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

FORM 10-Q

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

For the quarterly period ended June 30, 2017

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. 000-50028

WYNN RESORTS, LIMITED

(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction of
incorporation or organization)

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

N/A

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

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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.

Class
Common stock, \$0.01 par value

Outstanding at July 31, 2017
102,566,043

WYNN RESORTS, LIMITED AND SUBSIDIARIES
FORM 10-Q
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Part I. FINANCIAL INFORMATION
Item 1. Financial Statements

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

	June 30, 2017	December 31, 2016
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,486,423	\$ 2,453,122
Investment securities	136,202	173,437
Receivables, net	196,179	218,968
Inventories	84,508	91,541
Prepaid expenses and other	136,877	53,299
Total current assets	3,040,189	2,990,367
Property and equipment, net	8,321,777	8,259,631
Restricted cash	2,412	192,823
Investment securities	176,430	128,023
Intangible assets, net	124,897	113,588
Other assets	191,194	269,125
Total assets	<u>\$ 11,856,899</u>	<u>\$ 11,953,557</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts and construction payables	\$ 299,348	\$ 298,505
Current portion of long-term debt	1,740	—
Customer deposits	775,379	599,566
Gaming taxes payable	175,819	162,706
Accrued compensation and benefits	138,503	165,501
Accrued interest	70,424	98,118
Other accrued liabilities	78,696	91,905
Total current liabilities	1,539,909	1,416,301
Long-term debt	9,806,296	10,125,352
Other long-term liabilities	81,957	87,462
Deferred income taxes, net	71,031	66,561
Total liabilities	11,499,193	11,695,676
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, par value \$0.01; 40,000,000 shares authorized; zero shares issued and outstanding	—	—
Common stock, par value \$0.01; 400,000,000 shares authorized; 115,893,532 and 115,036,945 shares issued; 102,563,043 and 101,799,471 shares outstanding, respectively	1,159	1,150
Treasury stock, at cost; 13,330,489 and 13,237,474 shares, respectively	(1,175,186)	(1,166,697)
Additional paid-in capital	1,282,262	1,226,915
Accumulated other comprehensive income (loss)	(1,068)	1,484
Retained earnings	166,256	95,097
Total Wynn Resorts, Limited stockholders' equity	273,423	157,949
Noncontrolling interests	84,283	99,932
Total stockholders' equity	357,706	257,881
Total liabilities and stockholders' equity	<u>\$ 11,856,899</u>	<u>\$ 11,953,557</u>

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Operating revenues:				
Casino	\$ 1,166,233	\$ 742,659	\$ 2,317,457	\$ 1,475,389
Rooms	176,183	142,847	356,450	278,439
Food and beverage	194,113	170,631	346,953	301,075
Entertainment, retail and other	102,231	82,031	205,136	164,026
Gross revenues	1,638,760	1,138,168	3,225,996	2,218,929
Less: promotional allowances	(109,499)	(79,804)	(221,055)	(162,887)
Net revenues	1,529,261	1,058,364	3,004,941	2,056,042
Operating expenses:				
Casino	763,241	470,372	1,503,457	922,912
Rooms	45,818	38,040	90,324	75,749
Food and beverage	117,010	105,727	210,388	185,147
Entertainment, retail and other	42,608	37,674	85,827	75,973
General and administrative	164,169	119,505	324,131	236,950
(Benefit) provision for doubtful accounts	(2,083)	2,478	(6,249)	3,184
Pre-opening	6,758	45,949	12,537	79,718
Depreciation and amortization	137,686	79,749	277,506	157,720
Property charges and other	7,165	11,331	10,201	12,852
Total operating expenses	1,282,372	910,825	2,508,122	1,750,205
Operating income	246,889	147,539	496,819	305,837
Other income (expense):				
Interest income	7,080	2,783	13,551	6,262
Interest expense, net of amounts capitalized	(97,739)	(69,257)	(196,001)	(114,029)
Change in interest rate swap fair value	(283)	(1,036)	(1,054)	(2,861)
Change in Redemption Note fair value	(12,417)	7,982	(28,264)	2,979
Loss on extinguishment of debt	(22,287)	—	(22,287)	—
Equity in income from unconsolidated affiliates	—	—	—	16
Other	(11,840)	(1,462)	(17,947)	(1,945)
Other income (expense), net	(137,486)	(60,990)	(252,002)	(109,578)
Income before income taxes	109,403	86,549	244,817	196,259
Benefit (provision) for income taxes	(2,607)	2,893	(5,497)	(1,025)
Net income	106,796	89,442	239,320	195,234
Less: net income attributable to noncontrolling interests	(31,880)	(19,051)	(63,589)	(49,622)
Net income attributable to Wynn Resorts, Limited	\$ 74,916	\$ 70,391	\$ 175,731	\$ 145,612
Basic and diluted net income per common share:				
Net income attributable to Wynn Resorts, Limited:				
Basic	\$ 0.73	\$ 0.69	\$ 1.73	\$ 1.44
Diluted	\$ 0.73	\$ 0.69	\$ 1.72	\$ 1.43
Weighted average common shares outstanding:				
Basic	101,944	101,438	101,851	101,415
Diluted	102,494	101,881	102,274	101,792
Dividends declared per common share	\$ 0.50	\$ 0.50	\$ 1.00	\$ 1.00

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net income	\$ 106,796	\$ 89,442	\$ 239,320	\$ 195,234
Other comprehensive income (loss):				
Foreign currency translation adjustments, before and after tax	(2,583)	(212)	(3,754)	(334)
Unrealized gain on investment securities, before and after tax	87	323	158	1,246
Total comprehensive income	104,300	89,553	235,724	196,146
Less: comprehensive income attributable to noncontrolling interests	(31,161)	(18,992)	(62,545)	(49,529)
Comprehensive income attributable to Wynn Resorts, Limited	\$ 73,139	\$ 70,561	\$ 173,179	\$ 146,617

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

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

	Common stock			Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total Wynn Resorts, Ltd. stockholders' equity	Noncontrolling interests	Total stockholders' equity
	Shares outstanding	Par value	Treasury stock						
Balances, December 31, 2016	101,799,471	\$ 1,150	\$ (1,166,697)	\$ 1,226,915	\$ 1,484	\$ 95,097	\$ 157,949	\$ 99,932	\$ 257,881
Effect of change in accounting for stock-based compensation	—	—	—	2,807	—	(2,696)	111	—	111
Balances, December 31, 2016, as adjusted	101,799,471	1,150	(1,166,697)	1,229,722	1,484	92,401	158,060	99,932	257,992
Net income	—	—	—	—	—	175,731	175,731	63,589	239,320
Currency translation adjustment	—	—	—	—	(2,710)	—	(2,710)	(1,044)	(3,754)
Net unrealized gain on investment securities	—	—	—	—	158	—	158	—	158
Issuance of restricted stock	560,792	6	—	18,566	—	—	18,572	653	19,225
Cancellation of restricted stock	(13,333)	—	—	—	—	—	—	—	—
Exercise of stock options	309,128	3	—	26,544	—	—	26,547	—	26,547
Shares repurchased by the Company and held as treasury shares	(93,015)	—	(8,489)	—	—	—	(8,489)	—	(8,489)
Cash dividends declared	—	—	—	—	—	(101,876)	(101,876)	(77,827)	(179,703)
Distribution to noncontrolling interest	—	—	—	—	—	—	—	(2,534)	(2,534)
Stock-based compensation	—	—	—	7,430	—	—	7,430	1,514	8,944
Balances, June 30, 2017	<u>102,563,043</u>	<u>\$ 1,159</u>	<u>\$ (1,175,186)</u>	<u>\$ 1,282,262</u>	<u>\$ (1,068)</u>	<u>\$ 166,256</u>	<u>\$ 273,423</u>	<u>\$ 84,283</u>	<u>\$ 357,706</u>

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

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

	Six Months Ended June 30,	
	2017	2016
Cash flows from operating activities:		
Net income	\$ 239,320	\$ 195,234
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	277,506	157,720
Deferred income taxes	4,580	4
Stock-based compensation expense	18,787	21,082
Excess tax benefits from stock-based compensation	—	(45)
Amortization of deferred financing costs	12,345	11,883
Loss on extinguishment of debt	22,287	—
(Benefit) provision for doubtful accounts	(6,249)	3,184
Change in interest rate swap fair value	1,054	2,861
Change in Redemption Note fair value	28,264	(2,979)
Property charges and other	25,409	16,290
Increase (decrease) in cash from changes in:		
Receivables, net	28,669	17,111
Inventories and prepaid expenses and other	(914)	(19,339)
Customer deposits	181,112	(15,463)
Accounts payable and accrued expenses	(28,618)	(17,597)
Net cash provided by operating activities	<u>803,552</u>	<u>369,946</u>
Cash flows from investing activities:		
Capital expenditures, net of construction payables and retention	(392,575)	(548,898)
Return of investment in unconsolidated affiliates	—	727
Purchase of investment securities	(133,461)	(87,589)
Proceeds from sale or maturity of investment securities	121,697	35,550
Purchase of intangible assets and other assets	(13,161)	(8,093)
Proceeds from sale of assets	20,214	2,532
Net cash used in investing activities	<u>(397,286)</u>	<u>(605,771)</u>
Cash flows from financing activities:		
Proceeds from exercise of stock options	26,547	—
Excess tax benefits from stock-based compensation	—	45
Dividends paid	(179,568)	(212,789)
Distribution to noncontrolling interest	(2,534)	—
Proceeds from issuance of long-term debt	1,030,056	305,796
Repayments of long-term debt	(1,359,961)	—
Restricted cash	190,397	(790)
Repurchase of common stock	(8,489)	(6,291)
Income taxes paid from sale of ownership interest in subsidiary	(25,176)	—
Shares of subsidiary repurchased for share award plan	—	(7,579)
Payment on long-term land concession obligation	—	(15,968)
Payments for financing costs	(40,308)	(3,261)
Net cash provided by (used in) financing activities	<u>(369,036)</u>	<u>59,163</u>
Effect of exchange rate on cash	(3,929)	(1,104)
Cash and cash equivalents:		
Increase (decrease) in cash and cash equivalents	33,301	(177,766)
Balance, beginning of period	2,453,122	2,080,089
Balance, end of period	<u>\$ 2,486,423</u>	<u>\$ 1,902,323</u>
Supplemental cash flow disclosures:		
Cash paid for interest, net of amounts capitalized	\$ 211,350	\$ 121,629
Stock-based compensation capitalized into construction	\$ 32	\$ 51
Liability settled with shares of common stock	\$ 19,225	\$ —
Change in accounts and construction payables related to property and equipment	\$ 4,974	\$ (96,858)
Change in dividends payable on unvested restricted stock included in other accrued liabilities	\$ 135	\$ (12)

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

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

Note 1 - Organization and Basis of Presentation*Organization*

Wynn Resorts, Limited, a Nevada corporation (together with its subsidiaries, "Wynn Resorts" or the "Company") is a developer, owner and operator of destination casino resorts (integrated resorts). In the Macau Special Administrative Region of the People's Republic of China ("Macau"), the Company owns approximately 72% of Wynn Macau, Limited ("WML"), which includes the operations of the Wynn Macau and Wynn Palace resorts (collectively, the "Macau Operations"). In Las Vegas, Nevada, the Company operates, and with the exception of the retail space described below, owns 100% of Wynn Las Vegas, which it also refers to as its Las Vegas Operations.

Macau Operations

Wynn Macau features two luxury hotel towers with a total of 1,008 guest rooms and suites, approximately 281,000 square feet of casino space, eight food and beverage outlets, approximately 31,000 square feet of meeting and convention space, approximately 59,000 square feet of retail space, a rotunda show and recreation and leisure facilities.

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

Las Vegas Operations

Wynn Las Vegas features two luxury hotel towers with a total of 4,748 guest rooms, suites and villas, approximately 189,000 square feet of casino space, 33 food and beverage outlets, an on-site 18-hole golf course, approximately 290,000 square feet of meeting and convention space, approximately 95,000 square feet of retail space, as well as two theaters, three nightclubs and a beach club, and recreation and leisure facilities.

In December 2016, the Company formed a joint venture with Crown Acquisitions Inc. ("Crown") to own and operate approximately 88,000 square feet of existing retail space (of which the Company owns 50.1%) and signed an agreement with Crown to form a joint venture to own and operate approximately 73,000 square feet of additional retail space currently under construction at Wynn Las Vegas. The Company expects to open the majority of the additional retail space in the third quarter of 2018. For more information on the joint venture, see Note 3 "Retail Joint Venture."

Development Projects

The Company is constructing Wynn Boston Harbor, an integrated resort in Everett, Massachusetts, adjacent to Boston along the Mystic River. The resort will contain a hotel, a waterfront boardwalk, meeting and convention space, casino space, a spa, retail offerings and food and beverage outlets. The Company expects to open Wynn Boston Harbor in mid-2019. Additionally, the Company is in the planning phase for the re-development of the Wynn Las Vegas golf course. Phase 1 of the project is expected to include a lagoon and additional meeting and convention space.

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, except as disclosed in Note 2 "Summary of Significant Accounting Policies: Prior Period Adjustments") necessary for a fair presentation of the results for the interim periods have been made. The results for the three and six months ended June 30, 2017 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, 2016.

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

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

The accompanying condensed consolidated financial statements include the accounts of the Company, its majority-owned subsidiaries and entities the Company identifies as a variable interest entity ("VIE") and of which the Company is determined to be the primary beneficiary. 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 intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of highly liquid investments with original maturities of three months or less and include both U.S. dollar-denominated and foreign-currency denominated securities. Cash equivalents are carried at cost, which approximates fair value. Cash equivalents of \$580.1 million and \$1.11 billion as of June 30, 2017 and December 31, 2016, respectively, were invested in bank time deposits, money market funds and commercial paper. In addition, the Company held bank deposits and cash on hand of approximately \$1.91 billion and \$1.34 billion as of June 30, 2017 and December 31, 2016, respectively.

Restricted Cash

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

Investment Securities

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

Accounts Receivable and Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of casino accounts receivable. The Company issues credit in the form of "markers" to approved casino customers following investigations of creditworthiness. As of June 30, 2017 and December 31, 2016, approximately 84.5% and 88.1%, respectively, of the Company's markers were due from customers residing outside the United States, primarily in Asia. Business or economic conditions or other significant events in these countries could affect the collectability of such receivables.

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 the specific review of outstanding customer and gaming promoter 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.

Derivative Financial Instruments

Derivative financial instruments are used to manage interest rate and foreign currency exposures. These derivative financial instruments include interest rate swaps and foreign currency forward contracts. The fair value of derivative financial instruments is recognized as an asset or liability at each balance sheet date, with changes in fair value affecting net income as the Company's derivative financial instruments do not qualify for hedge accounting.

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

Redemption Price Promissory Note

The Redemption Price Promissory Note (the "Redemption Note") is recorded at fair value in accordance with applicable accounting guidance. As of June 30, 2017 and December 31, 2016, the fair value of the Redemption Note was \$1.85 billion and \$1.82 billion, respectively. In determining this fair value, the Company estimated the Redemption Note's present value using discounted cash flows with a probability weighted expected return for redemption assumptions and a discount rate, which included time value and non-performance risk adjustments commensurate with the risk of the Redemption Note.

Considerations for the redemption assumptions included the stated maturity of the Redemption Note, uncertainty of the related cash flows, as well as potential effects of the following: uncertainties surrounding the potential outcome and timing of pending litigation with Aruze USA, Inc. ("Aruze"), Universal Entertainment Corporation and Mr. Kazuo Okada (collectively, the "Okada Parties") (see Note 14 "Commitments and Contingencies"); the outcome of ongoing investigations of Aruze by the U.S. Attorney's Office, the U.S. Department of Justice and the Nevada Gaming Control Board; and other potential legal and regulatory actions. In addition, in the furtherance of various future business objectives, the Company considered its ability, at its sole option, to prepay the Redemption Note at any time in accordance with its terms without penalty. Accordingly, the Company reasonably determined that the estimated life of the Redemption Note could be less than its contractual life.

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

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. The commissions rebated directly or indirectly through games promoters to customers, cash discounts, other cash incentives and points earned by customers from the Company's loyalty programs are recorded as a reduction of casino revenues. Rooms, food and beverage, entertainment and other operating revenues are recognized when services are performed or events are held. 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.

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Rooms	\$ 64,853	\$ 42,714	\$ 129,981	\$ 86,434
Food and beverage	38,108	28,450	76,671	61,870
Entertainment, retail and other	6,538	8,640	14,403	14,583
	\$ 109,499	\$ 79,804	\$ 221,055	\$ 162,887

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Rooms	\$ 20,462	\$ 12,461	\$ 40,307	\$ 24,790
Food and beverage	33,981	23,970	68,309	51,579
Entertainment, retail and other	4,939	3,114	10,970	6,846
	\$ 59,382	\$ 39,545	\$ 119,586	\$ 83,215

Gaming Taxes

The Company is subject to taxes based on gross gaming revenues in the jurisdictions in which it operates, subject to applicable jurisdictional adjustments, which taxes are recorded as casino expenses in the accompanying Condensed Consolidated Statements of Income. These taxes totaled \$516.1 million and \$301.0 million for the three months ended June 30, 2017 and 2016, respectively, and \$1.01 billion and \$579.7 million for the six months ended June 30, 2017 and 2016, respectively.

Fair Value Measurements

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

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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The following tables present assets and liabilities carried at fair value (in thousands):

	June 30, 2017	Fair Value Measurements Using:		
		Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	\$ 580,071	\$ 4,655	\$ 575,416	—
Available-for-sale securities	\$ 312,632	—	\$ 312,632	—
Restricted cash	\$ 2,412	—	\$ 2,412	—
Interest rate swaps	\$ 112	—	\$ 112	—
Liabilities:				
Redemption Note	\$ 1,847,622	—	\$ 1,847,622	—
Interest rate swaps	\$ 110	—	\$ 110	—

	December 31, 2016	Fair Value Measurements Using:		
		Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	\$ 1,106,606	\$ 3,868	\$ 1,102,738	—
Available-for-sale securities	\$ 301,460	—	\$ 301,460	—
Restricted cash	\$ 192,823	—	\$ 192,823	—
Interest rate swaps	\$ 1,056	—	\$ 1,056	—
Liabilities:				
Redemption Note	\$ 1,819,359	—	\$ 1,819,359	—

Recently Issued and Adopted Accounting Standards

In November 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standards update that changes the classification of restricted cash in the statement of cash flows. The new guidance requires that amounts generally described as restricted cash or restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This guidance is effective for financial statements with fiscal years beginning after December 15, 2017, and interim periods within those fiscal periods and early adoption is permitted. The new guidance should be adopted on a retrospective basis. The Company is currently assessing the impact the adoption of this standard will have on its consolidated financial statements.

In October 2016, the FASB issued an accounting standards update to require the recognition of the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs, rather than deferring such recognition until the asset is sold to an outside party. This guidance is effective for financial statements with fiscal years beginning after December 15, 2017, and interim periods within those fiscal periods and early adoption is permitted. The amendments in the new guidance should be adopted on a retrospective basis. The Company is currently assessing the impact the adoption of this standard will have on its consolidated financial statements.

In August 2016, the 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

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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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. This guidance is effective for financial statements with fiscal years beginning after December 15, 2017, and interim periods within those fiscal periods 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 March 2016, the FASB issued an accounting standards update that involves several aspects of the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The Company adopted the guidance on January 1, 2017 with the following amendments having an impact to the Company's consolidated financial statements:

- Accounting for income taxes. Under the new guidance, income tax benefits and deficiencies will be recognized as income tax expense or benefit in the income statement and the tax effects of exercised or vested awards will be treated as discrete items in the reporting period in which they occur. The amendment was applied prospectively.
- Forfeitures. The Company elected to make an accounting policy change to account for forfeitures when they occur. The Company applied the amendment using the modified retrospective transition method, which resulted in a cumulative-effect expense adjustment of \$2.7 million, net of tax to retained earnings as of December 31, 2016. The adjustment represents the impact of estimated forfeitures on previously recorded compensation expense as of December 31, 2016 from outstanding stock options and unvested share awards under the previous accounting policy.
- Classification of excess tax benefits on the cash flow statement. Under the new guidance, excess tax benefits will be classified along with other income tax cash flows as an operating activity. The amendment was applied prospectively.

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. This guidance is effective for financial statements with 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 January 2016, the FASB issued an accounting standards update requiring all equity investments to be measured at fair value with changes in fair value recognized through net income (other than those accounted for under the equity method of accounting or those that result in consolidation of the investee). The update also requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. This update eliminates the requirement to disclose the methods and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet for public business entities. This guidance is effective for financial statements with fiscal years beginning after December 15, 2017, and interim periods within those fiscal periods and early adoption is permitted. The Company is currently assessing the impact the adoption of this new standard will have on its consolidated financial statements. The Company expects a portion of the change in its Redemption Note fair value currently included in the Consolidated Statements of Income will be recorded in accumulated other comprehensive income on its Consolidated Balance Sheet.

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

WYNN RESORTS, LIMITED AND SUBSIDIARIES
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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. The Company expects the goods and services provided to customers without charge currently included in both gross revenues and promotional allowances in the accompanying Condensed Consolidated Statements of Income will be presented on a net basis with the majority of the impact resulting in a decrease in casino revenues.

Prior Period Adjustments

During the three months ended March 31, 2016, the Company identified \$25.6 million of additional interest that should have been capitalized instead of being expensed during the years ended December 31, 2015 and 2014. Considering both quantitative and qualitative factors, the Company determined the amounts were immaterial to any previously issued financial statements and immaterial to the full year results for 2016. Accordingly, the Company corrected these immaterial amounts during the first quarter of the six months ended June 30, 2016, resulting in a decrease to interest expense of \$25.6 million and increases to net income attributable to Wynn Resorts, Limited of \$18.5 million and basic and diluted net income per common share of \$0.18.

Note 3 - Retail Joint Venture

In December 2016, the Company formed a joint venture (the "Retail Joint Venture") with Crown to own and operate approximately 88,000 square feet of existing retail space at Wynn Las Vegas. In connection with the transaction, the Company transferred certain assets and liabilities with a net book value of \$31.8 million associated with the existing Wynn Las Vegas retail stores from Wynn Las Vegas, LLC, to the Retail Joint Venture. The Company sold Crown a 49.9% ownership interest in the Retail Joint Venture for \$217.0 million in cash and a \$75.0 million interest-free note that matures in full on January 3, 2018. As of June 30, 2017, the present value of the note was \$73.7 million and is included in prepaid expenses and other on the Condensed Consolidated Balance Sheets. As of December 31, 2016, the present value of the note was \$72.5 million and was included in other assets on the Consolidated Balance Sheets. Wynn Las Vegas, LLC transferred all interests as lessor in third-party retail store leases to the Retail Joint Venture as part of the transaction and the majority of the retail stores previously operated by Wynn Las Vegas, LLC are now operated under a master lease agreement between a newly formed retail entity owned by Wynn Resorts, as lessee, and the Retail Joint Venture, as lessor. The Company maintains a 50.1% ownership in the Retail Joint Venture and is the managing member. The Company's responsibilities with respect to the Retail Joint Venture include day-to-day business operations, property management services and a role in the leasing decisions of the retail space.

Also in December 2016, the Company entered into an agreement with Crown to form a joint venture that will own approximately 73,000 square feet of additional retail space that is currently under construction at Wynn Las Vegas. Crown is expected to pay the Company \$180.0 million for a 49.9% ownership interest in the new joint venture prior to the opening for business.

The Company concluded that the Retail Joint Venture is a VIE and the Company is the primary beneficiary based on its involvement in the leasing activities of the Retail Joint Venture. As a result, the Company consolidates all of the Retail Joint Venture's assets, liabilities and results of operations. The Company will evaluate its primary beneficiary designation on an ongoing basis and will assess the appropriateness of the Retail Joint Venture's VIE status when changes occur.

As of June 30, 2017 and December 31, 2016, the Retail Joint Venture had total assets of \$39.8 million and \$33.6 million, respectively, and total liabilities of \$0.7 million and \$2.1 million, respectively.

Note 4 - Earnings Per Share

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

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Numerator:				
Net income attributable to Wynn Resorts, Limited	\$ 74,916	\$ 70,391	\$ 175,731	\$ 145,612
Denominator:				
Weighted average common shares outstanding	101,944	101,438	101,851	101,415
Potential dilutive effect of stock options and restricted stock	550	443	423	377
Weighted average common and common equivalent shares outstanding	102,494	101,881	102,274	101,792
Net income attributable to Wynn Resorts, Limited per common share, basic	\$ 0.73	\$ 0.69	\$ 1.73	\$ 1.44
Net income attributable to Wynn Resorts, Limited per common share, diluted	\$ 0.73	\$ 0.69	\$ 1.72	\$ 1.43
Anti-dilutive stock options and restricted stock excluded from the calculation of diluted net income per share	108	766	153	776

Note 5 - Accumulated Other Comprehensive Income (Loss)

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

	Foreign currency translation	Unrealized loss on investment securities	Accumulated other comprehensive income (loss)
December 31, 2016	\$ 2,213	\$ (729)	\$ 1,484
Current period other comprehensive income (loss)	(2,710)	158	(2,552)
June 30, 2017	\$ (497)	\$ (571)	\$ (1,068)

Note 6 - Investment Securities

Investment securities consisted of the following (in thousands):

	June 30, 2017				December 31, 2016			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value (net carrying amount)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value (net carrying amount)
Domestic and foreign corporate bonds	\$ 290,330	\$ 241	\$ (914)	\$ 289,657	\$ 245,425	\$ 19	\$ (720)	\$ 244,724
Commercial paper	22,873	102	—	22,975	56,764	5	(33)	56,736
	\$ 313,203	\$ 343	\$ (914)	\$ 312,632	\$ 302,189	\$ 24	\$ (753)	\$ 301,460

For investments with unrealized losses as of June 30, 2017 and December 31, 2016, the Company has determined that it does not have the intent to sell any of these investments and it is not likely that the Company will be required to sell these investments prior to the recovery of the amortized cost. Accordingly, the Company has determined that no other-than-temporary impairments exist at the reporting dates.

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

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

The fair values of these investment securities as of June 30, 2017, by contractual maturity, are as follows (in thousands):

	Fair value
Available-for-sale securities	
Due in one year or less	\$ 136,202
Due after one year through two years	122,296
Due after two years through three years	54,134
	<u>\$ 312,632</u>

Note 7 - Receivables, net

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

	June 30, 2017	December 31, 2016
Casino	\$ 162,496	\$ 211,557
Hotel	24,416	21,897
Other	42,113	40,256
	<u>229,025</u>	<u>273,710</u>
Less: allowance for doubtful accounts	(32,846)	(54,742)
	<u>\$ 196,179</u>	<u>\$ 218,968</u>

Note 8 - Property and Equipment, net

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

	June 30, 2017	December 31, 2016
Land and improvements	\$ 839,370	\$ 834,420
Buildings and improvements	7,596,711	7,623,069
Furniture, fixtures and equipment	2,196,218	2,181,515
Leasehold interests in land	314,520	316,516
Airplanes	158,840	179,730
Construction in progress	632,196	299,686
	<u>11,737,855</u>	<u>11,434,936</u>
Less: accumulated depreciation	(3,416,078)	(3,175,305)
	<u>\$ 8,321,777</u>	<u>\$ 8,259,631</u>

As of June 30, 2017 and December 31, 2016, construction in progress consisted primarily of costs capitalized, including interest, for the construction of Wynn Boston Harbor.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Note 9 - Long-Term Debt

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

	June 30, 2017	December 31, 2016
Macau Related:		
Wynn Macau Credit Facilities:		
Senior Term Loan Facility, due September 2021; interest at LIBOR or HIBOR plus 1.50%—2.25% (2.64% as of June 30, 2017 and 2.76% as of December 31, 2016), net of debt issuance costs and original issue discount of \$24,427 as of June 30, 2017 and \$28,091 as of December 31, 2016	\$ 2,275,842	\$ 2,278,682
Senior Revolving Credit Facility, due September 2020; interest at LIBOR or HIBOR plus 1.50%—2.25% (2.57% as of June 30, 2017 and 2.75% as of December 31, 2016)	199,937	340,846
5 1/4% Senior Notes, due October 15, 2021, net of debt issuance costs and original issue premium of \$6,090 as of June 30, 2017 and \$6,709 as of December 31, 2016	1,343,910	1,343,291
WML Finance Revolving Credit Facility, due July 2018; interest at 1.50%	—	189,651
U.S. and Corporate Related:		
Wynn America Credit Facilities:		
Senior Term Loan Facility, various maturities; interest at base rate plus 0.75% or LIBOR plus 1.75% (2.80% as of June 30, 2017 and 2.52% as of December 31, 2016), net of debt issuance costs of \$15,983 as of June 30, 2017 and \$15,436 as of December 31, 2016	984,017	984,564
4 1/4% Senior Notes, due May 30, 2023, net of debt issuance costs of \$2,630 as of June 30, 2017 and \$2,819 as of December 31, 2016	497,370	497,181
5 1/2% Senior Notes, due March 1, 2025, net of debt issuance costs of \$20,463 as of June 30, 2017 and \$21,513 as of December 31, 2016	1,779,537	1,778,487
5 1/4% Senior Notes, due May 15, 2027, net of debt issuance costs of \$20,199 as of June 30, 2017	879,801	—
Redemption Price Promissory Note with former stockholder and related party, due February 18, 2022; interest at 2%, net of fair value adjustment of \$88,822 as of June 30, 2017 and \$117,085 as of December 31, 2016	1,847,622	1,819,359
5 3/8% First Mortgage Notes, due March 15, 2022, net of debt issuance costs of \$6,709 as of December 31, 2016	—	893,291
	<u>9,808,036</u>	<u>10,125,352</u>
Current portion of long-term debt	(1,740)	—
	<u>\$ 9,806,296</u>	<u>\$ 10,125,352</u>

Macau Related Debt
Wynn Macau Credit Facilities

The Company's credit facilities include a \$2.30 billion equivalent fully funded senior secured term loan facility (the "Wynn Macau Senior Term Loan Facility") and a \$750 million equivalent senior secured revolving credit facility (the "Wynn Macau Senior Revolving Credit Facility," collectively, the "Wynn Macau Credit Facilities"). The borrower is Wynn Resorts (Macau) S.A. ("Wynn Macau SA"). As of June 30, 2017, the Company had \$548.8 million of available borrowing capacity under the Wynn Macau Senior Revolving Credit Facility.

WML Finance Revolving Credit Facility

The Company's credit facilities include a HK\$3.87 billion (approximately \$495.9 million) cash-collateralized revolving credit facility ("WML Finance Credit Facility") under which WML Finance I, Limited, an indirect wholly owned subsidiary of WML, is the borrower. The WML Finance Credit Facility bears interest initially at 1.50% per annum, such rate calculated as the interest rate paid by the lender as the deposit bank for the cash collateral deposited and pledged with the lender plus a margin of 0.40%. As of June 30, 2017, the Company had no borrowings under the WML Finance Credit Facility.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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U.S. and Corporate Related Debt

Wynn America Credit Facilities

The Company's credit facilities include an \$875 million fully funded senior secured term loan facility (the "WA Senior Term Loan Facility I"), a \$125 million fully funded senior term loan facility (the "WA Senior Term Loan Facility II") and a \$375 million senior secured revolving credit facility (the "WA Senior Revolving Credit Facility," collectively the "Wynn America Credit Facilities"). The borrower is Wynn America, LLC, an indirect wholly owned subsidiary of the Company. As of June 30, 2017, the Company had available borrowing capacity of \$358.0 million, net of \$17.0 million in outstanding letters of credit, under the WA Senior Revolving Credit Facility.

On April 24, 2017, the Company amended the Wynn America Credit Facilities to, among other things, extend the maturity of portions of the credit facilities. Pursuant to the amendment, (i) the maturity date with respect to \$805.4 million of the WA Senior Term Loan Facility I was extended from November 2020 to December 2021, with repayment in quarterly installments of \$20.1 million commencing in March 2020 and a final installment of \$664.5 million in December 2021; (ii) the maturity date of the \$125 million WA Senior Term Loan Facility II was extended from November 2020 to December 2021, with no required scheduled repayments until maturity in December 2021; and (iii) the maturity date with respect to \$333.0 million of the WA Senior Revolving Credit Facility was extended from November 2019 to December 2021. In connection with the amendment, the Company recorded a loss on extinguishment of debt of \$1.5 million.

5 1/4% Senior Notes due 2027

On May 11, 2017, Wynn Las Vegas, LLC and Wynn Las Vegas Capital Corp. ("Capital Corp.," and together with Wynn Las Vegas, LLC, the "Issuers") completed the issuance of \$900 million aggregate principal amount of 5 1/4% Senior Notes due 2027 (the "2027 Notes") pursuant to an indenture, dated as of May 11, 2017 (the "2027 Indenture"), among the Issuers, all of the Company's subsidiaries other than Capital Corp. (the "Guarantors") and U.S. Bank National Association, as trustee. The 2027 Notes were issued at par. The Issuers used the net proceeds from the 2027 Notes and cash on hand to cover the cost of extinguishing the 5 3/8% First Mortgage Notes due 2022 (the "2022 Notes").

The 2027 Notes will mature on May 15, 2027 and bear interest at the rate of 5 1/4% per annum. The Issuers may, at their option, redeem the 2027 Notes, in whole or in part, at any time or from time to time prior to their stated maturity. The redemption price for 2027 Notes that are redeemed before February 15, 2027 will be equal to the greater of (a) 100% of the principal amount of the 2027 Notes to be redeemed and (b) a "make-whole" amount described in the 2027 Indenture, plus in either case accrued and unpaid interest, if any, to, but not including, the redemption date. The redemption price for the 2027 Notes that are redeemed on or after February 15, 2027 will be equal to 100% of the principal amount of the 2027 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but not including, the redemption date. In the event of a change of control triggering event, the Issuers will be required to offer to repurchase the 2027 Notes at 101% of the principal amount, plus accrued and unpaid interest, if any, to, but not including, the repurchase date. The 2027 Notes are also subject to mandatory redemption requirements imposed by gaming laws and regulations of gaming authorities in Nevada.

The 2027 Notes are the Issuers' senior unsecured obligations and rank pari passu in right of payment with the Issuers' outstanding 4 1/4% Senior Notes due 2023 (the "2023 Notes") and 5 1/2% Senior Notes due 2025 (the "2025 Notes," and together with the 2023 Notes, the "Existing Notes"), and rank equally in right of payment with the Issuers' guarantee of the Wynn America Credit Facilities, and rank senior in right of payment to all of the Issuers' existing and future subordinated debt. The 2027 Notes are effectively subordinated in right of payment to all of the Issuers' existing and future secured debt (to the extent of the value of the collateral securing such debt), and structurally subordinated to all of the liabilities of any of the Issuers' subsidiaries that do not guarantee the 2027 Notes.

The 2027 Notes are jointly and severally guaranteed by all of the Guarantors. The guarantees are senior unsecured obligations of the Guarantors and rank senior in right of payment to all of their existing and future subordinated debt. The guarantees rank equally in right of payment with all existing and future liabilities of the Guarantors that are not so subordinated and will be effectively subordinated in right of payment to all of such Guarantors' existing and future secured debt (to the extent of the collateral securing such debt).

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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The 2027 Notes are secured by a first priority pledge of the Company's equity interests, the effectiveness of which is subject to the prior approval of the Nevada gaming authorities. The equity interests in the Company also secure the Existing Notes. If Wynn Resorts, Limited receives an investment grade rating from one or more ratings agencies, the first priority pledge securing the 2027 Notes will be released.

The Issuers and their subsidiaries are restricted subsidiaries under the Wynn America Credit Facilities and are required to guarantee and pledge their assets to secure the obligations of Wynn America, LLC to the extent permitted by any indenture governing the Existing Notes or the 2027 Notes, subject to applicable gaming approvals. The Issuers and their subsidiaries will guarantee and secure their obligations under the Wynn America Credit Facilities with liens on substantially all of their assets, with such liens limiting the amount of such obligations secured to 15% of their Total Assets (as defined in the indenture for the 2025 Notes).

The 2027 Indenture contains covenants limiting the Issuers' and the Guarantors' ability to: create liens on assets to secure debt; enter into sale-leaseback transactions; and merge or consolidate with another company. These covenants are subject to a number of important and significant limitations, qualifications and exceptions. The 2027 Indenture also provides that Wynn America may assume all of Wynn Las Vegas' obligations under the 2027 Indenture and the 2027 Notes if certain conditions set forth in the 2027 Indenture are met.

Events of default under the 2027 Indenture include, among others, the following: default for 30 days in the payment when due of interest on the 2027 Notes; default in payment when due of the principal of, or premium, if any, on the 2027 Notes; failure to comply with certain covenants in the 2027 Indenture; and certain events of bankruptcy or insolvency. In the case of an event of default arising from certain events of bankruptcy or insolvency with respect to the Issuers or any Guarantor, all 2027 Notes then outstanding will become due and payable immediately without further action or notice.

The 2027 Notes were offered pursuant to an exemption under the Securities Act of 1933 (the "Securities Act"). The 2027 Notes were offered only to qualified institutional buyers in reliance on Rule 144A under the Securities Act or outside the United States to certain persons in reliance on Regulation S under the Securities Act. The 2027 Notes have not been and will not be registered under the Securities Act or under any state securities laws. Therefore, the 2027 Notes may not be offered or sold within the United States to, or for the account or benefit of, any United States person unless the offer or sale would qualify for a registration exemption from the Securities Act and applicable state securities laws.

5 3/8% First Mortgage Notes due 2022

On May 4, 2017, the Issuers commenced a cash tender offer for any and all of the outstanding aggregate principal amount of the 2022 Notes. The Company accepted for purchase valid tenders with respect to \$498 million and paid a tender premium of \$14.6 million.

On June 12, 2017, the Issuers redeemed the remaining \$402 million principal amount of the untendered 2022 Notes and discharged the indenture under which the 2022 Notes were issued. The Company paid a premium of \$10.8 million related to this redemption.

In connection with the 2027 Notes issuance and the 2022 Notes cash tender offer and subsequent redemption, the Company recorded a loss on extinguishment of debt of \$20.8 million.

Debt Covenant Compliance

Management believes that as of June 30, 2017, the Company was in compliance with all debt covenants.

Fair Value of Long-Term Debt

The estimated fair value of the Company's long-term debt, excluding the Redemption Note, as of June 30, 2017 and December 31, 2016 was \$8.18 billion and \$8.33 billion, respectively, compared to its carrying value, excluding debt issuance costs and original issue discount and premium, of \$8.05 billion and \$8.39 billion, respectively. The estimated fair value of the Company's long-term debt, excluding the Redemption Note, is based on recent trades, if available, and indicative pricing from market information (Level 2 inputs). See Note 2 "Summary of Significant Accounting Policies" for discussion on the estimated fair value of the Redemption Note.

WYNN RESORTS, LIMITED AND SUBSIDIARIES
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Note 10 - Related Party Transactions

The Company periodically provides services to Stephen A. Wynn, Chairman of the Board of Directors and Chief Executive Officer ("Mr. Wynn"), and certain other officers and directors of the Company, including the personal use of employees, construction work and other personal services, for which the officers and directors reimburse the Company. Mr. Wynn also reimburses the Company for personal usage of aircraft (subject to a \$250,000 credit per calendar year) pursuant to a time sharing agreement. Mr. Wynn and other officers and directors have deposits with the Company to prepay any such items, which are replenished on an ongoing basis as needed. Mr. Wynn and the other officers and directors had a net deposit balance with the Company of \$0.4 million and \$0.3 million as of June 30, 2017 and December 31, 2016, respectively.

Note 11 - Stock-Based Compensation

The total compensation cost for stock-based compensation plans was recorded as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Casino	\$ 1,676	\$ 2,211	\$ 3,272	\$ 4,483
Rooms	178	83	327	157
Food and beverage	375	229	705	553
Entertainment, retail and other	42	18	69	36
General and administrative	8,309	7,756	14,414	15,579
Pre-opening	—	157	—	274
Total stock-based compensation expense	10,580	10,454	18,787	21,082
Total stock-based compensation capitalized	31	26	32	51
Total stock-based compensation costs	<u>\$ 10,611</u>	<u>\$ 10,480</u>	<u>\$ 18,819</u>	<u>\$ 21,133</u>

Certain members of the Company's executive management team receive a portion of their annual incentive bonus in shares of the Company's stock. The number of shares is determined based on the closing stock price on the date the annual incentive bonus is settled. As the number of shares is variable, the Company records a liability for the fixed monetary amount over the service period. The Company recorded stock-based compensation expense associated with these awards of \$4.9 million and \$5.2 million for the three months ended June 30, 2017 and 2016, respectively, and \$9.9 million and \$10.3 million for the six months ended June 30, 2017 and 2016, respectively. The Company settles this obligation by issuing immediately vested shares in January of the following year.

Note 12 - Noncontrolling Interest

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

Note 13 - Income Taxes

For the three months ended June 30, 2017 and 2016, the Company recorded a tax expense of \$2.6 million and a tax benefit of \$2.9 million, respectively. For the six months ended June 30, 2017 and 2016, the Company recorded a tax expense of \$5.5 million and \$1.0 million, respectively. The Company's income tax expense and benefit for these periods primarily related to changes in the domestic valuation allowance for U.S. foreign tax credits ("FTCs").

The Company does not consider its portion of the tax earnings and profits of WML to be permanently invested. The Company has not provided deferred U.S. federal income taxes or foreign withholding taxes on temporary differences and expects FTCs to be sufficient to eliminate any U.S. federal income tax in the event of repatriation.

The Company recorded valuation allowances on certain of its U.S. and foreign deferred tax assets. In assessing the need for a valuation allowance, the Company relies solely on the reversal of net taxable temporary differences. The valuation

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allowance for FTCs was determined by scheduling the existing U.S. taxable temporary differences that are expected to reverse and result in foreign source income during the 10-year FTC carryover period.

Wynn Macau SA has received a five-year exemption from complementary tax on profits generated by gaming operations through December 31, 2020. For the three months ended June 30, 2017 and 2016, the Company was exempt from the payment of such taxes totaling \$13.9 million and \$9.6 million, respectively. For the six months ended June 30, 2017 and 2016, the Company was exempt from the payment of such taxes totaling \$26.6 million and \$20.9 million, respectively.

Wynn Macau SA also entered into an agreement with the Macau government that provides for an annual payment of 12.8 million Macau patacas (approximately \$1.6 million) as complementary tax otherwise due by shareholders of Wynn Macau SA on dividend distributions through 2020.

Note 14 - Commitments and Contingencies

Wynn Boston Harbor Development

On April 28, 2017, Wynn MA, LLC ("Wynn MA"), an indirect wholly owned subsidiary of the Company, and Suffolk Construction Company, Inc. (the "Construction Manager"), entered into an agreement concerning the construction of Wynn Boston Harbor, which, among other things, confirmed the guaranteed maximum price for the construction work undertaken by the Construction Manager. The Construction Manager is obligated to substantially complete the project by June 24, 2019 for a guaranteed maximum price of \$1.32 billion. Both the contract time and guaranteed maximum price are subject to further adjustment under certain conditions. The performance of the Construction Manager is backed by a payment and performance bond in the amount of \$350.0 million.

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 and Affiliates

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

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

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

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

Redemption Action and Counterclaim

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

On March 12, 2012, the Okada Parties removed the action to the United States District Court for the District of Nevada (the action was subsequently remanded to Nevada state court). On that same date, the Okada Parties filed an answer denying the claims and a counterclaim (as amended, the "Counterclaim") that purports to assert claims against the Company, each of the members of the Company's Board of Directors (other than Mr. Okada) and Wynn Resorts' General Counsel (the "Wynn Parties"). The Counterclaim alleges, among other things: (1) that the shares of Wynn Resorts common stock owned by Aruze were exempt from the redemption-for-unsuitability provisions in the Wynn Resorts articles of incorporation (the "Articles") pursuant to certain agreements executed in 2002; (2) that the Wynn Resorts directors who authorized the redemption of Aruze's shares acted at the direction of 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 the Company's 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

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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. 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. On May 1, 2017, the court granted Elaine Wynn leave to file an amended cross claim against the Wynn Cross Defendants which substantially repeats the allegations contained in the previous version of Ms. Wynn's cross claim. Elaine Wynn filed such amended cross claim on May 17, 2017. On July 10, 2017, the court denied Wynn Resorts' and Wynn Resorts' General Counsel's motions to dismiss, and on July 24, 2017, the court denied Wynn Resorts' motion to sever. The Wynn Cross Defendants will vigorously defend against the claims asserted against them.

The indenture for the 2023 Notes (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 the Company than is beneficially owned by any other person, a change of control will have occurred. The indenture for the 2025 Notes (the "2025 Indenture") and the 2027 Indenture each 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 and the 2027 Indenture, respectively. 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, LLC debt documents. Under the 2023 Indenture, the 2025 Indenture and the 2027 Indenture, if (1) a change of control occurs and (2) at any time within 60 days after that occurrence, the 2023 Notes or the 2025 Notes, as applicable, are rated below investment grade by both rating agencies that rate such notes and, in the case of the 2027 Indenture, the ratings of the 2027 Notes have decreased below the ratings assigned to the 2027 Notes on the date they were issued as described in the 2027 Indenture, the Company is required to make an offer to each applicable holder to repurchase all or any part of such holder's notes at a purchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest on the notes purchased, if any, to the date of repurchase (unless the notes have been previously called for redemption).

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

On each of February 14, 2013 and February 13, 2014, the Company issued a check to Aruze in the amount of \$38.7 million, representing the interest payments due on the Redemption Note at those times. However, those checks were not cashed. In February 2014, the Okada Parties advised of their intent to deposit any checks for interest and principal, past and future, due under the terms of the Redemption Note to the clerk of the court for deposit into the clerk's trust account. On March 17, 2014, the parties stipulated that the checks be returned to the Company for reissue in the same amounts, payable to the clerk of the court for deposit into the clerk's trust account. Pursuant to the stipulation, on March 20, 2014, the Company delivered to the clerk of the court the reissued checks that were deposited into the clerk's trust account and filed a notice with the court with respect to the same. On each of February 13, 2015, February 12, 2016, and February 13, 2017, the Company 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" the Company's complaint, as amended, in the Redemption Action. The motion sought to stay all discovery in the Redemption Action related to the Okada Parties' allegedly unlawful activities in connection with their casino project in the Philippines until the conclusion of the criminal investigation and any resulting

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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 June 2016, Wynn Resorts filed a motion to disqualify Quinn Emanuel Urquhart & Sullivan, LLP ("QE"), 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 (the "Discovery Stay"), pending an evidentiary disqualification hearing. On January 23, 2017, the court issued a temporary restraining order that halted QE's participation in the case, with the sole exception of contesting its disqualification. QE withdrew as counsel for Ms. Wynn on March 9, 2017, and Ms. Wynn retained new counsel prior to the start of the evidentiary hearing, which began on March 13, 2017. On March 17, 2017, the evidentiary hearing was vacated because Ms. Wynn and QE stipulated to a permanent injunction requiring the destruction or return of all Company information. On March 27, 2017, the Discovery Stay was lifted.

The litigation is currently in the discovery phase and trial is scheduled to begin on April 16, 2018. Wynn Resorts will continue to vigorously pursue its claims against the Okada Parties, and Wynn Resorts and the Wynn Parties will continue to vigorously 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

Indemnification Action:

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

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

Macau Action:

On July 3, 2015, WML announced that the Okada Parties filed a complaint in the Court of First Instance of Macau ("Macau Court") against Wynn Macau SA and certain individuals who are or were directors of Wynn Macau SA and or WML (collectively, the "Wynn Macau Parties"). The principal allegations in the lawsuit are that the redemption of the Okada Parties' shares in Wynn Resorts was improper and undervalued, that the previously disclosed payment by Wynn Macau SA to an unrelated third party in consideration of relinquishment by that party of certain rights in and to any future development on the land in Cotai where Wynn Palace is located was unlawful and that the previously disclosed donation by Wynn Resorts to the

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University of Macau Development Foundation was unlawful. The plaintiffs seek dissolution of Wynn Macau SA and compensatory damages. The Macau Court has served the complaint on the defendants and the Wynn Macau Parties filed their response on May 17, 2016. On July 11, 2017, the Macau Court dismissed all claims by the Okada Parties as unfounded, fined the Okada Parties as vexatious litigants, and ordered the Okada Parties to pay for court costs and Wynn Macau Parties' attorney's fees.

Related Investigations and Derivative Litigation

Investigations:

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

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

Derivative Claims:

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

The four federal actions brought by the plaintiffs (collectively, the "Federal Plaintiffs") were consolidated. On February 1, 2013, the federal court dismissed the complaint for failure to plead adequately the futility of a pre-suit demand on the Board. The dismissal was without prejudice to the Federal Plaintiffs' ability to file a motion within 30 days seeking leave to file an amended complaint. On April 9, 2013, the Federal Plaintiffs filed their amended complaint. The Company and the directors filed their motion to dismiss the amended complaint on May 23, 2013. On March 13, 2014, the federal court granted the motion to dismiss and entered judgment in favor of the Company and directors and against the Federal Plaintiffs without prejudice. On April 10, 2014, the Federal Plaintiffs filed a notice of appeal to the United States Court of Appeals for the Ninth Circuit. On July 18, 2016, the Ninth Circuit affirmed the federal court's dismissal.

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Two state derivative actions were commenced against the Company and all members of its Board of Directors in the Eighth Judicial District Court of Clark County, Nevada. These state court actions brought by the following plaintiffs 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 the Company (a nominal defendant) have been served in all of the actions. The State Plaintiffs filed a consolidated complaint on July 20, 2012 asserting claims for (1) breach of fiduciary duty; (2) abuse of control; (3) gross mismanagement; and (4) unjust enrichment. The claims are against the Company and all Company directors during the applicable period, including Mr. Okada, as well as the Company's Chief Financial Officer who signed financial disclosures filed with the SEC during the applicable periods. The State Plaintiffs claim that the individual defendants failed to disclose to the Company's stockholders the investigation into, and the dispute with director Okada as well as the alleged potential violations of the FCPA related to, the University of Macau Development Foundation donation. The State Plaintiffs seek unspecified monetary damages (compensatory and punitive), disgorgement, reformation of corporate governance procedures, an order directing the Company to internally investigate the donation, as well as attorney's fees and costs. On October 13, 2012, the court entered the parties' stipulation providing for a stay of the state derivative action for 90 days, subject to the parties' obligation to monitor the progress of the pending litigation, discussed above, between Wynn Resorts (among others) and Mr. Okada (among others). Per the stipulation, the Company and the individual defendants were not required to respond to the consolidated complaint while the stay remained in effect. Following the expiration of the stay, the State Plaintiffs advised the Company and the individual defendants that they intended to resume the action by filing an amended complaint, which they did, on April 26, 2013. The Company and directors filed their motion to dismiss on June 10, 2013. However, on July 31, 2013, the parties agreed to a stipulation that was submitted to, and approved by the court. The stipulation contemplates a stay of the consolidated state court derivative action of equal duration as the Stay entered by the court in the Redemption Action. On June 18, 2014, the court entered a new stipulation between the parties that provides for further stay of the state derivative action and directs the parties, within 45 days of the conclusion of the latter of the Redemption Action or the federal derivative action, to discuss how the state derivative action should proceed and to file a joint report with the court.

The individual defendants are vigorously defending against the claims pleaded against them. 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.

Massachusetts Gaming License Related Action

On September 17, 2014, the Massachusetts Gaming Commission ("MGC") designated Wynn MA the award winner of the Greater Boston (Region A) gaming license. On November 7, 2014, the gaming license became effective.

On October 16, 2014, the City of Revere, the host community to the unsuccessful bidder for the same license, and the International Brotherhood of Electrical Workers, Local 103 ("IBEW") filed a complaint against the MGC and each of the five gaming commissioners in Suffolk Superior Court in Boston, Massachusetts (the "Revere Action"). The complaint challenges the MGC's decision and alleges that the MGC failed to follow statutory requirements outlined in the Gaming Act. The complaint (1) seeks to appeal the administrative decision, (2) asserts that certiorari provides a remedy to correct errors in proceedings by an agency such as the MGC, (3) challenges the constitutionality of that section of the gaming law which bars judicial review of the MGC's decision to deny an applicant a gaming license, and (4) alleges violations of the open meeting law requirements. The court allowed Mohegan Sun ("Mohegan"), the other applicant for the Greater Boston (Region A) gaming license, to intervene in the Revere Action, and on February 23, 2015, Mohegan filed its complaint. The Mohegan complaint challenges the license award to Wynn MA, seeks judicial review of the MGC's decision, and seeks to vacate the MGC's license award to Wynn MA. On July 1, 2015, the MGC filed motions to dismiss Mohegan's and the City of Revere's complaints. On December 3, 2015, the court granted the motion to dismiss the claims asserted in the Revere Action. Also on December 3, 2015, the court granted the motion to dismiss three of the four counts asserted by Mohegan but denied the motion as to Mohegan's certiorari claim. The City of Revere and IBEW sought immediate appellate review of the dismissal of their claims and the MGC requested immediate appellate review of the court's denial of the MGC's motion to dismiss Mohegan's certiorari claim. All three petitions for interlocutory review were denied. On April 22, 2016, the MGC filed an appeal to the Massachusetts Supreme Judicial Court ("SJC"). On May 11, 2016, the SJC granted the application. The SJC granted the City of Revere and IBEW's application for direct appellate review. On March 10, 2017, the SJC affirmed the trial court's dismissal of the City of Revere's claims and IBEW's claims. The SJC affirmed the court's dismissal of Mohegan's claims except for the certiorari claim, which the SJC remanded to the Suffolk Superior Court. The SJC reversed the court's dismissal of the individual plaintiffs' open meeting law claim and remanded that claim to the Suffolk Superior Court.

Wynn MA was not named in the above complaint. The MGC retained private legal representation at its own nontaxpayer-funded expense.

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Note 15 - Segment Information

The Company reviews the results of operations for each of its operating segments. Wynn Macau and Encore, an expansion at Wynn Macau, are managed as a single integrated resort and have been aggregated as one reportable segment ("Wynn Macau"). Wynn Palace is presented as a separate reportable segment and is combined with Wynn Macau (collectively, "Macau Operations") for geographical presentation. Wynn Las Vegas and Encore, an expansion at Wynn Las Vegas, are managed as a single integrated resort and have been aggregated as one reportable segment ("Las Vegas Operations"). The Company identifies each resort as a reportable segment considering operations within each resort have similar economic characteristics, type of customers, types of services and products, the regulatory environment of the operations and the Company's organizational and management reporting structure.

The Company also reviews construction and development activities for each of its projects under development, in addition to its reportable segments. The Company separately identifies assets for its Wynn Boston Harbor development project. Other Macau primarily represents the Company's Macau holding company.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net revenues				
Macau Operations:				
Wynn Macau	\$ 682,709	\$ 639,315	\$ 1,269,740	\$ 1,247,558
Wynn Palace	414,651	—	890,425	—
Total Macau Operations	1,097,360	639,315	2,160,165	1,247,558
Las Vegas Operations	431,901	419,049	844,776	808,484
Total	<u>\$ 1,529,261</u>	<u>\$ 1,058,364</u>	<u>\$ 3,004,941</u>	<u>\$ 2,056,042</u>
Adjusted Property EBITDA (1)				
Macau Operations:				
Wynn Macau	\$ 210,398	\$ 190,389	\$ 391,504	\$ 381,634
Wynn Palace	87,403	—	199,259	—
Total Macau Operations	297,801	190,389	590,763	381,634
Las Vegas Operations	132,210	122,290	266,787	231,314
Total	<u>430,011</u>	<u>312,679</u>	<u>857,550</u>	<u>612,948</u>
Other operating expenses				
Pre-opening	6,758	45,949	12,537	79,718
Depreciation and amortization	137,686	79,749	277,506	157,720
Property charges and other	7,165	11,331	10,201	12,852
Corporate expenses and other	20,933	17,814	41,700	35,997
Stock-based compensation	10,580	10,297	18,787	20,808
Equity in income from unconsolidated affiliates	—	—	—	16
Total other operating expenses	<u>183,122</u>	<u>165,140</u>	<u>360,731</u>	<u>307,111</u>
Operating income	<u>246,889</u>	<u>147,539</u>	<u>496,819</u>	<u>305,837</u>
Other non-operating income and expenses				
Interest income	7,080	2,783	13,551	6,262
Interest expense, net of amounts capitalized	(97,739)	(69,257)	(196,001)	(114,029)
Change in interest rate swap fair value	(283)	(1,036)	(1,054)	(2,861)
Change in Redemption Note fair value	(12,417)	7,982	(28,264)	2,979
Loss on extinguishment of debt	(22,287)	—	(22,287)	—
Equity in income from unconsolidated affiliates	—	—	—	16
Other	(11,840)	(1,462)	(17,947)	(1,945)
Total other non-operating income and expenses	<u>(137,486)</u>	<u>(60,990)</u>	<u>(252,002)</u>	<u>(109,578)</u>
Income before income taxes	109,403	86,549	244,817	196,259
Benefit (provision) for income taxes	(2,607)	2,893	(5,497)	(1,025)
Net income	106,796	89,442	239,320	195,234
Net income attributable to noncontrolling interests	(31,880)	(19,051)	(63,589)	(49,622)
Net income attributable to Wynn Resorts, Limited	<u>\$ 74,916</u>	<u>\$ 70,391</u>	<u>\$ 175,731</u>	<u>\$ 145,612</u>

- (1) "Adjusted Property EBITDA" is net income before interest, taxes, depreciation and amortization, pre-opening expenses, property charges and other, management and license fees, corporate expenses and other (including intercompany golf course and water rights leases), stock-based compensation, change in interest rate swap fair value, change in Redemption Note fair value, loss on extinguishment of debt and other non-operating income and expenses, and includes equity in income from unconsolidated affiliates. Adjusted Property EBITDA is presented exclusively as a supplemental disclosure because management believes that it is widely used to measure the performance, and as a basis for valuation, of gaming

WYNN RESORTS, LIMITED AND SUBSIDIARIES
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(Unaudited)

companies. Management uses Adjusted Property EBITDA as a measure of the operating performance of its segments and to compare the operating performance of its properties with those of its competitors, as well as a basis for determining certain incentive compensation. The Company also presents Adjusted Property EBITDA because it is used by some investors as a way to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. Gaming companies have historically reported EBITDA as a supplement to financial measures in accordance with GAAP. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including Wynn Resorts, have historically excluded from their EBITDA calculations pre-opening expenses, property charges, corporate expenses and stock-based compensation that do not relate to the management of specific casino properties. However, Adjusted Property EBITDA should not be considered as an alternative to operating income as an indicator of the Company's performance, as an alternative to cash flows from operating activities as a measure of liquidity, or as an alternative to any other measure determined in accordance with GAAP. Unlike 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. The Company has significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, taxes and other non-recurring charges, which are not reflected in Adjusted Property EBITDA. Also, Wynn Resorts' calculation of Adjusted Property EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

	June 30, 2017	December 31, 2016
Assets		
Macau Operations:		
Wynn Macau	\$ 1,106,481	\$ 1,161,670
Wynn Palace	4,126,476	4,317,458
Other Macau	27,215	28,927
Total Macau Operations	5,260,172	5,508,055
Las Vegas Operations	3,227,400	3,275,780
Wynn Boston Harbor	708,452	419,001
Corporate and other	2,660,875	2,750,721
Total	\$ 11,856,899	\$ 11,953,557

Note 16 - Subsequent Event

On July 25, 2017, the Company announced a cash dividend of \$0.50 per share, payable on August 22, 2017 to stockholders of record as of August 10, 2017.

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, 2016. Unless the context otherwise requires, all references herein to the "Company," "we," "us," or "our," or similar terms, refer to Wynn Resorts, Limited, a Nevada corporation, 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). In the Macau Special Administrative Region of the People's Republic of China ("Macau"), we own approximately 72% of Wynn Macau, Limited ("WML") and we operate the Wynn Macau and Wynn Palace resorts, which we refer to as our Macau Operations. In Las Vegas, Nevada, we operate and, with the exception of the majority of the retail space, we own 100% of Wynn Las Vegas, which we also refer to as our Las Vegas Operations. We are currently constructing Wynn Boston Harbor, an integrated casino resort in Everett, Massachusetts.

Macau Operations

We operate our Macau Operations under a 20-year casino concession agreement granted by the Macau government in June 2002. We lease from the Macau government approximately 16 acres of land in downtown Macau's inner harbor where Wynn Macau is located and 51 acres of land in the Cotai area of Macau where Wynn Palace is located.

Wynn Macau features the following as of July 15, 2017:

- Approximately 281,000 square feet of casino space, offering 24-hour gaming and a full range of games with 314 table games and 958 slot machines, private gaming salons, sky casinos and a poker pit;
- Two luxury hotel towers with a total of 1,008 guest rooms and suites;
- Eight food and beverage outlets;
- Approximately 59,000 square feet of high-end, brand-name retail shopping;
- Approximately 31,000 square feet of meeting and convention space;
- Recreation and leisure facilities, including two health clubs, spas, a salon and a pool; and
- A rotunda show featuring a Chinese zodiac-inspired ceiling along with gold "prosperity tree" and "dragon of fortune" attractions.

Wynn Palace features the following as of July 15, 2017:

- Approximately 420,000 square feet of casino space, offering 24-hour gaming and a full range of games with 310 table games and 1,119 slot machines, including private gaming salons, sky casinos and a poker pit;
- A luxury hotel with a total of 1,706 guest rooms, suites and villas;
- 11 food and beverage outlets;
- Approximately 106,000 square feet of high-end, brand-name retail shopping;
- Approximately 37,000 square feet of meeting and convention space;
- Recreation and leisure facilities, including a gondola ride, health club, spa, salon and pool; and
- Public attractions including a performance lake, floral art displays and fine art displays.

In response to our evaluation of our Macau Operations and our commitment to creating a unique customer experience, we have made and expect to continue to make enhancements and refinements to these resorts.

Las Vegas Operations

Wynn Las Vegas is located at the intersection of the Las Vegas Strip and Sands Avenue, and occupies approximately 215 acres of land fronting the Las Vegas Strip. In addition, we own approximately 18 acres across Sands Avenue, a portion of which is utilized for employee parking and an office building, and approximately five acres adjacent to the golf course upon which an office building is located.

Wynn Las Vegas features the following as of July 15, 2017:

- Approximately 189,000 square feet of casino space, offering 24-hour gaming and a full range of games with 229 table games and 1,841 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 95,000 square feet of high-end, brand-name retail shopping (of which, effective December 2016, approximately 88,000 square feet is owned and operated by a joint venture of which we own 50.1%);
- Approximately 290,000 square feet of meeting and convention space;
- Three nightclubs and a beach club;
- Recreation and leisure facilities, including an 18-hole golf course, swimming pools, private cabanas, two full service spas and salons, and a wedding chapel; and
- A specially designed theater presenting "Le Rêve-The Dream," a water-based theatrical production and a theater presenting entertainment productions and various headliner entertainment acts.

In December 2016, we formed a joint venture (the "Retail Joint Venture") with Crown Acquisitions Inc. ("Crown") to own and operate approximately 88,000 square feet of existing retail space (of which we own 50.1%) and signed an agreement with Crown to form a joint venture to own and operate approximately 73,000 square feet of additional retail space that is currently under construction at Wynn Las Vegas. We expect to open the majority of the additional retail space in the third quarter of 2018.

In response to our evaluation of our Las Vegas Operations and our commitment to creating a unique customer experience, we have made and expect to continue to make enhancements and refinements to this resort.

Construction and Development Opportunities

We are currently constructing Wynn Boston Harbor, an integrated resort in Everett, Massachusetts, located adjacent to Boston along the Mystic River. The resort will contain a hotel, a waterfront boardwalk, meeting and convention space, casino space, a spa, retail offerings and food and beverage outlets. The total project budget, including gaming license fees, construction costs, capitalized interest, pre-opening expenses and land costs, is estimated to be approximately \$2.4 billion. As of June 30, 2017, we have incurred \$771.8 million in total project costs. We expect to open Wynn Boston Harbor in mid-2019. Additionally, we are in the planning phase for the re-development of the Wynn Las Vegas golf course. Phase 1 of the project is expected to include a lagoon and additional meeting and convention space. Based on current designs, we estimate the total project budget for Phase 1 to be approximately \$500 million.

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

Key Operating Measures

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

- Table drop for our Macau Operations is the amount of cash that is deposited in a gaming table's drop box plus cash chips purchased at the casino cage.
- Table drop for our Las Vegas Operations is the amount of cash and net markers issued that are deposited in a gaming table's drop box.

- Rolling chips are non-negotiable identifiable chips that are used to track turnover for purposes of calculating incentives.
- Turnover is the sum of all losing rolling chip wagers within our Macau Operations' VIP program.
- Table games win is the amount of table drop or turnover that is retained and recorded as casino revenues.
- Slot machine 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.

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

In our VIP operations in Macau, customers primarily purchase rolling chips from the casino cage and can only use them to make wagers. Winning wagers are paid in cash chips. The loss of the rolling chips in the VIP operations is recorded as turnover and provides a base for calculating VIP win percentage. It is customary in Macau to measure VIP play using this rolling chip method. We expect our win as a percentage of turnover from these operations to be within the range of 2.7% to 3.0%. In our mass market operations in Macau, customers may purchase cash chips at either the gaming tables or at the casino cage.

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

In Las Vegas, customers purchase chips at the gaming tables. The cash and net markers used to purchase chips are deposited in the gaming table's drop box. This is the base of measurement that we use for calculating win percentage in Las Vegas. Each type of table game has its own theoretical win percentage. Our expected table games win percentage in Las Vegas is 21% to 25%.

Results of Operations

Summary second quarter 2017 results

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	Percent Change	2017	2016	Percent Change
Net revenues	\$ 1,529,261	\$ 1,058,364	44.5	\$ 3,004,941	\$ 2,056,042	46.2
Net income attributable to Wynn Resorts, Limited	\$ 74,916	\$ 70,391	6.4	\$ 175,731	\$ 145,612	20.7
Diluted net income per share	\$ 0.73	\$ 0.69	5.8	\$ 1.72	\$ 1.43	20.3
Adjusted Property EBITDA	\$ 430,011	\$ 312,679	37.5	\$ 857,550	\$ 612,948	39.9

During the three months ended June 30, 2017, our net income attributable to Wynn Resorts, Limited was \$74.9 million, an increase of \$4.5 million, or 6.4% over \$70.4 million for the same period of 2016, resulting in diluted earnings per share of \$0.73. The increase in net income attributable to Wynn Resorts, Limited was primarily the result of income from Wynn Palace, which opened in the third quarter of 2016, partially offset by an increase in interest expense as the Company is no longer capitalizing interest on Wynn Palace, losses on extinguishment of debt and an increase in the Redemption Note fair value.

During the six months ended June 30, 2017, our net income attributable to Wynn Resorts, Limited was \$175.7 million, an increase of \$30.1 million, or 20.7% over \$145.6 million for the same period of 2016, resulting in diluted earnings per share of

\$1.72. The increase in net income attributable to Wynn Resorts, Limited was primarily due to income from Wynn Palace, partially offset by increased interest expense. The increase in interest expense results from the Company no longer capitalizing interest on Wynn Palace and a \$25.6 million out-of-period adjustment recorded in the first quarter of 2016 related to capitalized interest that reduced interest expense.

Adjusted Property EBITDA increased 37.5%, or \$117.3 million, to \$430.0 million for the three months ended June 30, 2017, from \$312.7 million for the same period of 2016, primarily as a result of \$87.4 million from Wynn Palace and increases of \$20.0 million and \$9.9 million from Wynn Macau and our Las Vegas Operations, respectively.

Adjusted Property EBITDA increased 39.9%, or \$244.6 million, to \$857.6 million for the six months ended June 30, 2017, from \$612.9 million for the same period of 2016, primarily as a result of \$199.3 million from Wynn Palace and increases of \$35.5 million and \$9.9 million from Las Vegas Operations and Wynn Macau, respectively.

Financial results for the three months ended June 30, 2017 compared to the three months ended June 30, 2016.

Net revenues

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

	Three Months Ended June 30,		Percent Change
	2017	2016	
Net revenues			
Macau Operations:			
Wynn Macau	\$ 682,709	\$ 639,315	6.8
Wynn Palace (1)	414,651	—	—
Total Macau Operations	1,097,360	639,315	71.6
Las Vegas Operations	431,901	419,049	3.1
	\$ 1,529,261	\$ 1,058,364	44.5

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

Net revenues increased 44.5%, or \$470.9 million, to \$1.53 billion for the three months ended June 30, 2017, from \$1.06 billion for the same period of 2016. The increase was primarily due to \$414.7 million from Wynn Palace and increases of \$43.4 million and \$12.9 million from Wynn Macau and our Las Vegas Operations, respectively.

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 June 30,		Percent Change
	2017	2016	
Net revenues			
Casino revenues	\$ 1,166,233	\$ 742,659	57.0
Non-casino revenues	363,028	315,705	15.0
	\$ 1,529,261	\$ 1,058,364	44.5

Casino revenues were 76.3% of total net revenues for the three months ended June 30, 2017, compared to 70.2% for the same period of 2016, while non-casino revenues were 23.7% of total net revenues, compared to 29.8% for the same period of 2016.

Casino revenues

Casino revenues increased 57.0%, or \$423.6 million, to \$1.17 billion for the three months ended June 30, 2017, from \$742.7 million for the same period of 2016. The increase was primarily due to casino revenues of \$372.2 million from Wynn Palace and an increase of \$45.0 million from Wynn Macau. The increase in casino revenues from Wynn Macau was driven by a 35.3% increase in VIP turnover, partially offset by a decrease in VIP win as a percentage of turnover from 3.98% to 3.53% and a 9.0% decrease in table drop.

Prior to the opening of Wynn Palace, the Gaming Inspection and Coordination Bureau of Macau authorized 100 new table games for operation at Wynn Palace with 25 additional table games authorized for operation on January 1, 2017, and a further 25 new table games for operation on January 1, 2018, for a total of 150 new table games in the aggregate. In addition, we have and will continue to share table games between Wynn Macau and Wynn Palace, subject to the aggregate cap, to optimize our casino operations. As of July 15, 2017, we had a total of 314 table games at Wynn Macau and 310 at Wynn Palace.

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

	Three Months Ended June 30,		Increase/ (Decrease)	Percent Change
	2017	2016		
Macau Operations:				
Wynn Macau:				
Total casino revenues	\$ 654,712	\$ 609,755	\$ 44,957	7.4
VIP:				
Average number of table games	98	183	(85)	(46.4)
VIP turnover	\$ 16,023,080	\$ 11,841,200	\$ 4,181,880	35.3
Table games win	\$ 566,091	\$ 470,976	\$ 95,115	20.2
VIP win as a % of turnover	3.53%	3.98%	(0.45)	
Table games win per unit per day	\$ 63,735	\$ 28,239	\$ 35,496	125.7
Mass market:				
Average number of table games	205	238	(33)	(13.9)
Table drop	\$ 1,067,718	\$ 1,173,234	\$ (105,516)	(9.0)
Table games win	\$ 221,567	\$ 235,197	\$ (13,630)	(5.8)
Table games win %	20.8%	20.0%	0.8	
Table games win per unit per day	\$ 11,903	\$ 10,853	\$ 1,050	9.7
Average number of slot machines	917	775	142	18.3
Slot machine handle	\$ 867,889	\$ 806,453	\$ 61,436	7.6
Slot machine win	\$ 39,531	\$ 33,330	\$ 6,201	18.6
Slot machine win per unit per day	\$ 474	\$ 472	\$ 2	0.4
Wynn Palace (1):				
Total casino revenues	\$ 372,224	\$ —	\$ 372,224	—
VIP:				
Average number of table games	105	—	105	—
VIP turnover	\$ 11,604,672	\$ —	\$ 11,604,672	—
Table games win	\$ 252,641	\$ —	\$ 252,641	—
VIP win as a % of turnover	2.18%	—%	2.18	
Table games win per unit per day	\$ 26,541	\$ —	\$ 26,541	—
Mass market:				
Average number of table games	202	—	202	—
Table drop	\$ 729,006	\$ —	\$ 729,006	—
Table games win	\$ 168,746	\$ —	\$ 168,746	—
Table games win %	23.1%	—%	23.1	
Table games win per unit per day	\$ 9,203	\$ —	\$ 9,203	—
Average number of slot machines	1,025	—	1,025	—
Slot machine handle	\$ 657,850	\$ —	\$ 657,850	—
Slot machine win	\$ 34,814	\$ —	\$ 34,814	—
Slot machine win per unit per day	\$ 373	\$ —	\$ 373	—

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

	Three Months Ended June 30,		Increase/ (Decrease)	Percent Change
	2017	2016		
Las Vegas Operations:				
Total casino revenues	\$ 139,297	\$ 132,904	\$ 6,393	4.8
Average number of table games	234	237	(3)	(1.3)
Table drop	\$ 419,338	\$ 427,418	\$ (8,080)	(1.9)
Table games win	\$ 101,300	\$ 96,138	\$ 5,162	5.4
Table games win %	24.2%	22.5%	1.7	
Table games win per unit per day	\$ 4,749	\$ 4,450	\$ 299	6.7
Average number of slot machines	1,836	1,885	(49)	(2.6)
Slot machine handle	\$ 764,786	\$ 750,380	\$ 14,406	1.9
Slot machine win	\$ 53,017	\$ 48,742	\$ 4,275	8.8
Slot machine win per unit per day	\$ 317	\$ 284	\$ 33	11.6

Non-casino revenues

Non-casino revenues increased 15.0%, or \$47.3 million, to \$363.0 million for the three months ended June 30, 2017, from \$315.7 million for the same period of 2016, primarily due to non-casino revenues of \$42.4 million from Wynn Palace and an increase of \$6.5 million from our Las Vegas Operations, partially offset by a decrease of \$1.6 million from Wynn Macau.

Room revenues increased 23.3%, or \$33.3 million, to \$176.2 million for the three months ended June 30, 2017, from \$142.8 million for the same period of 2016, primarily due to \$35.4 million from Wynn Palace, partially offset by a decrease of \$3.6 million from Wynn Macau. The decrease from Wynn Macau was driven by an ADR decline of 19.6%, partially offset by a 6.0 percentage point increase in occupancy.

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

	Three Months Ended June 30,		Percent Change (1)
	2017	2016	
Macau Operations:			
Wynn Macau:			
Total room revenues (dollars in thousands)	\$ 25,657	\$ 29,278	(12.4)
Occupancy	97.5%	91.5%	6.0
ADR	\$ 258	\$ 321	(19.6)
REVPAR	\$ 252	\$ 294	(14.3)
Wynn Palace (2):			
Total room revenues (dollars in thousands)	\$ 35,377	\$ —	—
Occupancy	96.2%	—%	—
ADR	\$ 232	\$ —	—
REVPAR	\$ 224	\$ —	—
Las Vegas Operations:			
Total room revenues (dollars in thousands)	\$ 115,149	\$ 113,569	1.4
Occupancy	88.7%	85.3%	3.4
ADR	\$ 302	\$ 308	(1.9)
REVPAR	\$ 268	\$ 263	1.9

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

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

Food and beverage revenues increased 13.8%, or \$23.5 million, to \$194.1 million for the three months ended June 30, 2017, from \$170.6 million for the same period of 2016, primarily due to \$19.7 million from Wynn Palace and an increase of \$6.2 million from our Las Vegas Operations, partially offset by a decrease of \$2.5 million from Wynn Macau.

Entertainment, retail and other revenues increased 24.6%, or \$20.2 million, to \$102.2 million for the three months ended June 30, 2017, from \$82.0 million for the same period of 2016. The increase was primarily due to \$24.4 million from Wynn Palace, partially offset by decreases of \$2.9 million and \$1.3 million from our Las Vegas Operations and Wynn Macau, respectively.

Promotional allowances increased 37.2%, or \$29.7 million, to \$109.5 million for the three months ended June 30, 2017, from \$79.8 million for the same period of 2016. The increase was primarily due to \$37.0 million from Wynn Palace, partially offset by decreases of \$5.8 million and \$1.6 million from Wynn Macau and our Las Vegas Operations, respectively. The decreases from Wynn Macau and our Las Vegas Operations were primarily a result of a greater percentage of cash paying guests in our rooms and food and beverage outlets.

Operating expenses

Operating expenses increased 40.8%, or \$371.5 million, to \$1.28 billion for the three months ended June 30, 2017, from \$910.8 million for the same period of 2016, primarily due to increases in casino expenses of \$292.9 million, depreciation and amortization of \$57.9 million and general and administrative expenses of \$44.7 million, partially offset by a decrease in pre-opening expenses of \$39.2 million, all mainly related to the opening of Wynn Palace.

Casino expenses increased 62.3%, or \$292.9 million, to \$763.2 million for the three months ended June 30, 2017, from \$470.4 million for the same period of 2016, primarily due to \$266.5 million from Wynn Palace and an increase of \$27.7 million from Wynn Macau. The increase at Wynn Macau was driven by gaming taxes, which increased commensurate with the 7.4% increase in casino revenues, partially offset by a decrease in the cost of providing complimentary.

Room expenses increased 20.4%, or \$7.8 million, to \$45.8 million for the three months ended June 30, 2017, from \$38.0 million for the same period of 2016. The increase was primarily due to \$3.8 million from Wynn Palace and an increase of \$3.9 million from our Las Vegas Operations mainly attributable to expenses associated with the increase in occupancy.

Food and beverage expenses increased 10.7%, or \$11.3 million, to \$117.0 million for the three months ended June 30, 2017, from \$105.7 million for the same period of 2016. The increase was primarily due to \$9.5 million from Wynn Palace and an increase of \$2.1 million from our Las Vegas Operations.

Entertainment, retail, and other expenses increased 13.1%, or \$4.9 million, to \$42.6 million for the three months ended June 30, 2017, from \$37.7 million for the same period of 2016, primarily related to Wynn Palace.

General and administrative expenses increased 37.4%, or \$44.7 million, to \$164.2 million for the three months ended June 30, 2017, from \$119.5 million for the same period of 2016, primarily related to Wynn Palace.

Provision for doubtful accounts was a benefit of \$2.1 million for the three months ended June 30, 2017, compared to an expense of \$2.5 million for the same period of 2016. The change was primarily due to the impact of historical collection patterns and current collection trends, as well as the specific review of customer accounts, on our estimated allowance for the respective periods.

Pre-opening expenses were \$6.8 million for the three months ended June 30, 2017, compared to \$45.9 million for the same period of 2016. During the three months ended June 30, 2017, we incurred pre-opening expenses of \$6.5 million related to Wynn Boston Harbor and \$0.3 million at our Las Vegas Operations. During the three months ended June 30, 2016, we incurred pre-opening expenses of \$39.3 million related to Wynn Palace, \$5.3 million related to Wynn Boston Harbor and \$1.4 million at our Las Vegas Operations.

Depreciation and amortization increased 72.6%, or \$57.9 million, to \$137.7 million for the three months ended June 30, 2017, from \$79.7 million for the same period of 2016. The increase was primarily due to the opening of Wynn Palace with the associated building and furniture, fixtures and equipment being placed in service.

Property charges and other were \$7.2 million for the three months ended June 30, 2017, compared to \$11.3 million for the same period of 2016. During the three months ended June 30, 2017, property charges and other primarily consisted of charges incurred from our Las Vegas Operations related to miscellaneous renovations and abandonments. During the three months ended June 30, 2016, our Las Vegas Operations incurred \$7.5 million in asset abandonment charges primarily associated with the construction of additional retail space and \$2.6 million of losses from the sale of assets.

Interest expense, net of amounts capitalized

The following table summarizes information related to interest expense (dollars in thousands):

	Three Months Ended June 30,		Percent Change
	2017	2016	
Interest expense			
Interest cost, including amortization of deferred financing costs and original issue discount and premium	\$ 101,388	\$ 96,059	5.5
Capitalized interest	(3,649)	(26,802)	(86.4)
	\$ 97,739	\$ 69,257	41.1
Weighted average total debt balance	\$ 10,002,047	\$ 9,549,534	
Weighted average interest rate	4.05%	4.02%	

Interest cost increased \$5.3 million for the three months ended June 30, 2017, compared to the same period of 2016, primarily due to an increase in our weighted average total debt balance from borrowings under the Wynn America credit facilities. Capitalized interest decreased \$23.2 million for the three months ended June 30, 2017, compared to the same period of 2016, primarily due to the completion of Wynn Palace construction activities in August 2016.

Other non-operating income and expenses

We incurred a loss of \$12.4 million and a gain of \$8.0 million for the three months ended June 30, 2017 and 2016, respectively, from the change in fair value of the Redemption Note. The change in fair value is a result of changes in certain variables used to calculate the estimated fair value. For further information on the fair value of the Redemption Note, see Item 1—"Notes to Condensed Consolidated Financial Statements," Note 2 "Summary of Significant Accounting Policies."

Interest income was \$7.1 million for the three months ended June 30, 2017, compared to \$2.8 million for the three months ended June 30, 2016. During 2017 and 2016, our short-term investment strategy has been to preserve capital while retaining sufficient liquidity. The majority of our short-term investment securities were in time deposits, fixed deposits and money market accounts with a maturity of three months or less.

We incurred losses on the extinguishment of debt of \$22.3 million for the three months ended June 30, 2017. During the three months ended June 30, 2017, we completed a cash tender offer and subsequent redemption of our 5 3/8% First Mortgage Notes due 2022 (the "2022 Notes") and issued our 5 1/4% Senior Notes due 2027 (the "2027 Notes"). In connection with this refinancing, we recorded a loss on extinguishment of debt of \$20.8 million. In addition, in connection with an amendment of our Wynn America credit facilities, we recorded a loss on extinguishment of debt of \$1.5 million. We incurred no losses on the extinguishment of debt for the same period of 2016.

We incurred losses of \$11.8 million and \$1.5 million for the three months ended June 30, 2017 and 2016, respectively, from foreign currency remeasurements. The increased losses were primarily due to the impact of the exchange rate fluctuation of the Macau pataca, in relation to the U.S. dollar, on the remeasurements of U.S. dollar denominated debt and other obligations from our Macau-related entities.

Income taxes

We recorded income tax expense of \$2.6 million for the three months ended June 30, 2017, compared to an income tax benefit of \$2.9 million for the same period of 2016. These amounts primarily related to changes in the domestic valuation allowance for U.S. foreign tax credits ("FTCs").

Net income attributable to noncontrolling interests

Net income attributable to noncontrolling interests was \$31.9 million for the three months ended June 30, 2017, compared to \$19.1 million for the same period of 2016. These amounts were primarily related to the noncontrolling interests' share of net income from WML.

Financial results for the six months ended June 30, 2017 compared to the six months ended June 30, 2016.

Net revenues

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

	Six Months Ended June 30,		Percent Change
	2017	2016	
Net revenues			
Macau operations			
Wynn Macau	\$ 1,269,740	\$ 1,247,558	1.8
Wynn Palace (1)	890,425	—	—
Total Macau Operations	2,160,165	1,247,558	73.2
Las Vegas Operations	844,776	808,484	4.5
	\$ 3,004,941	\$ 2,056,042	46.2

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

Net revenues increased 46.2%, or \$948.9 million, to \$3.00 billion for the six months ended June 30, 2017, from \$2.06 billion for the same period of 2016. The increase was primarily due to \$890.4 million from Wynn Palace and increases of \$36.3 million and \$22.2 million from our Las Vegas Operations and Wynn Macau, respectively.

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

	Six Months Ended June 30,		Percent Change
	2017	2016	
Net revenues			
Casino revenues	\$ 2,317,457	\$ 1,475,389	57.1
Non-casino revenues	687,484	580,653	18.4
	\$ 3,004,941	\$ 2,056,042	46.2

Casino revenues were 77.1% of total net revenues for the six months ended June 30, 2017, compared to 71.8% for the same period of 2016, while non-casino revenues were 22.9% of total net revenues, compared to 28.2% for the same period of 2016.

Casino revenues

Casino revenues increased 57.1%, or \$842.1 million, to \$2.32 billion for the six months ended June 30, 2017, from \$1.48 billion for the same period of 2016. The increase was primarily due to casino revenues of \$802.2 million from Wynn Palace and increases of \$28.1 million and \$11.8 million from Wynn Macau and our Las Vegas Operations, respectively. The increase in casino revenues from Wynn Macau was driven by a 15.8% increase in VIP turnover, partially offset by a decrease in table drop of 7.5%. The increase in casino revenues from our Las Vegas Operations was primarily due to an increase in the table games win percentage of 1.9 percentage points from 24.5% to 26.4%, partially offset by a 2.7% decrease in table drop.

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

	Six Months Ended June 30,			Percent Change
	2017	2016	Increase/(Decrease)	
Macau Operations:				
Wynn Macau:				
Total casino revenues	\$ 1,209,638	\$ 1,181,525	\$ 28,113	2.4
VIP:				
Average number of table games	92	186	(94)	(50.5)
VIP turnover	\$ 29,307,843	\$ 25,311,139	\$ 3,996,704	15.8
Table games win	\$ 1,005,002	\$ 849,628	\$ 155,374	18.3
VIP win as a % of turnover	3.43%	3.36%	0.07	
Table games win per unit per day	\$ 60,129	\$ 25,052	\$ 35,077	140.0
Mass market:				
Average number of table games	204	242	(38)	(15.7)
Table drop	\$ 2,204,614	\$ 2,383,334	\$ (178,720)	(7.5)
Table games win	\$ 434,471	\$ 482,697	\$ (48,226)	(10.0)
Table games win %	19.7%	20.3%	(0.6)	
Table games win per unit per day	\$ 11,755	\$ 10,974	\$ 781	7.1
Average number of slot machines	901	778	123	15.8
Slot machine handle	\$ 1,724,572	\$ 1,902,790	\$ (178,218)	(9.4)
Slot machine win	\$ 78,085	\$ 83,771	\$ (5,686)	(6.8)
Slot machine win per unit per day	\$ 479	\$ 591	\$ (112)	(19.0)
Wynn Palace (1):				
Total casino revenues	\$ 802,194	\$ —	\$ 802,194	—
VIP:				
Average number of table games	98	—	98	—
VIP turnover	\$ 22,646,354	\$ —	\$ 22,646,354	—
Table games win	\$ 587,383	\$ —	\$ 587,383	—
VIP win as a % of turnover	2.59%	—%	2.59	
Table games win per unit per day	\$ 33,141	\$ —	\$ 33,141	—
Mass market:				
Average number of table games	206	—	206	—
Table drop	\$ 1,499,024	\$ —	\$ 1,499,024	—
Table games win	\$ 336,373	\$ —	\$ 336,373	—
Table games win %	22.4%	—%	22.4	
Table games win per unit per day	\$ 9,019	\$ —	\$ 9,019	—
Average number of slot machines	1,011	—	1,011	—
Slot machine handle	\$ 1,315,430	\$ —	\$ 1,315,430	—
Slot machine win	\$ 68,748	\$ —	\$ 68,748	—
Slot machine win per unit per day	\$ 376	\$ —	\$ 376	—

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

	Six Months Ended June 30,			Percent Change
	2017	2016	Increase/(Decrease)	
Las Vegas Operations:				
Total casino revenues	\$ 305,624	\$ 293,864	\$ 11,760	4.0
Average number of table games	235	237	(2)	(0.8)
Table drop	\$ 877,935	\$ 902,580	\$ (24,645)	(2.7)
Table games win	\$ 232,147	\$ 221,184	\$ 10,963	5.0
Table games win %	26.4%	24.5%	1.9	
Table games win per unit per day	\$ 5,448	\$ 5,121	\$ 327	6.4
Average number of slot machines	1,871	1,887	(16)	(0.8)
Slot machine handle	\$ 1,530,700	\$ 1,467,840	\$ 62,860	4.3
Slot machine win	\$ 102,735	\$ 98,327	\$ 4,408	4.5
Slot machine win per unit per day	\$ 303	\$ 286	\$ 17	5.9

Non-casino revenues

Non-casino revenues increased 18.4%, or \$106.8 million, to \$687.5 million for the six months ended June 30, 2017, from \$580.7 million for the same period of 2016, primarily due to \$88.2 million from Wynn Palace and an increase of \$24.5 million from our Las Vegas Operations, partially offset by a decrease of \$5.9 million from Wynn Macau.

Room revenues increased 28.0%, or \$78.0 million, to \$356.5 million for the six months ended June 30, 2017, from \$278.4 million for the same period of 2016, primarily due to \$75.1 million from Wynn Palace and an increase of \$11.4 million from our Las Vegas Operations, partially offset by a decrease of \$8.5 million from Wynn Macau. The increase experienced by our Las Vegas Operations was driven by a 3.6 percentage point increase in occupancy and an ADR increase of 1.7% while the decrease from Wynn Macau was a result of an ADR decline of 18.9%, partially offset by a 3.5 percentage point increase in occupancy.

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

	Six Months Ended June 30,		Percent Change (1)
	2017	2016	
Macau Operations:			
Wynn Macau:			
Total room revenues (dollars in thousands)	\$ 51,193	\$ 59,731	(14.3)
Occupancy	96.6%	93.1%	3.5
ADR	\$ 262	\$ 323	(18.9)
REVPAR	\$ 253	\$ 300	(15.7)
Wynn Palace (2):			
Total room revenues (dollars in thousands)	\$ 75,145	\$ —	—
Occupancy	95.9%	—%	—
ADR	\$ 245	\$ —	—
REVPAR	\$ 235	\$ —	—
Las Vegas Operations:			
Total room revenues (dollars in thousands)	\$ 230,112	\$ 218,708	5.2
Occupancy	87.1%	83.5%	3.6
ADR	\$ 308	\$ 303	1.7
REVPAR	\$ 268	\$ 253	5.9

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

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

Food and beverage revenues increased 15.2%, or \$45.9 million, to \$347.0 million for the six months ended June 30, 2017, from \$301.1 million for the same period of 2016, primarily due to \$39.9 million from Wynn Palace and an increase of \$12.7 million from our Las Vegas Operations, partially offset by a decrease of \$6.8 million from Wynn Macau.

Entertainment, retail and other revenues increased 25.1%, or \$41.1 million, to \$205.1 million for the six months ended June 30, 2017, from \$164.0 million for the same period of 2016. The increase was primarily due to \$50.0 million from Wynn Palace, partially offset by decreases of \$5.0 million and \$3.9 million from our Las Vegas Operations and Wynn Macau, respectively.

Promotional allowances increased 35.7%, or \$58.2 million, to \$221.1 million for the six months ended June 30, 2017, from \$162.9 million for the same period of 2016. The increase was primarily due to \$76.9 million from Wynn Palace, partially offset by decreases of \$13.3 million and \$5.4 million from Wynn Macau and our Las Vegas Operations, respectively. The decreases from Wynn Macau and our Las Vegas Operations were primarily a result of a greater percentage of cash paying guests in our rooms and food and beverage outlets.

Operating expenses

Operating expenses increased 43.3%, or \$757.9 million, to \$2.51 billion for the six months ended June 30, 2017, from \$1.75 billion for the same period of 2016, primarily due to an increase in casino expenses of \$580.5 million, depreciation and amortization of \$119.8 million, and general and administrative expenses of \$87.2 million, partially offset by a decrease of \$67.2 million in pre-opening expenses, all mainly related to the opening of Wynn Palace.

Casino expenses increased 62.9%, or \$580.5 million, to \$1.50 billion for the six months ended June 30, 2017, from \$922.9 million for the same period of 2016, primarily due to \$566.4 million from Wynn Palace.

Room expenses increased 19.2%, or \$14.6 million, to \$90.3 million for the six months ended June 30, 2017, from \$75.7 million for the same period of 2016. The increase was primarily due to \$7.8 million from Wynn Palace and an increase of \$6.6 million from our Las Vegas Operations mainly attributable to expenses associated with the increase in occupancy.

Food and beverage expenses increased 13.6%, or \$25.2 million, to \$210.4 million for the six months ended June 30, 2017, from \$185.1 million for the same period of 2016. The increase was commensurate with the 15.2% increase in food and beverage revenues.

Entertainment, retail and other expenses increased 13.0%, or \$9.9 million, to \$85.8 million for the six months ended June 30, 2017, from \$76.0 million for the same period of 2016, primarily related to Wynn Palace.

General and administrative expenses increased 36.8%, or \$87.2 million, to \$324.1 million for the six months ended June 30, 2017, from \$237.0 million for the same period of 2016, primarily related to Wynn Palace.

Provision for doubtful accounts was a benefit of \$6.2 million for the six months ended June 30, 2017, compared to an expense of \$3.2 million for the same period of 2016. The change was due to the collection of casino accounts receivable that resulted in the reversal of previously recorded allowance for doubtful accounts.

Pre-opening expenses were \$12.5 million for the six months ended June 30, 2017, compared to \$79.7 million for the same period of 2016. During the six months ended June 30, 2017, we incurred pre-opening expenses of \$12.0 million related to Wynn Boston Harbor and \$0.5 million related to our Las Vegas Operations. During the six months ended June 30, 2016, we incurred pre-opening costs of \$65.6 million related to Wynn Palace, \$12.0 million related to Wynn Boston Harbor and \$2.1 million at our Las Vegas Operations.

Depreciation and amortization increased 75.9%, or \$119.8 million, to \$277.5 million for the six months ended June 30, 2017, from \$157.7 million for the same period of 2016. The increase was primarily due to the opening of Wynn Palace with the associated building and furniture, fixtures and equipment being placed in service.

Property charges and other were \$10.2 million for the six months ended June 30, 2017, compared to \$12.9 million for the same period of 2016. During the six months ended June 30, 2017, property charges and other primarily consisted of charges incurred from our Las Vegas Operations related to miscellaneous renovations and abandonments. During the six months ended

June 30, 2016, our Las Vegas Operations incurred \$7.5 million in asset abandonment charges, primarily associated with the current construction of additional retail space and \$2.6 million of losses from the sale of assets.

Interest expense, net of amounts capitalized

The following table summarizes information related to interest expense (dollars in thousands):

	<u>Six Months Ended June 30,</u>		<u>Percent Change</u>
	<u>2017</u>	<u>2016</u>	
Interest expense			
Interest cost, including amortization of deferred financing costs and original issue discount and premium	\$ 202,107	\$ 189,231	6.8
Capitalized interest	(6,106)	(75,202)	(91.9)
	<u>\$ 196,001</u>	<u>\$ 114,029</u>	71.9
Weighted average total debt balance	10,059,491	9,476,120	
Weighted average interest rate	4.02%	3.99%	

Interest cost increased \$12.9 million for the six months ended June 30, 2017, compared to the same period of 2016, primarily due to an increase in our weighted average total debt balance from borrowings under the Wynn America credit facilities. Capitalized interest decreased \$69.1 million for the six months ended June 30, 2017, compared to the same period of 2016, primarily due to the completion of Wynn Palace construction activities in August 2016 and a \$25.6 million out-of-period adjustment recorded in the first quarter of 2016. During the first quarter of 2016, we corrected immaterial amounts of additional interest that should have been capitalized instead of being expensed during the years ended December 31, 2015 and 2014.

Other non-operating income and expenses

We incurred a loss of \$28.3 million and a gain of \$3.0 million for the six months ended June 30, 2017 and 2016, respectively, from the change in the fair value of the Redemption Note. The change in fair value is a result of changes in certain variables used to calculate the estimated fair value. For further information on the fair value of the Redemption Note, see Item 1—"Notes to Condensed Consolidated Financial Statements," Note 2 "Summary of Significant Accounting Policies."

Interest income was \$13.5 million for the six months ended June 30, 2017, compared to \$6.3 million for the same period of 2016. During 2017 and 2016, our short-term investment strategy has been to preserve capital while retaining sufficient liquidity. The majority of our short-term investment securities were in time deposits, fixed deposits and money market accounts with a maturity of three months or less.

We incurred losses on the extinguishment of debt of \$22.3 million for the six months ended June 30, 2017. During the six months ended June 30, 2017, we completed a cash tender offer and subsequent redemption of our 2022 Notes and issued the 2027 Notes. In connection with this refinancing, we recorded a loss on extinguishment of debt of \$20.8 million. In addition, in connection with an amendment of our Wynn America credit facilities, we recorded a loss on extinguishment of debt of \$1.5 million. We incurred no losses from the extinguishment of debt for the same period of 2016.

We incurred losses of \$17.9 million and \$1.9 million for the six months ended June 30, 2017 and 2016, respectively, from foreign currency remeasurements. The increased losses were primarily due to the impact of the exchange rate fluctuation of the Macau pataca, in relation to the U.S. dollar, on the remeasurements of U.S. dollar denominated debt and other obligations from our Macau-related entities.

Income taxes

We recorded income tax expense of \$5.5 million and \$1.0 million for the six months ended June 30, 2017 and 2016, respectively. These amounts are primarily related to changes in the domestic valuation allowance for FTCs.

Net income attributable to noncontrolling interests

Net income attributable to noncontrolling interests was \$63.6 million for the six months ended June 30, 2017, compared to \$49.6 million for the same period of 2016. These amounts were primarily related to the noncontrolling interests' share of net income from WML.

Adjusted Property EBITDA

We use Adjusted Property EBITDA to manage the operating results of our segments. Adjusted Property EBITDA is net income before interest, taxes, depreciation and amortization, pre-opening expenses, property charges and other, management and license fees, corporate expenses and other (including intercompany golf course and water rights leases), stock-based compensation, change in interest rate swap fair value, change in Redemption Note fair value, loss on extinguishment of debt and other non-operating income and expenses, and includes equity in income from unconsolidated affiliates. Adjusted Property EBITDA is presented exclusively as a supplemental disclosure because we believe that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. We use Adjusted Property EBITDA as a measure of the operating performance of our segments and to compare the operating performance of our properties with those of our competitors, 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 summarizes Adjusted Property EBITDA (in thousands) for our Macau and Las Vegas Operations as reviewed by management and summarized in Item 1—"Notes to Condensed Consolidated Financial Statements," Note 15 "Segment Information." That footnote also presents a reconciliation of Adjusted Property EBITDA to net income attributable to Wynn Resorts, Limited.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Wynn Macau	\$ 210,398	\$ 190,389	\$ 391,504	\$ 381,634
Wynn Palace	\$ 87,403	\$ —	\$ 199,259	\$ —
Las Vegas Operations	\$ 132,210	\$ 122,290	\$ 266,787	\$ 231,314

Adjusted Property EBITDA at Wynn Macau increased 10.5% and 2.6% for the three and six months ended June 30, 2017, respectively, compared to the same period of 2016, primarily due to improved VIP operations driven by year-over-year increases in VIP turnover.

Adjusted Property EBITDA at Wynn Palace was \$87.4 million and \$199.3 million for the three and six months ended June 30, 2017 and 2016, respectively. Although the ramp up of Wynn Palace continues to be impacted by construction surrounding the property, business volumes increased when compared to the three months ended March 31, 2017 and December 31, 2016, with increases in VIP turnover of 5.1% and 12.3%, respectively.

Adjusted Property EBITDA at our Las Vegas Operations increased 8.1% and 15.3% for the three and six months ended June 30, 2017, respectively, compared to the same period of 2016. The increases in Adjusted Property EBITDA were primarily due to improved casino operations and food and beverage operations.

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

Liquidity and Capital Resources

Operating Activities

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

Net cash provided by operations for the six months ended June 30, 2017 was \$803.6 million, compared to \$369.9 million for the same period of 2016. The increase was primarily due to the operations of Wynn Palace and the change in ordinary working capital accounts.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2017 was \$397.3 million, compared to \$605.8 million for the same period of 2016 and was primarily attributable to capital expenditures, net of construction payables and retention. Capital expenditures, net of construction payables and retention, of \$392.6 million for the six months ended June 30, 2017, were primarily for Wynn Boston Harbor and capital expenditures, net of construction payables and retention, of \$548.9 million for the six months ended June 30, 2016, were primarily for Wynn Palace.

Financing Activities

Net cash used in financing activities for the six months ended June 30, 2017 was \$369.0 million, compared to net cash provided by financing activities of \$59.2 million for the same the period of 2016. During the six months ended June 30, 2017, we used cash of \$1.36 billion for the repayment of long-term debt and \$179.6 million for the payment of dividends. Our repayments consisted of \$900.0 million to redeem our 2022 Notes, \$270.3 million for repayment of borrowings under our Wynn Macau credit facilities and \$189.6 million for repayment of borrowings under our WML Finance Credit Facility (defined below). These uses of cash were partially offset by \$900.0 million in proceeds from the issuance of our 2027 Notes, \$130.1 million in proceeds from borrowings under our Wynn Macau Credit Facilities and \$189.9 million of cash released from restriction as collateral associated with our WML Finance Credit Facility. During the six months ended June 30, 2016, our net cash provided by financing activities was mainly due to borrowings of \$305.8 million under our Wynn Macau Credit Facilities and WA Senior Term Loan Facility I (defined below), partially offset by dividends paid of \$212.8 million.

Capital Resources

As of June 30, 2017, we had \$2.49 billion of cash and cash equivalents and \$312.6 million of available-for-sale investments in domestic and foreign debt securities and commercial paper. Cash and cash equivalents include cash on hand, cash in bank and fixed deposits, investments in money market funds, domestic and foreign bank time deposits and commercial paper, all with original maturities of less than 90 days. Of these amounts, WML and its subsidiaries (of which we own approximately 72%) held \$300.0 million in cash. If our portion of this cash was repatriated to the U.S. on June 30, 2017, it would be subject to minimal U.S. taxes in the year of repatriation. Wynn America, LLC and Wynn Las Vegas, LLC held cash balances of \$473.4 million and \$207.0 million, respectively. Wynn Resorts, Limited (including its subsidiaries other than WML, Wynn America, LLC and Wynn Las Vegas, LLC), which is not a guarantor of the debt of its subsidiaries, held \$1.51 billion of cash and cash equivalents and \$312.6 million of available-for-sale investments.

The Wynn Macau credit facilities consist of a \$2.30 billion equivalent fully funded senior secured term loan facility and a \$750 million equivalent senior secured revolving credit facility (the "Wynn Macau Credit Facilities"). Borrowings under the Wynn Macau Credit Facilities consist of both United States dollar and Hong Kong dollar tranches and were used to refinance Wynn Resorts (Macau) S.A.'s ("Wynn Macau SA") existing indebtedness and fund the construction and development of Wynn Palace and will be used for general corporate purposes. As of June 30, 2017, we had \$548.8 million of available borrowing capacity under the senior secured revolving credit facility.

The Wynn America credit facilities consist of a \$875 million fully funded senior secured term loan facility ("WA Senior Term Loan Facility I"), a \$125 million fully funded senior term loan facility (the "WA Senior Term Loan Facility II") and a \$375 million senior secured revolving credit facility ("WA Senior Revolving Credit Facility", collectively, the "Wynn America Credit Facilities"). Borrowings under the Wynn America Credit Facilities have been and will be used to fund the development, construction and pre-opening expenses of Wynn Boston Harbor and for general corporate purposes. As of June 30, 2017, we had available borrowing capacity of \$358.0 million, net of \$17.0 million in outstanding letters of credit, under the WA Senior Revolving Credit Facility.

On April 24, 2017, we amended the Wynn America Credit Facilities to, among other things, extend the maturity of portions of the credit facilities. Pursuant to the amendment, (i) the maturity date with respect to \$805.4 million in aggregate principal amount of the WA Senior Term Loan Facility I was extended from November 2020 to December 2021, with repayment in quarterly installments of \$20.1 million commencing in March 2020 and a final installment of \$664.5 million in December 2021; (ii) the maturity date of the \$125.0 million in aggregate principal amount of the WA Senior Term Loan Facility II was extended from November 2020 to December 2021, with no required scheduled repayments until maturity in December 2021; (iii) the maturity date with respect to \$333.0 million in aggregate principal amount of the WA Senior Revolving Credit Facility was extended from November 2019 to December 2021.

The WML Finance I, Limited credit facility consists of a HK\$3.87 billion (approximately \$495.9 million) cash-collateralized revolving credit facility ("WML Finance Credit Facility"). Borrowings under the WML Finance Credit Facility are in Hong Kong dollars and are used for working capital requirements and general corporate purposes. As of June 30, 2017, we had no borrowings under the WML Finance Credit Facility.

During the quarter, we completed a cash tender offer and subsequent redemption of the \$900 million 2022 Notes. In connection with this transaction, we issued \$900 million 2027 Notes and used the net proceeds to cover the cost of extinguishing the 2022 Notes resulting in an extension of our scheduled maturities of long-term debt.

We expect that our future cash needs will relate primarily to operations, funding of development projects and enhancements to our operating resorts, debt service and retirement and general corporate purposes. We expect to meet our cash needs including our contractual obligations with future anticipated cash flow from operations, availability under our bank credit facilities 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, except for interest rate swaps and foreign currency forward contracts. We do not have any retained or contingent interest in assets transferred to an unconsolidated entity. As of June 30, 2017, we had outstanding letters of credit totaling \$17.0 million.

Contractual Obligations and Commitments

During the six months ended June 30, 2017, there have been no material changes to the contractual obligations previously reported in our Annual Report on Form 10-K for the year ended December 31, 2016, other than the increase of \$1.32 billion to our future construction contracts and commitments based on the agreement entered into by Wynn MA, LLC on April 28, 2017 concerning the construction of Wynn Boston Harbor. We expect to open Wynn Boston Harbor in mid-2019. For further information on the agreement, see Item 1—"Notes to Condensed Consolidated Financial Statements," Note 14 "Commitments and Contingencies."

Other Factors Affecting Liquidity

Wynn Resorts, Limited is a holding company and, as a result, our ability to pay dividends is highly dependent on our ability to obtain funds and our subsidiaries' ability to provide funds to us. Wynn America, LLC and Wynn Macau SA debt instruments contain customary negative covenants and financial covenants, including, but not limited to, covenants that restrict our ability to pay dividends or distributions to any direct or indirect subsidiaries.

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

indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of the indebtedness on acceptable terms or at all.

Legal proceedings in which we are involved also may impact our liquidity. No assurance can be provided as to the outcome of such proceedings. In addition, litigation inherently involves significant costs. For information regarding legal proceedings, see Item 1—"Notes to Condensed Consolidated Financial Statements," Note 14 "Commitments and Contingencies."

The Company's Board of Directors has authorized an equity repurchase program. Under the equity repurchase program, we may repurchase the Company's outstanding shares from time to time through open market purchases, in privately negotiated transactions, and under plans complying with Rules 10b5-1 and 10b-18 under the Exchange Act. As of June 30, 2017, we had \$1.0 billion in repurchase authority under the program.

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 domestic and international markets. There can be no assurances regarding the business prospects with respect to any other opportunity. Any new development would require us to obtain additional financing. We may decide to conduct any such development through Wynn Resorts, Limited or through subsidiaries separate from the Las Vegas or Macau-related entities.

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, 2016. There have been no significant changes to these policies for the six months ended June 30, 2017.

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, 2016 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 political and economic conditions, in the U.S. and China, which may impact levels of travel, leisure and consumer spending;
- restrictions or conditions on visitation by citizens of mainland China to Macau;
- the impact on the travel and leisure industry from factors such as an outbreak of an infectious disease, extreme weather patterns or natural disasters, military conflicts and any future security alerts and/or terrorist attacks;
- doing business in foreign locations such as Macau;
- our ability to maintain our customer relationships and collect and enforce gaming receivables;
- our relationships with Macau gaming promoters;

- our dependence on a limited number of resorts and locations for all of our cash flow and our subsidiaries' ability to pay us dividends and distributions;
- competition in the casino/hotel and resort industries and actions taken by our competitors, including new development and construction activities of competitors;
- factors affecting the development and success of new gaming and resort properties (including limited labor resources, government labor and gaming policies and transportation infrastructure in Macau; and cost increases, environmental regulation, and our ability to secure necessary permits and approvals in Everett, Massachusetts);
- construction risks (including disputes with and defaults by contractors and subcontractors; construction, equipment or staffing problems; shortages of materials or skilled labor; environment, health and safety issues; and unanticipated cost increases);
- legalization of gaming in other jurisdictions;
- extensive regulation of our business (including the Chinese government's ongoing anti-corruption campaign) and the cost of compliance or failure to comply with applicable laws and regulations;
- pending or future legal proceedings, regulatory or enforcement actions or probity investigations;
- our ability to maintain our gaming licenses and concessions;
- any violations by us of the anti-money laundering laws or Foreign Corrupt Practices Act;
- changes in gaming laws or regulations;
- changes in federal, foreign, or state tax laws or the administration of such laws;
- potential violations of law by Mr. Kazuo Okada, a former shareholder of ours;
- changes in the valuation of the promissory note we issued in connection with the redemption of Mr. Okada's shares;
- continued compliance with all provisions in our debt agreements;
- conditions precedent to funding under our credit facilities;
- leverage and debt service (including sensitivity to fluctuations in interest rates);
- cybersecurity risk including misappropriation of customer information or other breaches of information security;
- our ability to protect our intellectual property rights; and
- our current and future insurance coverage levels.

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

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

Interest Rate Swap Information

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

We had three interest rate swap agreements intended to hedge a portion of the underlying interest rate risk on borrowings under our Wynn Macau Credit Facilities. As of June 30, 2017, interest rate swaps of \$0.1 million were included in prepaid expenses and other and \$0.1 million was included in other accrued expenses. As of December 31, 2016, interest rate swaps of

\$1.1 million were included in prepaid expenses and other in the accompanying Condensed Consolidated Balance Sheet. These interest rate swap agreements matured in July 2017.

Interest Rate Sensitivity

As of June 30, 2017, approximately 72.2% of our long-term debt was based on fixed rates, including the notional amounts related to interest rate swaps. Based on our borrowings as of June 30, 2017, an assumed 100 basis point change in the variable rates would cause our annual interest cost to change by \$31.2 million.

Foreign Currency Risks

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

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

We manage exposure to foreign currency risks associated with certain of our future scheduled interest payments through the use of foreign currency forward contracts. These contracts involve the exchange of one currency for a second currency at a future date and are with a counter-party, which is a major international financial institution.

We expect most of the revenues and expenses for any casino that we operate in Macau will be in Hong Kong dollars or Macau patacas. For any U.S. dollar-denominated debt or other obligations incurred by our Macau-related entities, fluctuations in the exchange rates of the Macau pataca or the Hong Kong dollar, in relation to the U.S. dollar, could have adverse effects on our results of operations, financial condition and ability to service debt. Based on our balances as of June 30, 2017, an assumed 1% change in the U.S. dollar/Hong Kong dollar exchange rate would cause a foreign currency transaction gain/loss of \$27.7 million.

Item 4. Controls and Procedures

(a) *Disclosure Controls and Procedures.* The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of 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 Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) *Internal Control Over Financial Reporting.* There were no changes in our 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, our internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

We are occasionally party to lawsuits. As with all litigation, no assurance can be provided as to the outcome of such matters and we note that litigation inherently involves significant costs. For information regarding the Company's legal proceedings see Item 1—"Notes to Condensed Consolidated Financial Statements," Note 14 "Commitments and Contingencies" of Part I in this Quarterly Report on Form 10-Q.

CCAC Information Request

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

Item 1A. Risk Factors

A description of our risk factors can be found in Item 1A, Part I of our Annual Report on Form 10-K for the year ended December 31, 2016. There were no material changes to those risk factors during the six months ended June 30, 2017.

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

Issuer Purchases of Equity Securities

During the second quarter of 2017, we had no repurchases of our common stock.

Item 5. Other Information*Frequency of Future Advisory Votes on Executive Compensation*

At the Company's 2017 Annual Meeting of Stockholders held on April 21, 2017, stockholders voted on an advisory (non-binding) proposal regarding the frequency of future advisory votes on executive compensation, and the Company reported the final results of the stockholder vote on a Form 8-K filed on April 26, 2017. Following consideration of the stockholder vote on the frequency proposal, the Company's Board of Directors has determined to hold an advisory vote on executive compensation every three years.

Item 6. Exhibits

(a) Exhibits

EXHIBIT INDEX

Exhibit No.	Description
3.1	Third Amended and Restated Articles of Incorporation of the Registrant. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on May 8, 2015.)
3.2	Eighth Amended and Restated Bylaws of the Registrant. (Incorporated by reference from the Quarterly Report on Form 10-Q filed by the Registrant on November 6, 2015.)
4.1	Indenture, dated May 11, 2017, by and among Wynn Las Vegas, LLC, Wynn Las Vegas Capital Corp., the Guarantors named therein and U.S. Bank National Association, as trustee. (Incorporated by reference from the Current Report on Form 8-K filed by the Registrant on May 11, 2017.)
10.1	Fifth Amendment to Credit Agreement, dated as of April 24, 2017, 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 May 5, 2017.)
*31.1	Certification of Chief Executive Officer of Periodic Report Pursuant to Rule 13a – 14(a) and Rule 15d – 14(a).
*31.2	Certification of Chief 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 June 30, 2017, filed with the SEC on August 4, 2017 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets as of June 30, 2017 and December 31, 2016, (ii) the Condensed Consolidated Statements of Income for the three and six months ended June 30, 2017 and 2016, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2017 and 2016, (iv) the Condensed Consolidated Statement of Stockholders' Equity as of June 30, 2017, (v) the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2017 and 2016, and (vi) Notes to Condensed Consolidated Financial Statements.

Wynn Resorts, Limited agrees to furnish to the U.S. Securities and Exchange Commission, upon request, a copy of each agreement with respect to long-term debt not filed herewith in reliance upon the exemption from filing applicable to any series of debt which does not exceed 10% of the total consolidated assets of the company.

* 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.

Dated: August 4, 2017

WYNN RESORTS, LIMITED

By: /s/ Craig S. Billings
Craig S. Billings
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Certification of the Chief Executive Officer**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Stephen A. Wynn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wynn Resorts, Limited;
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: August 4, 2017

/s/ Stephen A. Wynn

Stephen A. Wynn
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

Certification of the Chief Financial Officer**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Craig S. Billings, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wynn Resorts, Limited;
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: August 4, 2017

/s/ Craig S. Billings

Craig S. Billings

Chief Financial Officer and Treasurer

(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 Resorts, Limited (the "Company") for the quarter ended June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Stephen A. Wynn, as Chief Executive Officer of the Company and Craig S. Billings, 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/ Stephen A. Wynn

Name: Stephen A. Wynn
Title: Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)
Date: August 4, 2017

/s/ Craig S. Billings

Name: Craig S. Billings
Title: Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)
Date: August 4, 2017

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.