantial capital investment for the acquisition of the land on which Wynn Las Vegas will be located and for development of Wynn Las Vegas and Wynn Macau.

Capital Contributions and Distributions—Stephen A. Wynn organized Valvino and initially was its sole member. Between April of 2000 and September of 2000, Mr. Wynn made equity contributions to Valvino in an aggregate amount of approximately $220.7 million. On June 15, 2000, Mr. Wynn loaned Valvino $100 million at an interest rate of 7.875% per year.

In July 2000, Valvino used proceeds from a $125 million loan agreement with Deutsche Bank Securities Inc., as lead arranger, and Bankers Trust Company, as administrative agent, to make an approximately $110.5 million equity distribution to Mr. Wynn. At the time of this distribution, Mr. Wynn was the only member of Valvino.

On October 3, 2000, Aruze USA Inc. ("Aruze USA") made a contribution of $260 million in cash ($250 million net of finders' fee) to Valvino in exchange for 50% of the membership interests in Valvino and was admitted as a member of Valvino. Mr. Wynn was designated as the managing member of Valvino. On October 3, 2000, $70 million of Mr. Wynn's loan was repaid out of the proceeds of this capital contribution and on October 10, 2000, the Deutsche Bank loan discussed above was repaid in full. The remaining approximately $32.3 million balance of Mr. Wynn's loan, including accrued interest, was converted to equity as a member contribution.

On April 16, 2001, Baron Asset Fund, a Massachusetts business trust, made a contribution of $20.8 million in cash ($20 million net of finders' fees) to Valvino in exchange for approximately 3.7% of the membership interests in Valvino and was admitted as a member of Valvino. Immediately following the admission of Baron Asset Fund, Mr. Wynn and Aruze USA each owned approximately 48.2% of the membership interests in Valvino.

Management's Discussion and Analysis of Financial Condition and Results of Operations

In April 2002, Mr. Wynn, Aruze USA and Baron Asset Fund each made the following further capital contributions to Valvino:

- Mr. Wynn contributed approximately $32 million in cash plus his 90% interest in Wynn Macau, S.A. The $32 million contribution was comprised of approximately $22.5 million of cash deposited in a Macau bank account which Mr. Wynn assigned to Valvino, Mr. Wynn's right to be reimbursed for approximately $825,000 advanced to Wynn Macau, S.A. and an additional $8.6 million in cash. Mr. Wynn's 90% interest in Wynn Macau, S.A., the principal asset of which was a provisional license to negotiate a concession agreement with the Macau government, had no historical cost basis. This interest was valued at approximately $56 million by the parties to the negotiation of Mr. Wynn's contribution of his interest. For financial statement purposes, as a combination of entities under common control, the contribution of Mr. Wynn's 90% interest in Wynn Macau, S.A. was recorded at carryover basis (with the primary asset recorded in the financial statements being the approximate $22.5 million of cash) rather than fair value. However, Mr. Wynn's resulting 47.5% ownership interest in Valvino, after these contributions, reflects the fair value of his investment in Wynn Macau, S.A. relative to the fair value of the contributions from Aruze USA and Baron Asset Fund;
- Aruze USA contributed an additional $120 million in cash; and
- Baron Asset Fund contributed an additional approximately $20.3 million in cash.

Immediately following these additional capital contributions, Mr. Wynn and Aruze USA each owned 47.5% of the membership interests and Baron Asset Fund owned 5% of the membership interests in Valvino. The percentage of membership interests held by Baron Asset Fund were held by it on behalf of two series of Baron Asset Funds: (1) approximately 3.6% of the membership interests in Valvino for the Baron Asset Fund Series and (2) approximately 1.4% of the membership interests in Valvino for the Baron Growth Fund Series. Neither Mr. Wynn nor Aruze USA increased their relative ownership interests as a result of the April 2002 capital contributions.

On June 24, 2002, the Kenneth R. Wynn Family Trust contributed $1.2 million in cash to Valvino in exchange for 0.146% of the outstanding membership interests in Valvino.

On September 24, 2002, all the members of Valvino contributed 100% of the membership interests in Valvino to the Company in a tax-free exchange for 40,000,000 shares of the Company's common stock, making Valvino and its subsidiaries a wholly-owned subsidiary of the Company.

Acquisitions—On June 22, 2000, Valvino acquired the Desert Inn from Starwood Hotels & Resorts Worldwide, Inc., including the Desert Inn golf course and some, but not all, of the residential lots located in the interior of and around the golf course, for approximately $270 million in cash. In connection with that transaction, Valvino and its subsidiaries also conditionally acquired approximately 985 acre-feet of certificated water rights. In addition to acquiring the assets of the Desert Inn, Valvino assumed most of its liabilities, and, to the extent assignable, all of its contracts. Valvino later acquired all of the remaining lots located in the interior of, and some of the remaining lots around, the golf course for a total of $47.8 million, bringing the size of the parcel to approximately 212 acres. On August 28, 2000, Valvino closed the Desert Inn and, in June of 2002, Valvino closed the golf course at the site. Since then, Valvino has been engaged primarily in the development of Wynn Las Vegas.

On April 1, 2001, the Company acquired Kevyn, LLC, a previously unconsolidated affiliate which was wholly-owned by Mr. Wynn and whose principal asset was an airplane, for approximately $10 million. The acquisition was treated as a reorganization of entities under common control. In accordance with Statement of Financial Accounting Standard ("SFAS") No. 141, "Business Combinations," the assets and liabilities acquired have been recorded at the carrying value at the time of the acquisition and the operating results of Kevyn, LLC are included in the operating statements of the Company from the earliest period presented. As a result, the previously separate historical financial position and results of operations of Kevyn, LLC are combined with the financial position and results of operations of the Company for all periods presented.

Additionally, effective June 28, 2001, the Public Utilities Commission of Nevada approved the transfer of ownership of Desert Inn Water Company, also a previously unconsolidated affiliate and wholly-owned company of Mr. Wynn, to the Company. As the Desert Inn Water Company consisted entirely of all of the shares of Desert Inn Improvement Company whose assets primarily consisted of water rights, this transaction was treated as an acquisition of assets for financial reporting purposes. The Company exchanged the receivable from the Desert Inn Water Company in this acquisition, which was equivalent to the fair market value of the water rights of $6.4 million.

In May 2002, the Company acquired World Travel, LLC and Las Vegas Jet, LLC (entities previously wholly-owned by Mr. Wynn). The acquisitions were accounted for as reorganizations of entities under common control. Accordingly, the assets and liabilities of these entities have been recorded at the carrying value at the time of the acquisition and the operating results of the entities are included in the operating statements of the Company from the earliest period presented. As a result, the previously separate historical financial position and results of operations of World Travel, LLC and Las Vegas Jet, LLC are combined with the financial position and results of operations of the Company for all periods presented.

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Financings—On October 25, 2002, Wynn Resorts completed the initial public offering of 34,615,000 shares of its common stock at a price of $13 per share. The common stock trades on the Nasdaq National Market® under the symbol "WYNN." Stephen A. Wynn, Chairman of the Board, CEO and a principal stockholder of Wynn Resorts, and Aruze USA, another principal stockholder of Wynn Resorts, collectively purchased approximately 11,150,000 of these shares directly from the Company at the $13 per share price. Total proceeds of approximately $450 million were reduced by underwriting discounts and commissions of approximately $19.5 million and legal and professional expenses directly incurred with respect to the offering of approximately $4.1 million for net proceeds to the Company of approximately $426.4 million, which have been used to finance construction of Wynn Las Vegas and provide some funds for the additional intended investment in Macau.

Concurrent with the initial public offering, two wholly-owned subsidiaries of the Company (Wynn Las Vegas, LLC and Wynn Capital) issued $370 million aggregate principal amount of the Notes. In addition, Wynn Las Vegas, LLC entered into the Revolver, the Term Loan and the FF&E Facility for additional construction and furniture, fixtures and equipment financing for Wynn Las Vegas. See "Description of Certain Indebtedness" below for additional information.

The Notes were issued for proceeds of approximately $343.3 million net of an original issue discount of approximately $26.7 million. The proceeds were further reduced by approximately $10.1 million of underwriting discounts and commissions and approximately $4.3 million of legal and professional expenses, all of which are capitalized and amortized over the term of the Notes using the effective interest method. Net proceeds were approximately $328.9 million and are being used to finance the development and construction of Wynn Las Vegas, to pay pre-opening expenses and meet debt service obligations.

In addition to the offering costs associated with the initial public offering of the Company's common stock and the issuance of the Notes, approximately $47.3 million of legal and professional expenses were incurred in connection with the Credit Facilities and the FF&E Facility. These expenses are capitalized and amortized over the terms of the respective facilities.

Wynn Resorts has fully and unconditionally guaranteed the payment in full of the Credit Facilities, the FF&E Facility and the Notes on an unsecured basis, but is not directly subject to the restrictive covenants in its subsidiaries' debt facilities. However, if Wynn Resorts grants specified liens to secure other guarantees or indebtedness, it will be required to secure the guarantees of the Credit Facilities and the Notes on a *pari passu* basis. Wynn Resorts' domestic and foreign subsidiaries related to the Macau opportunity are not guarantors or restricted entities, and are not subject to the covenants in the Notes or the Credit Facilities. In addition, a $30.0 million liquidity reserve account has been established and a special purpose subsidiary of Wynn Las Vegas has been capitalized with $50 million of the equity proceeds and provides a completion guarantee in favor of the lenders under the Credit Facilities and the Notes to secure completion of Wynn Las Vegas. After completion of Wynn Las Vegas, any remaining amounts will be released to the Company.

On November 11, 2002, the underwriters to the initial public offering exercised a 3,219,173 share over-allotment option in full, resulting in additional net proceeds of approximately $38.9 million, net of the underwriting discounts and commissions of approximately $2.9 million.

In connection with the acquisitions of World Travel, LLC and Las Vegas Jet, LLC, the Company partially financed the purchase of a private jet aircraft for $38.0 million with the issuance of a note payable for $28.5 million collateralized by the aircraft. In November 2002, the Company withdrew $38.0 million against the FF&E Facility to repay the note payable secured by the aircraft acquired in connection with the acquisition of World Travel, LLC. The unused portion of the draw will be used for construction of Wynn Las Vegas.

During the second quarter of 2003, we entered into two interest rate swap agreements to hedge the underlying interest rate risk on $825 million of our expected future floating-rate borrowings. See "Quantitative and Qualitative Disclosures About Market Risk" below.

On June 20, 2003, we entered into a strategic business alliance with Société des Bains de Mer et du Cercle des Etrangers à Monaco, a société anonyme Monegasque organized under the laws of the Principality of Monaco ("SBM") that provides for, among other things, a mutual exchange of management expertise and the development of cross-marketing initiatives between SBM and us. In connection with the strategic alliance, we sold 3,000,000 shares of our common stock to SBM for $45 million in a privately negotiated, all cash transaction. In return, SBM agreed, subject to certain exceptions, to refrain from transferring its shares prior to April 1, 2005, and is entitled to certain registration rights thereafter.

In July 2003, we consummated a private placement under Rule 144A of the Securities Act, of a total of $250 million aggregate principal amount of the Debentures. Approximately $44 million of the $241.3 million net proceeds of the offering after expenses were contributed to a newly formed subsidiary, Wynn Resorts Funding, LLC, which purchased U.S. government securities and is restricted to secure the payment of three years of scheduled interest payments as required by the indenture governing the Debentures.

Expected Capital Resources and Commercial Commitments—As of December 31, 2003, the Company had approximately $341.6 million of cash and cash equivalents. In addition, the Company had approximately $400.4 million in restricted cash and investments from the proceeds of the debt and equity financings discussed above and restricted in accordance with the Disbursement Agreement described below, including the $80.0 million restricted for the liquidity reserve account and the completion guarantee as also discussed below. The restricted cash and investments also includes approximately $44.3 million of investments restricted for the payment of the first three years of interest on the Debentures, $2.5 million in cash restricted to collateralize certain construction insurance claims and sales tax deposits. Cash equivalents are comprised of investments in overnight money market funds. Restricted investments are kept in money market funds or relatively short-term, government-backed marketable debt securities as required by the Disbursement Agreement and the indenture governing the Debentures.

As of December 31, 2003, approximately $1.1 billion of the total Wynn Las Vegas project cost of approximately $2.4 billion (including the cost of the land, capitalized interest, pre-opening expenses and all financing fees) had been expended or incurred to fund the design, development and construction of Wynn Las Vegas. This total spent or incurred was funded primarily from a combination of our cash on hand from contributed capital and proceeds from the initial public offering

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of the Company's common stock and the Notes. The remaining $1.3 billion of development and construction costs for Wynn Las Vegas are to be funded from the remaining net proceeds of the Notes and additional borrowings under the Credit Facilities and the FF&E Facility. Any delays or change orders with respect to the Wynn Las Vegas project could have a material adverse effect on our liquidity and operations. If we do not complete construction of Wynn Las Vegas by September 30, 2005, the lenders under the agreements governing our Credit Facilities and FF&E Facility and the holders of the Notes will have the right to accelerate the indebtedness thereunder and exercise other rights and remedies against Wynn Las Vegas and the guarantors of the indebtedness. Any such acceleration would have a material adverse effect on us.

The following table summarizes certain information regarding our expected long-term indebtedness and material commercial commitments based upon our best estimate at December 31, 2003 of our expected long-term indebtedness and commercial commitments (amounts in millions):

		Payments Due By Period			
Long-Term Indebtedness	Total	Less Than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years
FF&E facility[1]	$ 38.0	$ —	$38.0	$ —	$ —
Second mortgage notes	370.0	—	—	—	370.0
Convertible subordinated Debentures[2]	250.0	—	—	—	250.0
Other long-term obligations[3]	0.3	0.1	0.1	0.1	—
Total long-term indebtedness	$658.3	$0.1	$38.1	$0.1	$620.0

	Amount of Commitment Expiration Per Period				
Other Commercial Commitments	Total Amounts Committed	Less Than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years
Revolving credit facility[4]	$ 726.2	$ —	$ —	$ 726.2	$ —
Delay draw term loan facility[5]	250.0	—	50.0	100.0	100.0
FF&E facility[1]	150.5	—	20.9	94.3	35.3
Construction contracts[6]	663.9	562.5	101.4	—	—
Macau concession agreement[7]	500.0	—	—	—	500.0
Employment agreements[8]	71.5	21.2	37.4	12.9	—
Other commercial commitments[9]	943.3	106.3	298.0	305.0	234.0
Total commercial commitments	$3,305.4	$690.0	$507.7	$1,238.4	$869.3

[1] *As of December 31, 2003, we have borrowed approximately $38.0 million under the FF&E Facility. Approximately $28.5 million of these borrowings were used to refinance a loan, secured by a mortgage on World Travel's Bombardier Global Express aircraft, made by Bank of America, N.A. to World Travel, LLC, a wholly-owned subsidiary of Wynn Las Vegas. The remaining $9.5 million of currently borrowed funds and the unused portion of the $188.5 million facility are, or are expected, to be used for furniture, fixtures and equipment for Wynn Las Vegas.*

[2] *Represents the full obligation under the Debentures assuming no conversion to common stock. The Debentures are convertible, at the holders' option, into a maximum of 10,869,550 shares of our common stock (subject to adjustment as provided in the indenture governing the Debentures), which is equivalent to a conversion price of $23.00 per share.*

[3] Represents the amount owing pursuant to an annuity issued by ITT Sheraton in connection with the acquisition of a parcel of land in 1994. The annuity bears interest at an annual rate of 8% and requires payment of $5,000 per month until February 2009. The Company assumed the obligations under the annuity in connection with its acquisition of the Desert Inn.

[4] As of December 31, 2003, we have not borrowed any amounts under the Revolver, however, we anticipate that drawing approximately $726.2 million to fund the design, construction, development, equipping and opening of Wynn Las Vegas, assuming that Wynn Las Vegas is completed on schedule. An additional $23.8 million is available under the Revolver, subject to certain limitations. Once the total extensions of credit under the Revolver equal or exceed $200 million, lead arrangers holding a majority of the commitments of the lead arrangers under that facility will have the right to convert between $100 million and $400 million of the outstanding revolving loans into term loans on the same terms and conditions as the term loans under the delay draw term loan facility or on such other terms as we and the administrative agent and syndication agent can agree. In addition, the Revolver will provide for a cash flow sweep each year that will reduce the commitment under that facility by the amount of the cash swept.

[5] As of December 31, 2003, we have not borrowed any amounts under the Term Loan, however we anticipate drawing the entire available balance in the future for additional funding of the construction and development of Wynn Las Vegas. Term Loans will be repayable in quarterly installments from the first full fiscal quarter after completion of Wynn Las Vegas until the seventh anniversary of the closing in amounts to be determined in accordance with the terms of the Credit Facilities.

[6] Represents obligations under our signed construction contracts with Marnell Corrao, Wadsworth Golf Construction Company, Bomel Construction Company, Inc. and certain other construction companies in connection with the construction of Wynn Las Vegas. We expect to satisfy some of the payment obligations under these contracts using amounts borrowed under the long-term indebtedness shown above.

[7] The Macau concession agreement requires Wynn Macau to invest 4 billion patacas (approximately $500 million) on one or more casino projects over a seven-year period. Wynn Macau is obligated to operate its first casino in Macau by December 2006. The full contractual commitment is shown as having to be made after five years, but the timing of the expenditures is subject to change. In addition, contractual obligations are stated in Macau patacas and therefore the amount of commitment as expressed in U.S. dollars may be subject to increases depending on fluctuations in the foreign rate of exchange.

[8] We have entered into employment agreements with several executive officers, other members of management and certain key employees. These agreements generally have three to five year terms, typically indicate a base salary with specified annual increases and often contain provisions for guaranteed bonuses. If we terminate certain executives without "cause" or if certain executives terminate employment with us for "good reason" following a "change of control" (as these terms are defined in the employment contracts), we will pay the executive a "separation payment" in a lump sum, which typically is equal to the base salary of the remaining term of the employment contract plus foregone bonuses, plus certain other payments. Amounts represent the aggregate contractual salaries and guaranteed bonuses during the periods specified in the agreements.

[9] $2.3 million of the total amounts committed and amounts expiring in less than one year represents a standby letter of credit for our owner-controlled insurance program. Remaining amounts for all periods represent our estimated future interest payments, including unused commitment fees on unborrowed amounts from our Credit Facilities and the FF&E Facility, based upon currently existing commitments, anticipated LIBOR rates based upon expected yield curves (including the effect of our interest rate swaps) as well as expected levels of borrowings and the timing of repayments.

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Description of Certain Indebtedness—The following discussion summarizes the material terms of certain material debt agreements to which certain of our subsidiaries are parties. However, this summary is qualified in its entirety by reference to the relevant agreements described herein. References to the "restricted entities" or to the "Notes Guarantors" mean Valvino; Wynn Resorts Holdings, LLC; Wynn Design & Development, LLC; World Travel, LLC; Las Vegas Jet, LLC; Desert Inn Water Company, LLC and Palo, LLC and references to the "Notes Issuers" mean Wynn Las Vegas, LLC and Wynn Las Vegas Capital Corp.

Convertible Subordinated Debentures—In July 2003, we sold a total of $250 million aggregate principal amount of the Debentures maturing July 15, 2015 with semi-annual interest payments at 6% beginning January 15, 2004. Approximately $44 million of the net proceeds of the offering were contributed to a newly formed subsidiary, Wynn Resorts Funding, LLC, which purchased U.S. government securities and is restricted to secure the payment of three years of scheduled interest payments as required by the indenture governing the Debentures.

Each $1,000 principal amount of the Debentures is convertible, at each holder's option, into 43.4782 shares of our common stock (subject to adjustment as provided on the indenture governing the Debentures), a conversion rate equivalent to a conversion price of $23.00 per share. We may redeem some or all of the Debentures for cash on or after July 20, 2007 at prices specified in the indenture governing the Debentures. In addition, the holders may require us to repurchase all or a portion of their Debentures, subject to certain exceptions, following a change of control in the Company. If any holder requires the repurchase of the Debentures, we may elect to pay the repurchase price in cash or shares of our common stock or a combination thereof.

The Debentures are guaranteed by Wynn Resorts Funding, LLC and Wynn Resorts has guaranteed the obligations of Wynn Resorts Funding, LLC. Other than with respect to three years of scheduled interest payments, the Debentures are subordinated unsecured obligations and rank junior in right of payment to all our existing and future senior indebtedness, and equally with any existing and future subordinated indebtedness.

We have filed a shelf registration statement with respect to the resale of the Debentures, the guarantees and the common stock issuable upon conversion of the Debentures which was declared effective by the United States Securities and Exchange Commission on February 2, 2004.

Second Mortgage Notes—On October 30, 2002, the Issuers, issued the Notes maturing November 1, 2010 with semi-annual interest payments at an annual rate of 12% beginning in May 2003. The Notes are unconditionally guaranteed by Wynn Resorts, Limited as the parent company and certain other subsidiary guarantors, are secured by a first priority security interest in the net proceeds of the offering and a second priority security interest in substantially all the assets of the Issuers and certain restricted subsidiaries, and rank senior in right of payment to all of the Issuers' existing and future subordinated indebtedness. In addition, the Notes contain certain affirmative and negative covenants applicable to the Issuers and the restricted entities, including limitations on additional indebtedness, declaration and payment of dividends, issuance of preferred stock and equity interests of wholly-owned subsidiaries, certain payments or investments, golf course and Phase II land development, transactions with affiliates, asset sales, sale-leaseback transactions, and various other restrictions as defined in the Indenture. While Wynn Resorts is not subject to a majority of the restrictive covenants in the Indenture, pursuant to the terms of its parent guaranty, if it grants specified liens to

secure other guarantees or indebtedness it will be required to grant *pari passu* liens on the same assets to secure its parent guaranty of the Notes. As of December 31, 2003, the Company is in compliance with all such covenants.

Other than mandatory redemption required by gaming authorities resulting from unsuitable persons, the Issuers will not be required to make mandatory redemption or sinking fund payments. However, if a change of control occurs, the holders of the Notes may require the Issuers to repurchase all or part of the Notes at 101% of the principal amount, plus accrued interest. In addition, after November 1, 2006, the Issuers may elect to redeem all or part of the Notes at the redemption prices below, plus accrued interest on the redemption date, if redeemed during the twelve-month period beginning on November 1 of the years below:

Year	Percentage
2006	112%
2007	108%
2008	104%
2009 and thereafter	100%

Credit Facilities—Effective October 30, 2002, Wynn Las Vegas entered into the Credit Facilities for additional construction financing for Wynn Las Vegas. The Credit Facilities are guaranteed by Wynn Resorts as the parent company, Valvino and its subsidiaries, and certain of Valvino's affiliates. While Wynn Resorts is not subject to a majority of the restrictive covenants in the Credit Facilities, pursuant to the terms of its parent guaranty, if it grants specified liens to secure other guarantees or indebtedness it will be required to grant *pari passu* liens on the same assets to secure its parent guaranty of the Credit Facilities. The Credit Facilities are also secured by a first priority security interest in a $30.0 million liquidity reserve account as further described below, a first priority pledge of all equity interests in, and a first priority security interest in substantially all the assets of, Wynn Las Vegas, LLC, Wynn Capital and the restricted entities, first mortgages on all real property constituting Wynn Las Vegas, and a second priority security interest on the furniture, fixtures and equipment securing the FF&E Facility described below.

The Revolver and the Term Loan mature in October 2008 and October 2009, respectively. Prior to the opening of Wynn Las Vegas, annual interest is charged on outstanding borrowings at the London Interbank Offered Rate ("LIBOR") plus 4% on the Revolver and LIBOR plus 5.5% on the Term Loan. Subsequent to the opening of Wynn Las Vegas, the rates will be adjusted based upon a leverage ratio. In addition, the Revolver requires quarterly payments on the unused available borrowings at an annual rate of 2%, while the Term Loan requires quarterly payments at an annual rate of 2.5% through December 31, 2002, 3% from January 1, 2003 to June 30, 2003 and 4% thereafter. As required by the Credit Agreement governing the Credit Facilities, Wynn Las Vegas, LLC has obtained interest rate protection through interest rate swaps against increases in the interest rates with respect to $825 million of borrowings under the Credit Facilities.

When borrowings outstanding under the Revolver equal or exceed $200 million, lead arrangers holding a majority of the commitments will have the right to convert $100 million to $400 million of the amounts outstanding to term loans with the same terms and conditions as those made under Term Loan facility.

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The Term Loan provides for draws of funds under one or more term loans no more frequently than once per month for 27 months after the closing. Once repaid, term loans may not be reborrowed.

The Notes Issuers and Notes Guarantors are required to comply with several affirmative and negative covenants, including limitations on additional indebtedness, guarantees, dividends, transactions with affiliates, capital expenditures, asset sales and others. There are also several financial covenants including the maintenance of a minimum fixed charge coverage ratio, minimum earnings before interest, taxes, depreciation and amortization ("EBITDA"), total debt to EBITDA and net worth. As of December 31, 2003, the Company is in compliance with all such covenants.

FF&E Facility—Effective October 30, 2002, Wynn Las Vegas entered into the $188.5 million FF&E Facility to provide financing and refinancing for furniture, fixtures and equipment to be used at Wynn Las Vegas. The proceeds from the FF&E Facility may also be used to refinance a replacement corporate aircraft, in which case, Wynn Las Vegas, LLC would request the FF&E lenders to increase the total commitment under the FF&E Facility by $10 million to $198.5 million.

In connection with the acquisitions of World Travel, LLC and Las Vegas Jet, LLC, the Company partially financed the purchase of a private jet aircraft for $38.0 million with the issuance of a note payable for $28.5 million collateralized by the aircraft. In November 2002, the Company withdrew $38.0 million against the FF&E Facility to repay the note payable secured by the aircraft acquired in connection with the acquisition of World Travel, LLC. The unused portion of the draw will be used for construction of Wynn Las Vegas.

The FF&E Facility is guaranteed by the same guarantors as the Credit Facilities, on a senior unsecured basis, matures in October 2009, and has substantially the same interest rates and elections as the Revolver discussed above.

Disbursement Agreement—The Company has entered into an agreement (the "Disbursement Agreement") with Deutsche Bank Trust Company Americas, as the bank agent and disbursement agent, Wells Fargo Bank, National Association, as the second mortgage note trustee, and Wells Fargo Bank Nevada, National Association as the FF&E agent, which sets forth the Company's material obligations to construct and complete Wynn Las Vegas, establishes a line-item budget and schedule for its construction, and establishes the conditions to, and the relative sequencing of, the making of disbursements from the proceeds of the Notes, the Credit Facilities and the FF&E Facility. The Disbursement Agreement restricts the Company's use of the proceeds of the Notes, the Credit Facilities and the FF&E Facility to only project costs related to Wynn Las Vegas and, subject to certain limitations, corporate overhead and related costs.

In order to facilitate the funding of disbursements in accordance with the Disbursement Agreement, the Company established certain accounts including, but not limited to, the Completion Guarantee Deposit Account and the Liquidity Reserve Account discussed in further detail below, which are pledged to the lenders under the Credit Facilities and, with respect to the secured account holding the proceeds of the Notes, the holders of the Notes. Prior to borrowing any amounts under the Credit Facilities or the FF&E Facility or receiving any disbursements from the secured account holding the proceeds of the Notes, the Company is required to use a substantial portion of the equity offering proceeds and other available funds to commence construction of Wynn Las Vegas. At that

point the proceeds of the Notes, other than amounts sufficient to pay interest, will be used; followed thereafter by the proceeds of the Credit Facilities and the FF&E Facility. However, as a condition to borrowing amounts under the Credit Facilities or the FF&E Facility or receiving any disbursements from the secured account holding the proceeds of the Notes, the Company is required to submit evidence acceptable to the third-party construction consultant that construction of Wynn Las Vegas has been completed at the time of such borrowing in accordance with the plans and specifications, on budget and on schedule.

Completion Guarantee and Liquidity Reserve—The Company contributed $50 million of the net proceeds of the equity offering to Wynn Completion Guarantor, LLC, a special purpose subsidiary of Wynn Las Vegas formed in October 2002 to provide a completion guarantee in favor of the lenders under the Credit Facilities and the Notes to secure completion of Wynn Las Vegas. The funds were deposited into a required escrow Completion Guarantee Deposit Account. These funds will gradually be available to fund certain cost overruns, if any, commencing after 50% of the construction work has been completed. After completion of Wynn Las Vegas, any remaining amounts will be released to the Company.

In addition, the Company deposited $30.0 million from the net proceeds of the equity offering into a required escrow Liquidity Reserve Account to secure the completion and opening of Wynn Las Vegas. The lenders under the Credit Facilities have a first priority security interest and the holders of the Notes have a perfected second priority security interest in these funds. These funds will gradually be available to fund certain cost overruns, if any, commencing after 50% of the construction work has been completed. Any amounts remaining upon completion will be used for debt service under the Credit Facilities and the Notes, and if consolidated EBITDA levels permit, to reduce the Revolver.

Financing for the Macau Opportunity—We are continuing work on the design of Wynn Macau, as well as our efforts to lease the land and obtain the financing to be used for Wynn Macau. We have not yet finalized the budget for its construction and development. We have invested approximately $23.8 million in Wynn Macau, S.A. to date, and, in addition, in January 2004, we loaned $5 million to Wynn Macau, S.A., bearing interest at 6.25% and payable on April 14, 2004 (which due date may be extended). We intend to invest additional capital in Wynn Macau, S.A. to enable it to finalize the land lease contract in Macau and repay the $5 million loan. We have additional capital available from a portion of the net proceeds we received from the initial public offering of our common stock (including as a result of the exercise of the overallotment option in connection therewith) and from the sale of the Debentures. We intend to use the net proceeds from the sale of the Debentures (excluding amounts contributed to Wynn Resorts Funding, LLC) to help finance Wynn Macau and for general corporate purposes, including possibly financing potential future acquisitions or other investments. The minority investors in Wynn Macau are obligated, subject to certain limitations, to make additional capital contributions in proportion to their economic interests (17.5% in the aggregate) to fund the construction, development and other activities of Wynn Macau, S.A.

At the present time, we have not yet determined the amount or composition of financing that will be required to complete the project. If we decide to raise additional equity at the Wynn Resorts level or at the Wynn Macau, S.A. or intermediary holding company level to fund the Macau opportunity, stockholders would suffer direct or indirect dilution of their interests. Although discussions

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are ongoing, Wynn Macau, S.A. currently has not received any commitments relating to financing from any third-party. Except for Wynn Resorts, we do not expect financing for any such project to be provided by or through any of the issuers or guarantors of the Notes or any other indebtedness relating to the Wynn Las Vegas project. After construction of Wynn Macau, we intend to satisfy our remaining financial obligations, if any, under our concession agreement through the development of future phased expansions and, possibly, additional casino resorts.

Other Liquidity Matters—New business developments or other unforeseen events may occur, resulting in the need to raise additional funds. For example, we continue to explore opportunities to develop additional gaming or related businesses in Las Vegas or other international or domestic markets, whether through acquisition, investment or development. Any such development could require us to obtain additional financing. We may also decide to conduct any such development directly through Wynn Resorts or indirectly through a line of subsidiaries separate from the Wynn Las Vegas or Wynn Macau, S.A. entities. In addition, Wynn Resorts' articles of incorporation provide that Wynn Resorts may redeem shares of its capital stock, including its common stock, that are owned or controlled by an unsuitable person or its affiliates to the extent a gaming regulatory authority makes a determination of unsuitability and orders the redemption, or to the extent deemed necessary or advisable by the board of directors. The redemption price may be paid in cash, by promissory note or both, as required by the applicable gaming regulatory authority and, if not, as we elect. Any promissory note that we issue to an unsuitable person or its affiliate in exchange for its shares could increase our debt to equity ratio and will increase our leverage ratio.

Furthermore, if completion of the Wynn Las Vegas project is delayed, then Wynn Las Vegas, LLC's debt service obligations accruing prior to the actual opening of Wynn Las Vegas will increase correspondingly. We are a holding company, with no operations of our own, and our cash flow needs and ability to fund debt service obligations are primarily dependent on our subsidiaries. Following the completion of Wynn Las Vegas, we expect the Wynn Las Vegas entities to fund their operations and capital requirements from operating cash flow and borrowings under the revolving credit facility. We cannot assure you, however, that the Wynn Las Vegas entities' business will generate sufficient cash flow from operations or that future borrowings available to the Wynn Las Vegas entities under the Credit Facilities will be sufficient to enable the Wynn Las Vegas entities to service and repay their indebtedness and to fund their other liquidity needs. Our subsidiaries, other than Wynn Resorts Funding, LLC with respect to the Debentures, have no obligation to pay any amounts due on Wynn Resorts' indebtedness or to provide Wynn Resorts with funds for its payment obligations on any of its indebtedness. Our subsidiaries currently have no material operations or earnings and the debt agreements of the Wynn Las Vegas entities contain significant restrictions on those entities' ability to distribute funds to Wynn Resorts. We may refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of the indebtedness, including the Credit Facilities, the FF&E Facility, the Notes or the Debentures on acceptable terms or at all.

Critical Accounting Policies and Estimates

The consolidated financial statements of the Company were prepared in conformity with accounting principles generally accepted in the United States of America. Certain of our accounting policies, including the estimated lives of our depreciable assets, our annual evaluation of assets for impairment and the purchase price allocations made in connection with acquisitions, require that management apply significant judgment in defining the appropriate assumptions integral to financial estimates. Judgments are based on historical experience, terms of existing contracts, industry trends and information available from outside sources, as appropriate. However, by their nature, judgments are subject to an inherent degree of uncertainty, and therefore actual results could differ from our estimates. As of, and for the period from inception to December 31, 2003, management does not believe there are any highly uncertain matters or other underlying assumptions that would have a material effect on the statement of financial position or results of operations of the Company if actual results differ from our estimates.

Critical accounting policies currently reflected in the consolidated financial statements primarily relate to expensing pre-opening costs as incurred, capitalizing construction costs, including portions of interest attributable to certain qualifying assets, and other policies related to our development stage status.

During the period of the construction of Wynn Las Vegas, direct costs such as those expected to be incurred for the design and construction of the hotel and casino, the championship golf course and the water-based entertainment production, including interest, are capitalized. Accordingly, the recorded amounts of property and equipment will increase significantly. Depreciation expense related to the capitalized construction costs will not be recognized until the related assets are put in service. Accordingly, upon completion of construction and commencement of operation of Wynn Las Vegas, depreciation expense recognized based on the estimated useful life of the corresponding asset will have a significant effect on the results of our operations.

Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 prohibits the pooling of interests method of accounting for business combinations initiated after June 30, 2001. SFAS No. 142, which was effective for the Company as of January 1, 2002, requires, among other things, the discontinuance of goodwill amortization. In addition, the standard includes provisions for the reclassification of certain existing intangibles as goodwill, reassessment of the useful lives of existing intangibles and ongoing assessments of potential impairment of existing goodwill. As of December 31, 2001, the Company had no goodwill but did have intangible assets consisting of trademarks and water rights with indefinite useful lives. Accordingly, the adoption of this statement on January 1, 2002 did not have a material impact on the Company's consolidated financial position or results of operations.

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In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This Statement applies to legal obligations associated with the retirement of certain obligations of lessees. This Statement is effective for fiscal years beginning after June 15, 2002. The Company's adoption of SFAS No. 143 on January 1, 2003 did not have a material impact on the Company's consolidated financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The provisions of this Statement are effective for fiscal years beginning after December 15, 2001. The Company adopted SFAS No. 144 on January 1, 2002 with no material impact on the Company's consolidated financial position or results of operations.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." Among other things, this statement rescinds SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt," which required all gains and losses from extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related income tax effect. As a result, the criteria in APB Opinion No. 30, "Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," will now be used to classify those gains and losses. The Company's adoption of this statement did not have a material impact on its consolidated financial position or results of operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No.146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. A fundamental conclusion reached by the FASB in this statement is that an entity's commitment to a plan, by itself, does not create a present obligation to others that meets the definition of a liability. The Company's adoption of this statement did not have a material impact on its consolidated financial position or results of operations.

In November 2002, the FASB issued FASB Interpretation ("FIN") No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, an Interpretation of FASB Statements No. 5, 57 and 107 and rescission of FASB Interpretation No. 34." FIN No. 45 elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued, and requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. A fundamental conclusion reached by the FASB in this interpretation is the exclusion from the liability recognition provisions of guarantees

issued between entities under common control or parent or subsidiary guarantees of third-party debt on behalf of that parent or subsidiary. Such guarantees, however, are not excluded from the enhanced disclosure provisions. The initial recognition and measurement provisions of FIN No. 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002, however the disclosure provisions are effective for financial statements of interim or annual periods ending after December 15, 2002. As a result, the Company adopted the disclosure provisions of FIN No. 45 for its 2002 annual consolidated financial statements, which had no material impact. The Company's subsequent adoption of the recognition and measurement provisions on January 1, 2003, also did not have a material impact upon its consolidated financial position or results of operations.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure, an amendment of FASB Statement No. 123." SFAS No.148 amends SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS No. 148 permits companies to continue to apply the intrinsic value based method of accounting for stock-based employee compensation as provided for in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," however it requires that companies that elect to do so, provide specific tabular pro forma disclosures required by SFAS No. 123 in the Summary of Significant Accounting Policies. In addition, SFAS No.148 requires these disclosures in financial reports for interim periods. The Company continues to apply the intrinsic value based method of accounting for stock-based employee compensation as allowed by SFAS No. 148, and therefore adoption of this statement did not have a material impact upon its consolidated financial position or results of operations. However, the Company has provided the required disclosures for the accompanying consolidated financial statements.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This statement amends and clarifies financial accounting and reporting for derivative instruments and hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," by requiring that contracts with comparable characteristics be accounted for similarly to result in more consistent reporting of contracts as either derivatives or hybrid instruments. This statement was effective for contracts entered into or modified after June 30, 2003. The Company adopted SFAS No. 149 on July 1, 2003 with no material impact on the Company's consolidated financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This statement establishes standards for an issuer's classification and measurement of certain financial instruments with characteristics of both liabilities and equity and requires that such financial instruments generally be classified as a liability as those instruments embody obligations of the issuer. This statement was effective for financial instruments entered into or modified after May 31, 2003, and was otherwise effective for most financial

Management's Discussion and Analysis of Financial Condition and Results of Operations

instruments included in the scope of the standard beginning the interim period beginning after June 15, 2003. The Company's adoption of SFAS No. 150 on July 1, 2003, had no material impact upon its consolidated financial position or results of operations.

In January 2003, the Financial Accounting Standards Board (FASB) issued FIN 46 (revised December 2003), *Consolidation of Variable Interest Entities* (VIEs). FIN 46 clarifies the application of Accounting Research Bulletin 51, *Consolidated Financial Statements*, and establishes standards for determining under what circumstances VIEs should be consolidated with their primary beneficiary, including those to which the usual condition for consolidation does not apply. FIN 46 also requires disclosures about unconsolidated VIEs in which the Company has a significant variable interest. The consolidation requirements of FIN 46 apply immediately to VIEs created after December 31, 2003. The consolidation requirements apply to older entities in the first period ending after March 15, 2004. Certain disclosure requirements apply to all financial statements issued after December 31, 2003. The application of FIN 46 has not and is not expected to have a material impact on the Company's financial position or results of operations.

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with the Revolver, the Term Loans (collectively, the "Credit Facilities") and the FF&E Facility, each of which bear interest based on floating rates. We attempt to manage interest rate risk by managing the mix of long-term fixed rate borrowings and variable rate borrowings. The amount of outstanding borrowings under the various debt instruments is expected to increase now that the proceeds of the initial public offerings of our common stock and the Notes have largely been used in the construction of Wynn Las Vegas and as the Wynn Macau project evolves.

The following table provides information about our long-term indebtedness as of December 31, 2003 (see also "Description of Certain Indebtedness"):

(in thousands)	Maturity Date	Face Amount	Carrying Value	Estimated Fair Value
FF&E Facility, interest at LIBOR plus 4% (approximately 5.15% at December 31, 2003)	October 2009	$ 38,000	$ 38,000	$ 38,000
Note payable—land parcel; interest at 8.0%	February 2009	253	253	253
12% Second Mortgage Notes	November 2010	370,000	343,900	440,300
6% Convertible Subordinated Debentures	July 2015	250,000	250,000	457,500
Total long-term debt		$658,253	$632,153	$936,053

The following table provides estimated future cash flow information derived from our best estimates of repayments at December 31, 2003 on our expected long-term indebtedness (see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources"). However, we cannot predict the LIBOR rates that will be in effect in the future. Accordingly, the LIBOR rate at December 31, 2003 equal to 1.15% is used for all calculations in the table below.

	As of December 31,						
(in millions)	2004	2005	2006	2007	2008	Thereafter	Total
Long-Term Debt:							
Fixed rate	$ 0.1	$ —	$ 0.1	$ —	$ 0.1	$620.0	$ 620.3
Average interest rate	8.00%	0.00%	8.00%	0.00%	8.00%	9.60%	9.60%
Variable rate	$ —	$20.1	$82.5	$96.0	$830.8	$135.3	$1,164.7
Average interest rate	0.00%	6.65%	6.65%	6.65%	5.34%	5.54%	5.59%

While we are required and have obtained interest rate protection through interest rate swap or other arrangements as described below, we cannot assure you that these risk management strategies will have the desired effect, and interest rate fluctuations could have a negative impact on our results of operations.

Consistent with our obligation under the Credit Facilities to obtain interest rate protection for at least $325 million of borrowings thereunder, in May 2003 and June 2003, we entered into two interest rate swap arrangements to hedge the underlying interest rate risk on a total of $825 million of our expected future borrowings under our Credit Facilities, which bear interest at LIBOR plus 4% and LIBOR plus 5.5%, on the Revolver and Term Loans, respectively, and mature in October 2008 and October 2009, respectively.

Under these interest rate swap arrangements, we will receive payments at a variable rate of LIBOR and pay a fixed rate of 2.653% under the May 2003 swap agreement and 2.690% under the June 2003 swap agreement on notional amounts set forth in the swap instruments. These notional amounts gradually increase from approximately $12.4 million to $325 million during the period from March 1, 2004 through December 1, 2006, on the May 2003 swap instrument, and from approximately $60 million to $500 million during the period from October 26, 2004 through December 26, 2006, on the June 2003 swap instrument. These graduated notional amounts are designed to correspond with the amounts and timing of our expected borrowings under the Credit Facilities. The interest rate swaps are expected to be effective as hedging instruments as long as sufficient LIBOR-based borrowings are outstanding under the Credit Facilities, and effectively fix the interest rate on borrowings under the Revolver at approximately 6.653% and 6.690%, respectively and at approximately 8.153% and 8.190%, respectively on borrowings under the Term Loans. Any ineffectiveness will increase our recorded interest expense in our consolidated financial statements.

Quantitative and Qualitative Disclosures about Market Risk

As of December 31, 2003, we recorded in other assets the fair value of the net effect of these two interest rate swaps of approximately $8.8 million. Because there has been no ineffectiveness in the hedging relationship, the corresponding change in fair value of equal amount is reported in other comprehensive income for the year ended December 31, 2003.

The following table provides information about our interest rate swaps as of December 31, 2003 and using estimated future LIBOR rates based upon implied forward rates in the yield curve:

	Expected Averages as of December 31,						
(in millions)	2004	2005	2006	2007	2008	Thereafter	Total
Average notional amount	$211.0	$755.8	$797.9	$—	$—	$—	N/A
Average pay rate	2.67%	2.68%	2.68%	—	—	—	N/A
Average receive rate	1.38%	2.89%	3.93%	—	—	—	N/A

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

For the year ended December 31, 2003, we incurred approximately $96.3 million in interest. Approximately $38 million of our outstanding indebtedness for the year was based upon a variable, LIBOR rate plus a premium. As such, a 1% increase in the LIBOR would have increased our interest cost by approximately $380,000.

Foreign Currency Risks—The currency used in Wynn Macau, S.A.'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.

Because Wynn Macau S.A.'s payment and expenditure obligations under the concession agreement are in Macau patacas, in the event of unfavorable Macau pataca or Hong Kong dollar rate changes, Wynn Macau S.A.'s obligations, as denominated in U.S. dollars, would increase. In addition, because we expect that most of the revenue for any casino that Wynn Macau S.A. operates in Macau will be in Hong Kong dollars, we are subject to foreign exchange risk with respect to the exchange rate between the Hong Kong dollar and the U.S. dollar. Wynn Macau S.A. intends to spend any Macau patacas received on local casino operating expenses. Also, if any of our Macau-related entities incur U.S. dollar-denominated debt, fluctuations in the exchange rates of the Macau pataca or the Hong Kong dollar, in relation to the U.S. dollar, could have adverse effects on Wynn Macau S.A.'s ability to service its debt, its results of operations and its financial condition. We have not yet determined whether we will engage in hedging activities to protect against foreign currency risk.

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain information included in this Annual Report contains statements that are forward-looking, including, but not limited to, statements relating to our business strategy and development activities, including our opportunity in Macau, as well as other capital spending, financing sources, the effects of regulation (including gaming and tax regulation), expectations concerning future operations, margins, profitability and competition. Any statements contained in this Annual Report that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, in some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "would," "could," "believe," "expect," "anticipate," "estimate," "intend," "plan," "continue," or the negative of these terms or other comparable terminology. 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. These risks and uncertainties include, but are not limited to, those relating to competition in the casino/hotel and resorts industry, completion of our Wynn Las Vegas casino resort on time and within budget, doing business in foreign locations such as Macau (including the risks associated with Macau's developing gaming regulatory framework), new development and construction activities of competitors, our dependence on Stephen A. Wynn and existing management, leverage and debt service (including sensitivity to fluctuations in interest rates), levels of travel, leisure and casino spending, general domestic or international economic conditions, pending or future legal proceedings, changes in federal or state tax laws or the administration of such laws, changes in gaming laws or regulations (including the legalization of gaming in certain jurisdictions), applications for licenses and approvals under applicable jurisdictional laws and regulations (including gaming laws and regulations), the impact that an outbreak of an infectious disease, such as severe acute respiratory syndrome, may have on the travel and leisure industry and the consequences of the war in the Iraq and other military conflicts in the Middle East, and any future security alerts and/or terrorist attacks such as the attacks that occurred on September 11, 2001. Further information on potential factors which could affect our financial condition, results of operations and business are included in our filings with the Securities and Exchange Commission. You should not place undue reliance on any forward-looking statements, which are based only on information currently available to us. We undertake no obligation to publicly release any revisions to such forward-looking statements to reflect events or circumstances after the date hereof.

Consolidated Balance Sheets

(amounts in thousands, except share data)	December 31, 2003	December 31, 2002
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 341,552	$ 109,644
Restricted cash and investments	58,312	—
Receivables, net	78	184
Inventories	204	212
Prepaid expenses	2,201	2,010
Total current assets	402,347	112,050
Restricted cash and investments	342,120	792,877
Property and equipment, net	897,815	420,496
Water rights	6,400	6,400
Trademark	1,000	1,000
Deferred financing costs	59,265	60,159
Other assets	24,376	5,619
Total assets	$1,733,323	$1,398,601
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	$ 41	$ 38
Accounts and construction payable	49,754	9,451
Accrued interest	16,813	8,159
Accrued compensation and benefits	3,378	1,439
Accrued expenses and other current liabilities	1,190	1,059
Total current liabilities	71,176	20,146
Construction retention	23,846	506
Long-term debt	635,432	382,153
Total liabilities	730,454	402,805
Minority interest	1,054	4,183
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, par value $0.01; authorized 40,000,000 shares; zero shares issued and outstanding	—	—
Common stock, par value $0.01; authorized 400,000,000 shares; 82,168,484 and 78,972,511 shares issued and outstanding	820	790
Additional paid-in capital	1,110,813	1,065,649
Deferred compensation—restricted stock	(9,664)	(14,771)
Accumulated other comprehensive income	8,793	—
Deficit accumulated from inception during the development stage	(108,947)	(60,055)
Total stockholders' equity	1,001,815	991,613
Total liabilities and stockholders' equity	$1,733,323	$1,398,601

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

Consolidated Statements of Operations and Comprehensive Loss

(amounts in thousands, except per share data)	Year Ended December 31, 2003	2002	2001	Period from April 21, 2000 (Inception) to December 31, 2003
Revenues:				
Airplane	$ 375	$ 629	$ 1,077	$ 2,168
Art gallery	317	279	35	631
Retail	312	237	27	576
Water	14	14	18	46
Total revenues	1,018	1,159	1,157	3,421
Expenses:				
Pre-opening costs	47,119	25,147	11,862	89,834
Depreciation and amortization	5,743	8,934	8,163	26,885
(Gain)/Loss on sale of assets	(4)	(21)	394	369
Selling, general and administrative	631	622	376	1,628
Facility closure	—	—	373	1,579
Cost of water	60	59	40	160
Cost of retail sales	153	118	9	280
Loss from incidental operations	651	700	—	2,514
Total expenses	54,353	35,559	21,217	123,249
Operating loss	(53,335)	(34,400)	(20,060)	(119,828)
Other income (expense):				
Interest expense, net	(9,031)	(1,897)	(28)	(10,973)
Interest income	10,345	3,718	2,362	17,859
Other income, net	1,314	1,821	2,334	6,886
Minority interest	3,129	866	—	3,995
Net loss accumulated during the development stage	(48,892)	(31,713)	(17,726)	(108,947)
Change in fair value of interest rate swaps	8,793	—	—	8,793
Comprehensive loss	$(40,099)	$(31,713)	$(17,726)	$(100,154)
Basic and diluted loss per common share:				
Net loss accumulated during the development stage:				
Basic	$ (0.62)	$ (0.68)	$ (0.45)	$ (2.10)
Diluted	$ (0.62)	$ (0.68)	$ (0.45)	$ (2.10)
Weighted average common shares outstanding:				
Basic	79,429	46,706	38,984	51,811
Diluted	79,429	46,706	38,984	51,811

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

Consolidated Statements of Stockholders' Equity

(amounts in thousands, except share data)	Common Stock Shares Outstanding	Common Stock Par Value	Additional Paid-in Capital	Deferred Compensation—Restricted Stock	Accumulated Other Comprehensive Income	Net Loss Accumulated During the Development Stage	Total Stockholders' Equity
Balances, April 21, 2000 (Inception)	—	$ —	$ —	$ —	$ —	$ —	$ —
Capital contributions	37,944,544	379	512,675	—	—	—	513,054
Distributions	—	—	(110,482)	—	—	—	(110,482)
Third party fees	—	—	(10,000)	—	—	—	(10,000)
Net loss accumulated during the development stage	—	—	—	—	—	(10,616)	(10,616)
Balances, December 31, 2000	37,944,544	379	392,193	—	—	(10,616)	381,956
Capital contributions	1,459,347	15	20,785	—	—	—	20,800
Third party fees	—	—	(800)	—	—	—	(800)
Net loss accumulated during the development stage	—	—	—	—	—	(17,726)	(17,726)
Balances, December 31, 2001	39,403,891	394	412,178	—	—	(28,342)	384,230
Capital contributions	596,109	6	173,488	—	—	—	173,494
Issuance of common stock through initial public offering	34,615,000	346	426,024	—	—	—	426,370
Issuance of common stock through over-allotment option	3,219,173	32	38,888	—	—	—	38,920
Issuance of restricted stock	1,138,338	12	15,071	(15,083)	—	—	—
Amortization of deferred compensation—restricted stock	—	—	—	312	—	—	312
Net loss accumulated during the development stage	—	—	—	—	—	(31,713)	(31,713)
Balances, December 31, 2002	78,972,511	790	1,065,649	(14,771)	—	(60,055)	991,613
Issuance of restricted stock	189,723	2	2,827	(2,829)	—	—	—
Forfeiture of restricted stock	(189,723)	(2)	(2,512)	1,440	—	—	(1,074)
Issuance of common stock	3,000,000	30	44,766	—	—	—	44,796
Exercise of stock options	6,250	—	83	—	—	—	83
Amortization of deferred compensation—restricted stock	—	—	—	6,496	—	—	6,496
Change in fair value of interest rate swaps	—	—	—	—	8,793	—	8,793
Net loss accumulated during the development stage	—	—	—	—	—	(48,892)	(48,892)
Balances, December 31, 2003	81,978,761	$820	$1,110,813	$ (9,664)	$8,793	$(108,947)	$1,001,815

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

Consolidated Statements of Cash Flows

(amounts in thousands)	Year Ended December 31, 2003	2002	2001	Period from April 21, 2000 (Inception) to December 31, 2003
Cash flows from operating activities:				
Net loss accumulated during the development stage	$ (48,892)	$ (31,713)	$(17,726)	$ (108,947)
Adjustments to reconcile net loss accumulated during the development stage to net cash used in operating activities:				
Depreciation and amortization	5,743	8,934	8,163	26,885
Minority interest	(3,129)	(866)	—	(3,995)
Amortization of deferred compensation	3,327	134	—	3,461
Amortization of deferred financing costs	12,871	—	—	12,871
(Gain)/Loss on sale of fixed assets	(4)	(21)	394	369
Incidental operations	—	1,971	3,611	6,780
Increase (decrease) in cash from changes in:				
Receivables, net	106	350	477	7,903
Inventories and prepaid expenses	(183)	(918)	(95)	(1,244)
Accounts payable and accrued expenses	8,387	11,603	585	11,589
Total adjustments	27,118	21,187	13,135	64,619
Net cash used in operating activities	(21,774)	(10,526)	(4,591)	(44,328)
Cash flows from investing activities:				
Acquisition of Desert Inn Resort and Casino, net of cash acquired	—	—	—	(270,718)
Capital expenditures, net of construction payables	(414,989)	(66,077)	(29,082)	(565,789)
Restricted cash and investments	392,445	(792,353)	(524)	(400,432)
Other assets	(9,964)	(3,573)	(1,707)	(16,543)
Proceeds from sale of equipment	6	8,007	775	9,564
Net cash used in investing activities	(32,502)	(853,996)	(30,538)	(1,243,918)

(amounts in thousands)	Year Ended December 31, 2003	2002	2001	Period from April 21, 2000 (Inception) to December 31, 2003
Cash flows from financing activities:				
Equity contributions	45,000	173,494	20,800	720,007
Equity distributions	—	—	—	(110,482)
Exercise of stock options	83	—	—	83
Proceeds from issuance of common stock	—	491,844	—	491,844
Third party fees	(204)	(26,554)	(800)	(37,558)
Macau minority contributions	—	5,050	—	5,050
Proceeds from issuance of long-term debt	250,000	381,334	—	756,334
Principal payments of long-term debt	(38)	(28,535)	(32)	(153,623)
Deferred financing costs	(8,657)	(61,735)	—	(71,857)
Proceeds from issuance of related party loan	—	—	—	100,000
Principal payments of related party loan	—	—	—	(70,000)
Net cash provided by financing activities	286,184	934,898	19,968	1,629,798
Cash and cash equivalents:				
Increase (decrease) in cash and cash equivalents	231,908	70,376	(15,161)	341,552
Balance, beginning of period	109,644	39,268	54,429	—
Balance, end of period	$ 341,552	$109,644	$ 39,268	$ 341,552
Supplemental cash flow disclosures:				
Cash paid for interest, net of amounts capitalized	$ —	$ 1,443	$ 28	$ 1,488
Advances and loans converted to contributed capital	$ —	$ 458	$ —	$ 32,758
Equipment purchases financed by debt	$ —	$ 28,500	$ —	$ 28,500
Due from related party reclassified to Water rights	$ —	$ —	$ 6,400	$ 6,400
Purchase accounting reduction of land for excess liabilities	$ —	$ —	$ 1,400	$ 1,400
Deferred compensation capitalized into construction	$ 3,171	$ —	$ —	$ 3,171
Change in fair value of interest rate swaps	$ 8,793	$ —	$ —	$ 8,793
Forfeiture of restricted stock reducing construction	$ 1,074	$ —	$ —	$ 1,074

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

Notes to Consolidated Financial Statements

1. Organization and Basis of Presentation

Organization—Wynn Resorts, Limited, a Nevada corporation ("Wynn Resorts") was formed in June 2002 to offer shares of its common stock for sale to the public in an initial public offering that was consummated in October 2002. Wynn Resorts' predecessor, Valvino Lamore, LLC ("Valvino"), was formed on April 21, 2000 (date of inception) as a Nevada limited liability company to acquire land and design, develop and finance a new resort casino/hotel project formerly named "Le Rêve" and subsequently renamed "Wynn Las Vegas."

In June 2002, Valvino, through its majority owned indirect subsidiary, Wynn Resorts (Macau) S.A. ("Wynn Macau, S.A."), entered into an agreement with the government of Macau, granting Wynn Macau, S.A. the right to construct and operate one or more casino gaming properties in the Macau Special Administrative Region of the People's Republic of China ("Macau"), located 37 miles southwest of Hong Kong. The Company's first anticipated casino resort in Macau is referred to herein as "Wynn Macau."

As more fully described below, on September 24, 2002, Wynn Resorts became the parent company of Valvino when all the members of Valvino contributed 210,834 shares comprising 100% of the membership interests of Valvino to Wynn Resorts in exchange for 40,000,000 shares of the common stock of Wynn Resorts as discussed below. Hereafter, all references to the "Company" refer to Wynn Resorts and its subsidiaries or Valvino and its subsidiaries, as its predecessor company.

Operations of the Company have been primarily limited to the design, development, financing and construction of Wynn Las Vegas and the acquisition of the concession to operate casinos in Macau, and the design, development, pre-construction, preliminary financing and land leasing efforts relating to Wynn Macau.

Direct and indirect subsidiaries of the Company include Valvino; Wynn Resorts Funding, LLC; Wynn Design and Development, LLC; Wynn Resorts Holdings, LLC; Wynn Las Vegas, LLC; Wynn Completion Guarantor, LLC; Wynn Las Vegas Capital Corp.; Wynn Show Performers, LLC; World Travel, LLC; Las Vegas Jet, LLC; Rambas Marketing Company, LLC; Palo, LLC; Toasty, LLC; WorldWide Wynn, LLC; Kevyn, LLC; Desert Inn Water Company, LLC; Desert Inn Improvement Company; Wynn Group Asia, Inc.; Wynn Resorts International, Ltd.; Wynn Resorts (Macau) Holdings, Ltd.; Wynn Resorts (Macau), Limited; and Wynn Macau, S.A.

Acquisitions—Pursuant to an Asset and Land Purchase Agreement dated as of April 28, 2000, by and among Starwood Hotels & Resorts Worldwide, Inc., Sheraton Gaming Corporation, Sheraton Desert Inn Corporation, Valvino and Stephen A. Wynn ("Mr. Wynn"), the Company acquired the assets and liabilities of the Desert Inn Resort and Casino (the "Desert Inn") for approximately $270 million plus an adjustment for working capital, as defined therein. Upon receiving all necessary regulatory approvals, the purchase was completed on June 22, 2000. The acquisition was accounted for using the purchase method of accounting and the purchase price was allocated to the assets acquired and liabilities assumed based on estimated fair values at the date of acquisition. Later in 2000 and early 2001, the Company acquired all of the remaining lots located in the interior of, and some of the lots around, the former Desert Inn golf course for a total of $47.8 million.

On August 28, 2000, the Company permanently closed the Desert Inn with the exception of the golf course and its related retail, food and beverage operations, which were subsequently closed in June 2002.

On April 1, 2001, the Company acquired Kevyn, LLC, a previously unconsolidated affiliate which was wholly-owned by Mr. Wynn and whose principal asset was an airplane, for approximately $10 million. The acquisition was treated as a reorganization of entities under common control. In accordance with Statement of Financial Accounting Standard ("SFAS") No. 141, "Business Combinations," the assets and liabilities acquired have been recorded at the carrying value at the time of the acquisition and the operating results of Kevyn, LLC are included in the operating statements of the Company from the earliest period presented. As a result, the previously separate historical financial position and results of operations of Kevyn, LLC are combined with the financial position and results of operations of the Company for all periods presented.

Additionally, effective June 28, 2001, the Public Utilities Commission of Nevada approved the transfer of ownership of Desert Inn Water Company, also a previously unconsolidated affiliate and wholly-owned company of Mr. Wynn, to the Company. As the Desert Inn Water Company consisted entirely of all of the shares of Desert Inn Improvement Company whose assets primarily consisted of water rights, this transaction was treated as an acquisition of assets for financial reporting purposes. The Company exchanged the receivable from the Desert Inn Water Company in this acquisition, which was equivalent to the fair market value of the water rights of $6.4 million. Subsequently, in 2003, the water rights were transferred from Desert Inn Water Company to Wynn Las Vegas, LLC and Wynn Resorts Holdings, LLC.

In May 2002, the Company acquired World Travel, LLC and Las Vegas Jet, LLC (entities previously wholly-owned by Mr. Wynn). The acquisitions were accounted for as reorganizations of entities under common control. In accordance with SFAS No. 141, "Business Combinations," the assets and liabilities of the entities acquired have been recorded at the carrying value at the time of the acquisition and the operating results of the entities are included in the operating statements of the Company from the earliest period presented. As a result, the previously separate historical financial position and results of operations of World Travel, LLC and Las Vegas Jet, LLC are combined with the financial position and results of operations of the Company for all periods presented.

Capital Contributions—At formation, Valvino's sole member was Mr. Wynn. Pursuant to the Amended and Restated Operating Agreement (the "Agreement") dated October 3, 2000, the Company admitted a new 50% member, Aruze USA, Inc. ("Aruze USA"), in exchange for a capital contribution of $260 million. As part of this capital acquisition, the Company paid a fee of $10 million to a third party. The Company again amended the Agreement on April 16, 2001 when a third member, Baron Asset Fund, was admitted as a 3.7% member in exchange for a capital contribution of $20.8 million. As part of this capital contribution, the Company paid a fee of $800,000 to a third party.

Upon completion of various legal agreements and transactions in April 2002, Mr. Wynn contributed approximately $32 million of cash to the Company. This included the assignment to the Company by Mr. Wynn of his rights to approximately $22.5 million deposited in a Macau bank account which was committed to Wynn Macau, and an additional $8.6 million of cash. In addition, Mr. Wynn also contributed to the Company his 90% ownership interest in Wynn Macau, S.A. and the right to be reimbursed for approximately $825,000 of expenses incurred by Mr. Wynn on behalf of Wynn Macau, S.A.. At the time of the capital contribution, the assets held by Wynn Macau, S.A. principally consisted of the intangible asset associated with the provisional license to negotiate a concession with the government of Macau. The provisional license had no historical cost basis but the members of Valvino negotiated a fair value of $56 million. In accordance with SFAS No. 141, "Business Combinations," because the transactions occurred between entities under common control, the

Notes to Consolidated Financial Statements

contribution of the 90% interest in Wynn Macau, S.A. by Mr. Wynn was recorded at its historical cost basis with the primary asset recorded in the financial statements being the approximate $22.5 million of cash. However, Mr. Wynn's ownership interest in the Company after these contributions reflects the fair value of his 90% ownership interest in Wynn Macau relative to the fair value of the contributions from Aruze USA, Inc. and Baron Asset Fund as described below.

Concurrent with Mr. Wynn's contributions above, Aruze USA contributed an additional $120 million in cash and Baron Asset Fund contributed an additional $20.3 million in cash.

While neither Mr. Wynn nor Aruze USA received additional shares in connection with the above-described capital contributions, immediately following these additional capital contributions, Mr. Wynn and Aruze USA each owned 47.5% of the membership interests in the Company, and Baron Asset Fund owned 5% of the membership interests in the Company.

In April 2002, the Company converted approximately $458,000 of advances to Wynn Macau, S.A. into capital contributions.

In June 2002, the Kenneth R. Wynn Family Trust contributed $1.2 million cash in exchange for a 0.146% membership interest in the Company.

During the third quarter of 2002, the Company received approximately $2.2 million of capital contributions from minority stockholders for Wynn Macau, S.A.. Upon the final execution of the stockholder agreements in November 2002, the Company's ownership interest in Wynn Macau was reduced from 90% to 82.5%.

Wynn Resorts Exchange—At December 31, 2001, there were approximately 207,692 common shares of Valvino outstanding. The most recent sale of shares prior to December 31, 2001 occurred at a price of approximately $2,704 per share. Consistent with the management structure permitted under applicable Nevada law, the Agreement provided that each share was entitled to one vote on all matters requiring the vote of the members. The Agreement also included several additional management provisions. First, Mr. Wynn, as the managing member, had authority to make decisions regarding the day-to-day activities of Valvino. Second, certain fundamental decisions had to be approved by the four-member Board of Representatives. Mr. Wynn and Aruze USA each appointed two representatives to the Board of Representatives. Mr. Wynn acted as Chairman of the Board of Representatives and had certain rights in that capacity, including the right to make the tie-breaking vote with respect to board action. Allocations of Valvino's profits and losses were made based on the common shares of each member, subject to applicable tax law requirements. Non-liquidating distributions were to be made first based on the initial positive capital account of each member (as determined under federal tax law book accounting) and then based on each member's percentage interest in Valvino's profits and losses. Liquidating distributions were to be made based solely on each member's positive capital account.

As discussed above, on September 24, 2002, all the members of Valvino contributed 100% of the membership interests in Valvino to the Company in exchange for 40,000,000 shares of the Company's common stock, making Valvino and its subsidiaries wholly-owned subsidiaries of the Company (hereafter referred to as the "Exchange").

The contributions under the Exchange were tax-free contributions under the Internal Revenue Code, and for financial statement accounting purposes the Exchange was considered to be a recapitalization. Because the ownership interests in the Company after the Exchange were identical to the previous ownership interests in Valvino, the Exchange was considered to be non-substantive. In accordance with Financial Accounting Standards Board ("FASB") Technical Bulletin 85-5, "Issues Relating to Accounting for Business Combinations," the Company recognized the assets and liabilities transferred at their carrying value in the books and records of Valvino at the time of exchange. The Company's consolidated financial statements report the impact of the Exchange as if it had occurred at the beginning of the periods presented.

2. Summary of Significant Accounting Policies

Development Stage Risk Factors—As a development stage company, the Company has spent significant amounts of money in connection with its development activities, primarily in the acquisition of land and other assets, in the design, development, financing and construction of Wynn Las Vegas, and in negotiation of the concession arrangement as well as the pre-development design, preliminary financing and land acquisition for Wynn Macau. The Company has not commenced principal operations and therefore revenues are not significant. Consequently, as is customary for a development stage company, the Company has incurred losses in each period from inception to December 31, 2003. Management expects these losses to continue until planned principal operations have commenced. However, as a development stage company, the Company has risks that may impact its ability to become an operating enterprise or to remain in existence. The Company is subject to many rules and regulations in both the construction and development phases and in operating gaming facilities, including, but not limited to, maintaining compliance with debt covenants, receiving the appropriate permits for particular construction activities, securing a Nevada state gaming license for the ownership and operation of Wynn Las Vegas, maintaining ongoing suitability requirements in Nevada and Macau, as well as fulfilling the requirements of Macau's developing regulatory framework. The completion of the Wynn Las Vegas and Wynn Macau projects is dependent upon compliance with these rules and regulations. Management anticipates Wynn Las Vegas will cost approximately $2.4 billion to design and construct, including the cost of approximately 217 acres of land, capitalized interest, pre-opening expenses and financing fees. In addition, the Company is currently obligated to open its first casino resort in Macau by December 2006, and to invest at least 4 billion patacas (equivalent to approximately U.S. $500 million at the December 31, 2003 rate of exchange) in Macau by June 2009.

Principles of Consolidation—The accompanying consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

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

Notes to Consolidated Financial Statements

Reclassifications—Certain amounts in the December 31, 2002 and 2001 consolidated financial statements have been reclassified to conform to the December 31, 2003 presentation. These reclassifications had no effect on the previously reported net loss.

Cash and Cash Equivalents—Cash and cash equivalents are comprised of highly liquid investments with a purchase maturity of three months or less. Cash equivalents are carried at cost, which approximates fair value.

Restricted Cash and Investments—Restricted cash and investments consists of certificates of deposits to collateralize certain construction insurance claims, cash deposits for certain required sales taxes, and certain of the proceeds of the Company's financing activities invested in approved money market funds or government-backed treasury notes and interest-only strips and restricted by the agreements governing the Company's debt instruments for the payment of certain approved construction and development costs relating to Wynn Las Vegas or for interest payments on the first three years of certain of the Company's debt. Amounts classified as current are equal to current construction payables and other accruals also classified as current.

The Company classifies its marketable securities in one of three categories: held-to-maturity, trading or available-for-sale, in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." In accordance with SFAS No. 115, held-to-maturity securities are those securities for which the Company has the ability and intent to hold until maturity. Trading securities are those bought and held principally for the purpose of selling them in the near term. All other securities are classified as available-for-sale. All of the Company's marketable securities are classified as held-to-maturity. Accordingly, these are recorded at cost, adjusted for the amortization of premiums or accretion of discounts. With the exception of the Treasury strips purchased to collateralize the first three years of interest payments on the Company's 6% Convertible Subordinated Debentures (discussed below), all of the Company's marketable securities at December 31, 2003 mature on or before March 25, 2004. The carrying value of these marketable securities approximates fair value due to their relatively short-term maturities and market rates of interest.

Restricted cash and investments at December 31, 2003 and 2002 also include approximately $2.6 million and $3.8 million, respectively of accrued interest receivable on the marketable securities.

Receivables—Receivables consist of casino markers and hotel accounts resulting from the former operation of the Desert Inn as well as amounts currently charged in connection with providing water to the remaining homes located in the former Desert Inn Estates. The Company maintains an allowance for doubtful accounts, which is based on management's estimate of the amount expected to be uncollectible considering historical experience and the information management obtains regarding the credit worthiness of the customer.

Inventories—Retail, food and beverage inventories are stated at the lower of cost or market value. Cost is determined by the first-in, first-out and specific identification methods.

Property and Equipment—The allocation of the purchase price of the Desert Inn to these asset categories was based upon an appraisal and management's estimate of the fair value of the assets acquired. Subsequent purchases of property and equipment are stated at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method as follows:

Buildings and improvements	1 to 3 years
Parking garage	15 years
Airplane	7 to 20 years
Furniture, fixtures and equipment	5 to 20 years

The design and development costs for Wynn Las Vegas are capitalized. Costs of building repairs and maintenance are charged to expense as incurred. The cost and accumulated depreciation of property and equipment retired or otherwise disposed of are eliminated from the respective accounts and any resulting gain or loss is included in operating income or loss.

In connection with the acquisition of the Desert Inn, the Company acquired several parcels of land, some of which will be available for future development. The Company's decision on whether to proceed with any new gaming opportunity is dependent upon future economic and regulatory factors, the availability of financing and competitive and strategic considerations. As many of these considerations are beyond the Company's control, no assurances can be made that the Company will be able to obtain appropriate licensing or be able to secure additional acceptable financing in order to proceed with any particular project. As of December 31, 2003 and 2002, the Company had approximately 20 acres of land held for future development with a book value of approximately $78.6 million.

Capitalized Interest—The Company capitalizes interest costs associated with debt incurred in connection with its major construction projects. Interest capitalization will cease once the project is substantially complete or no longer undergoing construction activities to prepare it for its intended use. When no debt is specifically identified as being incurred in connection with such construction projects, the Company capitalizes interest on amounts expended on the project at the Company's weighted average cost of borrowed money. Interest of $87.3 million, $13.5 million, $0 and $107.1 million was capitalized for the years ended December 31, 2003, 2002 and 2001, and for the period from inception to December 31, 2003, respectively.

Intangible Assets—The Company has recorded its trademarks at cost and the water rights acquired as part of the overall purchase price of the Desert Inn at appraised value. Radio frequencies, which are included in other assets, are recorded at cost. These intangible assets have indefinite useful lives, and accordingly, are not amortized, but are periodically reviewed for impairment.

Deferred Financing Costs—Direct and incremental costs incurred in obtaining loans or in connection with the issuance of long-term debt are capitalized and amortized to interest over the terms of the related debt agreements. Approximately $9.6 million, $1.6 million, $0 and $12.7 million was amortized to interest during the years ended December 31, 2003, 2002 and 2001, and for the period from inception to December 31, 2003, respectively. The Company expects approximately $10 million will be amortized to interest for each year from 2004 through 2008 related to deferred financing costs recognized at December 31, 2003.

Notes to Consolidated Financial Statements

Components of deferred financing costs as of December 31, 2003 and 2002 are as follows:

($ amounts in millions)	Second Mortgage Notes	Unused Revolving Credit Facility	Unused Term Loan Facility	Partially Drawn FF&E Facility	Convertible Debentures	Total Deferred Financing Costs
Net balance, December 31, 2001:	$ —	$ —	$ —	$ —	$ —	$ —
Add: 2002 Financing costs	14.4	26.9	9.1	11.3	—	61.7
Less: 2002 Amortization	(0.3)	(0.8)	(0.2)	(0.3)	—	(1.6)
Net balance, December 31, 2002:	14.1	26.1	8.9	11.0	—	60.1
Add: 2003 Financing costs	—	—	—	—	8.7	8.7
Less: 2003 Amortization	(1.8)	(4.5)	(1.3)	(1.6)	(0.4)	(9.6)
Net balance, December 31, 2003:	$12.3	$21.6	$ 7.6	$ 9.4	$ 8.3	$59.2

Accumulated amortization amounted to $12.7 million and $3.1 million as of December 31, 2003 and 2002, respectively.

Long-Lived Assets—Long-lived assets, which are not to be disposed of, including intangibles and property and equipment, are periodically reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. As of December 31, 2003 and 2002, management does not believe any assets have been impaired.

Derivative Financial Instruments—The Company seeks to manage its market risk, including interest rate risk associated with variable rate borrowings, through balancing fixed-rate and variable-rate borrowings and the use of derivative financial instruments. The Company accounts for derivative financial instruments in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. Derivative financial instruments are recognized as assets or liabilities, with changes in fair value affecting net income (loss) or comprehensive income (loss) as applicable.

As of December 31, 2003, the Company recorded approximately $8.8 million in other assets to reflect the fair value of its two interest rate swaps, designated as cash flow hedges, entered into in the second quarter of 2003 to hedge the underlying interest rate risk on a total of $825 million of expected future borrowings under its existing Credit Facilities. Because there has been no ineffectiveness in the hedging relationships since the inception of these interest rate swaps, the corresponding change in fair value is reported in other comprehensive income for year ended December 31, 2003.

Revenue Recognition—The Company recognizes revenues on airplane services, art gallery admissions and retail sales, water service and other sources at the time pervasive evidence of an arrangement exists, the service is provided or the retail goods are sold, prices are fixed or determinable and collection is reasonably assured.

Pre-Opening Costs—Pre-opening costs consisting primarily of salaries and wages, legal and consulting fees, insurance, utilities and travel are expensed as incurred.

Incidental Operations—Upon completion of the acquisition of the Desert Inn on June 22, 2000, the Company announced its intention to close the property and to plan the development of Wynn Las Vegas on the existing site. In accordance with SFAS No. 67, "Accounting for Costs and Initial Rental Operations of Real Estate Projects," both the resort casino/hotel operation and the golf course and related operations are accounted for as separate incidental operations. Under this method, incidental operations with a net income are excluded from the Company's consolidated operating results and the net income from each is recorded as a reduction in the carrying value of land. Incidental operations with a net loss are stated separately on the consolidated statements of operations. The amount of net income from incidental operations recorded as a reduction in the carrying value of land was approximately $0, $2.0 million, $3.6 million and $6.8 million for the years ended December 31, 2003, 2002 and 2001, and for the period from inception to December 31, 2003, respectively.

Income Taxes—During the period in which it operated as a limited-liability company, the Company was classified as a partnership for federal income tax purposes. Accordingly, no provision was made for federal income taxes, as such taxes were liabilities of the members during this period.

Upon completion of the Exchange, the Company accounted for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." SFAS No. 109 requires the recognition of deferred tax assets, net of applicable reserves, and liabilities for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on the income tax provision and deferred tax assets and liabilities is recognized in the results of operations in the period that includes the enactment date.

SFAS No. 109 also requires recognition of a future tax benefit to the extent that realization of such benefit is more likely than not. Otherwise, a valuation allowance is applied. The Company, in its development stage, has accumulated significant net operating losses. Accordingly, at December 31, 2003, the Company has an estimated available tax loss carryforward of approximately $2.5 million, which expires December 31, 2023. Because of the uncertainty of near-term future taxable income, the Company's potential net future domestic and foreign tax benefits of approximately $18.8 million and $2.9 million, respectively as of December 31, 2003 and $7.5 million and $747,000, respectively as of December 31, 2002, are fully reserved.

Currency Translation—The Company accounts for currency translation in accordance with SFAS No. 52, "Foreign Currency Translation." The Macau results of operations and the balance sheet are translated from Macau patacas to U.S. dollars. Balance sheet accounts are translated at the exchange rate in effect at each year-end. Income statement accounts are translated at the average rate of exchange prevailing during the year. Translation adjustments resulting from this process are charged or credited to other comprehensive income (loss). During the period from inception to December 31, 2003, the effect of foreign currency translation was immaterial.

Notes to Consolidated Financial Statements

Comprehensive Income (Loss)—Comprehensive income (loss) is a broad concept of an enterprise's financial performance that includes all changes in equity during a period that arise from transactions and economic events from nonowner sources. Comprehensive income (loss) is net income (loss) plus "other comprehensive income (loss)," which consists of revenues, expenses, gains and losses that do not affect net income under accounting principles generally accepted in the United States of America. Other comprehensive income (loss) for the Company reflects the change in the fair value of interest rate swaps while the accumulated other comprehensive income reflected on the balance sheet consists of the cumulative adjustment to the fair value of the Company's interest rate swaps.

Earnings Per Share—Earnings per share are calculated in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share." SFAS No. 128 provides for the reporting of "basic," or undiluted earnings per share ("EPS"), and "diluted" EPS. Basic EPS is computed by dividing net income by the weighted average number of shares outstanding during the period. Diluted EPS reflects the addition of potentially dilutive securities. For the year ended December 31, 2001, the Company had no potentially dilutive securities and for all periods presented, the Company has recorded net losses. Accordingly, for the years ended December 31, 2003 and 2002, and for the period from inception to December 31, 2003, the assumed exercise of stock options and the potential conversion of the Company's $250 million of 6% Convertible Subordinated Debentures due 2015 (the "Debentures") was anti-dilutive. As a result, basic EPS is equal to diluted EPS for all periods presented. Potentially dilutive securities that were excluded from the calculation of diluted EPS at December 31, 2003 because to include them would have been anti-dilutive, included 1,732,500 shares under stock options, 1,328,061 shares under non-vested stock grants and 10,869,550 shares under the assumed conversion of the Debentures.

Employee Stock-Based Compensation—The Company has a stock-based employee compensation plan as more fully described in Note 7. As permitted by SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure, an amendment of FASB Statement No. 123," the Company continues to apply the provisions of Accounting Principles Board ("APB") Opinion No. 25 and related interpretations in accounting for its employee stock-based compensation. Accordingly, compensation expense is recognized only to the extent that the market value at the date of grant exceeds the exercise price. The following table illustrates the effect on the net loss if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation (amounts in thousands).

	Year Ended December 31,		Period from Inception to December 31,
	2003	2002	2003
Net loss as reported	$(48,892)	$(31,713)	$(108,947)
Less: total stock-based employee compensation expenses determined under the fair-value based method for all awards	(1,993)	(309)	(2,302)
Pro forma net loss	$(50,885)	$(32,022)	$(111,249)
Basic and diluted loss per share:			
As reported	$ (0.62)	$ (0.68)	$ (2.10)
Pro forma	$ (0.64)	$ (0.69)	$ (2.15)

Equity Instruments Issued to Consultants and Vendors—The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows the provisions of Emerging Issues Task Force ("EITF") 96-18, "Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services" and EITF 00-18, "Accounting Recognition for Certain Transactions Involving Equity Instruments Granted to Other Than Employees." The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement.

On October 21, 2002, the Company entered into an amended production services agreement with the executive producer of the aquatic live theatrical attraction (the "Show") anticipated to be exhibited at the Wynn Las Vegas Aqua Theater showroom. As additional compensation for the production services to be rendered, the Company granted 189,723 restricted shares of Common Stock to the executive producer which will fully vest on June 30, 2006, provided that a complete run of the Show at Wynn Las Vegas has commenced. As a result of performance-based vesting conditions, the grant has no effect on the Company's shares issued and outstanding, its financial position or results of operations until such time as the performance conditions have been satisfied.

Recent Accounting Pronouncements—In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 prohibits the pooling of interests method of accounting for business combinations initiated after June 30, 2001. SFAS No. 142, which was effective for the Company as of January 1, 2002, requires, among other things, the discontinuance of goodwill amortization. In addition, the standard includes provisions for the reclassification of certain existing intangibles as goodwill, reassessment of the useful lives of existing intangibles and ongoing assessments of potential impairment of existing goodwill. As of December 31, 2001, the Company had no goodwill but did have intangible assets consisting of trademarks and water rights with indefinite useful lives. Accordingly, the adoption of this statement on January 1, 2002 did not have a material impact on the Company's consolidated financial position or results of operations.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This Statement applies to legal obligations associated with the retirement of certain obligations of lessees. This Statement is effective for fiscal years beginning after June 15, 2002. The Company's adoption of SFAS No. 143 on January 1, 2003 did not have a material impact on the Company's consolidated financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The provisions of this Statement are effective for fiscal years beginning after December 15, 2001. The Company adopted SFAS No. 144 on January 1, 2002 with no material impact on the Company's consolidated financial position or results of operations.

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In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." Among other things, this statement rescinds SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt," which required all gains and losses from extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related income tax effect. As a result, the criteria in APB Opinion No. 30, "Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," are used to classify those gains and losses. The Company's adoption of this statement did not have a material impact on its consolidated financial position or results of operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No.146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. A fundamental conclusion reached by the FASB in this statement is that an entity's commitment to a plan, by itself, does not create a present obligation to others that meets the definition of a liability. The Company's adoption of this statement did not have a material impact on its consolidated financial position or results of operations.

In November 2002, the FASB issued FASB Interpretation ("FIN") No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, an interpretation of FASB Statements No. 5, 57 and 107 and rescission of FASB Interpretation No. 34." FIN No. 45 elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued, and requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. A fundamental conclusion reached by the FASB in this interpretation is the exclusion from the liability recognition provisions of guarantees issued between entities under common control or parent or subsidiary guarantees of third party debt on behalf of that parent or subsidiary. Such guarantees, however, are not excluded from the enhanced disclosure provisions. The initial recognition and measurement provisions of FIN No. 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002, however the disclosure provisions are effective for financial statements of interim or annual periods ending after December 15, 2002. As a result, the Company adopted the disclosure provisions of FIN No. 45 for its 2002 annual consolidated financial statements, which had no material impact. The Company's subsequent adoption of the recognition and measurement provisions on January 1, 2003, also did not have a material impact upon its consolidated financial position or results of operations.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure, an amendment of FASB Statement No. 123." SFAS No.148 amends SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS No. 148 permits companies to continue to apply the intrinsic value based method of accounting for stock-based

employee compensation as provided for in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," however it requires that companies that elect to do so, provide specific tabular pro forma disclosures required by SFAS No. 123 in the Summary of Significant Accounting Policies. In addition, SFAS No. 148 requires these disclosures in financial reports for interim periods. The Company continues to apply the intrinsic value based method of accounting for stock-based employee compensation as allowed by SFAS No. 148, and therefore adoption of this statement did not have a material impact upon its consolidated financial position or results of operations. However, the Company has provided the required disclosures for the accompanying consolidated financial statements.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This statement amends and clarifies financial accounting and reporting for derivative instruments and hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," by requiring that contracts with comparable characteristics be accounted for similarly to result in more consistent reporting of contracts as either derivatives or hybrid instruments. This statement was effective for contracts entered into or modified after June 30, 2003. The Company adopted SFAS No. 149 on July 1, 2003 with no material impact on the Company's consolidated financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This statement establishes standards for an issuer's classification and measurement of certain financial instruments with characteristics of both liabilities and equity and requires that such financial instruments generally be classified as a liability as those instruments embody obligations of the issuer. This statement was effective for financial instruments entered into or modified after May 31, 2003, and was otherwise effective for most financial instruments included in the scope of the standard beginning the interim period beginning after June 15, 2003. The Company's adoption of SFAS No. 150 on July 1, 2003, had no material impact upon its consolidated financial position or results of operations.

In January 2003, the Financial Accounting Standards Board (FASB) issued FIN 46 (revised December 2003), *Consolidation of Variable Interest Entities* (VIEs). FIN 46 clarifies the application of Accounting Research Bulletin 51, *Consolidated Financial Statements*, and establishes standards for determining under what circumstances VIEs should be consolidated with their primary beneficiary, including those to which the usual condition for consolidation does not apply. FIN 46 also requires disclosures about unconsolidated VIEs in which the Company has a significant variable interest. The consolidation requirements of FIN 46 apply immediately to VIEs created after December 31, 2003. The consolidation requirements apply to older entities in the first period ending after March 15, 2004. Certain disclosure requirements apply to all financial statements issued after December 31, 2003. The application of FIN 46 has not and is not expected to have a material impact on the Company's financial position or results of operations.

Notes to Consolidated Financial Statements

3. Related Party Transactions

Prior to August 2002, the Company periodically incurred costs on behalf of Mr. Wynn and certain other officers of the Company, including costs with respect to personal use of the corporate aircraft. These balances were settled at regular intervals, usually monthly. The last outstanding balance was settled in August 2002, and the Company terminated the arrangements pursuant to which costs were incurred and later reimbursed. Currently, Mr. Wynn and other officers have deposits with the Company to prepay any such items. These deposits are replenished on an ongoing basis as needed. At December 31, 2003 and December 31, 2002, the Company's net liability to Mr. Wynn and other officers was approximately $60,000 and $35,000, respectively.

The Company originally leased The Wynn Collection from Mr. and Mrs. Wynn at a monthly rate equal to the gross revenue received by the gallery each month, less direct expenses, subject to a monthly cap. In August 2002, the lease terms were amended to reduce the rental fee paid to Mr. and Mrs. Wynn to one-half of the net revenue, if any, of the gallery. Under the August 2002 amendment, Mr. and Mrs. Wynn were required to reimburse the Company for the gallery's net losses. From inception to May 31, 2003, the gallery incurred $103,293 of net losses that were reimbursed by Mr. and Mrs. Wynn and, accordingly, the Company did not make any lease payments during this period.

Effective June 1, 2003, the lease terms were further amended. Under the terms of the June 1, 2003 amendment, Mr. and Mrs. Wynn agreed to lease The Wynn Collection to the Company for an annual fee of $1, and the Company is entitled to retain all revenues from the public display of the Wynn Collection and the related merchandising revenues. The Company is responsible for all expenses incurred in exhibiting and safeguarding The Wynn Collection, including the cost of insurance (including terrorism insurance) and taxes relating to the rental of the Wynn Collection. The Company incurred a net loss from the operation of the art gallery of approximately $141,000 for the period from June 1, 2003 through December 31, 2003. Principally because of the increased cost of insurance, the Company anticipates that the gallery will continue to operate at a loss prior to the opening of Wynn Las Vegas.

The Company also leases office space in Macau from a minority shareholder of Wynn Macau, S.A. on a month-to-month basis for approximately $5,500 per month.

4. Property and Equipment

Property and equipment as of December 31, 2003 and 2002 consist of the following (in thousands):

	2003	2002
Land	$288,422	$288,422
Buildings and improvements	15,879	15,879
Parking garage	1,041	1,041
Airplane	38,000	38,000
Furniture, fixtures and equipment	6,455	4,192
Construction in progress	570,988	90,189
	920,785	437,723
Less: accumulated depreciation	(22,970)	(17,227)
	$897,815	$420,496

Construction in progress includes interest and other costs capitalized in conjunction with Wynn Las Vegas and Wynn Macau.

5. Long-Term Debt

Long-term debt as of December 31, 2003 and 2002 consists of the following (amounts in thousands):

	2003	2002
12% Second Mortgage Notes, net of original issue discount of approximately $22.8 million and $26.1 million, respectively due November 1, 2010; effective interest at approximately 12.9%	$347,220	$343,900
6% Convertible Subordinated Debentures, due July 15, 2015	250,000	—
$188.5 million FF&E Facility; interest at LIBOR plus 4%; (approximately 5.2% and 5.4%, respectively)	38,000	38,000
Note payable—Land Parcel; at 8%	253	291
	635,473	382,191
Current portion of long-term debt	(41)	(38)
	$635,432	$382,153

Note Payable for Desert Inn Resort and Casino Land Parcel—The balance at December 31, 2003 and 2002 totals approximately $212,000 and $253,000, respectively, net of the current portion of approximately $41,000 and $38,000, respectively, and represents a note payable related to the acquisition of a parcel of land in 1994. Both the land and related note payable were acquired as part of the acquisition of the Desert Inn. The note carries an interest rate of 8% and provides for payments of principal and interest totaling $5,000 per month until February 2009.

Convertible Subordinated Debentures—On July 7, 2003, the Company consummated a private placement under Rule 144A of the Securities Act of $200 million aggregate principal amount of the Debentures. Subsequently, on July 30, 2003, the Company completed the sale of an additional $50 million aggregate principal amount of the Debentures to the initial purchasers of the Debentures pursuant to the full exercise of an option granted to the initial purchasers. The Company will pay interest on the Debentures on January 15 and July 15 of each year, beginning January 15, 2004. The Company contributed a total of approximately $44 million of the approximately $241.3 million net proceeds after expenses of the sale, to a newly formed subsidiary, Wynn Resorts Funding, LLC, which purchased U.S. government securities to secure the payment of the first three years of scheduled interest payments as required by the indenture governing the Debentures.

Each $1,000 principal amount of the Debentures is convertible at each holder's option into 43.4782 shares of the Company's common stock (subject to adjustment as provided in the indenture governing the Debentures), a conversion rate equivalent to a conversion price of $23.00 per share. The Company may redeem some or all of the debentures for cash on or after July 20, 2007 at prices specified in the indenture governing the Debentures. In addition, the holders may require the Company to repurchase all or a portion of their Debentures, subject to certain exceptions, following a change of control of the Company. If any holder requires the repurchase of its Debentures, the Company may elect to pay the repurchase price in cash or shares of its common stock or a combination thereof.

Notes to Consolidated Financial Statements

The Debentures are guaranteed by Wynn Resorts Funding, LLC, and Wynn Resorts has guaranteed the obligations of Wynn Resorts Funding, LLC. It is not anticipated that Wynn Resorts Funding, LLC will have any assets other than the approximately $44 million contributed by Wynn Resorts from the net proceeds of the sale of the Debentures. Other than with respect to the first three years of scheduled interest payments, the Debentures are subordinated unsecured obligations and rank junior in right of payment to all existing and future senior indebtedness of the Company, and equally with any existing and future subordinated indebtedness.

Second Mortgage Notes—On October 30, 2002, Wynn Las Vegas, LLC and Wynn Las Vegas Capital Corp. ("Wynn Capital"), two wholly-owned subsidiaries of the Company (collectively, the "Notes Issuers"), issued $370 million aggregate principal amount of 12% second mortgage notes (the "Notes") maturing November 1, 2010 with semi-annual interest payments beginning in May 2003. The Notes are unconditionally guaranteed by Wynn Resorts as the parent company and certain other subsidiary guarantors, are secured by a first priority security interest in the net proceeds of the offering and a second priority security interest in substantially all the assets of the Issuers and certain restricted subsidiaries, and rank senior in right of payment to all of the Issuers' existing and future subordinated indebtedness. In addition, the Notes contain certain affirmative and negative covenants applicable to the Issuers and the restricted entities, including limitations on additional indebtedness, declarations of dividends, issuance of preferred stock and equity interests of wholly-owned subsidiaries, certain payments or investments, golf course and Phase II land development, transactions with affiliates, asset sales, sale-leaseback transactions, and various other restrictions as defined in the indenture governing the Notes (the "Indenture"). While Wynn Resorts is not subject to a majority of the restrictive covenants in the Indenture, pursuant to the terms of its parent guaranty, if it grants specified liens to secure other guarantees or indebtedness it will be required to grant *pari passu* liens on the same assets to secure its parent guaranty of the Notes. As of December 31, 2003, the Company is in compliance with all such covenants.

The Notes were issued on October 30, 2002, for approximately $343.3 million, net of an original issue discount of approximately $26.7 million. The proceeds were further reduced by approximately $10.1 million of underwriting discounts and commissions and approximately $4.3 million of legal and professional expenses, all of which are capitalized and amortized over the term of the Notes using the effective interest method. Net proceeds were approximately $328.9 million and are being used to finance the development and construction of Wynn Las Vegas, to pay pre-opening expenses and meet debt service obligations.

Other than mandatory redemption required by gaming authorities resulting from unsuitable persons, the Issuers will not be required to make mandatory redemption or sinking fund payments. However, if a change of control occurs, the holders of the Notes may require the Issuers to repurchase all or part of the Notes at 101% of the principal amount, plus accrued interest. In addition, after November 1, 2006, the Issuers may elect to redeem all or part of the Notes at the redemption prices below, plus accrued interest on the redemption date, if redeemed during the twelve-month period beginning on November 1 of the years below:

Year	Percentage
2006	112%
2007	108%
2008	104%
2009 and thereafter	100%

Credit Facilities—Effective October 30, 2002, Wynn Las Vegas, LLC entered into a $750 million senior secured revolving credit facility (the "Revolver") and a $250 million delay draw senior secured term loan facility (the "Term Loan," and together with the Revolver, the "Credit Facilities") for additional construction financing for Wynn Las Vegas. The Credit Facilities are guaranteed by Wynn Resorts as the parent company, Valvino and its subsidiaries excluding Wynn Completion Guarantor, LLC, and Desert Inn Improvement Company, LLC, and certain of Valvino's affiliates. While Wynn Resorts is not subject to the restrictive covenants in the Credit Facilities, pursuant to the terms of its parent guaranty, if it grants specified liens to secure other guarantees or indebtedness it will be required to grant *pari passu* liens on the same assets to secure its parent guaranty of the Credit Facilities. The Credit Facilities are also secured by a first priority security interest in a $30.0 million liquidity reserve account as further described below, a first priority pledge of all equity interests in, and a first priority security interest in substantially all the assets of, Wynn Las Vegas, LLC, Wynn Capital and the restricted entities, first mortgages on all real property constituting Wynn Las Vegas, and a second priority security interest on the furniture, fixtures and equipment securing the FF&E facility described below.

The Revolver and the Term Loan mature in October 2008 and October 2009, respectively. Prior to the opening of Wynn Las Vegas, annual interest is charged on outstanding borrowings at the London Interbank Offered Rate ("LIBOR") plus 4% on the Revolver and LIBOR plus 5.5% on the Term Loan. Subsequent to the opening of Wynn Las Vegas, the rates will be adjusted based upon a leverage ratio. In addition, the Revolver requires quarterly payments on the unused available borrowings at an annual rate of 2%, while the Term Loan requires quarterly payments at an annual rate of 2.5% through December 31, 2002, 3% from January 1, 2003 to June 30, 2003 and 4% thereafter.

When borrowings outstanding under the Revolver equal or exceed $200 million, lead arrangers holding a majority of the commitments will have the right to convert $100 million to $400 million of the amounts outstanding to term loans with the same terms and conditions as those made under Term Loan facility.

The Term Loan provides for draws of funds under one or more term loans no more frequently than once per month for 27 months after the closing. Once repaid, term loans may not be reborrowed.

The Notes Issuers and guarantors are required to comply with several affirmative and negative covenants, including limitations on additional indebtedness, guarantees, dividends, transactions with affiliates, capital expenditures, asset sales and others. There are also several financial covenants including the maintenance of a minimum fixed charge coverage ratio, minimum earnings before interest, taxes, depreciation and amortization ("EBITDA"), total debt to EBITDA and net worth. As of December 31, 2003, the Company is in compliance with all such covenants.

FF&E Facility—Effective October 30, 2002, Wynn Las Vegas, LLC entered into a $188.5 million FF&E facility (the "FF&E Facility") to provide financing and refinancing for furniture, fixtures and equipment to be used at Wynn Las Vegas. The proceeds from the FF&E Facility may also be used to refinance a replacement corporate aircraft, in which case, Wynn Las Vegas would request the FF&E lenders to increase the total commitment under the FF&E Facility by $10 million to $198.5 million.

Notes to Consolidated Financial Statements

In connection with the acquisitions of World Travel, LLC and Las Vegas Jet, LLC, the Company partially financed the purchase of a private jet aircraft for $38.0 million with the issuance of a note payable for $28.5 million collateralized by the aircraft. In November 2002, the Company withdrew $38.0 million against the FF&E Facility to repay the note payable secured by the aircraft acquired in connection with the acquisition of World Travel, LLC. The unused portion of the draw will be used for construction of Wynn Las Vegas.

The FF&E Facility is guaranteed by the same guarantors as the Credit Facilities, on a senior unsecured basis, matures in October 2009, and has substantially the same interest rates and elections as the Revolver discussed above.

Disbursement Agreement—The Company entered into an agreement (the "Disbursement Agreement") with Deutsche Bank Trust Company Americas, as the bank agent and disbursement agent, Wells Fargo Bank, National Association, as the Notes trustee, and Wells Fargo Bank Nevada, National Association as the FF&E agent, which sets forth the Company's material obligations to construct and complete Wynn Las Vegas, establishes a line-item budget and schedule for its construction and establishes the conditions to, and the relative sequencing of, the making of disbursements from the proceeds of the Notes, the Credit Facilities and the FF&E Facility. The Disbursement Agreement restricts the Company's use of the proceeds of the Notes, the Credit Facilities and the FF&E Facility to only project costs related to Wynn Las Vegas and, subject to certain limitations, corporate overhead and related costs.

In order to facilitate the funding of disbursements in accordance with the Disbursement Agreement, the Company established certain accounts including, but not limited to, the Completion Guarantee Deposit Account and the Liquidity Reserve Account discussed in further detail below, which are pledged to the lenders under the Credit Facilities and, with respect to the secured account holding the proceeds of the Notes, the holders of the Notes. Prior to borrowing any amounts under the Credit Facilities or the FF&E Facility, the Company is required to use a substantial portion of the equity offering proceeds and the Notes for construction of Wynn Las Vegas. However, as a condition to borrowing amounts under the Credit Facilities or the FF&E Facility, the Company is required to submit evidence acceptable to the third-party construction consultant that construction of Wynn Las Vegas has been completed at the time of such borrowing in accordance with the plans and specifications, on budget and on schedule.

Completion Guarantee and Liquidity Reserve—The Company contributed $50 million of the net proceeds of the equity offering to Wynn Completion Guarantor, LLC, a special purpose subsidiary of Wynn Las Vegas, LLC formed in October 2002 to provide a completion guarantee in favor of the lenders under the Credit Facilities and the Notes to secure completion of Wynn Las Vegas. The funds were deposited into a required escrow Completion Guarantee Deposit Account. These funds will gradually be available to fund certain cost overruns, if any, commencing after 50% of the construction work has been completed. After completion of Wynn Las Vegas, any remaining amounts will be released to the Company.

In addition, the Company deposited $30.0 million from the net proceeds of the equity offering into a required escrow Liquidity Reserve Account to secure the completion and opening of Wynn Las Vegas. The lenders under the Credit Facilities have a first priority security interest and the

holders of the Notes have a perfected second priority security interest in these funds. These funds will gradually be available to fund certain cost overruns, if any, commencing after 50% of the construction work has been completed. Any amounts remaining upon completion will be used for debt service under the Credit Facilities and the Notes, and if consolidated EBITDA levels permit, the Revolver.

Fair Value of Long-Term Debt—The net book value of the Debentures and the Notes at December 31, 2003 was approximately $250 million and $347.2 million, respectively. The estimated fair value of the Debentures and the Notes based upon most recent trades at December 31, 2003 was approximately $457.5 million and $440.3 million respectively. The net book value of the Company's borrowings under the FF&E Facility of $38 million approximates its fair value due to its floating market rate of interest.

Scheduled maturities of long-term debt are as follows (amounts in thousands):

Years Ending December 31,	
2004	$ 41
2005	2,420
2006	9,548
2007	9,552
2008	9,557
Thereafter	627,135
	658,253
Less: original issue discount	(22,780)
	$635,473

6. Stockholders' Equity

Common Stock—The Company is authorized to issue up to 400,000,000 shares of its common stock, $0.01 par value per share (the "Common Stock"). On October 25, 2002, the Company completed the initial public offering of 34,615,000 shares of its Common Stock at a $13 per share price. The Common Stock trades on the Nasdaq National Market® under the symbol "WYNN." Stephen A. Wynn, Chairman of the Board, CEO and a principal stockholder of Wynn Resorts, and Aruze USA, another principal stockholder of Wynn Resorts, collectively purchased approximately 11,150,000 of these shares directly from the Company at $13—the same price the shares were offered to the public. Total proceeds of approximately $450 million were reduced by underwriting discounts and commissions of approximately $19.5 million and approximately $4.1 million in legal and professional expenses, for net proceeds to the Company of approximately $426.4 million, which have been used to finance construction of Wynn Las Vegas and to provide $40.0 million for general corporate purposes and to help finance Wynn Macau.

On November 11, 2002, the underwriters to the initial public offering exercised a 3,219,173 share over-allotment option in full, resulting in additional net proceeds of approximately $38.9 million, net of underwriters discounts and commissions of approximately $2.9 million.

Notes to Consolidated Financial Statements

On June 20, 2003, the Company entered into a strategic business alliance with Société des Bains de Mer et du Cercle des Etrangers à Monaco, a société anonyme Monegasque organized under the laws of the Principality of Monaco ("SBM"), that has an exclusive concession to operate casinos in Monaco. In connection therewith, the Company sold 3,000,000 shares of its common stock to SBM for $45 million in a privately negotiated, all-cash transaction. These funds are available for general corporate purposes.

81,978,761 shares and 78,972,511 shares, respectively, of the Company's Common Stock are outstanding as of December 31, 2003 and 2002. Except as otherwise provide by the Company's articles of incorporation or Nevada law, each holder of the Common Stock is entitled to one vote for each share held of record on each matter submitted to a vote of stockholders. Holders of the Common Stock have no cumulative voting, conversion, redemption or preemptive rights or other rights to subscribe for additional shares. Subject to any preferences that may be granted to the holders of the Company's preferred stock, each holder of Common Stock is entitled to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available therefore, as well as any distributions to the stockholders and, in the event of liquidation, dissolution or winding up of the Company, is entitled to share ratably in all assets of the Company remaining after payment of liabilities.

Preferred Stock—The Company is authorized to issue up to 40,000,000 shares of undesignated preferred stock, $0.01 par value per share (the "Preferred Stock"). During the period from inception to, and as of, December 31, 2003, the Company had not issued any Preferred Stock. The Board of Directors, without further action by the holders of Common Stock, may designate and issue shares of Preferred Stock in one or more series and may fix or alter the rights, preferences, privileges and restrictions, including the voting rights, redemption provisions (including sinking fund provisions), dividend rights, dividend rates, liquidation rates, liquidation preferences, conversion rights and the description and number of shares constituting any wholly unissued series of Preferred Stock. The issuance of such shares of Preferred Stock could adversely affect the rights of the holders of Common Stock. The issuance of shares of Preferred Stock under certain circumstances could also have the effect of delaying or preventing a change of control of the Company or other corporate action.

7. Benefit Plans

Employee Savings Plan—The Company established a retirement savings plan under Section 401(k) of the Internal Revenue Code covering its non-union employees on July 27, 2000. The plan allows employees to defer, within prescribed limits, up to 18% of their income on a pre-tax basis through contributions to this plan. The Company matches the contributions, within prescribed limits, with an amount equal to 100% of the participant's initial 2% tax deferred contribution and 50% of the tax deferred contribution between 2% and 4% of the participant's compensation. The Company recorded charges for matching contributions of approximately $263,000, $170,000, $134,000 and $624,000 for the years ended December 31, 2003, 2002 and 2001, and for the period from inception to December 31, 2003, respectively.

Union employees are covered by various multi-employer pension plans. The Company recorded expenses of approximately $38,000, $127,000, $181,000 and $722,000 under such plans for the years ended December 31, 2003, 2002 and 2001, and for the period from inception to December 31, 2003, respectively. Information from the plans' sponsors is not available to permit the Company to determine its share of unfunded vested benefits, if any.

Stock Based Compensation Plan—The Company has adopted the 2002 Stock Incentive Plan (the "Stock Plan") to provide stock compensation arrangements for directors, officers and key employees, and others. The Stock Plan includes provisions for the grant of (i) Incentive Stock Options ("ISO"), (ii) compensatory (i.e. nonqualified) stock options ("NQSO") and (iii) restricted shares of Common Stock. Officers, key employees, directors (whether employee or nonemployee) and independent contractors or consultants of the Company and its subsidiaries are eligible to participate in the Stock Plan. However, only employees of the Company and its subsidiaries are eligible to receive incentive stock options.

A maximum of 9,750,000 shares of Common Stock have been reserved for issuance under the Stock Plan. Options are generally granted at the current market price at the date of grant. The Stock Plan provides for a variety of vesting schedules, including immediate, 25% each year over four years, cliff-vesting at a determined date, and others to be determined at the time of grant. All options expire ten years from the date of grant.

The Stock Plan will terminate ten years from the date of adoption, unless terminated earlier by the Board of Directors, and no options or restricted shares may be granted under the Stock Plan after such date. Summarized information for the Stock Plan is as follows:

	Year Ended December 31, 2003		Year Ended December 31, 2002		Period from Inception to December 31, 2003	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at beginning of period	375,000	$13.32	—	$ —	—	$ —
Granted	1,442,500	$16.79	375,000	$13.32	1,817,500	$16.07
Exercised	(6,250)	$13.25	—	$ —	(6,250)	$13.25
Canceled	(78,750)	$14.92	—	$ —	(78,750)	$14.92
Outstanding at ending of period	1,732,500	$16.13	375,000	$13.32	1,732,500	$16.13
Exercisable at ending of period	135,000	$13.61	50,000	$13.74	135,000	$13.61
Options available for Grant	6,683,189		8,236,662		6,683,189	

No options were granted, canceled, exercised or outstanding during the period from inception to December 31, 2001.

Notes to Consolidated Financial Statements

The following table summarizes information about the options outstanding at December 31, 2003:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at December 31, 2003	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable at December 31, 2003	Weighted Average Exercise Price
$13.25–$14.91	550,000	9.0	$13.90	125,000	$13.45
$14.92–$17.30	845,000	9.4	$15.76	10,000	$15.63
$17.31–$19.99	282,500	9.7	$19.93	—	$ —
$20.00–$24.69	55,000	9.7	$24.69	—	$ —

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing method with the following weighted average assumptions:

	Year Ended December 31,		Period from Inception to December 31,
	2003	2002	2003
Expected dividend yield	—	—	—
Expected stock price volatility	40.00%	40.00%	40.00%
Risk-free interest rate	3.00%	3.00%	3.00%
Expected average life of options (years)	6.00	6.00	6.00
Expected fair value of options granted	$ 7.35	$ 5.76	$ 7.35

In addition to options, restricted stock grants of 189,723 shares, 1,138,338 shares and 1,328,061 shares were issued to employees during the years ended December 31, 2003 and 2002, and for the period from inception to, December 31, 2003. These grants cliff-vest on various dates between November 2004 and June 2006. No restricted stock grants took place during the year ended December 31, 2001 or the period from inception to December 31, 2000. The effect of these grants is to increase the issued and outstanding shares of the Company's Common Stock and decrease the number of shares available for grant in the plan. Deferred compensation is recorded for the restricted stock grants equal to the market value of the Common Stock on the date of grant. The deferred compensation is amortized over the period the restricted stock vests and is recorded as compensation expense or capitalized into construction in progress, as appropriate.

8. Income Taxes

The Company files a consolidated federal income tax return. The income tax benefit differs from that computed at the federal statutory corporate tax rate as follows:

	Year Ended December 31,		Period from Inception to December 31,
	2003	2002	2003
Federal statutory rate	(35.0%)	(35.0%)	(35.0%)
Foreign tax rate differential	7.3%	3.8%	5.5%
Valuation allowance	27.7%	31.2%	29.5%
Effective tax rate	0.0%	0.0%	0.0%

The tax effects of significant temporary differences representing net deferred tax assets and liabilities are as follows (amounts in thousands):

	December 31,	
	2003	2002
Deferred tax assets—U.S.:		
Current:		
Receivables, inventories, accrued liabilities and other	$ 733	$ 345
Long-term:		
Goodwill	10,912	11,341
Pre-opening costs	20,426	7,480
Syndication costs	3,780	3,780
Other intangibles	1,625	575
Net operating loss carryforwards	856	—
	38,332	23,521
Less: valuation allowance	(18,820)	(7,459)
	19,512	16,062
Deferred tax assets—Foreign:		
Pre-opening costs	2,930	747
Less: valuation allowance	(2,930)	(747)
	—	—
Deferred tax liabilities:		
Property and equipment	(19,512)	(16,062)
Net deferred tax asset	$ —	$ —

The Company recorded a 100% valuation allowance at both December 31, 2003 and 2002 to fully reserve all tax benefits because of the uncertainty of future taxable income.

9. Commitments and Contingencies

Construction Contracts—The Company entered into an agreement with a construction contractor for guaranteed maximum price construction services, effective as of June 4, 2002 and subsequently amended (as amended, the "Construction Agreement"). The Construction Agreement currently covers approximately $928.1 million of the approximate $1.4 billion budgeted cost to construct Wynn Las Vegas, subject to increases based on, among other items, changes in the scope of the work. The Construction Agreement provides that the guaranteed maximum price will be increased and the deadline for the completion of construction extended on account of certain circumstances. The guaranteed maximum price also currently provides for an "owner contingency" of approximately $7.4 million to cover various items, including delays and scope changes resulting from the Company's actions.

Notes to Consolidated Financial Statements

Effective June 6, 2002, the Company also entered into an agreement with a construction contractor for the design and construction of a parking structure for a maximum cost of $9.9 million, subject to specified exceptions. In addition, effective February 18, 2003, the Company entered into an agreement with a construction contractor for the construction of the golf course for a maximum cost of $16.5 million. Other construction contracts and committed construction purchase orders at December 31, 2003, totaled approximately $271.4 million. As a result, a total of approximately $1.2 billion has been committed to the construction of Wynn Las Vegas as of December 31, 2003. Of this amount, approximately $302.5 million has been spent through December 31, 2003. Future committed costs at December 31, 2003, under the Wynn Las Vegas construction contracts, therefore, total approximately $770.5 million.

Macau—Wynn Macau, S.A. has entered into a 20-year concession agreement with the government of Macau permitting it to construct and operate one or more casinos in Macau. The concession agreement obligates Wynn Macau, S.A. to invest 4 billion patacas (approximately U.S. $500 million as of December 31, 2003) in one or more casino projects in Macau by June 2009 and to commence operations of Wynn Macau no later than December 2006. If Wynn Macau, S.A. does not invest 4 billion patacas by June 2009, it is obligated to invest the remaining amount in projects related to its gaming operations in Macau that the Macau government approves, or in projects of public interest designated by the Macau government.

Wynn Macau, S.A., has total assets, which are held in Macau, of approximately $7.7 million (including approximately $5.7 million of construction in progress), total liabilities of approximately $1.7 million and a total parent company investment of approximately $6.0 million (including a cumulative inception to date net loss accumulated during the development stage of approximately $22.8 million) at December 31, 2003.

The Company is continuing work on the design of Wynn Macau, as well as the efforts to lease the land and obtain the financing to be used for Wynn Macau. The Company has not yet finalized the budget for Wynn Macau's construction and development. The Company has invested approximately $23.8 million through December 31, 2003 and, in addition, in January 2004, the Company loaned Wynn Macau, S.A. $5 million, bearing interest at 6.25% and payable on April 14, 2004 (which due date may be extended). The Company intends to invest additional capital in Wynn Macau, S.A. to enable Wynn Macau, S.A. to finalize the land lease contract in Macau and repay the $5 million loan. While the Company has additional capital available from a portion of the net proceeds received from the initial public offering of its common stock (including the overallotment option exercise), the Company intends to use the net proceeds from the offering of the Debentures to help finance Wynn Macau as well as for general corporate purposes, including possibly financing potential future acquisitions or other investments. The minority investors in Wynn Macau are obligated, subject to certain limitations, to make additional capital contributions in proportion to their economic interests (17.5% in the aggregate) to fund the construction, development and other activities of Wynn Macau, S.A.. It is expected that significant additional financing will be needed to fund the development, construction and operation of one or more casinos in Macau. Wynn Macau, S.A. will not finalize any lease for land for any casino or begin construction or operation of any casino in Macau until a number of objectives and conditions are met, including: 1) obtaining sufficient financing to commence construction of Wynn Macau, 2) obtaining the ability to extend credit to gaming customers and

enforce gaming debts in Macau and 3), with respect to commencing operations of Wynn Macau, obtaining certain relief related to Macau tax regulations. In February 2004, the necessary legislative and regulatory changes with respect to obtaining the ability to extend credit and enforcing gaming debts in Macau were introduced in the Macau Legislative Assembly. The Company cannot ensure that the introduced legislative and regulatory changes will be enacted, nor can it ensure that it will be able to obtain the relief related to Macau's tax regulations or obtain sufficient financing for the project.

Wynn Macau, S.A. has also obtained the services of architects and designers, has begun preliminary discussions to arrange the additional financing that would be required to complete Wynn Macau, and is considering different alternatives, including debt financing or additional equity financing at the Wynn Macau, S.A. level or at the level of Wynn Macau S.A.'s direct or indirect parent companies other than Wynn Resorts. At the present time, Wynn Macau, S.A. has not determined the amount of financing that will be required. Wynn Macau, S.A. currently has not received any commitments relating to financing from any third party. Except for Wynn Resorts, we do not expect financing for any such project to be provided by or through any of the issuers or guarantors of the Notes or any other indebtedness relating to Wynn Las Vegas.

Wynn Macau, S.A. is required under the Macau concession agreement to obtain a $700 million pataca (approximately U.S. $87.5 million as of December 31, 2003) bank guarantee for the period from the execution of the concession agreement until March 31, 2007. The amount of this required guarantee will be reduced to 300 million patacas (approximately U.S. $37.5 million as of December 31, 2003) for the period from April 1, 2007 until 180 days after the end of the term of the concession agreement. Wynn Macau, S.A. currently has an uncollateralized bank guarantee from Banco National Ultramarino, S.A. in the required amount, which must be replaced by another guarantee suitable under the concession agreement when Wynn Macau, S.A. commences construction of its first casino resort. Wynn Macau, S.A. pays a commission to the bank in the amount of 0.50% per year of the guarantee amount. The purpose of this bank guarantee is to guarantee Wynn Macau, S.A.'s performance under the concession agreement, including the payment of premiums, fines and any indemnity for failure to perform the concession agreement.

Leases—In the fourth quarter of 2003, the Company entered into arrangements to lease five retail outlets commencing with the opening of Wynn Las Vegas. In connection with these leases, the Company has provided some of the retail tenants an allowance for improvements as part of the lease arrangements. These improvement allowances are included in the budgeted costs to construct Wynn Las Vegas. The revenues from these leases are not expected to be material in relation to the revenues and operations of Wynn Las Vegas.

Entertainment Services—The Company has entered into long-term agreements with a creative production company and its affiliated production services company for the licensing, creation, development and executive production of the Show at Wynn Las Vegas, whereby the Company is required to pay certain up-front creation and licensing fees, pay production costs and, upon opening of the production, pay a royalty of 10% of net ticket revenues and retail sales and 50% of the Show and retail profits to the production company as calculated in accordance with the terms of the agreements. The term of each of the agreements is ten years after the opening date of the Show, which will coincide with the opening of Wynn Las Vegas, with one five-year renewal option.

Notes to Consolidated Financial Statements

The Company also has an option with respect to the development of a second production for Wynn Las Vegas or for another project. The exercise of the option will require the payment of an additional $1 million and any additional project will require additional funds to develop.

At December 31, 2003 and 2002, other assets include approximately $8.7 million and $4.8 million respectively, of amounts paid for creation and development costs in conjunction with the agreement.

Self-Insurance—The Company is self-insured for medical and workers' compensation up to a maximum of $40,000 per year for each insured person under the medical plan and $250,000 for each workers' compensation claim. Amounts in excess of these thresholds are covered by the Company's insurance programs.

Employment Agreements—The Company has entered into employment agreements with several executive officers, other members of management and certain key employees. These agreements generally have three to five year terms and typically indicate a base salary with specified annual increases, and often contain provisions for guaranteed bonuses. Certain of the executives are also entitled to a separation payment if terminated without "cause" or upon voluntary termination of employment for "good reason" following a "change of control" (as these terms are defined in the employment contracts). These separation payments are generally the base salary of the remaining term of the employment contract plus foregone bonuses and certain other payments. At December 31, 2003, the total contractual commitment under these employment contracts is approximately $71.5 million over the next five years.

Litigation—The Company is a party to various lawsuits relating to routine matters incidental to its business. As with all litigation, no assurance can be provided as to the outcome of the following matters and we note that litigation inherently involves significant costs.

Valvino has recently been involved in litigation related to its ownership and development of the former Desert Inn golf course and the residential lots around the golf course. Valvino acquired some, but not all, of the residential lots located in the interior of and around the former Desert Inn golf course when it acquired the former Desert Inn Resort & Casino from Starwood Hotels & Resorts Worldwide, Inc. In total, Valvino acquired 63 of the 75 residential lots, with Clark County having acquired two of the lots through eminent domain in 1994 as part of the widening of Desert Inn Road. The residential lots, previously known collectively as the Desert Inn Country Club Estates, were subject to various conditions, covenants and restrictions ("CC&R's") recorded against the lots in 1956 and amended from time to time since then.

On October 31, 2000, Ms. Stephanie Swain, as trustee of the Mark Swain Revocable Trust, filed an action in Clark County District Court against Valvino and the then directors of the Desert Inn Country Club Estates Homeowners' Association. Subsequently, the other nine remaining homeowners were joined in this lawsuit and asserted claims against Valvino. The plaintiffs sought various forms of declaratory relief concerning the continued existence and governance of the homeowners' association. In addition, the plaintiffs challenged the termination in June 2001 of the CC&R's recorded against the residential lots. The plaintiffs also made various claims with respect to easement rights, including rights of access to the golf course and interior and perimeter roadways, maintenance of a golf course view, prohibition of commercial development of the golf course and trespass. In response Valvino asserted claims for damages based upon a number of legal theories, including abuse of process. Two subsequent actions were filed, one by Ms. Swain against certain

homeowners' association officers and directors and one by Valvino seeking declaratory and injunctive relief similar to the original action. Because the issues in the subsequent actions are present in the original action, both of the subsequent actions were stayed pending the outcome of the original action.

During pretrial proceedings, the court entered several preliminary injunction orders concerning the parties' respective property rights. Among other things, the court ordered that Valvino was free to develop the golf course and the remainder of its property as it deems fit, subject to all applicable legal restraints. The court also permitted construction of Wynn Las Vegas' utilities in part of the perimeter roadway, resulting in temporary closure of one of three access gates for the plaintiffs and has also permitted Wynn Las Vegas to begin construction of a golf course maintenance facility on some of the former residential lots. To date, the litigation has not resulted in any material interference with our development of the Wynn Las Vegas resort.

Just prior to trial, the court also ruled on various motions for summary judgment brought by the parties. Ms. Swain's and the other homeowners' claims that the CC&R's and the homeowners' association were not properly terminated were dismissed, together with many of their other claims, including the claim purporting to restrict future redevelopment of the golf course. Similarly, all of the Company's damages claims against the homeowners, including for abuse of process and intentional interference with contract rights, were dismissed.

A bench trial was held in November 2003 with respect to some of the plaintiffs' remaining claims, with the court postponing for a second phase of the trial other of the remaining claims, in particular their trespass claims. On November 25, 2003, the court issued a written decision, holding that the homeowners have no right to enter upon the golf course but do have the right to use a perimeter roadway for entrance and exit purposes. The court directed that the Company need not reinstall the roadway to its original location and dimensions, as the homeowners requested, but that the Company should reinstall the roadway substantially in the manner described in the Company's existing construction plans for that portion of the Project. In addition, while the court held that the plaintiffs had not been granted an express easement to maintain their view of the golf course property, it did find that they have express rights to views that are not architecturally shut out from the aura of the golf course. The court noted that the issue of whether or not the plaintiffs' rights to views that are not architecturally shut out from the aura of the golf course had been infringed would be decided with the other remaining claims at a later trial.

Several of the homeowners also filed two separate actions seeking judicial review and/or a petition for a writ of mandamus and/or prohibition against Clark County and the Clark County Commissioners in Clark County District Court. One action concerns the Clark County Planning Commission's approval of Valvino's application for a use permit, and a related roadway dedication agreement between Clark County and Valvino. The other action concerns the Clark County Planning Commission's approval of Valvino's application for design review of the golf course maintenance facility.

On February 23, 2004, Valvino reached a settlement with all of the plaintiffs with respect to all of the claims described above. The settlement provides that Valvino or its designee will pay $23 million in exchange for the 10 remaining residences and dismissal by the plaintiffs with prejudice of all of the actions. The settlement is subject to customary conditions for real estate acquisitions in Nevada.

Notes to Consolidated Financial Statements

10. Subsequent Events

Restricted Stock Grant Forfeiture—In February 2004, an officer of the Company resigned, thus forfeiting 189,723 shares of restricted stock (see Note 7). The Company recorded the forfeiture at December 31, 2003, as a reduction to construction in progress and to stockholders' equity for approximately $1.1 million. The forfeiture had no impact upon the Company's results of operations.

11. Consolidating Financial Information of Guarantors and Issuers

The following consolidating financial statements present information related to Wynn Resorts (the "Parent"), which is the issuer of the Debentures, Wynn Las Vegas, LLC and Wynn Capital (the "Notes Issuers") as the issuers of the Notes, the Notes Guarantors (other than Wynn Resorts), Wynn Resorts Funding, LLC (the "Convertible Debentures Guarantor") and non-guarantor subsidiaries as of December 31, 2003 and 2002, for the years ended December 31, 2003, 2002 and 2001 and for the period from inception to December 31, 2003.

Guarantors of the Notes (other than Wynn Resorts) are Valvino, Wynn Design & Development, LLC, Wynn Resorts Holdings, LLC, Palo, LLC, Desert Inn Water Company, LLC, World Travel, LLC and Las Vegas Jet, LLC. Wynn Resorts Funding, LLC is a guarantor of the Debentures but not of the Notes. Wynn Group Asia, Inc. and all of its subsidiaries; Wynn Completion Guarantor, LLC; Desert Inn Improvement Company; Rambas Marketing, LLC; Worldwide Wynn, LLC; Toasty, LLC, Wynn Show Performers, LLC and Kevyn, LLC are not guarantors of the Notes. In October 2002, Valvino transferred certain of its assets, including its equity interests in certain of its subsidiaries which do not guarantee the Notes, to Wynn Resorts. In addition, Valvino transferred certain of its assets, including its equity interests in Las Vegas Jet, LLC and World Travel, LLC directly to Wynn Las Vegas. Because these transfers were between entities under common control, in accordance with SFAS No. 141, "Business Combinations," the assets and liabilities of the entities acquired have been recorded by the acquiring subsidiary at the carrying value at the time of the acquisition and the operating results of the entities are included in the operating statements of the Company from the earliest period presented. The Parent records the investment in its respective subsidiaries based on the equity method of accounting. Elimination of the Parent's investment is included in the "Eliminations" column.

The following condensed consolidating financial statements are presented in the provided form because: (i) the Notes Issuers and Guarantors and the Convertible Debentures Guarantor are wholly-owned subsidiaries of the Company; (ii) the guarantees are considered to be full and unconditional, that is, if the Parent or the Notes Issuers fail to make a scheduled payment, the 2nd Mortgage Notes Guarantors or the Convertible Debentures Guarantor, as applicable are obligated to make the scheduled payment immediately and, if they do not, any holder of the Notes or Debentures may immediately bring suit directly against these Guarantors for payment of all amounts due and payable; and (iii) the guarantees are joint and several.

CONSOLIDATING BALANCE SHEET INFORMATION

As of December 31, 2003

(amounts in thousands)	Parent	2nd Mortgage Notes Issuers	2nd Mortgage Notes Guarantors	Convertible Debentures Guarantor	Non-Guarantor Subsidiaries	Eliminating Entries	Total
ASSETS							
Current Assets:							
Cash and cash equivalents	$ 328,745	$ 18,236	$ (7,326)	$ —	$ 1,897	$ —	$ 341,552
Restricted cash and investments	—	58,312	—	—	—	—	58,312
Receivables, net	36	10	27	—	5	—	78
Inventories	—	—	204	—	—	—	204
Prepaid expenses	204	247	1,691	—	59	—	2,201
Total current assets	328,985	76,805	(5,404)	—	1,961	—	402,347
Restricted cash and investments	—	247,508	23	44,268	50,321	—	342,120
Property and equipment, net	410	728,663	162,983	—	5,759	—	897,815
Water rights	—	256	6,144	—	—	—	6,400
Trademark	—	1,000	—	—	—	—	1,000
Deferred financing costs	8,294	50,971	—	—	—	—	59,265
Investment in subsidiaries	548,763	8,041	503,809	—	—	(1,060,613)	—
Other assets	—	18,745	5,607	—	24	—	24,376
Intercompany balances	373,669	(513,826)	190,691	—	(50,534)	—	—
Total assets	$1,260,121	$ 618,163	$ 863,853	$44,268	$ 7,531	$(1,060,613)	$1,733,323

(continued)

Notes to Consolidated Financial Statements

CONSOLIDATING BALANCE SHEET INFORMATION (continued)

As of December 31, 2003

(amounts in thousands)	Parent	2nd Mortgage Notes Issuers	2nd Mortgage Notes Guarantors	Convertible Debentures Guarantor	Non-Guarantor Subsidiaries	Eliminating Entries	Total
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current Liabilities:							
Current portion of long-term debt	$ —	$ —	$ 41	$ —	$ —	$ —	$ 41
Accounts and construction payable	—	562	48,874	—	318	—	49,754
Accrued interest	7,375	9,438	—	—	—	—	16,813
Accrued compensation and benefits	912	875	1,082	—	509	—	3,378
Accrued expenses and other	19	173	990	—	8	—	1,190
Total current liabilities	8,306	11,048	50,987	—	835	—	71,176
Construction retention	—	—	23,846	—	—	—	23,846
Long-term debt	250,000	385,220	212	—	—	—	635,432
Total liabilities	258,306	396,268	75,045	—	835	—	730,454
Minority interest	—	—	—	—	—	1,054	1,054
Commitments and contingencies							
Stockholders' equity:							
Common stock	820	—	—	—	18	(18)	820
Additional paid-in capital	1,110,813	237,075	893,989	44,024	30,027	(1,205,115)	1,110,813
Deferred compensation—restricted stock	(9,664)	—	(10,531)	—	—	10,531	(9,664)
Accumulated other comprehensive income	8,793	8,793	17,585	—	—	(26,378)	8,793
Deficit accumulated from inception during the development stage	(108,947)	(23,973)	(112,235)	244	(23,349)	159,313	(108,947)
Total stockholders' equity	1,001,815	221,895	788,808	44,268	6,696	(1,061,667)	1,001,815
Total liabilities and stockholders' equity	$1,260,121	$ 618,163	$ 863,853	$44,268	$ 7,531	$(1,060,613)	$1,733,323

CONSOLIDATING BALANCE SHEET INFORMATION
As of December 31, 2002

(amounts in thousands)	Parent	2nd Mortgage Notes Issuers	2nd Mortgage Notes Guarantors	Non-Guarantor Subsidiaries	Eliminating Entries	Total
ASSETS						
Current Assets:						
Cash and cash equivalents	$ 79,234	$ 7,508	$ (1,178)	$ 24,080	$ —	$ 109,644
Receivables, net	—	12	166	6	—	184
Inventories	—	—	212	—	—	212
Prepaid expenses	344	93	1,518	55	—	2,010
Total current assets	79,578	7,613	718	24,141	—	112,050
Restricted cash and investments	—	742,605	23	50,249	—	792,877
Property and equipment, net	—	251,881	168,309	306	—	420,496
Water rights	—	—	—	6,400	—	6,400
Trademark	—	1,000	—	—	—	1,000
Deferred financing costs	—	60,159	—	—	—	60,159
Investment in subsidiaries	532,472	8,684	512,419	—	(1,053,575)	—
Other assets	—	5,599	20	—	—	5,619
Intercompany balances	379,758	(454,927)	132,236	(57,067)	—	—
Total assets	$ 991,808	$ 622,614	$ 813,725	$ 24,029	$(1,053,575)	$1,398,601
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities:						
Current portion of long-term debt	$ —	$ —	$ 38	$ —	$ —	$ 38
Accounts and construction payable	—	3,091	6,234	126	—	9,451
Accrued interest	—	8,159	—	—	—	8,159
Accrued compensation and benefits	195	258	986	—	—	1,439
Accrued expenses and other	—	131	920	8	—	1,059
Total current liabilities	195	11,639	8,178	134	—	20,146
Construction retention	—	—	506	—	—	506
Long-term debt	—	381,900	253	—	—	382,153
Total liabilities	195	393,539	8,937	134	—	402,805
Minority interest	—	—	—	—	4,183	4,183
Commitments and contingencies						
Stockholders' equity:						
Common stock	790	—	—	18	(18)	790
Additional paid-in capital	1,065,649	237,075	899,017	30,027	(1,166,119)	1,065,649
Deferred compensation—restricted stock	(14,771)	—	(19,753)	—	19,753	(14,771)
Deficit accumulated from inception during the development stage	(60,055)	(8,000)	(74,476)	(6,150)	88,626	(60,055)
Total stockholders' equity	991,613	229,075	804,788	23,895	(1,057,758)	991,613
Total liabilities and stockholders' equity	$ 991,808	$ 622,614	$ 813,725	$ 24,029	$(1,053,575)	$1,398,601

Notes to Consolidated Financial Statements

CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION

Year Ended December 31, 2003

(amounts in thousands)	Parent	2nd Mortgage Notes Issuers	2nd Mortgage Notes Guarantors	Convertible Debentures Guarantor	Non-Guarantor Subsidiaries	Eliminating Entries	Total
Revenues:							
Airplane	$ —	$ —	$ 3,231	$ —	$ —	$ (2,856)	$ 375
Art gallery	—	—	317	—	—	—	317
Retail	—	—	312	—	—	—	312
Royalty	9,067	—	—	—	—	(9,067)	—
Water	—	—	—	—	58	(44)	14
Total revenues	9,067	—	3,860	—	58	(11,967)	1,018
Expenses:							
Pre-opening costs	17,808	17,038	6,631	—	8,385	(2,743)	47,119
Depreciation and amortization	20	174	5,549	—	—	—	5,743
(Gain)/Loss on sale of assets	—	—	(4)	—	—	—	(4)
Selling, general and administrative	—	—	738	—	9,080	(9,187)	631
Cost of water	—	—	37	—	60	(37)	60
Cost of retail sales	—	—	153	—	—	—	153
Loss from incidental operations	—	426	225	—	—	—	651
Total expenses	17,828	17,638	13,329	—	17,525	(11,967)	54,353
Operating loss	(8,761)	(17,638)	(9,469)	—	(17,467)	—	(53,335)
Other income (expense):							
Interest expense, net	(3,532)	(5,048)	(17)	—	(434)	—	(9,031)
Interest income	2,024	7,356	19	244	702	—	10,345
Equity in loss from subsidiaries	(38,623)	(643)	(28,293)	—	—	67,559	—
Other income, net	(40,131)	1,665	(28,291)	244	268	67,559	1,314
Minority interest	—	—	—	—	—	3,129	3,129
Net loss accumulated during the development stage	$(48,892)	$(15,973)	$(37,760)	$244	$(17,199)	$ 70,688	$(48,892)

CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION

Year Ended December 31, 2002

(amounts in thousands)	Parent	2nd Mortgage Notes Issuers	2nd Mortgage Notes Guarantors	Non-Guarantor Subsidiaries	Eliminating Entries	Total
Revenues:						
Airplane	$ —	$ —	$ 3,455	$ —	$ (2,826)	$ 629
Art gallery	—	—	279	—	—	279
Retail	—	—	237	—	—	237
Water	—	—	—	76	(62)	14
Total revenues	—	—	3,971	76	(2,888)	1,159
Expenses:						
Pre-opening costs	5,279	4,534	13,089	4,963	(2,718)	25,147
Depreciation and amortization	—	9	8,480	445	—	8,934
(Gain)/Loss on sale of assets	—	—	(90)	69	—	(21)
Selling, general and administrative	—	—	631	111	(120)	622
Cost of water	—	—	50	59	(50)	59
Cost of retail sales	—	—	118	—	—	118
Loss from incidental operations	—	92	608	—	—	700
Total expenses	5,279	4,635	22,886	5,647	(2,888)	35,559
Operating loss	(5,279)	(4,635)	(18,915)	(5,571)	—	(34,400)
Other income (expense):						
Interest expense, net	—	(1,014)	(883)	—	—	(1,897)
Interest income	170	1,769	1,631	148	—	3,718
Equity in loss from subsidiaries	(26,604)	(953)	(17,567)	—	45,124	—
Other income, net	(26,434)	(198)	(16,819)	148	45,124	1,821
Minority interest	—	—	—	—	866	866
Net loss accumulated during the development stage	$(31,713)	$(4,833)	$(35,734)	$(5,423)	$45,990	$(31,713)

Notes to Consolidated Financial Statements

CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION

Year Ended December 31, 2001

(amounts in thousands)	Parent	2nd Mortgage Notes Issuers	2nd Mortgage Notes Guarantors	Non-Guarantor Subsidiaries	Eliminating Entries	Total
Revenues:						
Airplane	$ —	$ —	$ 2,006	$ —	$ (929)	$ 1,077
Art gallery	—	—	35	—	—	35
Retail	—	—	27	—	—	27
Water	—	—	—	77	(59)	18
Total revenues	—	—	2,068	77	(988)	1,157
Expenses:						
Pre-opening costs	—	879	12,726	(822)	(921)	11,862
Depreciation and amortization	—	—	6,901	1,262	—	8,163
(Gain)/Loss on sale of assets	—	—	394	—	—	394
Selling, general and administrative	—	—	129	267	(20)	376
Facility closure	—	—	373	—	—	373
Cost of water	—	—	47	40	(47)	40
Cost of retail sales	—	—	9	—	—	9
Total expenses	—	879	20,579	747	(988)	21,217
Operating loss	—	(879)	(18,511)	(670)	—	(20,060)
Other income (expense):						
Interest expense, net	—	—	(28)	—	—	(28)
Interest income	—	—	2,362	—	—	2,362
Equity in loss of subsidiaries	(17,726)	(825)	(8,523)	—	27,074	—
Other income, net	(17,726)	(825)	(6,189)	—	27,074	2,334
Net loss accumulated during the development stage	$(17,726)	$(1,704)	$(24,700)	$ (670)	$27,074	$(17,726)

CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION

From Inception to December 31, 2003

(amounts in thousands)	Parent	2nd Mortgage Notes Issuers	2nd Mortgage Notes Guarantors	Convertible Debentures Guarantor	Non-Guarantor Subsidiaries	Eliminating Entries	Total
Revenues:							
Airplane	$ —	$ —	$ 9,282	$ —	$ —	$ (7,114)	$ 2,168
Art gallery	—	—	631	—	—	—	631
Retail	—	—	576	—	—	—	576
Royalty	9,067	—	—	—	—	(9,067)	—
Water	—	—	—	—	211	(165)	46
Total revenues	9,067	—	10,489	—	211	(16,346)	3,421
Expenses:							
Pre-opening costs	23,087	22,451	38,964	—	12,217	(6,885)	89,834
Depreciation and amortization	20	183	24,610	—	2,072	—	26,885
(Gain)/Loss on sale of assets	—	—	300	—	69	—	369
Selling, general and administrative	—	—	1,497	—	9,458	(9,327)	1,628
Facility closure	—	—	1,579	—	—	—	1,579
Cost of water	—	—	134	—	160	(134)	160
Cost of retail sales	—	—	280	—	—	—	280
Loss from incidental operations	—	518	1,996	—	—	—	2,514
Total expenses	23,107	23,152	69,360	—	23,976	(16,346)	123,249
Operating loss	(14,040)	(23,152)	(58,871)	—	(23,765)	—	(119,828)
Other income (expense):							
Interest expense, net	(7,547)	(2,042)	(950)	—	(434)	—	(10,973)
Interest income	2,194	9,125	5,446	244	850	—	17,859
Equity in loss from subsidiaries	(89,554)	(3,884)	(53,846)	—	—	147,284	—
Other income, net	(94,907)	3,199	(49,350)	244	416	147,284	6,886
Minority interest	—	—	—	—	—	3,995	3,995
Net loss accumulated during the development stage	$(108,947)	$(19,953)	$(108,221)	$244	$(23,349)	$151,279	$(108,947)

Notes to Consolidated Financial Statements

CONSOLIDATING STATEMENTS OF CASH FLOWS INFORMATION

Year Ended December 31, 2003

(amounts in thousands)	Parent	2nd Mortgage Notes Issuers	2nd Mortgage Notes Guarantors	Convertible Debentures Guarantor	Non-Guarantor Subsidiaries	Eliminating Entries	Total
Cash flows from operating activities:							
Net loss accumulated during the development stage	$ (48,892)	$ (15,973)	$ (37,760)	$ 244	$(17,199)	$ 70,688	$ (48,892)
Adjustments to reconcile net loss accumulated during the development stage to net cash provided by (used in) operating activities:							
Depreciation and amortization	20	174	5,549	—	—	—	5,743
Minority interest	—	—	—	—	—	(3,129)	(3,129)
Amortization of deferred compensation	3,327	—	—	—	—	—	3,327
Amortization of deferred financing costs	363	12,508	—	—	—	—	12,871
(Gain)/Loss on sale of fixed assets	—	—	(4)	—	—	—	(4)
Equity in loss from subsidiaries	38,623	643	28,293	—	—	(67,559)	—
Increase (decrease) in cash from changes in:							
Receivables, net	(36)	2	139	—	1	—	106
Inventories and prepaid expenses	140	(154)	(165)	—	(4)	—	(183)
Accounts payable and accrued expenses	8,111	(591)	166	—	701	—	8,387
Total adjustments	50,548	12,582	33,978	—	698	(70,688)	27,118
Net cash provided by (used in) operating activities	1,656	(3,391)	(3,782)	244	(16,501)	—	(21,774)

CONSOLIDATING STATEMENTS OF CASH FLOWS INFORMATION

Year Ended December 31, 2003

(amounts in thousands)	Parent	2nd Mortgage Notes Issuers	2nd Mortgage Notes Guarantors	Convertible Debentures Guarantor	Non-Guarantor Subsidiaries	Eliminating Entries	Total
Cash flows from investing activities:							
Capital expenditures, net of construction payables	(432)	(408,882)	(222)	—	(5,453)	—	(414,989)
Restricted cash and Investments	—	436,785	—	(44,268)	(72)	—	392,445
Investment in subsidiaries	(44,024)	—	—	—	—	44,024	—
Other assets	—	(4,353)	(5,587)	—	(24)	—	(9,964)
Intercompany balances	6,089	(9,431)	3,475	—	(133)	—	—
Proceeds from sale of equipment	—	—	6	—	—	—	6
Net cash used in investing activities	(38,367)	14,119	(2,328)	(44,268)	(5,682)	44,024	(32,502)
Cash flows from financing activities:							
Equity contributions	45,000	—	—	44,024	—	(44,024)	45,000
Exercise of stock options	83	—	—	—	—	—	83
Third party fees	(204)	—	—	—	—	—	(204)
Proceeds from issuance of long-term debt	250,000	—	—	—	—	—	250,000
Principal payments of long-term debt	—	—	(38)	—	—	—	(38)
of related party loan	(8,657)	—	—	—	—	—	(8,657)
Net cash provided by financing activities	286,222	—	(38)	44,024	—	(44,024)	286,184
Cash and cash equivalents:							
Increase (decrease) in cash and cash equivalents	249,511	10,728	(6,148)	—	(22,183)	—	231,908
Balance, beginning of period	79,234	7,508	(1,178)	—	24,080	—	109,644
Balance, end of period	$328,745	$ 18,236	$(7,326)	$ —	$ 1,897	$ —	$ 341,552

Notes to Consolidated Financial Statements

CONSOLIDATING STATEMENTS OF CASH FLOWS INFORMATION

Year Ended December 31, 2002

(amounts in thousands)	Parent	2nd Mortgage Notes Issuers	2nd Mortgage Notes Guarantors	Non-Guarantor Subsidiaries	Eliminating Entries	Total
Cash flows from operating activities:						
Net loss accumulated during the development stage	$ (31,713)	$ (4,833)	$ (35,734)	$ (5,423)	$ 45,990	$ (31,713)
Adjustments to reconcile net loss accumulated during the development stage to net cash used in operating activities:						
Depreciation and amortization	—	9	8,480	445	—	8,934
Minority interest	—	—	—	—	(866)	(866)
Amortization of deferred compensation	134	—	—	—	—	134
(Gain)/Loss on sale of fixed assets	—	—	(90)	69	—	(21)
Equity in loss from subsidiaries	26,604	953	17,567	—	(45,124)	—
Incidental operations	—	—	1,971	—	—	1,971
Increase (decrease) in cash from changes in:						
Receivables, net	—	(11)	361	—	—	350
Inventories and prepaid expenses	(344)	(94)	(426)	(54)	—	(918)
Accounts payable and accrued expenses	195	11,554	(239)	93	—	11,603
Total adjustments	26,589	12,411	27,624	553	(45,990)	21,187
Net cash used in operating activities	(5,124)	7,578	(8,110)	(4,870)	—	(10,526)
Cash flows from investing activities:						
Capital expenditures, net of construction payables	—	(31,693)	(34,133)	(251)	—	(66,077)
Restricted cash and Investments	—	(742,105)	—	(50,248)	—	(792,353)
Investment in subsidiaries	(597,294)	(11,926)	(551,867)	—	1,161,087	—
Other assets	—	(5,347)	1,792	—	(18)	(3,573)
Intercompany balances	(379,758)	234,376	103,877	41,505	—	—
Proceeds from sale of equipment	—	—	90	7,917	—	8,007
Net cash used in investing activities	(977,052)	(556,695)	(480,241)	(1,077)	1,161,069	(853,996)

CONSOLIDATING STATEMENTS OF CASH FLOWS INFORMATION

Year Ended December 31, 2002

(amounts in thousands)	Parent	2nd Mortgage Notes Issuers	2nd Mortgage Notes Guarantors	Non-Guarantor Subsidiaries	Eliminating Entries	Total
Cash flows from financing activities:						
Equity contributions	596,120	237,075	476,391	24,977	(1,161,069)	173,494
Proceeds from issuance of common stock	491,844	—	—	—	—	491,844
Third party fees	(26,554)	—	—	—	—	(26,554)
Macau minority contributions	—	—	—	5,050	—	5,050
Proceeds from issuance of long-term debt	—	381,334	—	—	—	381,334
Principal payments of long-term debt	—	—	(28,535)	—	—	(28,535)
Deferred financing costs	—	(61,735)	—	—	—	(61,735)
Net cash provided by financing activities	1,061,410	556,674	447,856	30,027	(1,161,069)	934,898
Cash and cash equivalents:						
Increase (decrease) in cash and cash equivalents	79,234	7,557	(40,495)	24,080	—	70,376
Balance, beginning of period	—	(49)	39,317	—	—	39,268
Balance, end of period	$ 79,234	$ 7,508	$ (1,178)	$ 24,080	$ —	$ 109,644

Notes to Consolidated Financial Statements

CONSOLIDATING STATEMENTS OF CASH FLOWS INFORMATION

Year Ended December 31, 2001

(amounts in thousands)	Parent	Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Total
Cash flows from operating activities:						
Net loss accumulated during the development stage	$(17,726)	$(1,704)	$(24,700)	$ (670)	$ 27,074	$(17,726)
Adjustments to reconcile net loss accumulated during the development stage to net cash used in operating activities:						
Depreciation and amortization	—	—	6,901	1,262	—	8,163
(Gain)/Loss on sale of fixed assets	—	—	394	—	—	394
Equity in loss from subsidiaries	17,726	825	8,523	—	(27,074)	—
Incidental operations	—	—	3,611	—	—	3,611
Increase (decrease) in cash from changes in:						
Receivables, net	—	—	484	(7)	—	477
Inventories and prepaid expenses	—	—	(118)	23	—	(95)
Accounts payable and accrued expenses	—	85	466	34	—	585
Total adjustments	17,726	910	20,261	1,312	(27,074)	13,135
Net cash used in operating activities	—	(794)	(4,439)	642	—	(4,591)
Cash flows from investing activities:						
Capital expenditures, net of construction payables	—	(1)	(29,056)	(25)	—	(29,082)
Restricted cash and Investments	—	(500)	(24)	—	—	(524)
Other assets	—	(1,252)	(491)	18	18	(1,707)
Intercompany balances	—	2,498	(11,860)	(655)	10,017	—
Proceeds from sale of equipment	—	—	775	—	—	775
Net cash used in investing activities	—	745	(40,656)	(662)	10,035	(30,538)
Cash flows from financing activities:						
Equity contributions	—	—	20,800	—	—	20,800
Third party fee	—	—	(800)	—	—	(800)
Principal payments of long-term debt	—	—	(32)	—	—	(32)
Net cash provided by financing activities	—	—	19,968	—	—	19,968
Cash and cash equivalents:						
Increase (decrease) in cash and cash equivalents	—	(49)	(25,127)	(20)	10,035	(15,161)
Balance, beginning of period	—	—	64,444	20	(10,035)	54,429
Balance, end of period	$ —	$ (49)	$ 39,317	$ —	$ —	$ 39,268

CONSOLIDATING STATEMENTS OF CASH FLOWS INFORMATION

From Inception to December 31, 2003

(amounts in thousands)	Parent	2nd Mortgage Notes Issuers	2nd Mortgage Notes Guarantors	Convertible Debentures Guarantor	Non-Guarantor Subsidiaries	Eliminating Entries	Total
Cash flows from operating activities:							
Net loss accumulated during the development stage	$ (108,947)	$ (19,953)	$(108,221)	$ 244	$(23,349)	$ 151,279	$ (108,947)
Adjustments to reconcile net loss accumulated during the development stage to net cash used in operating activities:							
Depreciation and amortization	20	183	24,611	—	2,071	—	26,885
Minority interest	—	—	—	—	—	(3,995)	(3,995)
Amortization of deferred compensation	3,461	—	—	—	—	—	3,461
Amortization of deferred financing costs	363	12,508	—	—	—	—	12,871
(Gain)/Loss on sale of fixed assets	—	—	300	—	69	—	369
Equity in loss from subsidiaries	89,554	3,884	53,846	—	—	(147,284)	—
Incidental operations	—	—	6,780	—	—	—	6,780
Increase (decrease) in cash from changes in:							
Receivables, net	(36)	(10)	7,954	—	(5)	—	7,903
Inventories and prepaid expenses	(204)	(247)	(734)	—	(59)	—	(1,244)
Accounts payable and accrued expenses	8,306	11,048	(8,600)	—	835	—	11,589
Total adjustments	101,464	27,366	84,157	—	2,911	(151,279)	64,619
Net cash used in operating activities	(7,483)	7,413	(24,064)	244	(20,438)	—	(44,328)
Cash flows from investing activities:							
Acquisition of Desert Inn Resort Resort and Casino, net of cash acquired	—	—	(270,718)	—	—	—	(270,718)
Capital expenditures, net of construction payables	(432)	(440,577)	(109,018)	—	(15,762)	—	(565,789)
Restricted cash and investments	—	(305,820)	(23)	(44,268)	(50,321)	—	(400,432)
Investment in subsidiaries	(637,303)	(15,945)	(551,863)	—	—	1,205,111	—
Other assets	—	(10,952)	(5,585)	—	(6)	—	(16,543)
Intercompany balances	(373,669)	227,443	95,764	—	40,445	10,017	—
Proceeds from sale of equipment	—	—	1,647	—	7,917	—	9,564
Net cash used in investing activities	(1,011,404)	(545,851)	(839,796)	(44,268)	(17,727)	1,215,128	(1,243,918)

(continued)

Notes to Consolidated Financial Statements

CONSOLIDATING STATEMENTS OF CASH FLOWS INFORMATION (continued)

From Inception to December 31, 2003

(amounts in thousands)	Parent	2nd Mortgage Notes Issuers	2nd Mortgage Notes Guarantors	Convertible Debentures Guarantor	Non-Guarantor Subsidiaries	Eliminating Entries	Total
Cash flows from financing activities:							
Equity contributions	641,120	237,075	977,904	44,024	35,012	(1,215,128)	720,007
Equity distributions	—	—	(110,482)	—	—	—	(110,482)
Exercise of stock options	83	—	—	—	—	—	83
Proceeds from issuance of common stock	491,844	—	—	—	—	—	491,844
Third party fees	(26,758)	—	(10,800)	—	—	—	(37,558)
Macau minority contributions	—	—	—	—	5,050	—	5,050
Proceeds from issuance of long-term debt	250,000	381,334	125,000	—	—	—	756,334
Principal payments of long-term debt	—	—	(153,623)	—	—	—	(153,623)
Deferred financing costs	(8,657)	(61,735)	(1,465)	—	—	—	(71,857)
Proceeds from issuance of related party loan	—	—	100,000	—	—	—	100,000
Principal payments of related party loan	—	—	(70,000)	—	—	—	(70,000)
Net cash provided by financing activities	1,347,632	556,674	856,534	44,024	40,062	(1,215,128)	1,629,798
Cash and cash equivalents:							
Increase (decrease) in cash and cash equivalents	328,745	18,236	(7,326)	—	1,897	—	341,552
Balance, beginning of period	—	—	—	—	—	—	—
Balance, end of period	$ 328,745	$ 18,236	$ (7,326)	$ —	$ 1,897	$ —	$ 341,552

12. Quarterly Financial Information (Unaudited)

	Year Ended December 31, 2003				
(in thousands, except per share amounts)	First	Second	Third	Fourth	Year
Net revenues	$ 193	$ 285	$ 261	$ 279	$ 1,018
Operating loss	(11,316)	(13,535)	(13,274)	(15,210)	(53,335)
Net loss accumulated during the development stage	(9,006)	(12,677)	(14,843)	(12,366)	(48,892)
Basic and diluted loss per share	$ (0.12)	$ (0.16)	$ (0.18)	$ (0.15)	$ (0.62)

	Year Ended December 31, 2002				
(in thousands, except per share amounts)	First	Second	Third	Fourth	Year
Net revenues	$ 589	$ 143	$ 207	$ 220	$ 1,159
Operating loss	(4,886)	(8,517)	(8,683)	(12,314)	(34,400)
Net loss accumulated during the development stage	(4,892)	(7,884)	(8,194)	(10,743)	(31,713)
Basic and diluted loss per share	$ (0.12)	$ (0.20)	$ (0.20)	$ (0.16)	$ (0.68)

Because loss per share amounts are calculated using the weighted average number of common and dilutive common equivalent shares outstanding during each quarter, the sum of the per share amounts for the four quarters may not equal the total income per share amounts for the year.

Independent Auditors' Report

To the Board of Directors and Stockholders of
Wynn Resorts, Limited
Las Vegas, Nevada

We have audited the accompanying consolidated balance sheets of Wynn Resorts, Limited and subsidiaries (a development stage company) (the "Company") as of December 31, 2003 and 2002, and the related consolidated statements of operations and comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2003, and for the period from April 21, 2000 (date of inception) to December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of Wynn Resorts, Limited and subsidiaries as of December 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2003, and for the period from April 21, 2000 (date of inception) to December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Las Vegas, Nevada
March 5, 2004

Corporate Information

Corporate Headquarters

3131 Las Vegas Boulevard South
Las Vegas, Nevada 89109

Web Site

Visit the Company's web site at:
www.wynnresorts.com

Annual Report on Form 10-K

Our Annual Report on Form 10-K (including the financial statements and financial statement schedules relating thereto) filed with the Securities and Exchange Commission may be obtained upon written request and without charge. Requests should be directed to Samanta Stewart, Vice President of Investor Relations of Wynn Resorts, Limited, 3131 Las Vegas Boulevard South, Las Vegas, Nevada 89109, telephone (702) 770-7532 or investorrelations@wynnresorts.com. The Form 10-K is also available via the Internet at www.sec.gov. In addition, through its own internet address at www.wynnresorts.com, Wynn Resorts provides a hyperlink to a third-party SEC filing website which posts these filings as soon as reasonably practicable, where they can be reviewed without charge.

Annual Meeting

Our Annual Meeting of Stockholders will be held on Tuesday, May 4, 2004 at 11:00 a.m., local time, at The Wynn Collection, South Tower Lobby, 3145 Las Vegas Boulevard South, Las Vegas, Nevada, 89109. March 31, 2004 is the record date for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting of Stockholders.

Common Stock

Our common stock is traded on the Nasdaq National Market® under the symbol "WYNN." There were approximately 6,181 record holders of our common stock as of March 17, 2004. The following table sets forth, for the periods indicated, the high and the low sale prices for the common stock. Wynn Resorts, Limited went public on October 25, 2002.

	For the Years Ended December 31,			
	2002		2003	
	High	Low	High	Low
First Quarter	N/A	N/A	$15.50	$12.76
Second Quarter	N/A	N/A	19.11	14.71
Third Quarter	N/A	N/A	18.50	14.99
Fourth Quarter	$14.39	$10.76	28.61	18.19

We have never declared or paid cash dividends on any shares of our common stock. We currently intend to retain all available funds and any future consolidated earnings to fund the development and growth of our business and therefore do not anticipate paying any cash dividends in the foreseeable future.

Restrictions imposed by our debt agreements significantly restrict certain key subsidiaries holding a majority of our assets from making any "restricted payments," as defined in the debt agreements, to Wynn Resorts. These restricted payments include the payment of any dividend or distribution to any direct or indirect holders of equity interests of such subsidiaries and may not be made until Wynn Las Vegas has been completed and certain other financial and non-financial thresholds have been achieved.

Common Stock Transfer Agent and Registrar

American Stock Transfer & Trust Co
59 Maiden Lane
New York, New York 10038
(800) 937-5449

Independent Auditors

Deloitte & Touche LLP

Corporate Counsel

Skadden, Arps, Slate, Meagher & Flom LLP

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Wynn Resorts, Limited
3131 Las Vegas Boulevard South
Las Vegas, NV 89109
(702) 770-7555
www.wynnresorts.com