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

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**FORM 10-Q**

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

For the quarterly period ended September 30, 2016

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 333-100768

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**WYNN LAS VEGAS, LLC**

(Exact name of registrant as specified in its charter)

NEVADA  
(State or other jurisdiction of  
incorporation or organization)

88-0494875  
(I.R.S. Employer  
Identification No.)

3131 Las Vegas Boulevard South - Las Vegas, Nevada 89109

(Address of principal executive offices) (Zip Code)

(702) 770-7555

(Registrant's telephone number, including area code)

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N/A

(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes  No

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Wynn Las Vegas Holdings, LLC owns all of the membership interests of the Registrant as of November 4, 2016.

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**The Registrant meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this form with the reduced disclosure format.**

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**WYNN LAS VEGAS, LLC AND SUBSIDIARIES**  
**FORM 10-Q**  
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**Part I. FINANCIAL INFORMATION**  
**Item 1. Financial Statements**

**WYNN LAS VEGAS, LLC AND SUBSIDIARIES**  
**(A WHOLLY OWNED INDIRECT SUBSIDIARY OF WYNN RESORTS, LIMITED)**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(in thousands)**

	September 30, 2016	December 31, 2015
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 168,804	\$ 77,062
Receivables, net	95,075	119,356
Inventories	45,462	51,293
Prepaid expenses and other	34,155	29,162
Total current assets	343,496	276,873
Property and equipment, net	2,754,772	2,825,239
Intangible assets, net	1,387	1,387
Other assets	40,192	41,487
Investment in unconsolidated affiliates	—	727
Total assets	<u>\$ 3,139,847</u>	<u>\$ 3,145,713</u>
<b>LIABILITIES AND MEMBER'S DEFICIT</b>		
Current liabilities:		
Accounts payable	\$ 35,378	\$ 42,992
Customer deposits	95,153	84,094
Gaming taxes payable	10,578	11,610
Accrued compensation and benefits	65,493	52,312
Accrued interest	17,408	48,939
Other accrued liabilities	25,374	23,290
Due to affiliates, net	2,338	7,331
Total current liabilities	251,722	270,568
Long-term debt	3,168,077	3,165,499
Other long-term liabilities	2,344	2,426
Total liabilities	3,422,143	3,438,493
Commitments and contingencies (Note 7)		
Member's deficit:		
Contributed capital	958,215	957,138
Accumulated deficit	(1,240,511)	(1,249,918)
Total member's deficit	(282,296)	(292,780)
Total liabilities and member's deficit	<u>\$ 3,139,847</u>	<u>\$ 3,145,713</u>

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

**WYNN LAS VEGAS, LLC AND SUBSIDIARIES**  
**(A WHOLLY OWNED INDIRECT SUBSIDIARY OF WYNN RESORTS, LIMITED)**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**(in thousands)**  
**(unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
<b>Operating revenues:</b>				
Casino	\$ 153,166	\$ 152,149	\$ 447,030	\$ 448,617
Rooms	112,185	102,786	330,893	311,260
Food and beverage	145,166	142,580	409,975	419,082
Entertainment, retail and other	58,905	58,273	174,038	173,672
Gross revenues	469,422	455,788	1,361,936	1,352,631
Less: promotional allowances	(42,319)	(44,628)	(126,349)	(131,005)
Net revenues	427,103	411,160	1,235,587	1,221,626
<b>Operating costs and expenses:</b>				
Casino	69,732	71,244	210,731	217,326
Rooms	37,720	36,157	111,256	108,043
Food and beverage	96,438	95,527	271,186	272,695
Entertainment, retail and other	34,107	34,153	101,898	102,248
General and administrative	65,340	62,482	190,625	184,785
Provision for doubtful accounts	150	575	6,074	5,353
Management and license fees	13,441	13,004	38,963	34,458
Pre-opening costs	64	—	2,199	—
Depreciation and amortization	46,403	45,215	137,349	136,704
Property charges and other	16,748	111	26,973	1,220
Total operating costs and expenses	380,143	358,468	1,097,254	1,062,832
Operating income	46,960	52,692	138,333	158,794
<b>Other income (expense):</b>				
Interest income	65	—	65	11
Interest expense	(42,988)	(43,779)	(129,007)	(136,973)
Loss on extinguishment of debt	—	(3,922)	—	(126,276)
Equity in income (loss) from unconsolidated affiliates	—	(2)	16	(12)
Other income (expense), net	(42,923)	(47,703)	(128,926)	(263,250)
Net income (loss)	4,037	4,989	9,407	(104,456)
Other comprehensive income	—	—	—	—
Total comprehensive income (loss)	\$ 4,037	\$ 4,989	\$ 9,407	\$ (104,456)

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

**WYNN LAS VEGAS, LLC AND SUBSIDIARIES**  
**(A WHOLLY OWNED INDIRECT SUBSIDIARY OF WYNN RESORTS, LIMITED)**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(in thousands)**  
**(unaudited)**

	Nine Months Ended September 30,	
	2016	2015
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ 9,407	\$ (104,456)
<b>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:</b>		
Depreciation and amortization	137,349	136,704
Stock-based compensation expense	2,036	2,072
Amortization of deferred financing costs and other	2,578	2,292
Loss on extinguishment of debt	—	126,276
Provision for doubtful accounts	6,074	5,353
Property charges and other	11,260	1,220
Equity in income of unconsolidated affiliates, net of distributions	—	480
<b>Increase (decrease) in cash from changes in:</b>		
Receivables, net	18,207	52,551
Inventories and prepaid expenses and other	2,742	5,527
Accounts payable and accrued expenses	(15,189)	(60,428)
Due to affiliates, net	5,450	(204,154)
Net cash provided by (used in) operating activities	179,914	(36,563)
<b>Cash flows from investing activities:</b>		
Capital expenditures, net of construction payables and retention	(81,658)	(82,255)
Return of investment in unconsolidated affiliates	727	—
Purchase of other assets	(5,018)	(2,671)
Due to affiliates, net	(5,368)	8,991
Proceeds from sale of assets	3,145	2,976
Net cash used in investing activities	(88,172)	(72,959)
<b>Cash flows from financing activities:</b>		
Distributions to parent	—	(170,000)
Proceeds from issuance of long-term debt	—	1,800,000
Restricted cash	—	—
Repurchase of first mortgage notes	—	(1,603,610)
Payments of financing costs	—	(132,401)
Net cash used in financing activities	—	(106,011)
<b>Cash and cash equivalents:</b>		
Increase (decrease) in cash and cash equivalents	91,742	(215,533)
Balance, beginning of period	77,062	266,360
Balance, end of period	\$ 168,804	\$ 50,827

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

**WYNN LAS VEGAS, LLC AND SUBSIDIARIES**  
**(A WHOLLY OWNED INDIRECT SUBSIDIARY OF WYNN RESORTS, LIMITED)**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Note 1 - Organization and Basis of Presentation**

*Organization*

Wynn Las Vegas, LLC, a Nevada limited liability company, was organized primarily to construct and operate Wynn Las Vegas | Encore ("Wynn Las Vegas"), an integrated destination casino resort on the "Strip" in Las Vegas, Nevada. Unless the context otherwise requires, all references herein to the "Company" refer to Wynn Las Vegas, LLC and its consolidated subsidiaries.

The Company is a direct wholly owned subsidiary of Wynn Las Vegas Holdings, LLC ("WLVH"). WLVH is a direct wholly owned subsidiary of Wynn America, LLC ("Wynn America"). Wynn America is a direct wholly owned subsidiary of Wynn Resorts Holdings, LLC ("Holdings"). Holdings is a direct wholly owned subsidiary of Wynn Resorts, Limited ("Wynn Resorts").

Wynn Las Vegas Capital Corp. ("Wynn Capital") is a wholly owned subsidiary of the Company organized solely for the purpose of obtaining financing for Wynn Las Vegas. Wynn Capital is authorized to issue 2,000 shares of common stock, par value \$0.01. As of September 30, 2016, the Company owned the one share that was issued and outstanding. Wynn Capital has no significant net assets and has had no operating activity. Its sole function is to serve as the co-issuer of the mortgage and senior notes. Wynn Las Vegas, LLC and Wynn Capital together are hereinafter referred to as the "Issuers".

*Basis of Presentation*

The accompanying condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures herein are adequate to make the information presented not misleading. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary for a fair presentation of the results for the interim periods have been made. The results for the three and nine months ended September 30, 2016 are not necessarily indicative of results to be expected for the full fiscal year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

**Note 2 - Summary of Significant Accounting Policies**

*Principles of Consolidation*

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. In April 2016, the Company dissolved its 50%-owned joint venture operating the Ferrari and Maserati automobile dealership inside Wynn Las Vegas, which was closed in October 2015 and was accounted for under the equity method. All significant intercompany accounts and transactions have been eliminated.

Certain amounts in the Condensed Consolidated Statements of Cash Flows for the previous year have been reclassified to be consistent with the current year presentation. The payment of deposits on property and equipment, previously presented in purchase of other assets in investing activities, is now presented in capital expenditures in investing activities. The amount of deposits on property and equipment that have been reclassified for the nine months ended September 30, 2015 was \$14.4 million. The reclassification had no effect on the previously reported net cash used in investing activities.

*Cash and Cash Equivalents*

Cash and cash equivalents are comprised of highly liquid investments with original maturities of three months or less. Cash equivalents are carried at cost, which approximates fair value.

**WYNN LAS VEGAS, LLC AND SUBSIDIARIES**  
**(A WHOLLY OWNED INDIRECT SUBSIDIARY OF WYNN RESORTS, LIMITED)**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**(Unaudited)**

*Accounts Receivable and Credit Risk*

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of casino accounts receivable. The Company issues credit in the form of "markers" to approved casino customers following investigations of creditworthiness. As of September 30, 2016 and December 31, 2015, approximately 79.9% and 80.1%, respectively, of the Company's markers were due from customers residing outside the United States, primarily in Asia. Business or economic conditions or other significant events in these countries could affect the collectability of such receivables.

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

*Deferred Financing Costs*

Direct and incremental costs incurred and original issue discounts and premiums in connection with the issuance of long-term debt are deferred and amortized to interest expense using the effective interest method or, if the amounts approximate the effective interest method, on a straight-line basis. Deferred financing costs incurred in connection with the issuance of long-term debt are presented as a direct reduction of long-term debt on the Condensed Consolidated Balance Sheets. See the Recently Issued and Adopted Accounting Standards section below for details on the presentation change of deferred financing costs.

*Revenue Recognition and Promotional Allowances*

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Rooms	\$ 20,082	\$ 19,616	\$ 57,242	\$ 55,695
Food and beverage	18,597	20,936	56,272	61,813
Entertainment, retail and other	3,640	4,076	12,835	13,497
	\$ 42,319	\$ 44,628	\$ 126,349	\$ 131,005

**WYNN LAS VEGAS, LLC AND SUBSIDIARIES**  
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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**(Unaudited)**

The estimated cost of providing such promotional allowances, which is included primarily in casino expenses, is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Rooms	\$ 8,455	\$ 8,592	\$ 24,153	\$ 24,589
Food and beverage	14,357	16,121	44,162	47,503
Entertainment, retail and other	2,279	2,569	8,050	8,354
	\$ 25,091	\$ 27,282	\$ 76,365	\$ 80,446

#### *Gaming Taxes*

The Company is subject to taxes based on gross gaming revenues in the jurisdiction in which it operates, subject to applicable jurisdictional adjustments. These gaming taxes are an assessment on the Company's gross gaming revenues and are recorded as casino expenses in the accompanying Condensed Consolidated Statements of Comprehensive Income (Loss). These taxes totaled \$11.2 million and \$11.0 million for the three months ended September 30, 2016 and 2015, respectively, and totaled \$32.2 million and \$32.0 million for the nine months ended September 30, 2016 and 2015, respectively.

#### *Stock-Based Compensation*

The Company accounts for stock-based compensation related to equity shares of Wynn Resorts granted to its employees in accordance with accounting standards, which require the compensation cost relating to share-based payment transactions be recognized in the Company's Condensed Consolidated Statements of Comprehensive Income (Loss). The cost is measured at the grant date, based on the estimated fair value of the award using the Black-Scholes option pricing model for stock options, and based on the closing share price of the Company's stock on the grant date for nonvested share awards. The cost is recognized as an expense on a straight-line basis over the employee's requisite service period (the vesting period of the award), net of estimated forfeitures. For both the three months ended September 30, 2016 and 2015, the Company recorded \$0.6 million of stock-based compensation costs. For the nine months ended September 30, 2016 and 2015, the Company recorded \$2.0 million and \$2.1 million, respectively, in stock-based compensation costs.

#### *Recently Issued and Adopted Accounting Standards*

In August 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standards update that clarifies the classification of certain cash receipts and cash payments on the statement of cash flows. In particular, the new guidance clarifies the classification related to several types of cash flows; including items such as debt extinguishment costs and distributions received from equity method investees. The new guidance also provides a three-step approach for classifying cash receipts and payments that have aspects of more than one class of cash flows. The effective date for this guidance is for financial statements for fiscal years beginning after December 15, 2017, and interim periods within those fiscal periods and early application is permitted. The Company is currently assessing the impact the adoption of this guidance will have on its consolidated financial statements.

In March 2016, the FASB issued an accounting standards update that involves several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Under the new guidance, income tax benefits and deficiencies are to be recognized as income tax expense or benefit in the income statement and the tax effects of exercised or vested awards should be treated as discrete items in the reporting period in which they occur. An entity should also recognize excess tax benefits regardless of whether the benefit reduces taxes payable in the current period. Excess tax benefits should be classified along with other income tax cash flows as an operating activity. In regards to forfeitures, the entity may make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur. The effective date for this guidance is for financial statements for fiscal years beginning after December 15, 2016, and interim periods within those fiscal periods and early application is permitted. The Company is currently assessing the impact the adoption of this guidance will have on its consolidated financial statements.



**WYNN LAS VEGAS, LLC AND SUBSIDIARIES**  
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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**(Unaudited)**

In February 2016, the FASB issued an accounting standards update that changes the accounting for leases and requires expanded disclosures about leasing activities. Under the new guidance, lessees will be required to recognize a right-of-use asset and lease liability, measured on a discounted basis, at the commencement date for all leases with terms greater than 12 months. Lessor accounting will remain largely unchanged, other than certain targeted improvements intended to align lessor accounting with the lessee accounting model and with the updated revenue recognition guidance issued in 2014. Lessees and lessors are required to apply a modified retrospective transition approach for leases existing at the beginning of the earliest comparative period presented in the adoption-period financial statements. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years and early adoption is permitted. The Company is currently assessing the impact the adoption of this standard will have on its consolidated financial statements.

In April 2015, the FASB issued an accounting standards update that requires deferred financing costs related to a recognized debt liability to be presented on the balance sheet as a direct reduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for deferred financing costs are not affected by the amendments in this update. In August 2015, the FASB issued an accounting standards update that clarifies that the guidance issued in April 2015 does not apply to line-of-credit arrangements. According to the additional guidance, deferred financing costs related to line-of-credit arrangements will continue to be presented as an asset and subsequently amortized ratably over the term of the arrangement. The effective date for this guidance is for financial statements for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The Company adopted the guidance on January 1, 2016, with retrospective application in the accompanying Condensed Consolidated Balance Sheet at December 31, 2015. This change in accounting principle resulted in net deferred financing costs of \$34.5 million incurred in connection with the issuance of the Company's long-term debt being reclassified from noncurrent assets to a direct reduction of the long-term debt balance.

In May 2014, the FASB issued an accounting standards update that amends the FASB Accounting Standards Codification and creates a new topic for Revenue from Contracts with Customers. The new guidance is expected to clarify the principles for revenue recognition and to develop a common revenue standard for GAAP applicable to revenue transactions. This guidance provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This guidance also provides substantial revision of interim and annual disclosures. The update allows for either full retrospective adoption, meaning the guidance is applied for all periods presented, or modified retrospective adoption, meaning the guidance is applied only to the most current period presented in the financial statements with the cumulative effect of initially applying the guidance recognized at the date of initial application. In August 2015, the FASB issued an accounting standards update that defers the effective date of the new revenue recognition accounting guidance by one year, to annual and interim periods beginning after December 15, 2017. Early application is permitted for annual and interim periods beginning after December 15, 2016. The Company will adopt this standard effective January 1, 2018. The Company is currently assessing the impact the adoption of this standard will have on its consolidated financial statements.

**Note 3 - Receivables, net**

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

	September 30, 2016	December 31, 2015
Casino	\$ 89,358	\$ 116,723
Hotel	19,119	20,014
Retail leases and other	17,141	21,288
	125,618	158,025
Less: allowance for doubtful accounts	(30,543)	(38,669)
	<u>\$ 95,075</u>	<u>\$ 119,356</u>

**WYNN LAS VEGAS, LLC AND SUBSIDIARIES**  
**(A WHOLLY OWNED INDIRECT SUBSIDIARY OF WYNN RESORTS, LIMITED)**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**(Unaudited)**

**Note 4 - Property and Equipment, net**

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

	September 30, 2016	December 31, 2015
Land and improvements	\$ 623,578	\$ 623,866
Buildings and improvements	2,641,063	2,630,788
Furniture, fixtures and equipment	1,423,084	1,419,018
Construction in progress	28,746	12,294
	<u>4,716,471</u>	<u>4,685,966</u>
Less: accumulated depreciation	(1,961,699)	(1,860,727)
	<u>\$ 2,754,772</u>	<u>\$ 2,825,239</u>

**Note 5 - Long-Term Debt**

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

	September 30, 2016	December 31, 2015
5 3/8% First Mortgage Notes, due March 15, 2022, net of debt issuance costs of \$6,985 at September 30, 2016 and \$7,791 at December 31, 2015	\$ 893,015	\$ 892,209
4 1/4% Senior Notes, due May 30, 2023, net of debt issuance costs of \$2,911 at September 30, 2016 and \$3,183 at December 31, 2015	497,089	496,817
5 1/2% Senior Notes, due March 1, 2025, net of debt issuance costs of \$22,027 at September 30, 2016 and \$23,527 at December 31, 2015	1,777,973	1,776,473
	<u>3,168,077</u>	<u>3,165,499</u>
Current portion of long-term debt	—	—
	<u>\$ 3,168,077</u>	<u>\$ 3,165,499</u>

*First Mortgage Notes due 2020*

On February 10, 2015, the Issuers commenced a cash tender offer for any and all of the outstanding aggregate principal amounts of the 7 7/8% First Mortgage Notes due May 1, 2020 and the 7 3/4% First Mortgage Notes due August 15, 2020 (the "2020 Notes"). The premium portion of the aggregate total consideration was \$101.2 million and was recorded as a loss on extinguishment of debt in the accompanying Condensed Consolidated Statements of Comprehensive Income (Loss). In connection with the cash tender, the Company expensed \$17.3 million of unamortized deferred financing costs and original issue discount related to the 2020 Notes and incurred other fees of \$0.1 million that are included in loss on extinguishment of debt in the accompanying Condensed Consolidated Statements of Comprehensive Income (Loss).

On May 1, 2015, the Company redeemed the remaining \$71.1 million principal amount of the untendered 7 7/8% First Mortgage Notes due May 1, 2020. The Company recorded a loss for the premium portion of the consideration of \$2.8 million and expensed \$1.0 million of unamortized deferred financing costs and original discount that are included in loss on extinguishment of debt in the accompanying Condensed Consolidated Statements of Comprehensive Income (Loss).

On August 15, 2015, the Company redeemed the remaining \$80.1 million principal amount of the untendered 7 3/4% First Mortgage Notes due August 15, 2020. The Company recorded a loss for the premium portion of the consideration of \$3.1 million and expensed \$0.8 million of unamortized deferred financing costs that are included in loss on extinguishment of debt in the accompanying Consolidated Statements of Comprehensive Income (Loss).

*Debt Covenant Compliance*

As of September 30, 2016, management believes the Company was in compliance with all debt covenants.

**WYNN LAS VEGAS, LLC AND SUBSIDIARIES**  
**(A WHOLLY OWNED INDIRECT SUBSIDIARY OF WYNN RESORTS, LIMITED)**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**(Unaudited)**

#### *Fair Value of Long Term Debt*

The estimated fair value of the Company's long-term debt as of September 30, 2016 and December 31, 2015 was \$3.22 billion and \$2.93 billion, respectively, compared to its carrying value, excluding debt issuance costs, of \$3.20 billion. The estimated fair value of the Company's long-term debt is based on recent trades, if available, and indicative pricing from market information (Level 2 inputs).

#### **Note 6 - Related Party Transactions**

##### *Amounts Due to Affiliates, net*

The Company periodically settles net amounts due to affiliates with cash payments. Amounts are primarily comprised of management and license fees, construction related payables and corporate allocations. As of September 30, 2016 and December 31, 2015, the Company's net current due to affiliates were \$2.3 million and \$7.3 million, respectively.

##### *Management fee and corporate allocations*

In February 2015, the Company entered into a new corporate support services agreement with Wynn Resorts and terminated the prior agreement. Wynn Resorts provides the Company legal, accounting, human resources, information services, real estate, and other corporate support services. Under the agreement, the corporate support service allocations have been determined on a basis that Wynn Resorts and the Company consider to be reasonable estimates of the utilization of service provided or the benefit received by the Company. Wynn Resorts maintains corporate offices at Wynn Las Vegas without charge from the Company and aircraft operated by Wynn Resorts are available for use by the Company. In addition, the Company pays a management fee of 1.5% of net revenues. For the three months ended September 30, 2016 and 2015, \$9.8 million and \$10.6 million, respectively, were charged to the Company under the corporate support services agreement. For the nine months ended September 30, 2016 and 2015, \$29.2 million and \$32.2 million, respectively, were charged to the Company under the corporate support services agreement.

##### *Intellectual Property*

Under an agreement with Wynn Resorts and a wholly owned subsidiary of Wynn Resorts, the Company licenses certain intellectual property, including certain trademarks, domain names, copyrights and service marks in connection with a variety of goods and services. The Company currently has two agreements in effect. Under the agreement, dated December 14, 2004 ("2004 IP Agreement"), which relates to intellectual property existing on or before December 14, 2004, the Company is not charged a licensing fee. Under the agreement, dated February 26, 2015, which relates to intellectual property existing after December 14, 2004, the monthly license fee payable is 1.5% of gross monthly revenues until the 2004 IP Agreement is terminated and 3% of gross monthly revenues once the 2004 IP Agreement is terminated. For the three months ended September 30, 2016 and 2015, \$7.0 million and \$6.8 million, respectively, of licensing fees were charged to the Company. For the nine months ended September 30, 2016 and 2015, \$20.4 million and \$16.1 million, respectively, of licensing fees were charged to the Company.

##### *Amounts Due to Officers*

The Company periodically provides services to Stephen A. Wynn, Chairman of the Board of Directors and Chief Executive Officer of Wynn Resorts ("Mr. Wynn"), and certain other executive officers and directors of Wynn Resorts, including the personal use of employees, construction work and other personal services, for which the officers and directors reimburse the Company. The cost of these services is transferred to Wynn Resorts on a periodic basis. Mr. Wynn and these other officers and directors have amounts on deposit with Wynn Resorts to prepay any such items, which are replenished on an ongoing basis as needed.

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## **Note 7 - Commitments and Contingencies**

### *Litigation*

In addition to the actions noted below, the Company and its affiliates are involved in litigation arising in the normal course of business. In the opinion of management, such litigation is not expected to have a material effect on the Company's financial condition, results of operations or cash flows.

#### *Determination of Unsuitability and Redemption of Aruze USA, Inc. and Affiliates*

On February 18, 2012, Wynn Resorts' Gaming Compliance Committee received an independent report by Freeh, Sporkin & Sullivan, LLP (the "Freeh Report") detailing a pattern of misconduct by Aruze USA, Inc. ("Aruze") (at the time a stockholder of Wynn Resorts), Universal Entertainment Corporation (Aruze's parent company), and Kazuo Okada (the majority shareholder of Universal Entertainment Corporation and a former member of the Board of Directors of Wynn Resorts and Wynn Macau, Limited) (collectively, the "Okada Parties"). The factual record presented in the Freeh Report included evidence that the Okada Parties had provided valuable items to certain foreign gaming officials who were responsible for regulating gaming in a jurisdiction in which entities controlled by Mr. Okada were developing a gaming resort. Mr. Okada denied the impropriety of such conduct to members of the Board of Directors of Wynn Resorts and, while serving as one of Wynn Resorts' directors, Mr. Okada refused to acknowledge or abide by Wynn Resorts' anti-bribery policies and refused to participate in the training all other directors received concerning these policies.

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

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

Wynn Resorts provided the Freeh Report to appropriate regulators and law enforcement agencies and has been cooperating with related investigations that such regulators and agencies have undertaken. The conduct of the Okada Parties

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and any resulting regulatory investigations could have adverse consequences to Wynn Resorts and its subsidiaries. A finding by regulatory authorities that Mr. Okada violated anti-corruption statutes and/or other laws or regulations applicable to persons affiliated with a gaming licensee on Wynn Resorts property and/or otherwise involved Wynn Resorts in criminal or civil violations could result in actions by regulatory authorities against Wynn Resorts and its subsidiaries.

*Redemption Action and Counterclaim*

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

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

On June 19, 2012, Elaine Wynn asserted a cross claim against Mr. Wynn and Aruze seeking a declaration that (1) any and all of Elaine Wynn's duties under the Stockholders Agreement shall be discharged; (2) the Stockholders Agreement is subject to rescission and is rescinded; (3) the Stockholders Agreement is an unreasonable restraint on alienation in violation of public policy; and/or (4) the restrictions on sale of shares shall be construed as inapplicable to Elaine Wynn. On March 28, 2016, Elaine Wynn filed an amended cross claim which added Wynn Resorts and Wynn Resorts' General Counsel (together with Mr. Wynn, the "Wynn Cross Defendants") as cross defendants. The amended cross claim substantially repeats its earlier allegations and further alleges that Mr. Wynn engaged in acts of misconduct that, with the Wynn Cross Defendants, resulted in Mr. Wynn allegedly breaching the Stockholders Agreement and violating alleged duties under the Stockholders Agreement by preventing Elaine Wynn from being nominated and elected to serve as one of Wynn Resorts' directors. In addition to continuing to seek the declarations asserted under the original cross claim, the amended cross claim seeks an order compelling Mr. Wynn to comply with the Stockholders Agreement by assuring the nomination and election of Elaine Wynn to the Board of Directors and seeks unspecified monetary damages from Mr. Wynn and the Wynn Cross Defendants. The Wynn Cross Defendants filed motions to dismiss and a motion to sever in April 2016 and will vigorously defend against the claims asserted against them. On May 5, 2016, the court granted Wynn Resorts' and Wynn Resorts' General Counsel's motions to dismiss and denied Mr. Wynn's motion to dismiss. On May 26, 2016, the court denied the Wynn Cross Defendants' motion to sever. Mr. Wynn is continuing to oppose Elaine Wynn's cross claim.

The indenture for Wynn Las Vegas, LLC's 4 1/4% Senior Notes due 2023 (the "2023 Indenture") provides that if Mr. Wynn, together with certain related parties, in the aggregate beneficially owns a lesser percentage of the voting power of the outstanding common stock of Wynn Resorts than is beneficially owned by any other person, a change of control will have occurred. The indenture for Wynn Las Vegas, LLC's 5 1/2% Senior Notes due 2025 (the "2025 Indenture") provides that if any event constitutes a "change of control" under the 2023 Indenture, it will constitute a change of control under the 2025 Indenture. If the Stockholders Agreement is determined not to be enforceable pursuant to Elaine Wynn's cross claim, Mr. Wynn would not beneficially own or control Elaine Wynn's shares, which could increase the likelihood that a change in control may occur under the Wynn Las Vegas debt documents. Under the 2023 Indenture and the 2025 Indenture, if (1) a change of control occurs and (2) at any time within 60 days after that occurrence, the 4 1/4% Senior Notes due 2023 or the 5 1/2% Senior Notes

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due 2025, as applicable, are rated below investment grade by both rating agencies that rate such notes, Wynn Resorts is required to make an offer to each applicable holder to repurchase all or any part of such holder's notes at a purchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest on the notes purchased, if any, to the date of repurchase (unless the notes have been previously called for redemption).

Wynn Resorts' Complaint and the Okada Parties' Counterclaim have been, and continue to be, challenged through motion practice. At a hearing held on November 13, 2012, the Nevada state court granted the Wynn Parties' motion to dismiss the Counterclaim with respect to the Okada Parties' claim under the Nevada Racketeer Influenced and Corrupt Organizations Act with respect to certain Wynn Resorts executives but otherwise denied the motion. At a hearing held on January 15, 2013, the court denied the Okada Parties' motion to dismiss Wynn Resorts' Complaint. On April 22, 2013, Wynn Resorts filed a second amended complaint. On August 30, 2013, the Okada Parties filed their third amended Counterclaim. On September 18, 2013, Wynn Resorts filed a Partial Motion to Dismiss related to a claim in the third amended Counterclaim alleging civil extortion by Mr. Wynn and Wynn Resorts' General Counsel. On October 29, 2013, the court granted the motion and dismissed the claim. On November 26, 2013, the Okada Parties filed their fourth amended Counterclaim, and Wynn Resorts filed an answer to that pleading on December 16, 2013. On September 16, 2014, Aruze filed a motion for partial summary judgment related to its counterclaim alleging Wynn Resorts' directors violated the terms of the Articles by failing to pay Aruze fair value for the redeemed shares. At a hearing held on October 21, 2014, the court denied Aruze's motion. On October 10, 2014, the Okada Parties filed a motion for partial judgment on the pleadings principally to seek dismissal of certain breach of fiduciary claims against Mr. Okada included in Wynn Resorts' Complaint. On November 13, 2014, the court denied the motion.

On each of February 14, 2013 and February 13, 2014, Wynn Resorts issued a check to Aruze in the amount of \$38.7 million, representing the interest payments due on the Redemption Note at those times. However, those checks were not cashed. In February 2014, the Okada Parties advised of their intent to deposit any checks for interest and principal, past and future, due under the terms of the Redemption Note to the clerk of the court for deposit into the clerk's trust account. On March 17, 2014, the parties stipulated that the checks be returned to Wynn Resorts for reissue in the same amounts, payable to the clerk of the court for deposit into the clerk's trust account. Pursuant to the stipulation, on March 20, 2014, Wynn Resorts delivered to the clerk of the court the reissued checks that were deposited into the clerk's trust account and filed a notice with the court with respect to the same. On each of February 13, 2015 and February 12, 2016, Wynn Resorts issued a check for the interest payment due at those times to the clerk of the court for deposit into the clerk's trust account.

On April 8, 2013, the United States Attorney's Office and the U.S. Department of Justice filed a Motion to Intervene and for Temporary and Partial Stay of Discovery in the Redemption Action. The parties had been engaged in discovery at the time of the filing. The motion stated that the federal government has been conducting a criminal investigation of the Okada Parties involving the "same underlying allegations of misconduct—that is, potential violations of the Foreign Corrupt Practice Act and related fraudulent conduct—that form the basis of" Wynn Resorts' complaint, as amended, in the Redemption Action. The motion sought to stay all discovery in the Redemption Action related to the Okada Parties' allegedly unlawful activities in connection with their casino project in the Philippines until the conclusion of the criminal investigation and any resulting criminal prosecution, with an interim status update to the court in six months. At a hearing on May 2, 2013, the court granted the motion and ordered that all discovery in the Redemption Action be stayed for a period of six months (the "Stay"). On May 30, 2013, Elaine Wynn filed a motion for partial relief from the Stay, to allow her to conduct limited discovery related to her cross and counterclaims. The Wynn Parties opposed the motion so as to not interfere with the United States government's investigation. At a hearing on August 1, 2013, the court denied the motion. On October 29, 2013, the United States Attorney's Office and the U.S. Department of Justice filed a Motion to Extend the Stay for a further period of six months. At a hearing on October 31, 2013, the court granted the requested extension based upon an affidavit provided under seal that outlined, among other things, concerns for witness safety. The court did, however, order the parties to exchange written discovery propounded prior to May 2, 2013, including discovery related to the Elaine Wynn cross and counterclaims referred to above. The extended Stay expired on May 5, 2014. On April 29, 2014, the United States Attorney's Office and the U.S. Department of Justice filed a Motion for a Second Extension of Temporary Stay of Discovery for a further six months. At a hearing on May 1, 2014, the court denied the motion.

In May 2016, Wynn Resorts filed a motion to disqualify one of Ms. Wynn's law firms and sought an injunction related to Ms. Wynn providing her attorneys with confidential and privileged information that belongs to Wynn Resorts. On June 23, 2016, the court stayed discovery as to both Ms. Wynn and the Okada Parties, pending an evidentiary hearing to be set by the court. New discovery deadlines and trial-related dates will be set after the stay is lifted. Wynn Resorts will continue to vigorously pursue its claims against the Okada Parties, and Wynn Resorts and the Wynn Parties will continue to vigorously



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defend against the counterclaims asserted against them. Management has determined that based on proceedings to date, it is currently unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any. An adverse judgment or settlement involving payment of a material amount could cause a material adverse effect on Wynn Resorts' financial condition.

*Litigation Commenced by Kazuo Okada*

Japan Action:

On August 28, 2012, Mr. Okada, Universal Entertainment Corporation and Okada Holdings ("Okada Japan Parties") filed a complaint in Tokyo District Court against the Wynn Parties, alleging that the press release issued by Wynn Resorts with respect to the redemption has damaged plaintiffs' social evaluation and credibility. The Okada Japan Parties seek damages and legal fees from the Wynn Parties. After asking the Okada Japan Parties to clarify the allegations in their complaint, the Wynn Parties objected to the jurisdiction of the Japanese court. On April 30, 2013, the Wynn Parties filed a memorandum in support of their jurisdictional position. On October 21, 2013, the court dismissed the action on jurisdictional grounds. On November 1, 2013, the Okada Japan Parties filed an appeal moving the matter to the Tokyo High Court. On June 11, 2014, the Tokyo High Court ruled in favor of the Wynn Parties and upheld the motion for dismissal. On June 25, 2014, the Okada Japan Parties filed a notice of appeal to the Supreme Court of Japan. The Supreme Court of Japan dismissed the appeal as to all of the individuals (including Wynn Resorts directors) in February 2016 and as to Wynn Resorts in March 2016, thus upholding the motion for dismissal of the Okada Japan Parties' defamation action against the Wynn Parties.

Indemnification Action:

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

Macau Action:

On July 3, 2015, Wynn Macau, Limited announced that the Okada Parties filed a complaint in the Court of First Instance of Macau ("Macau Court") against Wynn Macau SA and certain individuals who are or were directors of Wynn Macau SA and or Wynn Macau, Limited (collectively, the "Wynn Macau Parties"). The principal allegations in the lawsuit are that the redemption of the Okada Parties' shares in Wynn Resorts was improper and undervalued, that the previously disclosed payment by Wynn Macau SA to an unrelated third party in consideration of relinquishment by that party of certain rights in and to any future development on the land in Cotai where Wynn Palace is located was unlawful and that the previously disclosed donation by Wynn Resorts to the University of Macau Development Foundation was unlawful. The plaintiffs seek dissolution of Wynn Macau SA and compensatory damages. The Okada Parties recently released one of the defendants from the lawsuit. The Macau Court has served the complaint on all of the remaining defendants and the Wynn Macau Parties filed their response on May 17, 2016.

Wynn Resorts believes these actions commenced by Okada Parties discussed above are without merit and will vigorously defend the Wynn Macau Parties against them. Management has determined that based on proceedings to date, it is currently unable to determine the probability of the outcome of these actions or the range of reasonably possible loss, if any.

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*Related Investigations and Derivative Litigation*

Investigations:

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

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

Derivative Claims:

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

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

The Federal Plaintiffs filed a consolidated complaint on August 6, 2012, asserting claims for: (1) breach of fiduciary duty; (2) waste of corporate assets; (3) injunctive relief; and (4) unjust enrichment. The claims were against Wynn Resorts and all of Wynn Resorts' directors, including Mr. Okada; however, the plaintiffs voluntarily dismissed Mr. Okada as a defendant in this consolidated action on September 27, 2012. The Federal Plaintiffs claimed that the individual defendants breached their fiduciary duties and wasted assets by: (a) failing to ensure Wynn Resorts' officers and directors complied with federal and state laws and Wynn Resorts' Code of Conduct; (b) voting to allow Wynn Resorts' subsidiary to make the donation to the University of Macau Development Foundation; and (c) redeeming Aruze's stock such that Wynn Resorts incurs the debt associated with the redemption. The Federal Plaintiffs seek unspecified compensatory damages, restitution in the form of disgorgement, reformation of corporate governance procedures, an injunction against all future payments related to the donation/pledge, and all fees (attorneys, accountants, and experts) and costs. The directors responded to the consolidated complaint by filing a motion to dismiss on September 14, 2012. On February 1, 2013, the federal court dismissed the complaint for failure to plead adequately the futility of a pre-suit demand on the Board. The dismissal was without prejudice to the Federal Plaintiffs' ability to file a motion within 30 days seeking leave to file an amended complaint. On April 9, 2013, the Federal Plaintiffs filed their amended complaint. Wynn Resorts and the directors filed their motion to dismiss the amended complaint on May 23, 2013. On March 13, 2014, the federal court granted the motion to dismiss and entered judgment in favor of Wynn Resorts and directors and against the Federal Plaintiffs without prejudice. On April 10, 2014, the Federal Plaintiffs filed a notice of appeal to the United States Court of Appeals for the Ninth Circuit. On July 18, 2016, the Ninth Circuit affirmed the federal court's dismissal.

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



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(compensatory and punitive), disgorgement, reformation of corporate governance procedures, an order directing Wynn Resorts to internally investigate the donation, as well as attorneys' fees and costs. On October 13, 2012, the court entered the parties' stipulation providing for a stay of the state derivative action for 90 days subject to the parties' obligation to monitor the progress of the pending litigation, discussed above, between Wynn Resorts (among others) and Mr. Okada (among others). Per the stipulation, Wynn Resorts and the individual defendants were not required to respond to the consolidated complaint while the stay remained in effect. Following the expiration of the stay, the State Plaintiffs advised Wynn Resorts and the individual defendants that they intended to resume the action by filing an amended complaint, which they did, on April 26, 2013. Wynn Resorts and directors filed their motion to dismiss on June 10, 2013. However, on July 31, 2013, the parties agreed to a stipulation that was submitted to, and approved by the court. The stipulation contemplates a stay of the consolidated state court derivative action of equal duration as the Stay entered by the court in the Redemption Action. On June 18, 2014, the court entered a new stipulation between the parties that provides for further stay of the state derivative action and directs the parties, within 45 days of the conclusion of the latter of the Redemption Action or the federal derivative action, to discuss how the state derivative action should proceed and to file a joint report with the court.

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

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this Form 10-Q and our consolidated financial statements appearing in our annual report on Form 10-K for the year ended December 31, 2015. Unless the context otherwise requires, all references herein to the "Company," "we," "us," or "our," or similar terms, refer to Wynn Las Vegas, LLC, a Nevada limited liability company and its consolidated subsidiaries. This discussion and analysis contains forward-looking statements. Please refer to the section below entitled "Special Note Regarding Forward-Looking Statements."

### **Overview**

We are a developer, owner and operator of destination casino resorts (integrated resorts). We currently own and operate Wynn Las Vegas | Encore ("Wynn Las Vegas"), an integrated destination casino resort in Las Vegas, Nevada. Wynn Las Vegas | Encore is located at the intersection of the Las Vegas Strip and Sands Avenue and occupies approximately 215 acres of land fronting the Las Vegas Strip. We own approximately 18 acres across Sands Avenue, a portion of which is utilized for employee parking and an office building. We also utilize approximately five acres adjacent to the golf course on which an office building is located. We lease approximately 140 acres where the golf course is located, along with related water rights, from Wynn Resorts.

Wynn Las Vegas | Encore features the following as of October 15, 2016:

- Approximately 194,000 square feet of casino space, offering 24-hour gaming and a full range of games with 235 table games and 1,901 slot machines, private gaming salons, a sky casino, a poker room, and a race and sports book;
- Two luxury hotel towers with a total of 4,748 guest rooms, suites and villas;
- 33 food and beverage outlets;
- Approximately 99,000 square feet of high-end, brand-name retail shopping;
- Approximately 290,000 square feet of meeting and convention space;
- Three nightclubs and a beach club;
- A specially designed theater presenting "Le Rêve-The Dream," a water-based theatrical production and a theater presenting "Steve Wynn's ShowStoppers," a Broadway-style entertainment production; and
- Recreation and leisure facilities, including an 18-hole golf course, swimming pools, private cabanas, two full service spas and salons, and a wedding chapel.

*Construction and Future Development*

In response to our evaluation of our property and our commitment to creating a unique customer experience, we have made and expect to continue to make enhancements and refinements to this resort. In October 2015, we closed the Ferrari and Maserati automobile dealership inside Wynn Las Vegas. We are in the process of replacing the dealership and adjacent space with more than 75,000 square feet of additional high-end, brand-name retail space, which we expect to open in the fourth quarter of 2017.

**Key Operating Measures**

Certain key operating measures specific to the gaming industry are included in our discussion of our operational performance for the periods for which Condensed Consolidated Statements of Comprehensive Income (Loss) are presented. Below are definitions of these key operating measures discussed:

- Table drop is the amount of cash and net markers issued that are deposited in a gaming table's drop box.
- Table games win is the amount of table drop that is retained and recorded as casino revenues.
- Slot win is the amount of handle (representing the total amount wagered) that is retained by us and is recorded as casino revenues.
- Average daily rate ("ADR") is calculated by dividing total room revenues, including the retail value of promotional allowances (less service charges, if any), by total rooms occupied, including complimentary rooms.
- Revenue per available room ("REVPAR") is calculated by dividing total room revenues, including the retail value of promotional allowances (less service charges, if any), by total rooms available.
- Occupancy is calculated by dividing total occupied rooms, including complimentary rooms, by the total rooms available.

**Results of Operations***Summary third quarter 2016 results*

<u>(dollars in thousands)</u>	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	Percent Change	2016	2015	Percent Change
Net revenues	\$ 427,103	\$ 411,160	3.9	\$ 1,235,587	\$ 1,221,626	1.1
Net income (loss)	\$ 4,037	\$ 4,989	(19.1)	\$ 9,407	\$ (104,456)	109.0
Adjusted Property EBITDA	\$ 128,879	\$ 117,069	10.1	\$ 360,193	\$ 349,783	3.0

Our net income was relatively flat for the three months ended September 30, 2016 when compared to the same period of 2015, due to a \$15.3 million exit fee incurred for the right to procure energy from the wholesale energy markets instead of from the local public electricity utility, which offset our room revenue performance. Adjusted Property EBITDA increased 10.1%, or \$11.8 million, for the three months ended September 30, 2016 when compared to the same period of 2015, largely due to the 9.1% year-over-year increase in room revenues.

During the nine months ended September 30, 2016, net income was \$9.4 million, compared to a net loss of \$104.5 million for the same period of 2015. During the nine months ended September 30, 2015, we experienced a net loss primarily due to \$126.3 million in losses from the extinguishment of debt related to the purchase of the 7 7/8% First Mortgage Notes due May 1, 2020 (the "7 7/8% 2020 Notes") and the 7 3/4% First Mortgage Notes due August 15, 2020 (the "7 3/4% 2020 Notes" and together with the 7 7/8% 2020 Notes, the "2020 Notes") pursuant to a cash tender offer and subsequent redemption of the untendered 2020 Notes.

We offer gaming, hotel accommodations, dining, entertainment, retail shopping, convention services and other amenities at our resort. We currently rely solely upon the operations of Wynn Las Vegas for our operating cash flow. Concentration of our cash flows from Wynn Las Vegas exposes us to certain risks that competitors, whose operations are more diversified, may be better able to control. In addition to the concentration of operations in Wynn Las Vegas, many of our customers are premium

gaming customers who wager on credit, thus exposing us to increased credit risk. High-end gaming also increases the potential for variability in our results.

**Financial results for the three months ended September 30, 2016 compared to the three months ended September 30, 2015.**

*Net revenues*

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

	Three Months Ended September 30,		Percent Change
	2016	2015	
<b>Net revenues</b>			
Casino revenues	\$ 153,166	\$ 152,149	0.7
Non-casino revenues	273,937	259,011	5.8
	<u>\$ 427,103</u>	<u>\$ 411,160</u>	3.9

Casino revenues were 35.9% of total net revenues for the three months ended September 30, 2016, compared to 37.0% of total net revenues for the same period of 2015, while non-casino revenues were 64.1% of total revenues, compared to 63.0% for the same period of 2015.

*Casino revenues*

Casino revenues were relatively flat with \$153.2 million for the three months ended September 30, 2016, compared to \$152.1 million for the same period of 2015.

The table below sets forth our casino revenues and associated key operating measures related to our operations (dollars in thousands, except for win per unit per day):

	Three Months Ended September 30,			Percent Change
	2016	2015	Increase/(Decrease)	
Total casino revenues	\$ 153,166	\$ 152,149	\$ 1,017	0.7
Average number of table games	234	230	4	1.7
Table drop	\$ 483,382	\$ 491,616	\$ (8,234)	(1.7)
Table games win	\$ 119,388	\$ 116,655	\$ 2,733	2.3
Table games win %	24.7%	23.7%	1.0	
Table games win per unit per day	\$ 5,552	\$ 5,505	\$ 47	0.9
Average number of slot machines	1,890	1,861	29	1.6
Slot machine handle	\$ 818,719	\$ 764,263	\$ 54,456	7.1
Slot machine win	\$ 52,460	\$ 54,614	\$ (2,154)	(3.9)
Slot machine win per unit per day	\$ 302	\$ 319	\$ (17)	(5.3)

*Non-casino revenues*

Non-casino revenues increased 5.8%, or \$14.9 million to \$273.9 million for the three months ended September 30, 2016, compared to \$259.0 million for the same period of 2015, primarily due to an increase of 9.1% in room revenues and a 1.8% increase in food and beverage revenues.

Room revenues increased 9.1%, or \$9.4 million for the three months ended September 30, 2016 when compared to the same period of 2015. The increase is primarily attributable to a 4.7% increase in ADR to \$288 for the three months ended September 30, 2016, compared to \$275 for the same period of 2015 and a 1.7 percentage point increase in occupancy.

The table below sets forth our room revenues and associated key operating measures related to our operations:

	Three Months Ended September 30,		Percent Change (a)
	2016	2015	
Total room revenues (dollars in thousands)	\$ 112,185	\$ 102,786	9.1
Occupancy	90.0%	88.3%	1.7
ADR	\$ 288	\$ 275	4.7
REVPAR	\$ 259	\$ 243	6.6

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

Food and beverage revenues increased 1.8%, or \$2.6 million, to \$145.2 million for the three months ended September 30, 2016, from \$142.6 million for the same period of 2015, mainly due to an increase in revenues at our casual dining restaurants.

Promotional allowances decreased 5.2%, or \$2.3 million, to \$42.3 million for the three months ended September 30, 2016, from \$44.6 million for the same period of 2015, primarily as a result of less complimentary on the decrease in table drop.

#### *Operating costs and expenses*

Operating costs and expenses increased 6.0%, or \$21.7 million, to \$380.1 million for the three months ended September 30, 2016, from \$358.5 million for the same period of 2015, primarily due to a \$16.6 million increase in property charges and other.

Casino expenses decreased 2.1%, or \$1.5 million, to \$69.7 million for the three months ended September 30, 2016, from \$71.2 million for the same period of 2015, mainly due to a reduction in the cost of complimentary and other casino expenses.

Room expenses increased 4.3%, or \$1.6 million, to \$37.7 million for the three months ended September 30, 2016, from \$36.2 million for the same period of 2015, primarily attributable to expenses associated with the increase in occupancy over the prior year.

Food and beverage expenses were relatively flat with \$96.4 million for the three months ended September 30, 2016 when compared to \$95.5 million for the same period of 2015.

General and administrative expenses increased 4.6%, or \$2.9 million, to \$65.3 million for the three months ended September 30, 2016, from \$62.5 million for the same period of 2015. The increase was primarily due to increased payroll and advertising related expenses.

Property charges and other expense was \$16.7 million for the three months ended September 30, 2016, compared to \$0.1 million for the same period of 2015. During the three months ended September 30, 2016, we incurred an expense of \$15.3 million for an exit fee for the right to procure energy from the wholesale energy markets instead of from the local public electric utility.

#### *Non-operating income and expenses*

Interest expense was relatively flat with \$43.0 million for the three months ended September 30, 2016, compared to \$43.8 million for the same period of 2015.

We incurred a loss of \$3.9 million on the extinguishment of debt for the three months ended September 30, 2015. In connection with the August 2015 redemption of the remaining \$80.1 million principal amount of the untendered 7 3/4% 2020 Notes, we recorded a loss for the premium portion of the consideration of \$3.1 million and expensed \$0.8 million of unamortized deferred financing costs and original discount. We incurred no loss on extinguishment of debt for the three months ended September 30, 2016.

**Financial results for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015.**
*Net revenues*

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

	Nine Months Ended September 30,		Percent Change
	2016	2015	
<b>Net revenues</b>			
Casino revenues	\$ 447,030	\$ 448,617	(0.4)
Non-casino revenues	788,557	773,009	2.0
	<u>\$ 1,235,587</u>	<u>\$ 1,221,626</u>	1.1

The percentage of our net revenues from non-casino revenues was 63.8% for the nine months ended September 30, 2016, compared to 63.3% for the same period of 2015. Casino revenues were 36.2% of total net revenues for the nine months ended September 30, 2016, compared to 36.7% of total net revenues for the same period of 2015.

*Casino revenues*

Casino revenues were relatively flat with \$447.0 million for the nine months ended September 30, 2016 when compared to \$448.6 million for the same period of 2015. We experienced a 12.0% year-over-year decrease in table drop, primarily from international customers, largely offset by an increase in table games win percentage of 2.3 percentage points.

The table below sets forth our casino revenues and associated key operating measures related to our operations (dollars in thousands, except for win per unit per day):

	Nine Months Ended September 30,			Percent Change
	2016	2015	Increase/(Decrease)	
Total casino revenues	\$ 447,030	\$ 448,617	\$ (1,587)	(0.4)
Average number of table games	236	234	2	0.9
Table drop	\$ 1,385,963	\$ 1,574,537	\$ (188,574)	(12.0)
Table games win	\$ 340,572	\$ 351,647	\$ (11,075)	(3.1)
Table games win %	24.6%	22.3%	2.3%	
Table games win per unit per day	\$ 5,264	\$ 5,502	\$ (238)	(4.3)
Average number of slot machines	1,888	1,861	27	1.5
Slot machine handle	\$ 2,286,559	\$ 2,238,594	\$ 47,965	2.1
Slot machine win	\$ 150,786	\$ 154,041	\$ (3,255)	(2.1)
Slot machine win per unit per day	\$ 291	\$ 303	\$ (12)	(4.0)

*Non-casino revenues*

Non-casino revenues increased 2.0%, or \$15.5 million, to \$788.6 million for the nine months ended September 30, 2016, from \$773.0 million for the same period of 2015. The increase was primarily due to an increase of 6.3% in room revenues, partially offset by a decrease of 2.2% in food and beverage revenues.

Room revenues increased 6.3%, or \$19.6 million for the nine months ended September 30, 2016 when compared to the same period of 2015. The increase is primarily attributable to a 5.7% increase in ADR to \$298 for the nine months ended September 30, 2016, compared to \$282 for the same period of 2015, partially offset by a 0.9 percentage point decrease in occupancy.

The table below sets forth our room revenues and associated key operating measures related to our operations:

	<u>Nine Months Ended September 30,</u>		
	<u>2016</u>	<u>2015</u>	<u>Percent Change (a)</u>
Total room revenues (dollars in thousands)	\$ 330,893	\$ 311,260	6.3
Occupancy	85.7%	86.6%	(0.9)
ADR	\$ 298	\$ 282	5.7
REVPAR	\$ 255	\$ 244	4.5

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

Food and beverage revenues decreased 2.2%, or \$9.1 million, to \$410.0 million for the nine months ended September 30, 2016, from \$419.1 million for the same period of 2015, mainly due to a decline in revenues from our nightclubs.

Promotional allowances decreased 3.6%, or \$4.7 million, to \$126.3 million for the nine months ended September 30, 2016, from \$131.0 million for the same period of 2015, primarily as a result of less complimentary on the decrease in table drop.

#### *Operating costs and expenses*

Operating costs and expenses increased 3.2%, or \$34.4 million, to \$1.10 billion for the nine months ended September 30, 2016, from \$1.06 billion for the same period of 2015, primarily due to a \$25.8 million increase in property charges and other.

Casino expenses decreased 3.0%, or \$6.6 million, to \$210.7 million for the nine months ended September 30, 2016, from \$217.3 million for the same period of 2015, mainly due to a reduction in the cost of complimentary and other casino expenses.

Room expenses increased 3.0%, or \$3.2 million, to \$111.3 million for the nine months ended September 30, 2016, from \$108.0 million for the same period of 2015, primarily due to an increase in payroll related expenses.

Food and beverage expenses were relatively flat with \$271.2 million for the nine months ended September 30, 2016 when compared to \$272.7 million for the same period of 2015.

General and administrative expenses increased 3.2%, or \$5.8 million, to \$190.6 million for the nine months ended September 30, 2016, from \$184.8 million for the same period of 2015. The increase is primarily due to an increase in payroll related expenses, partially offset by a decrease in corporate allocations.

Management and license fees increased 13.1%, or \$4.5 million, to \$39.0 million for the nine months ended September 30, 2016, from \$34.5 million for the same period of 2015. In February 2015, we began incurring fees associated with our license agreement with Wynn Resorts and a wholly owned subsidiary of Wynn Resorts for use of certain intellectual property. The license agreement resulted in fees of \$20.4 million during the nine months ended September 30, 2016, compared to \$16.1 million for the same period of 2015.

We incurred pre-opening costs of \$2.2 million for the nine months ended September 30, 2016 in connection with the re-branding of one of our nightclubs.

Property charges and other expense was \$27.0 million for the nine months ended September 30, 2016, compared to \$1.2 million for the same period of 2015. During the nine months ended September 30, 2016, we incurred expenses of \$15.3 million for an exit fee for the right to procure energy from the wholesale energy markets instead of from the local public electric utility, \$9.0 million in asset abandonment charges primarily associated with the current construction of more than 75,000 square feet of additional high-end, brand-name retail space to the resort, and \$2.7 million of losses from the sale of assets.

### *Non-operating income and expenses*

Interest expense decreased 5.8%, or \$8.0 million, to \$129.0 million for the nine months ended September 30, 2016, from \$137.0 million for the same period of 2015. In February 2015, we issued \$1.8 billion of 5 1/2% Senior Notes due 2025 ("2025 Notes") and used the proceeds for the purchase of \$305.8 million of 7 7/8% 2020 Notes and \$1.15 billion of 7 3/4% 2020 Notes pursuant to a cash tender offer. In May 2015, we redeemed the remaining \$71.1 million principal amount of the untendered 7 7/8% 2020 Notes, and in August 2015, we redeemed the remaining \$80.1 million principal amount of the untendered 7 3/4% 2020 Notes. As a result of these financing activities, our weighted average interest rate was lower for the nine months ended September 30, 2016, compared to the same period of 2015.

We incurred a loss of \$126.3 million on the extinguishment of debt for the nine months ended September 30, 2015, in connection with the cash tender offer for the 2020 Notes and the subsequent redemption of the untendered 2020 Notes. We expensed \$101.2 million for the consideration to holders who tendered, \$17.3 million of unamortized deferred financing costs and original issue discount, and \$0.1 million in other fees incurred. In connection with the redemption of the remaining \$71.1 million principal amount of the untendered 7 7/8% 2020 Notes, we recorded a loss for the premium portion of the consideration of \$2.8 million and expensed \$1.0 million of unamortized deferred financing costs and original discount. In connection with the redemption of the remaining \$80.1 million principal amount of the untendered 7 3/4% 2020 Notes, we recorded a loss for the premium portion of the consideration of \$3.1 million and expensed \$0.8 million of unamortized deferred financing costs and original discount. We incurred no loss on extinguishment of debt for the nine months ended September 30, 2016.

### **Adjusted Property EBITDA**

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

The following table presents a reconciliation of Adjusted Property EBITDA to net income (loss) (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
<b>Adjusted Property EBITDA</b>	\$ 128,879	\$ 117,069	\$ 360,193	\$ 349,783
<b>Other operating costs and expenses</b>				
Pre-opening costs	64	—	2,199	—
Depreciation and amortization	46,403	45,215	137,349	136,704
Property charges and other	16,748	111	26,973	1,220
Management and license fees	13,441	13,004	38,963	34,458
Corporate expenses and other	4,634	5,449	14,324	16,547
Stock-based compensation	629	600	2,036	2,072
Equity in income (loss) from unconsolidated affiliates	—	(2)	16	(12)
Total	81,919	64,377	221,860	190,989
Operating income	46,960	52,692	138,333	158,794
<b>Non-operating income and expenses</b>				
Interest income	65	—	65	11
Interest expense	(42,988)	(43,779)	(129,007)	(136,973)
Loss on extinguishment of debt	—	(3,922)	—	(126,276)
Equity in income (loss) from unconsolidated affiliates	—	(2)	16	(12)
Total	(42,923)	(47,703)	(128,926)	(263,250)
Net income (loss)	\$ 4,037	\$ 4,989	\$ 9,407	\$ (104,456)

## Liquidity and Capital Resources

### Operating Activities

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

Net cash provided by operations for the nine months ended September 30, 2016 was \$179.9 million, compared to net cash used in operations of \$36.6 million for the same period of 2015. The change was primarily due to \$192.8 million in accrued management fees paid to Wynn Resorts during the nine months ended September 30, 2015, as we were no longer subject to certain restrictive covenants under the indentures governing the 2020 Notes.

### Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2016 was \$88.2 million, compared to \$73.0 million for the same period of 2015, primarily consisting of capital expenditures. Capital expenditures for the nine months ended September 30, 2016 were primarily for the re-branding of one of our nightclubs, the development of more than 75,000 square feet of additional high-end brand-name retail space, and general property maintenance. Capital expenditures for the nine months ended September 30, 2015 were primarily for the remodel of guest rooms in the Encore hotel tower and general property maintenance.



## **Financing Activities**

We had no financing activities for the nine months ended September 30, 2016. Net cash provided by financing activities for the nine months ended September 30, 2015 was \$106.0 million. During the nine months ended September 30, 2015, we issued \$1.8 billion of 2025 Notes with proceeds used for the purchase of \$1.60 billion of our 2020 Notes pursuant to a cash tender offer and subsequent redemption of the untendered 2020 Notes. During the nine months ended September 30, 2015, the proceeds from the issuance were also offset by payments of financing costs of \$132.4 million and distributions to Wynn Resorts of \$170.0 million.

## **Capital Resources**

As of September 30, 2016, we had \$168.8 million of cash and cash equivalents available for use without restriction, including for operations, debt service and extinguishment, new development activities, enhancements to our property and general corporate purposes. We require a certain amount of cash on hand for operations. We expect to meet our cash needs including our contractual obligations with future anticipated cash flow from operations and our existing cash balances.

### *Off Balance Sheet Arrangements*

We have not entered into any transactions with special purpose entities nor do we engage in any derivatives. We do not have any retained or contingent interest in assets transferred to an unconsolidated entity. As of September 30, 2016, we had outstanding letters of credit totaling \$10.6 million.

### *Contractual Obligations and Commitments*

There have been no material changes outside the ordinary course of our business during the nine months ended September 30, 2016 to our contractual obligations or off balance sheet arrangements as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015.

### *Other Factors Affecting Liquidity*

We are restricted under the indentures governing the first mortgage notes from making certain "restricted payments" as defined in the indentures. These restricted payments include the payments of dividends or distributions to any direct or indirect holders of equity interests of Wynn Las Vegas, LLC. These restricted payments are limited by certain financial and non-financial criteria have been satisfied.

We intend to fund our operations and capital requirements from cash on hand and operating cash flow. We cannot be sure that we will generate sufficient cash flow from operations or that future borrowings that are available to us, if any, will be sufficient to enable us to service and repay our indebtedness and to fund our other liquidity needs. We cannot be sure that we will be able to refinance any of our indebtedness on acceptable terms or at all.

Legal proceedings in which Wynn Resorts is involved also may impact our liquidity. No assurance can be provided as to the outcome of such proceedings. In addition, litigation inherently involves significant costs. For information regarding legal proceedings, see Item 1—"Notes to Condensed Consolidated Financial Statements," Note 7 "Commitments and Contingencies."

Wynn America, LLC ("Wynn America"), an indirect wholly owned subsidiary of Wynn Resorts, Limited, was created in September 2014 in connection with a senior secured credit facility. Wynn America caused a series of corporate restructurings and related transactions, including receipt of gaming approvals from relevant gaming authorities, pursuant to which Wynn Las Vegas, LLC and its subsidiaries became subsidiaries of Wynn Las Vegas Holdings, LLC, a direct subsidiary of Wynn America (the "Reorganization"). On September 1, 2015, Wynn Resorts Holdings, LLC transferred its equity interest in Wynn Las Vegas, LLC and effectuated the Reorganization. Upon the consummation of the Reorganization, Wynn Las Vegas, LLC and its subsidiaries became restricted subsidiaries under Wynn America's credit facilities and became obligated to guarantee the obligations of Wynn America to such extent as may be permitted by any of our existing senior secured notes.

We have in the past repurchased, and in the future, we may periodically consider repurchasing our outstanding notes for cash. The amount of any notes to be repurchased, as well as the timing of any repurchases, will be based on business, market and other conditions and factors, including price, contractual requirements or consents, and capital availability.

New business developments or other unforeseen events may occur, resulting in the need to raise additional funds. We continue to explore opportunities to develop additional gaming or related businesses in the United States. There can be no assurances regarding the business prospects with respect to any other opportunity. Any other development would require us to obtain additional financing.

### **Critical Accounting Policies and Estimates**

A description of our critical accounting policies is included in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2015. There have been no significant changes to these policies for the nine months ended September 30, 2016.

### **Recently Issued and Adopted Accounting Standards**

See related disclosure at Item 1—"Notes to Condensed Consolidated Financial Statements," Note 2 "Summary of Significant Accounting Policies."

### **Special Note Regarding Forward-Looking Statements**

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

Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those we express in these forward-looking statements, including the risks and uncertainties in Item 1A—"Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2015 and other factors we describe from time to time in our periodic filings with the Securities and Exchange Commission ("SEC"), such as:

- our dependence on Stephen A. Wynn;
- general global macroeconomic conditions;
- decreases in levels of travel, leisure and consumer spending, particularly from our international customers;
- potential violations of law by Mr. Kazuo Okada, a former shareholder of Wynn Resorts;
- pending or future legal proceedings;
- any violations by us of the anti-money laundering laws or Foreign Corrupt Practices Act;
- our dependence on Wynn Las Vegas for all of our cash flow;
- competition in the casino/hotel and resort industries and actions taken by our competitors;
- our ability to maintain our customer relationships and collect and enforce gaming receivables;
- the impact that terrorism, regional political events, outbreak of an infectious disease or natural disaster may have on the travel and leisure industry;
- regulatory or enforcement actions;
- changes in gaming laws or regulations (including the legalization of gaming in certain jurisdictions);
- our current and future insurance coverage levels;
- our ability to protect our intellectual property rights;
- leverage and debt service;
- fluctuations in occupancy rates and average daily room rates;
- adverse tourism trends given the current domestic and international economic conditions;
- new development and construction activities of competitors;
- changes in federal or state tax laws or the administration of such laws;
- approvals under applicable jurisdictional laws and regulations (including gaming laws and regulations);
- cybersecurity risk including misappropriation of customer information or other breaches of information security;
- the effect of environmental regulation; and
- the consequences of military conflicts and any future security alerts and/or terrorist attacks.

Further information on potential factors that could affect our financial condition, results of operations and business are included in this report and our other filings with the SEC. You should not place undue reliance on any forward-looking

statements, which are based only on information available to us at the time this statement is made. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

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

#### *Interest Rate Risks*

We had \$3.20 billion of fixed-rate debt outstanding as of September 30, 2016. As a result of our outstanding debt being based on fixed rates, we currently do not have exposure to adverse changes in market rates.

#### *Interest Rate Sensitivity*

As of September 30, 2016, our long-term debt was based on fixed rates.

### **Item 4. Controls and Procedures**

(a) *Disclosure Controls and Procedures.* The Company's management, with the participation of the Company's principal executive officer and principal financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on such evaluation, the Company's principal executive officer and principal financial officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective, at the reasonable assurance level, in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and were effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) *Internal Control Over Financial Reporting.* There were no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter to which this report relates that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Part II – OTHER INFORMATION**

**Item 1A. Risk Factors**

A description of our risk factors can be found in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2015. There were no material changes to those risk factors during the nine months ended September 30, 2016.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

Restrictions imposed by our debt instruments significantly restrict us, subject to certain exceptions for payment of allocable corporate overhead, from declaring or paying dividends or distributions. Specifically, we are restricted under the indentures governing the first mortgage notes from making certain "restricted payments" as defined therein. These restricted payments include the payment of dividends or distributions to any direct or indirect holders of our membership interests. These restricted payments may not be made until certain financial and non-financial criteria have been satisfied.

**Item 6. Exhibits**

(a) Exhibits

**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
3.1	Fourth Restated Articles of Organization of Wynn Las Vegas, LLC. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on September 3, 2015.)
3.2	Third Amended and Restated Operating Agreement of Wynn Las Vegas, LLC. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on September 3, 2015.)
10.1	Fourth Amendment to Credit Agreement, dated as of July 1, 2016, by and among Wynn America LLC, as borrower, the Guarantors named therein, Deutsche Bank AG New York Branch, as administrative agent on behalf of the several banks and other financial institutions or entities from time to time party to Wynn America, LLC's Credit Agreement, dated as of November 20, 2014. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on August 9, 2016.)
*31.1	Certification of Principal Executive Officer of Periodic Report Pursuant to Rule 13a – 14(a) and Rule 15d – 14(a).
*31.2	Certification of Principal Financial Officer of Periodic Report Pursuant to Rule 13a – 14(a) and Rule 15d – 14(a).
*32	Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350.
*101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, filed with the SEC on November 4, 2016 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets at September 30, 2016 and December 31, 2015, (ii) the Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2016 and 2015, (iii) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2016 and 2015, and (iv) Notes to Condensed Consolidated Financial Statements.

\* Filed herewith

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**WYNN LAS VEGAS, LLC**

Dated: November 4, 2016

By:           /s/ Dean Lawrence          

Dean Lawrence

Senior Vice President and

Chief Financial Officer

(Principal Financial and Accounting Officer)

**Certification of Chief Executive Officer  
of Periodic Report Pursuant to  
Rule 13a-14(a) and Rule 15d-14(a)**

I, Maurice Wooden, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wynn Las Vegas, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2016

/s/ Maurice Wooden

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Maurice Wooden

President

(Principal Executive Officer)

**Certification of Chief Financial Officer  
of Periodic Report Pursuant to  
Rule 13a-14(a) and Rule 15d-14(a)**

I, Dean Lawrence, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wynn Las Vegas, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2016

/s/ Dean Lawrence

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Dean Lawrence

Senior Vice President and

Chief Financial Officer

(Principal Financial and Accounting Officer)



**Certification of CEO and CFO Pursuant to  
18 U.S.C. Section 1350, as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Wynn Las Vegas, LLC (the "Company") for the quarter ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Maurice Wooden, as President of the Company and Dean Lawrence, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Maurice Wooden

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Name: Maurice Wooden  
Title: President  
(Principal Executive Officer)  
Date: November 4, 2016

/s/ Dean Lawrence

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Name: Dean Lawrence  
Title: Senior Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)  
Date: November 4, 2016

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Wynn Resorts, Limited and will be retained by Wynn Resorts, Limited and furnished to the Securities and Exchange Commission or its staff upon request.