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# Wynn Resorts Ltd. (WYNN)

Investor Day

## CORPORATE PARTICIPANTS

**Stephen Lawrence Cootey**  
*Chief Financial Officer, Treasurer & SVP*

**Stephen Alan Wynn**  
*Chairman & Chief Executive Officer*

**Matthew O. Maddox**  
*President*

**Michael Weaver**  
*Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.*

**DeRuyter O. Butler**  
*Executive Vice President-Architecture, Wynn Design & Development LLC*

**Maurice Wooden**  
*President, Wynn Las Vegas, Wynn Resorts Ltd.*

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## MANAGEMENT DISCUSSION SECTION

**Stephen Lawrence Cootey**  
*Chief Financial Officer, Treasurer & SVP*

Good afternoon. I'm Steve Cootey, Chief Financial Officer and Treasurer at Wynn Resorts. On behalf of the company, we would like to welcome you to our first Investor Day.

With me today, on behalf of the company are Steve Wynn, Matt Maddox, Maurice Wooden, Michael Weaver and two members of our board of directors; Governor Miller and Jay Hagenbuch. Also among the audience were several members of our corporate and operational management teams here at our Las Vegas property.

Before we get started, I'd like to just remind everyone that we will be making forward-looking statements under Safe Harbor federal securities law, and those statements may or may not come true.

And with that, I'd like to turn the day over to Steve Wynn.

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**Stephen Alan Wynn**  
*Chairman & Chief Executive Officer*

Thanks, Steve. Let me first welcome everybody. During this presentation, you'll notice me popping up and popping down. This is – I'm recuperating for – two weeks ago to rather extensive back surgery, and so I'm still a little tender about how long I could stand up or sit down. So, if you see me moving around, please understand the explanation.

Let's lay out what we've got in mind. We've never done this before. This is the first time, and I can remember in 40-odd years of being in a business that we've ever done what we're going to try and do today. But for the past six months, every time we've had a conference call, while we've had meetings with our big investors, our institutional investors, there have been a host of questions that have followed a similar pattern. Of course, they concern the situation in China, what we think is going on in America and the strip with Las Vegas and the situation in Boston.

In order to run this company, we have to have an idea. The prevailing philosophy of Wynn Resorts is first an idea, then a building; first an idea, then a program, whether it's construction, human resources or marketing. What are

we thinking and why have we come to those, what are the conclusions we've come to based upon that kind of thinking. That's the way our board of directors works, that's the way all of us who are here today with you work.

And so we thought, suppose we could play the hand to use a local vernacular, suppose we could play the cards face up, suppose we could get all of our investors together and talk about the next 40 months to 60 months wide -open and share the kind of thinking that goes on in the boardroom and the management circles. And what our observations are, what are our major convictions? Based upon what, and if so, then what? That's we thought well wouldn't it be fun to share that with everybody, it would only take a couple of hours.

So today, that's exactly what we're going to do. We're going to go from Boston – I mean from China to Boston to Las Vegas. During that time, we're going to show you some pictures, some slides, but mainly we're going to share with you the thinking that manages this company. I don't – our risks sounding self-serving to one extent, but the reason I'm doing is because it relates to the points we're going to make.

This company caters to the top end of the gaming world. We're sort of a Chanel, Louis Vuitton to use the comparison and metaphor of the retail business. But unlike Chanel and Louis Vuitton, we are able in our business to cater to all of the market by making our standard so high that everybody wants to be in the building. Or to put it in a more colloquial way, rich people only like being around rich people, nobody likes being around poor people, especially poor people.

So we try and make the place, feel upscale for everyone. That is to say, we cater to people who have discretion and judgment and we give them the choice and we are consistent in that, whether the economy is up or the economy is down. We don't do lay offs, we pay attention to our capital structure, so that we don't bounce around our employee base, and we don't bounce around our service levels.

First, an idea, then a building, Macau. If you watch that old film noir, Macao with Robert Mitchum and Jane Russell, ancient mysterious city of the orient. It has been one of the most miraculous business experiences in anyone's memory, I think. And safely be said that in 2001, when those concessions were awarded, the three primary concessions, they were probably the biggest single gift given commercially in modern history. It gave the primary concessionaires, which were ourselves, what was actually was me personally at the time, Galaxy, the Louis family from Hong Kong, and Stanley Ho, who of course have been there for 40 years and had all of the buildings at the time, and all of the tax base.

Those three concessions were given out in 2001. And in the language of the concession, it was a – when you translated, it was a paragraph, this set of concessionaire can issue a sub-concession. It was an amazing sentence, at that time, we said, does it really mean what it says it means, and turned up a bit. And so, three became six. And although our first project was \$750 million, we were able to sell the sub-concession for \$900 million. And we brought the money home and in the end, we were a \$150 million plus and the place started making \$600 million a year, \$50 million a month, \$60 million a month. Then, we built the Encore for another \$700 million and we started making a \$105 million a month.

I know common metric is that a business, it's a gift. It would be like in Edna Ferber's novel of Giant, Jett Rink notices his black stuff bubbling up out of the ground, and he is an oil man.

It was a remarkable experience, we opened that place in 2006, and we had taken our cue from the Peninsula and other measures of luxury in Asia. We toned down the glitz a little. I admit that we – I looked at the Peninsula and took that model, because, as you know, we design and decorate everything in-house in this company. We enjoyed this, but we said to our ourselves practically, a \$100 million to \$110 million a month cannot be a normal

experience. We are the beneficiaries of an incredible opportunity, but as we plan to grow and we surely want to grow because our long-term view of China was exceptional and still is.

Yesterday, I talked to Bob Iger, the Chairman, who is a friend of mine, who is the Chairman of Disney, as you all know. And Bob and I were talking, he's opening in Shanghai in June and we hoped to open in July or maybe the first week of August. We're thinking of [ph] 88 (7:55) sort of lucky numbers. And his view of China and ours are the same, we are very up and positive about the long-term in China. And you sort of have to have patience and a little perspective to get through the short-term.

But we said to ourselves at the time, okay, we are going to design and we sat down to design this Wynn Palace project, which we're going to show you in a moment. And we said, we can't count on this kind of market, we have to assume that at some point in the future, this is going to be a more competitive market. Our other five concessionaires are watching what we do, they see what we've done in Las Vegas, they're smart guys, they're going to have plenty of money, they will copy us. They will pick up on all of the nuance of a higher end operation, or at least they pick up on the appearance physically of that, not so sure they'd get the human resource part.

At any rate, we assumed that we're going to be a much heavier traffic come 2015 or 2016, when the Cotai property was going to be finished. And so, we said to ourselves, okay, right now, we are right smack in the middle of the Peninsula, that sort of the older part of Macau. We are in the middle of StarWorld, what's the place next door, Matt, that...

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## Matthew O. Maddox

*President*

[ph] L'Arc (9:22).

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

[ph] L'Arc (9:23), Lisboa and the Grand Lisboa across us and MGM. We're surrounded on three sides, the fourth side was the South China Sea. Three sides, we've got four major casinos. While we are the beneficiary of cross traffic, you know when a guy lose his money, he goes for a second shot, he walks across the street, we were in the middle. So, we were benefiting from that location. In Cotai, we said people will be travelling in jitneys and cars, they won't be walking, it won't be a pedestrian place, at least we didn't think so nor do we now.

So, we have to make sure that this facility is such a breakaway facility, so clear, unequivocally excellent that we will be first choice. We were advantaged in a number of ways, we were going to be after all at the end of the development chain, so we could see what our neighbors had done. We were also first on the monorail and light rail stop from the airport and the Marina, that will be done next year, that was good. It went around two sides of our property, and it had to stop right in the middle of our front yard on the street, which created – which gave us certain opportunities that were very delicious.

But we said, as we designed it, DeRuyter Butler is here today, you're going to meet my design partner. He and I are the guys that have drawn Bellagio, Mirage, Treasure Island, all the rest of them together, Wynn Encore, Wynn Macau, and Encore Macau. He heads the architectural team. He and I work alone together until we get the look at the place down and then Roger Thomas in our interior design group comes in and Roger starts to do the interior design. But Dean and I, and all of our operational colleagues came to this conclusion of what we had to do. We had to be that much better. And we put the other guys, while we were designing and the other guys weren't finished yet, we put them on a strong hand. We said, they're going to do a good job. So, we're going to have to have our best game.

And the economics of the city told us that we could afford to spend the money that it would take to do it, and we were encouraged also by the low cost of money. At the end of the day, we borrowed \$4.3 billion at LIBOR plus 1.75% for most of the non-recourse to the parent, on \$4.1 billion job we borrowed \$4.3 million, the bonds were [indiscernible] (11:58)?

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Unverified Participant

Yes.

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**Stephen Alan Wynn**  
*Chairman & Chief Executive Officer*

No covenants?

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Unverified Participant

No.

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**Stephen Alan Wynn**  
*Chairman & Chief Executive Officer*

Non-recourse.

Our total average interest rate was like 3% or about a \$125 million in rent for the whole bundle of money, kind of thing you would never think is possible. Of course, it was resulted in America a poor fiscal monetary policy, but nevertheless, we were able to be beneficiaries of it. So, we set about two-year design development process to create this better place, that would be a proud photo op for the city. I said this on the conference calls, but it was a challenging thing, but we brought all of our knowledge and our experience to bear on this, and that is the story, the idea of Wynn Palace as is has come to be known.

Incidentally, we made another fundamental observation intellectually. Based up on what we have seen, and understood in that market, there was not a big appetite for entertainment, as we know it in Las Vegas, big sustaining shows the Cirque du Soleil or Le Rêve, the showstoppers and all that sort of thing or Siegfried & Roy in the old days.

Now, like Atlantic City, there was tremendous repeat attendance. People came multiple times a month. The percentage of Chinese people that were coming to Macau as a percentage of the 1,350 million folks was minute. But even though there was a small group in terms of the size of the country, they were very enthusiastic and frequent visitors, but that meant that they couldn't see our show, the same show over and over again. So, we said, they eat, they enjoy good food and wine, they surely gamble and they love to shop.

Retail numbers were over the moon. We – at the place downtown, the Wynn in Macau, we have 50,000 feet of retail and we did \$980 million in revenue, \$20,000 a foot, it was a number one per foot store for Louis Vuitton in the world, Cartier, every one of our retailers amazed, the number one store in Asia per foot. The enthusiasm for shopping was amazing, still is. Even though it's regressed a little with the changes that have occurred in the last two years with the campaign on corruption and that sort of thing that you are familiar with, retail sales are still robust. They ate, they gambled and they shopped.

Well, we believe that entertainment is a bedrock of our industry. Whether we are talking about Boston, Las Vegas or China, this industry has always been about the showman, the showman have always got the money in Las Vegas, I'm going to give you a little bit of history. Whether it was Caesars, the Sands before it, with Frank and Dean and Nat King Cole and everybody, The Sands: A Place in the Sun, dominated the gaming industry in this city during the 1950s, and the 1960s until Caesars opened in 1966.

I mean, the Sands made twice as much as all the neighbors because of its entertainment, all the places had the same slot machines and gaming equipment, they were nothing, but furniture, it was, who was add them, that mattered. What attracted the people to hotel A instead of hotel B was the ambiance, the experience, the show of the whole hotel, not the craft table, nothing has changed, not one spec. The town is always – when Caesars opened, it set a whole new plateau, a whole new standard and it rained in terms of the money it made on everything around it.

And Jay Sarno, who was the same guy that created Caesars, created Circus Circus and in the low end same thing was true. I was here as a young guy and I observed all this. I had grown up and when I was in college at least my folks lived in Florida and I have experienced the Fontainebleau, which was a groundbreaking and totally unique place in the world.

In the 1950s, the Fontainebleau was one of the great destination hotels of the world that it didn't even have a name on it. Sarno and I, both were affected by the Fontainebleau. So, with that in mind, I remind you of this; Caesars Palace was the standard of gaming revenue, they won \$400 million. No one had ever won more than Caesars, most of them were half of Caesars.

We opened up MGM – at the Mirage and a week before we opened either Business Week or Forbes said that snake eyes for Steve, meaning we're going to fail, the overhead was too high. First 3,000 room hotel built at one time in the world. I said, the overhead is actually not \$1 million a day, it's \$1.1 million, but our non-casino revenue was going to change everything.

Mirage broke the \$500 million mark, right smack out of the box. Oh, my god, everybody said a \$100 million more than ever before, the biggest in the industry of Nevada. However, I harped on at the time to some of you in the room, notice that was a result, not a cause. The non-casino revenue was \$600 million and it was the \$600 million that was driving the \$500 million, well then the Mirage became the new benchmark. The Mirage was the place that the glass ceiling, no more Caesars, and that was Mirage.

It was making – cost \$620 million, made \$225 million in EBITDA, looked like a great investment. Came time for Bellagio, we said there's room for better hotel, with better rooms. We had a 385 square foot room. We built a 500 square foot room with John, separate shower, separate tub, two sinks, blah-blah-blah. They said, you can't beat the \$500 million.

Bellagio came out of the box at \$610 million, a \$100 million more. Everybody said, wow, it's because of those dancing fountains or maybe the art museum or whatever, maybe the O show, all of that for sure, but the non-casino revenue was \$800 million – \$800 million, never did the casino revenue get to half. I kept saying, it's an effect, not the cause is the non-casino. Okay, that's the glass ceiling Bellagio, is the photo op of the city by the Desert Inn for \$360 million or \$370 million, another \$90 million for the homes.

Bobby Baldwin my former colleague and pal comes and says, even he couldn't make money at the Desert Inn. I reminded him that the place makes – the location doesn't make the place, the place makes the location. I

reminded him that we bought the Dunes at the peak of the early 1990s for \$400,000 an acre, next door to Caesars, it went bankrupt twice. So much for location, but that we built the Bellagio there.

When we opened this place, Bellagio had 4,000 rooms, we had 2,700 rooms, uh -oh, can't make money at the Desert Inn, \$700 million right out of the box, \$900 million in non-casino revenue. Again and again, the same story over and over. The people come to this city to live large. Here is the bottom line on this business of ours. They come to the city to live large. The person that gives them what they want wins, period. Nothing has ever changed in spite of all the technology, all the wonderful grandeur, all the money that all of us up and down [indiscernible] (20:12) here have spent, the fundamental driving truth has never changed.

We add Encore, bang, we go into the \$800 million range, but non-casino revenue is \$1.1 billion last year because we lost of the Chinese high rolling business. We dropped back into the \$700 million, but the non-casino revenues stayed at \$1.1 billion. The Strip win \$6.3 billion in gaming and about \$11 billion in non-gaming for a total of \$17 billion.

We're about \$1.8 billion or \$1.9 billion of it. We're 10% of it. Again, I want to remind everybody that what makes Las Vegas tick is the non-casino revenue. America has spread slot machines, blackjack games all over in about 40 states, between the Indians and everybody else. You can get in a car and be at a blackjack game or a slot machine in 55 minutes for many major metropolitan area in America.

They said if gaming ever comes to California, you can roll up the sidewalks in Las Vegas, not so fast. The infrastructure in the city produces 43 million visitors a year. I'm going to talk about Las Vegas, and all of us are in a minute. But I got off the track in trying to make a basic point that in our business, it's the non-casino. And when I say non-casino, I don't mean just raw footage, more and more stores, more and more restaurants, no, no. It's the charisma, the experiential moment of the entire hotel as I show onto itself. That means, cleanliness is primary, lighting, the music, the organization of the spaces, the flow, what you see, knowing where you are. The lighting has to be just right. The music always matters.

These places have a feeling. You're all here. You all know everything about Las Vegas, walk in to this place and go up and down the street. You get my point. It's not the same. It's something that takes experience to do. You learn sequentially by making all the mistakes. But the organization, the presentation of these places is the primary issue in how successful it gets plus one other ingredient that's much bigger than that even and that's the HR dynamic. Whether it's China, Boston or Las Vegas, only people make people happy, not crystal chandeliers, not custom-woven fabrics, and onyx and marble.

Nice stuff, especially when it's well done. But the human resource engineering and dynamic of this industry is at the end of the day the last word in giving the people who come to these places whether it's China, New Jersey, New York, Mississippi. They come to live big and have an experience they can't get at home. They walk into the building and hopefully go, wow. But then it's how are they touched, how are they treated, what's the emotion, what's the tempo and the rhythm of the staff.

Now, you're all here and this is an official investor kind of meeting and you're institutional professional observers. While you're here, grab any employee. Don't let any executive be around. To hell with us. Grab any employee. Ask them what it's like to work here, how long they've been with me or this outfit from Mirage days and Golden Nugget forward. And go do the same thing next door or across the street. Conduct your own market research on that, and you'll discover why this company in Macau has more Forbes five star ratings than any other place in China and why we have more five star ratings than any other company in the world according to the Forbes people per hotel, our spa, our restaurants, our hotel. That's why. It's the human resource engineering.



I mention that because in setting up the Wynn Palace, that experience for our employees was the first encounter in creating the guest experience. If we could make our employees understand luxury and take responsibility for the guest experience, if we can get the employees to equate their own self-esteem to the job; then we would have harnessed the greatest energy in the world. Money is important, but it's not real important once people think they're being paid fairly.

What is important, what is powerful is if you can get someone to equate having this job with being the person they want to be. And that's our secret. That's what creates a culture, not just a workforce. And we have to work at it every day. We use a dozen techniques, many of them you've heard us describe before like storytelling. But my point is this. The employees in this company believe it is their personal responsibility to make you feel good. And I'll bet there are a whole bunch of you in this room that have already had that experience since last night. Hopefully, you didn't have the opposite experience.

With that in mind, those were the ideas of Wynn Macau. Same principles, the same notions as day one at the Golden Nugget in 1972, 1973, same stuff for 40 years. But taking advantage of capital, modern technology and all the lessons learned from the past we set about to create. And with the help of my colleague, Michael, our Vice President of Advertising and Public Relations, we'll show you some pictures of what's coming in China.

Michael, what's the first one? I'll let you take them through the pictures on the screens.

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## Michael Weaver

*Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.*

[Inaudible] (26:28) familiar to many of you, the exterior of Wynn Palace at night. You see the Performance Lake in the foreground and the gondola station and stuff that Mr. Wynn referenced.

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

A word about that. The light rail station stops right in the middle of the boulevard in front of our lake. So I want to get people to come in. So I put a gondola there with air-conditioning and music inside. That's the music of the fountains. And we take the gondolas through the fountains and then onto the podium roof and down an escalator into the retail in the hotel. Just a little thing to try and hijack some of the business right away from the marina.

Go ahead, Mike.

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## Michael Weaver

*Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.*

The daytime shot, you see the Performance Lake during the day and again, the gondola stop at the bottom and the restaurants and VIP gaming on the lower floor facing the Performance Lake.

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

If you look at that exterior picture for a minute, you'll see all of these terraces and balconies on the water, unintended consequences. We wanted everybody to enjoy the fountains. What we didn't realize is the government was going crack down on smoking. And now all of our VIP, our mass business has got smoking terraces as part of them, which is nice. It gave us a little bit of a relief from the no smoking pressures.



**Michael Weaver***Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.*

Turning to the gaming areas, this is the mass casino space. A junket room which you can see overlooks the Performance Lake. And this is the penthouse casino. This is the vestibule and gaming area. Your back is to the floor-to-ceiling windows.

**Stephen Alan Wynn***Chairman & Chief Executive Officer*

What we do is we create – remember I said we may be Chanel or Louis Vuitton, but we open the doors to everybody, whether it's the mass casino and the noodle kitchens you're going to see, which are just like Venetian or any place else or the Lisboa. But then we have tiers of suites that get more elaborate, groups of them, as you go up. And then you hit – as you go through – you're going to see a salon suite, not only are you going to see the picture of it. But today, part of your routine is when we get through with our presentation here, we have a bus just down the hall and we're taking all of you over across the street to the building we build to model casinos and rooms before we build them for real.

We build them at full scale. And that way, our maintenance, our housekeeping, everybody gets a crack at proving that they're okay. And we're going to take you into the hallway as if you were in Cotai without having to get in an airplane. We've never done this to outsiders before, but we thought it might be fun because now that we're through with it, we'll probably turn the building into offices. But it's meant to be a two-story office building. But right now, it's an all-glass flex building for our modeling for China and Boston.

So you're going to be able to walk into those rooms and see them for yourselves in an hour and a half or so. But right now – so as the hierarchy of residential options goes up, you have the roof, the penthouse. And there we created four penthouse suites that are extravagant by any measure. But also there are five – Matt, five or seven?

**Matthew O. Maddox***President*

Five.

**Stephen Alan Wynn***Chairman & Chief Executive Officer*

Five what we call gaming baccarat suites. It's a room looking over the lake and they're in between the four suites. There's two on the left, two on the right. It's a canted building. But in the middle are these gaming suites. You walk in and there is a sunken living room on the right with seating and a big television and baccarat tables up and dining room tables on the upper level. There is a bar in the back, a bathroom. In other words, it's like you have a little suite just for gaming. You don't sleep there. You sleep in the penthouses, but it's adjacent. And on the other side of the hall of all this, our rooftop garden looking over the South China Sea and the airport. Go ahead, Mike.

**Michael Weaver***Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.*

This is the king room. Your back is now to the floor-to-ceiling window looking through the living room toward the bedroom. The entrance is on the left there.

## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

See the regular rooms are even petite suites, this hotel. That's a regular room because there's seating area, two television sets. I think it's 800-odd square feet.

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## Michael Weaver

*Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.*

This is a salon suite which Mr. Wynn mentioned you'll see in the design center.

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

You're going to walk in one of that. We got this room for you today. You can go sit in it.

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## Michael Weaver

*Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.*

A garden villa.

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

Okay, that's the highest level. This building looked – the back of the hotel – as I said, we were the first one next to the airport and the marina. Well, that meant looking east, there was the runway and there was the ocean and beyond that, I think, Hong Kong, which was wonderful. There was nothing in the sight line on the east side of the building. So we built these five villas.

Now think of it. First an idea, then a suite. What is it that the rich folks and everybody else in China don't have a lot of in their residential life? Land. Everything's sort of squashed in in the big cities. Even fancy apartments are small by American standards.

So I thought, well, here is a shot. Everybody is making fancy suites these days. But in Cotai, at the Palace, we'll pull this trick. We'll have the living room and the bedrooms open onto backyards that are 50 meters long. And up the middle from the living room we'll put a 10-foot or 12-foot wide pool that goes all the way to the end, 50 meters, with a visible end. And since beyond it is sky and ocean, on the slightly lower level of the roof, eight feet down, we'll put beautiful trees. So you're going to see this backyard that's 50 meters deep and a pool that's 50 meters from the living room out and then trees beyond.

And we'll rent these things for weddings and other events for \$20,000 a night anyway. Even if we don't put high rollers in, we can also rent them. They are spectacular and nowhere in the gaming industry today in any country is there anything like the opportunity that we took advantage of at Wynn Palace.

And although the penthouses are to die from in my view because we spent so much money on them, these villas – and Andre and I on my last trip over before I had the back surgery, they had villa – villa two was all set up for me and it's a kick. And you got this 50-meter pool that's about 10 feet wide. And every 10 feet or 15 feet, we built into the sides of the pool a jet and they come out and make an arc. And there is a light that follows it and they go all the way down. So when you're in the suite, you see this arc of streams of water. Chinese guys haven't seen anything like that before. That's why I love this business. What a kick this is doing this stuff. Go ahead, Mike.

## Michael Weaver

Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.

Turning to the dining experiences. This is the Fontana restaurant overlooking the Performance Lake.

## Stephen Alan Wynn

Chairman & Chief Executive Officer

I forgot to say. If you're staying in Wynn or Encore, the hallway is six feet wide just like every hotel, Four Seasons, Ritz-Carlton in the world. Our hallways in this hotel are nine feet tall and eight feet wide. And with the door drops where the door is recessed, from door to door is 11 feet in this hotel. So that means like our villas, there's furniture in the halls on every floor. So people think they are in a palace. The corridors are eight feet wide. It's like an old-time European palatial hotel. Haven't done that trick before. Go ahead, Mike.

## Michael Weaver

Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.

So the Fontana restaurant, the bar at Wing Lei which – that center chandelier is a raw crystal chandelier that Roger Thomas found in Paris. The walls are mirror and semi-precious stones.

## Stephen Alan Wynn

Chairman & Chief Executive Officer

Behind that back bar, the escalators coming down from the gondola landing. That's where the people come in right by that bar, next to the [ph] Hermes (35:02) or something.

## Michael Weaver

Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.

And then Wing Lei restaurant with your back to the Performance Lake looking toward the restaurant.

## Stephen Alan Wynn

Chairman & Chief Executive Officer

Yeah, your back is to the fountains. [ph] Incidentally, I found (35:13) the lake is about the size of Bellagio, about 7 acres, 8 acres. We'll be talking about water and acreage in a minute, but that's what this is.

## Michael Weaver

Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.

This is SW Steakhouse looking towards the performance kitchen with a special performance space on the left.

## Stephen Alan Wynn

Chairman & Chief Executive Officer

Okay, most important thing. Remember I said they eat, they shop and they gamble. But entertainment is important. That's how I got off on that digression about Las Vegas and entertainment. What I didn't – and I didn't finish the sentence, I'll do now. They eat, they gamble and they shop. But entertainment matters and the hotel has got to be a show from stem to stern, from top to bottom. So we said, aha, that's easy, take the entertainment into the restaurants. They will be there anyway. We do it here at SW and Lakeside with the Lake of Dreams. It's why it's the highest grossing restaurant in Las Vegas, SW, makes \$8 million, a steakhouse with 160 seats because we've got public entertainment.

Well, we said let's take the entertainment into the restaurants. They go there all the time. But we do the entertainments in small chunks, magical moments. So this steakhouse, in the drawing you'll see it – you come through the door and it's a rectangular room and at the other end of the room, you come in on one side is the open exhibition cooking. Can you all see that, yeah?

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**Michael Weaver**

*Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.*

Yes.

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**Stephen Alan Wynn**

*Chairman & Chief Executive Officer*

Okay. On your right are booths. At the back of the booths up are like opera boxes, private dining facing, like the booths, to the wall opposite. But you got the booths here and then right above them private dining chambers, all looking at what looks like a simple wall there. I think it's got a oculus on it there in this drawing, doesn't it?

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**Michael Weaver**

*Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.*

Yes.

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**Stephen Alan Wynn**

*Chairman & Chief Executive Officer*

See that wall? Okay. Every 15 minutes to 20 minutes, it opens, center opening like bi-parting doors. It's a stage, it's 25 feet wide, it's 15 feet to 20 feet tall. Above it, that stage behind the wall is a fly loft, which means you got drops up there. And the whole 25 foot is a lift that goes downstairs because storage is under the people sitting there looking at that wall. And then automatically up comes – when the wall opens, there is a set. There's something there. We have drops and one of the drops is a big 25-foot screen that takes up the whole back wall. Things come up out of the – from down below for each vignette. I'll tell you about one. What fun it was dreaming these up.

The thing opens and you hear Joel Grey singing from the movie Cabaret, If You Could See Her Through My Eyes. Remember that number in Cabaret? It's a pig or a bear or something and Joel Grey is pretending it's a girl. And it's a satirical number about Nazi Germany that if you could see her through my eyes, she would be beautiful even though she may not appear to be beautiful. So we're playing this comedic number from Cabaret. And there's a chaise in the middle of the stage and on it covered by a kaftan is a blonde-wigged made up with red lipstick and eyes and big lashes, looks like a woman. And the covers are up to her chest.

And behind her on the back wall is, in this particular piece, our screen which takes up the whole back wall, the whole 25 feet by 15 feet or is it 20 feet – 18 feet tall. And it looks like a window looking into a city from a high rise like downtown New York. And all of a sudden, while you're doing this, there is a little bit of a disturbance sound. And while he's singing, you see King Kong climbing up the side of the building as in that original movie. And you say, okay, there is King Kong going up the Empire State Building. And then all of a sudden in the window is the forehead and the eyes of King Kong looking at you. And he's looking at this girl and the song is playing. And then King Kong moves off and all of a sudden from the fly loft, a giant King Kong gorilla hand comes down. Oh, in the window before he does that, he goes – he blows. And when he does; the kaftan, the shawl falls off revealing that it's a banana with a wig and lipstick and eyelashes. And this big King Kong hand comes down, picks up the banana. It goes offstage up through the loft and then you see King Kong leaving with the banana.

Then the wall closes. Just a little bit of entertainment during dinner, folks. And that kind of crap goes on and on every 15 minutes. And there's about eight or nine of them that we've made so far, which we think will cover anybody's hour-and-a-half dinner before it rotates. It's the kind of thing we do in the Lake of Dreams. And in each of the restaurants, there is shtick like that. We took the entertainment to where they eat. We didn't ask them to buy a ticket and see Le Rêve again and again and again because we know they won't.

Enough about that. That's what I mean about how we – first an idea, then a building. They eat, they gamble, they shop. They don't go to sustaining shows every night. Not going to change China. Got to adapt to our environment. Go ahead, Mike.

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## Michael Weaver

*Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.*

One more restaurant. This is Red 8 with the elaborate -

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

That's the noodles kitchen.

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## Michael Weaver

*Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.*

And then finally two Preston Bailey floral sculptures. The first one is the Jack in the -

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

Okay, the hotel has to have a theme. We said – and we always play to the female sensibility because women see everything. Here, in the past, Bellagio, we always had felt that way. And one of the things we love are flowers. This building has got skylights and flowers and water everywhere. Those are primordial sources of life. The sun coming through our atmosphere, the trees and plants that make oxygen and water. That's why we're here for the past 680 million years since the pre-Cambrian explosion.

So we decided that the theme of this hotel would be flowers. We have two entrances, the north and the south plus we have a bus entrance. So there are three points of entry. The fourth side is the lake. Each of the lobbies has a 10-meter circle in the middle of the lobby that is a lift. And it's a lift – it's three concentric circles, an outside ring, a second ring and a center so that it can be lifted like a wedding cake or the whole thing as one piece can go down in the basement where horticulture is.

There's a remarkable man who's very famous in his world named Preston Bailey in New York. He's a floral sculptor. He's the guy you use, if money is no object, to have a great wedding or party in New York. Preston Bailey is a gifted and lovely human being and a really delightful colleague. We got with Preston a couple of years ago and we decided we were going to create in each lobby, that would change every few weeks, these incredible 25-foot floral sculptures, completely floral. And we decided we would – and we worked for weeks and weeks and made drawings and everything else. And then we had to try one out. So we made a carousel and it's here in the lobby by Christian Dior and Chanel. We built one a little smaller to see if it would work, played the music, had the horses go up and down and used the flowers. And I built on the other end a hot air balloon.

It was interesting. You see when you model things, you learn. The attention to the one that turned and moved, that was dynamic was twice as many people used it as a photo op as the hot air balloon which is beautiful at the other end but was static. Well, we were originally going to have static and non-static sculptures. When we did the sampling here in Wynn, we discovered that there was no comparison, use dynamic sculptures that move or do something. So we went back and when creating our eight or 10, we did a Ferris Wheel, we did a Carousel, we did a 25-foot Fabergé egg that opens and the surprise when the top opens is a phoenix. We got a Dutch windmill, it's the year of the monkey, we got teeter totters with monkeys on each end. We got a sampan, we got a Jack in the Box, all made of flowers, the thing is two stories tall and the Jack comes out, I think we've got pictures.

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## Michael Weaver

*Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.*

The Fabergé egg is up now with the phoenix arising out of the Fabergé egg.

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

In each lobby, and where the bus entrance is, we got Jeff Koon's sculpture, just got packed up and shipped yesterday to China. It was here for a while of tulips. Flowers, floral is the theme of Wynn Palace. And so, it's elegant, it's lovely. It isn't harsh and brash and smack you in the nose, gambling, it is lovely. It appeals to a different part of your persona. Mike?

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## Michael Weaver

*Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.*

That concludes our slides for Wynn Palace.

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

So much for China. Matt, you want to talk about it? Or Steve you want to talk about the numbers or you want to do that at the end.

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## Matthew O. Maddox

*President*

Yeah. You want to go through Boston or do you want me to do China now?

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

I'll do Boston. Remarkable similarity. I'm going to restrain myself, I'm repeating myself. We never participated in regional gaming. The only time we ever made the exception is to be in Biloxi, because it was on the water. And we created Beau Rivage which ended up being the most successful and is the most successful casino in Mississippi.

Regional casinos are boxes of slots, invariably. And they cater to the local market, the immediate neighborhood and the first year that they come, [ph] boom (46:17) there's a new revenue source for the government and everybody gets excited because they can get [ph] in their car and (46:21) go play a slot, but then it flattens out. There is not a lot of growth in the market because they only cater to the neighborhood.

Tourism, which is what we thrive on, the experiential destination place is extravagant because it brings people from over there to over here. When you bring people from over there to over here, which is tourism, you have to build a better place, you employ more people, you could pay more taxes, because fresh money is coming from over there to over here. There is steady growth. That's the business we're in and that's why we [ph] are shoosed (46:57) going to local markets like Cleveland or places like that, Iowa.

But when they said, we're going to have a casino in the Boston metropolitan area with 4.5 million people, and all those universities and museums and hospitals and Logan Airport, which is a destination airport for non-stop service from virtually every major capital in the world, including multiple flights a day from Shanghai, Hong Kong and Beijing, on Hainan and Cathay Pacific Airlines. I never had a hotel in a place with non-stop service from China. But Logan Airport, which is 12 minutes from our site, has non-stop service from every capital in Mexico, Latin America, Europe, and China, Seoul, Korea, and Tokyo.

When they said they were going to put an unrestricted gaming thing in that metropolitan area, we said, wow! We had made [ph] in our board an (47:59) attempt to try and do something with Robert Kraft, my friend Rob Kraft, but the people up there weren't interested in Foxborough and so we withdrew. We said, if we don't have the real enthusiasm, we're not going to go any further and waste our time.

But then Matt bumped into the Mayor of Everett or made an – had an encounter with him on the phone, after reading a newspaper article about one of another gaming company having looked at Everett and gone away on this development site that used to be a chemical Monsanto place, on the Mystic River. And know what, something itched him and Matt called up the Mayor. And he had this conversation where the result was so enthusiast – the man was dying to have us come, they need their jobs, we're only 12 minutes from Boston Garden, as we're 12 minutes from Logan Airport. Please, we'd love to have you here.

Matt, calls me up, so do you want to talk to this Mayor? I said Everett; I don't know where Everett is. [indiscernible] (48:58), talk to the Mayor. I get on the phone and get the same conversation. And Andrea, Matt and I, pack up and go and we walk around this 30 acres and it needs work. But the Mayor was so enthusiastic and persuasive. We started the process and you know the outcome, long, mean, tough, challenging process, fortunately is about to come to an end in the next several weeks, but – and we built our building, we've designed our building and we are value engineering it and we'll get started this summer, I suspect, that we're very highly confident about that. But we said, wow, the era of the Grand Hotel is over, it's a Hotels.com and Expedia revenue don't match the cost of construction anymore.

So no more Waldorf Astoria's and Plaza Hotels and things like that. It's over. What you are going to get is these multipurpose buildings with the shopping center on the ground floor and then a bunch of office floors and then a lobby on the 23rd floor and 16 floors of rooms and then some condos, that's the way the developers get out of it, and they give the hotel, there's a management contract, to Ritz-Carlton, to Peninsula or somebody like that, not for us.

You stay there, if you're going to town, but it's not – if you stop there, but it's not, you don't go to town to stay in that hotel. We said, wait a minute. If we have the income from a gaming room, just like we do in Las Vegas, we can tee up the non-gaming and really do it. We could create a Grand Hotel.

Now for those of you who live in the – or can travel the world, you know that hotels are all smaller now, the rooms are not exciting, they're convenience places, even the fancy Four Seasons and Ritz-Carlton's and Peninsula's. They don't have this room with the 600-odd feet, they don't have the big suites. They don't have the floor-to-ceiling glass. They don't have the huge bathrooms, none of them do. You'll pay through the nose. You've paid \$500, \$800, \$900 a night.



In Boston, for rooms that are 300 square feet, 280 square feet, the biggest room in Boston is 400 square feet. And they get \$400, \$500, \$600 a night for rooms. And I'm saying to myself, oh, baby, would I like to put a big one there. We could have the best hotel room in the United States of America outside of Las Vegas in Boston.

And we'll separate the gaming. We'll put it like a ballroom. You have to go down the hall and through doors. We'll make the casino spectacular. We'll try some new stuff that we've never done before. The garage and the parking will go right into it, but also the elevators will take you to the non-casino part and everybody in Massachusetts can bring their family, their children, if they hate gaming or they're repulsed by it, if they had no intention of going near a machine, and don't want to see or hear anything, they can enjoy all of our shopping and all of our restaurants with views of the river and we'll totally re-landscape this neighborhood. We'll buy up the adjacent property. We'll show that a casino cannot get through to goal posts. We'll show what a major destination hotel can do in a major city. And if we do that, just like China, the day the place opens, sure as hell there will be another city Atlanta, Houston, Dallas, I don't know, Chicago, that's going to say, we want to have one of these tax generating, job generating places in our city, and I'm going to have the case study.

It won't be about drawings or renderings. You'll be able to go to Boston, to Everett, and walk-in and see what we have done. And that was the idea behind Macau as well, that when we get done with the Palace, no matter what the hell happened in Asia, everybody from Japan to Taiwan would have seen the Palace. And just like we got the concession in China, because of Bellagio and Mirage.

I didn't know any politicians in China, never met any of them. We got that concession because of the work we had done in the past, the hard way. And I said, wait a minute, let's build the case study of a great urban destination hotel, Boston, one of the great cities in the country and it's our time. And so we entered the fray and that's how Matt got me excited, and we won, and we're going to do it. And that's going to be the last word in urban casinos when we get done with that place. And it's going to be the last word as an Asian case study when they get to look at Palace in July. Those are the ideas of Boston. So we had to have a gorgeous arrival with a lobby. For here, the outside of it, there is a night time and a day time view, go ahead Mike.

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## Michael Weaver

*Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.*

If you see the Harbor in front, the Boat Harbor which will take Water Taxi to Logon Airport and TD Garden, the shopping and retail and meeting Esplanade off the left. This is one of the king rooms with corner panoramic view, that is actually the view that you have of the City of Boston, we took the helicopter up.

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

Yeah. That shows you where the hotel is as to – we actually took the chopper right where the room is going to be. Incidentally, it is the room from this hotel upstairs, the furniture, the carpet, the room, 630 feet. So the Wynn room is going to Boston.

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## Michael Weaver

*Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.*

This is the Garden Lobby, you see the Preston Bailey Floral Sculpture, the Carousel Sculpture in the background and behind that the...

## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

We'll put the Ferris Wheel, we'll change it, then we put in, that's it.

Now, I took an idea, you're showing the back of the – you know, how we have curved escalators by SW and they are usually installed parenthetically, they're made by Mitsubishi. I said, wait a minute, let's have some fun. People moving up and down, let's reverse it and put them tangent, back-to-back. One group going up on one side, the other group coming down and they can pass each other. And then at 16-feet above the lobby, which is really a mezzanine, we'll put the coffee shop on one side and a lounge on the other, and behind that will be the doors into the high limit pit. The elevators are in the middle and where the two escalators splay at the bottom in the lobby, we'll put Jeff Koon's 'Sculpture of Popeye'. So we've bought Popeye for Boston. You could see Popeye in this, in the – we scanned them in with a spinach.

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## Michael Weaver

*Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.*

Next slide is the gaming area, you can see the two stairways leading up to the VIP space from the casino with the bar in the middle.

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

The VIP goes from the mezzanine into the middle of the casino and at the end of it are curved stairways going down into the mass casino, but it's only 16 feet, [indiscernible] (56:12) this. We tried something new. We needed a lot of stuff, but we didn't want a big place. So I did something we've never done before, and if it works, it's going to be a new design trick in gaming. We went 16 feet in the air, which is a mezzanine, not a second floor. And we surrounded the whole casino with a mezzanine, high limit up the middle, opposite and coming from the other back of the building, the mezz for the poker with 90 tables. We're going to own poker in New England, and those both babies can throw off \$40 million, \$50 million a year. We're going to own poker. Underneath, the table games, high limit here and then the buffet on the left, and on the right; our cabaret and club and our sports bar. In other words every – and up the middle, these mezzanines, so they just look across at each other and down at the excitement. There is a tremendous rotational exchange of energy and it compresses the whole place. It's a new trick. We've never designed a casino this way and DeRuyter Butler, who you're going to meet in a few minutes, behind this curtain behind me. DeRuyter and I tried this and we're all excited. We've modeled it and we're excited about it, so is everybody in the company, but it's – keep going.

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## Michael Weaver

*Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.*

And then this is gist of the last slide of Boston, the mass casino looking towards the buffet. And that concludes our Boston, Wynn Boston.

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

So those are pictures, those are ideas physically. Those are the physical manifestations of the ideas that we think. We think the long view in China is wonderful. We're going to give you some math in a minute and we think the long-term view of Boston is wonderful. Incidentally, both places are case studies for the future to make sure that this company gets first choice of new jurisdictions. Matt?

## Matthew O. Maddox

President

Yeah. [ph] Give us some of the table (58:20). It's good to see everybody. I think I know about everyone in the crowd, but if not, my name is Matt Maddox, I'm the President of Wynn. I've been here for 14 years and I've to say that at this point in our company's history, it's one of the most exciting times that we have right now with all of the growth in front of us. So if we could put the – I'm going to go through some slides, Steve said to Matt, and then we'll turn it over to Maurice Wooden for a talk about Las Vegas for a little bit and then Steve Cootey.

So first, can I have the clicker here.

## Unverified Participant

I'll click there, right.

## Matthew O. Maddox

President

I'm going to go through Macau. So before we get started on Wynn Palace, I just want to lay the foundation for Wynn Macau and what it is, in terms of the numbers. Everybody knows, Macau is a \$28.5 billion market. The Peninsula out of that is about \$15 billion. Wynn Macau on the Peninsula captures 18% of the revenue. But more importantly, of all the EBITDA generated on the Peninsula, it gets a third of the EBITDA. 235% EBITDA fair share, and to put it differently, we have 13% of the equipment, tables and flats, 30% of the money. That is the Wynn premium. That premium has existed from The Golden Nugget downtown, The Golden Nugget Atlantic City, The Mirage, The Bellagio, Wynn Las Vegas, and Wynn Macau, every time, the Wynn premium is very real.

Here's the new stat that I think a lot of people ask about. We hear over and over again, oh, Wynn is levered to the VIP market. In 2015, we made \$708 million in EBITDA, \$590 million mass, slots, hotel and retail, 83% non-VIP, 17% or about \$118 million was from the VIP market.

Now, [ph] granted (1:00:24), we make more VIP money than our competitors because our commissions are lower, at 40%. Our RFMB turn, what we give back is lower at 0.1%, but the customers want to come to Wynn, that hasn't changed. So we're able, just like we are on Las Vegas, to not compete on price, but compete on product, the 83% of our EBITDA this year was from segments other than VIP.

When you think about the mass segment, people have been very confused, I think, because they think mass means grind. Well, that's not true. 60% of our mass revenue is premium in Macau, that includes slots. In premium, if you talk to the other operators for Wynn, is someone that will in – on the theoretical session, lose between \$1,200 and \$1,500. However, they come twice a month or 25 times a year. To put that in a Las Vegas standard, that's a \$30,000 customer. That's the bottom and then it tears up. And of course, at the top there are hundreds of million dollar customers in the "mass market", 60% of our business.

As another example, we have 780 slot machines at Wynn Macau. It was the highest grossing slot floor in all of Macau, Peninsula, and Cotai in January. It's because of our focus in the premium business.

So how does that translate to EBITDA? As I said, if you look at the overall market, not just Wynn Macau, on the mass floor, we have about 1.5 times our fair share, EBITDA for all of Macau, the \$28 billion market, we get 166% of the EBITDA share. We have 7% of the equipment. We get 12% of all the money in this 1,000-room hotel. I

would venture to say that this is probably the most profitable 1,000-room hotels on planet Earth. There could be one or two that are different, but I haven't found it yet.

So how do we take this Wynn Premium and extend it to Wynn Palace? Steve went through the product. I think it goes without saying that it's going to be phenomenal. We have separate management teams at each property, which is quite different than the way our competitors run it, that are focused every single day on delivering the product and the service for those customers. However, we have put in place a global marketing program to ensure that commissions to our junket operators are the same at both properties, and we have no intention on deviating from the 40%. We've also put in place a – the reinvestment rate for both properties, so there will be no competing on price for the mass.

Reinvestment, that's what everyone in Macau likes to talk about, that's really what you're giving them back in points, hotel, food and beverage comp and pure discretionary, all the giveaways. So we give away less than anyone else and what we wanted to do is to make sure that we fully understood the Cotai market. So we've hired the head of the largest operators out there, their mass marketing segments and we've studied this in depth. And what we found was, they came in and they said the one thing that all the Cotai customers really want in this mass segment, this premium segment, is a great room. That's what sells. It's not the 3% rebate, which is normal. It's not the points. It's the room.

So when we took them through our room product, 1,700 rooms, 870 of them are suites, starting at 933 square feet, there are 540 of those. All the way up to 9,000 square feet, which are the garden villas that you saw. 870 available for this market in suites. The standard room, 733 square feet, there are 836 of those. So this is going to be a very, very powerful marketing tool for the premium segment, and we feel really good about it.

The next thing is, as Steve mentioned, we are carrying between \$75 million and \$100 million of payroll right now at Wynn Macau that is going to Wynn Palace. We have kept that staff on. It's a couple of thousand people because they are going to be well trained and ready to go. We're moving tables. We're – and the staff is as excited about going to Palace. So we're going to have a casino – yeah, they can...

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

Is my mic still on?

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## Matthew O. Maddox

*President*

Yes.

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

[ph] When you look at us, performance for (1:05:10) this quarter that we release today, or yesterday, we just did it. You figured \$25 million a quarter we're carrying and the day we're actually – in the weeks preceding the opening of Macau – of Palace, Wynn Macau in the Peninsula, sheds \$100 million a year in expenses. That's the burden we're holding. So you can make that adjustment as you look at our numbers, \$25 million a quarter. That's how much we'd lighten up, click in the three weeks or four weeks before we open – when we turn the training campus thing on in a few months.

[ph] Sorry, Matt (1:05:51), go ahead.

**Matthew O. Maddox**  
*President*

No. [ph] Exactly right (1:05:52). And a fully trained staff going to Cotai. Huge benefit. So what does that mean? And we get the question all the time, aren't you – you're not positioned correctly for Cotai. It's a mass market, you're the high end. Well, if you go look at the properties and you look at the revenue, and you talk to the operators, 40% of the revenue of Cotai is VIP.

And on the mass side, let's say the Cotai market is \$17 billion, \$10 billion is mass, more than half of that is premium in Cotai today. If you walk through the City of Dreams, there's not a table less than HK\$1,000 that you'll be able to find, when you look at the DICJ reports, you will see that more than half of the mass revenue is premium.

So is Wynn Palace positioned correctly? 70% of the market is VIP and premium and if you cut that premium definition down to a \$15,000 customer, which is about \$680 average daily [ph] fee on a day (1:06:58), it's the old 80/20 rule, 80% of the revenue is coming from the 20% of the people, the premium segment. So absolutely Wynn Palace is positioned correctly.

Guess what, Macau is no different than any other market, same in Las Vegas, same in every single market around the world, the premium business is where the money is and these numbers are tried and true and that's why we're really excited. There couldn't be a better set up for Wynn Palace than what we're about to walk into.

You've all been to Cotai and you can all, I think, recognize that there hasn't been an operator truly say, we're building an upscale product that's going to target 80% of the market. That's what we've done, and we're really excited about it.

So here's some – we usually don't give guidance, but let's just go through some sensitivities. As I said, Wynn Macau generates about 18% of the peninsula market and about 30% of the EBITDA. We think that it's going to keep its share or grow because, what you're seeing now is a lot of the smaller office refurbishments losing its business. So we think Wynn Macau is in a very, very defensible position on the peninsula.

Wynn Palace, I think it's between 14% to 18% of this market, which by the way, it would be less than what our other properties have done, time and time and time again, less than our current fair share. You're looking at EBITDA for these two properties next year, between \$1.3 billion and \$1.5 billion. You're looking at EBITDA per hotel room of what our current competitors do.

City of Dreams is almost \$600,000 EBITDA per hotel room. If you take a look at \$1.3 billion to \$1.5 billion, what we're saying is our product that's focused on 80% of the market is going to capture its normal fair share. There's probably upside here. And you can go through and look at the map, but this is where we think the Wynn Palace and Wynn Macau will be coming out.

Quick construction update, this is a shot of the tower from last week. You can see the – it's all enclosed. It's ready to go. The lake is drained because we're putting in some more shooters and lights, but it's moving forward.

In terms of handovers, this is – the floors are being handed over right now. Floors five through nine have been handed over in the tower already. We control those. The next group of floors through 16 are coming over this month. And the tower should be fully back to us in June.

The podium we are working through. There's a couple of areas that are delayed, but as Steve said we think construction will be finished in July, turn the place into a campus and train and then open sometime in August.

Here's just a shot. This is an actual shot, not a rendering of the ninth floor. You can see the [ph] bases (1:09:51) are already there. It's ready to go. It's locked down. An elevator lobby actual shot. Here's the casino. Tables are installed.

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

You'll be able to walk in that casino when you leave this room today. And you'll be able to walk down that hall without being there because we've built it next door. You'll be able to experience the suite, the hallway and casino here today, full size as it's going to be built there, as it is there.

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## Matthew O. Maddox

*President*

So that's the Palace update. Those are our expectations for this product. For the premium product in Macau for next year.

Moving on to Wynn Boston Harbor. Steve talked about the product itself, the 671 rooms, the gaming floor. Why we're excited about this from a number standpoint, from a marketing standpoint? One is the location. If you look at this map, you see our 33-acre site is 2.5 miles to the garden, 5 miles to Logan Airport, actually 5 miles to the convention center and to South Point station. It's right in the heart of everything.

In fact, if you look at the 50-mile radius, where there are 4.7 million people in the Boston MSA, we're really the only game in town. There are couple of other small casinos, but if you look at us, right in the heart of this action, we are going to own this, the 4.7 million MSA market.

So, what does that mean? These numbers that we provided to the Gaming Control Board, if you looked hard enough you could probably find them, but based on the current market size of \$2.3 billion, likely on all the studies of the new product coming and growing to \$2.8 billion to \$3 billion, that if we're able to capture our share, which is typical, the 1.5 times to 2 times fare share or 27% to 30% of the current market, our revenues are going to be between \$800 million and \$900 million, which translates to \$300 million to \$400 million of EBITDA.

Now if you look at the current Boston hotel rates and what they're achieving, the two bars on the right are much more indicative of what we think is going to happen, the \$350 million to the \$400 million. So, this is a very exciting opportunity as well and as Steve said, will be the show pony for all new urban development around the country.

So, with that I'm going to turn over to Maurice Wooden, to talk about Las Vegas.

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

Maurice, going to go with me at the end.

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## Matthew O. Maddox

*President*



Okay.

Stephen Alan Wynn

*Chairman & Chief Executive Officer*

And Cootey, you start.

Matthew O. Maddox

*President*

Okay, perfect.

Stephen Alan Wynn

*Chairman & Chief Executive Officer*

We're changing this order.

Matthew O. Maddox

*President*

All right. So, the only thing I'll say about Las Vegas is about the Wynn Premium 1.75 times here. We keep doing it over and over again, if you just apply what Wynn has done for 45 years to the Palace numbers and understand 80% of that market is Premium and VIP the models are quite easy to run, and you'll get to the EBITDAs that we're calculating.

So, with that, I'm going to ask Steve Cootey come talk about the balance sheet and the EBITDA buildup.

Stephen Lawrence Cootey

*Chief Financial Officer, Treasurer & SVP*

Sure. Thanks, Matt. I think I've got the easy part of the presentation. I get to sum up the numbers that Matt just presented and I can tell you we're actually going to pay for everything. We're going to start if you look at this chart this is a nice 2019 EBITDA bridge. We started with an EBTIDA – 2015 EBITDA of \$1.2 billion, it's \$709 million from Macau, \$477 million from Wynn Las Vegas.

And then in 2017, we add in the incremental full run rate EBTIDA of \$651 million from our Macau properties. And then in 2019, we've added in the mid-point of the Boston EBITDA that Matt just presented at \$350 million.

The project we talked about on our last call is the remaining \$20 million, which is our Wynn concept, which is we're building out a retail promenade, we're going to introduce 70,000 square feet of net retail space. And we expect to rent it out at approximately \$300 a square foot, that gives you a 2019 EBITDA of approximately \$2.2 billion. And what I think is really amazing about this business. When you take the \$2.2 billion, we have pretty much of fixed cash interest cost of \$350 million, maintenance CapEx at \$200 million, no working capital, no cash taxes. Free cash in 2019 should be approximately \$1.6 billion, we have a very high EBITDA to cash return cycle.

Here's a Wynn Palace construction update as of February, we've spent approximately \$3.6 billion on the Palace project, which means, we have about \$470 million left to go. We are still on budget at \$4.1 billion and using the EBITDA framework that matches walkthrough, we expect cash-on-cash return of approximately 18% to 21%.

Switching quickly to Wynn Boston Harbor estimated project cost as of now \$1.9 billion to \$2.1 billion, we've spent – spend about \$283 million to-date. Just kind of footnote on those project costs about \$400 million of these



project costs are unique to the Boston project. We have about a \$130 million of cost that are truly Massachusetts' regulatory, and then we have about \$270 million of infrastructure costs mainly related to roadwork improvement as well as the external garage. And using the framework and the EBITDA framework, we just went through, we expect an EBITDA – cash on cash return of 18% to 20%.

Yeah. This slide is a little complex, but it does get me a little bit excited. So this is our debt, this is a simple picture of our corporate structure and I am going to use this structure to walk through our debt. The real takeaway with our debt profile is that we have an incredibly flexible capital structure and we have the ability to move cash at a very tax-efficient manner anywhere in the organization.

The facts are the balance sheet is Ba2, BB by our rating agencies, we have about \$9.3 billion of debt at an average cost of 3.75%. We have about \$2.3 billion of cash on the balance sheet, which includes \$1.2 billion at the Wynn Resorts Holding company, that does not take into account the \$400 million dividend that the Wynn Macau, Board of Directors just declared and will be payable to its shareholders, of which we're a 72% shareholder on April 27.

I'm going to spend a couple of minutes digging into some of the covenants here, because there does seem some confusion among – on Wall Street on how the covenants are calculated. So focus really on the Wynn Macau covenant, right, we have – within Wynn Macau operating covenant, we have a \$3.05 billion senior secured credit facility at LIBOR [ph] 1.75 (1:16:42), its maturity is 2020 to 2021. It is governed by one single covenant, a leverage covenant, which is calculated very simply, it's a net debt test, not a gross debt test, but debt should exclude the \$1.35 billion of senior notes that are in Wynn Macau limited.

We should be using property EBITDA, instead of EBITDA which means, we get to add back IP licensing and royalty fees as well as management fees, which added up to approximately \$109 million in 2016. The current covenant is set at 5.5 times, it is currently being calculated at 3.8 times, which means that based on 2015 EBITDA we would have to see an additional drop of 20% in our EBITDA before the covenant ever becomes at risk. After next week, that covenant will be actually 2.5 times, because we will be executing A, what's called the specified equity contribution using the \$400 million of dividend that we're about to – that's about to exit Macau.

So, I'll flip to, Wynn Las Vegas \$3.2 billion of debt, all in long-term debt, our 2023 notes as well as our 2025 notes are investment grade no covenants. Our 2022 notes have a restricted payment test that potentially prohibits capital from leaving Wynn Las Vegas. We've approximately \$325 million of room under that capacity – that basket, that not counted in that basket is any IP, management fee or corporate expense which totaled \$67 million a year, \$67 million last year.

And moving up to Wynn America, which is probably one of my favorite facilities, there are no covenants. So this is a beautiful bank deal, it matures in 2019, 2020. It's primary responsibility is to pre-fund all – the majority of the Wynn Massachusetts project. It's only covenant actually, the \$200 million EBITDA covenant, which includes Wynn Las Vegas. It also has restricted payment covenant with about \$430 million of capacity and then works in tandem with the 2022s.

The bottom line is moving capital for Wynn Macau, to Wynn Las Vegas and Wynn Massachusetts up to the holdco, we can redistribute that capital either through share repurchases, dividends to shareholders or reinvesting into other projects is quite easy. And because as you know, we pay about a \$1 billion or approximately, a \$1 billion in taxes in Macau. The IRS, an IRS gives us foreign tax credits to allow, any foreign source income, we're going to apply those foreign tax credits against that income. And we effectively get that on a tax free basis.

On a side now, we probably have about \$3.3 billion of those foreign tax credits unused sitting at the holding company right now. So overall, we're in a pretty good shape. This is another great view of the balance sheet. This

just shows that we have a heck of a lot of runway, before we have to exit the capital markets again, almost 75% of our debt matures in 2021 or after, so it's going to give both Wynn Palace and Wynn Boston Harbor plenty of time to ramp-up.

And on the covenants, as you can see, we're 5.8 times net leverage not optimal, we are going to peak in Q2 and Q3 probably around 6.6 times. But it's just a matter of time, when the Palace ramps up, Wynn Boston Harbor opens, you can see, how we actually and we also have some mandatory debt repayments, how we continue to de-lever, and then that puts the balance sheet in prime position to attack the next big project.

And with that, I'm going to turn this back to Steve.

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

Did you get all that. I'm sure you can all recite it word for word. Now comes the part that I love. It's a kind of thing that I've felt five years ago when we started the Palace. Because of the excitement, the past two years in China, and the uncertainties associated with that excitement, we took – things like that have an interesting effect, they make you examine your whole [ph] card (1:20:42), we're using local metaphors again.

So we decided to take a look at our latent asset base, right here in Las Vegas, we own everything, don't need any more money, really, what did we own, and what did that mean, again this company for us an idea and then what else comes next, a building or a program. So we said, let's take a look at our town here, 43 million visitors, this year, 42.8 million last year, 43 million or so let's round it to 43 million; 43 million visitors over 800,000 people a week, 117,000 people a day, coming here to live big, have a good time, whether it's a convention or anything else. They want to experience the whole enchilada.

We said to ourselves, well we're getting a really – we're getting more than our fair share of this, but what's really driving this, we can't say it's gambling anymore, hell it's everywhere in America. What's going on here is that the – for example \$6.3 million in gaming revenue, \$11 million in non-gaming revenue, what's driving this town, protecting it from the Indians of California and then the other states? What's bringing all those people from China here to this building, so we have send Gulfstreams and jets to get them and all that stuff, it's the experience of Las Vegas, the non-casino experience.

So I said, wait a minute 117,000 people looking for something to do, how's about, we are the ones that give it to them? And what have we got going for us? Well the first thing that jumped right up, is that we add 70,000 -odd – we had a space, where the Ferrari dealership was connected to the casino, they went straight out to the strip and then took a right and went north. And we had a 150 feet or something, that's 60 – before our garage of empty land on the side walk.

We put two plus floors there, we could have 73,000 feet of retail, we get \$300 a foot, we made \$20 million, interest at 5% if we borrowed the money, which we don't need to do, we'd still be making \$19 million or \$20 million of EBITDA, for just putting in the stores at \$300 a foot, minimum rent, besides, even if they didn't get the over and we get 10% of the extra.

Well, that took about a month for [ph] D&I (1:23:20) to design it, I had to sell the Ferrari dealership to the Rolls - Royce and Bentley dealer here in town, so Roger Penske and I made a buck or two, but the car dealership was sexy and it added to the charisma of the place, but it was \$2 million business, even with the store.

So we could take this space, that was making no money and find \$20 million, right to the bottom line. Worst case maybe \$15 million, but it was a [ph] debt bank (1:23:48) pick-up for a \$75 million construction job, which we could do in a year, starting now, and we'll start construction in May or June, it's all drawn. We're just going through the final building permit problem, buyout process.

But the big baby, which I knew, when I bought this place in 2000, paid \$270 million for the property and then another \$90 million buying out the 57 homes, but remember the Desert Inn in the 1950s was the first gated community, golf thing, like at Palm Springs in Las Vegas, it was desert back there.

And Irwin Molasky and Merv Adelson talked to Desert Inn to letting them build the golf courses and a make home sites, 50 home sites or 60 home sites around the place, and they did and it was the place. But in those days, Las Vegas in 1952 was underdeveloped really, 120,000 people, 100,000 people, sand everywhere. So they said, you could build the golf course, but you have to supply your own utility. So they created the Desert Inn Water Company, and that provided the water, the drinking water and that for all the homes and it's a public utility controlled by the PUC, the commission, Public Utility Commission.

So, I come along and we buy the place personally, and it includes the Desert Inn Water Company. And in the next 18 months to 24 months, maybe be 30 months for the last tranche, I buy out the 57 homes, it cost us \$90 million. We end up with the Desert Inn Water Company, no more homes, we tear out the golf course and Tom Fazio and I, we designed a new one, and we build the golf course out here, knowing and saying to ourselves that's a placeholder, it's a 130 odd acres, it's got the Las Vegas convention bureau across the street from its 3,000 feet on paradise. It's got the Sands Expo Center on the south.

The paradise road is east, the Sands is south, Desert Inn road is north, we're bounded by these streets and two, on two sides, east and south are five million feet of exhibit space, the biggest concentration meeting and convention space in America, maybe anywhere, \$5 million [ph] and change (1:26:22).

And going up, because the convention center's always expanding and we are across the street with this golf course with the 1,000 acre feet of water. I go and get up taken out of the PUC when we bought the last home. So we get delisted as a public utility, but we keep our water, because pre-1950 water rights are grandfathered in.

The only other place that had water rights was the Dunes, because they had a golf course as well, that's how come there is a lake, because lakes are prohibited here, the reason there's a lake in front of Bellagio is because of an ordinance change we made, that if you created more jobs and you help the community and you already own the water, you could do it. They called it the Wynn ordinance at the time. I complained, and said wait a minute, the Desert Inn's got more than we do, when I was Bellagio, it didn't work, but anyway we ended up with a Desert Inn so it was okay, worked-out all right.

And I'm saying to myself and Matt and Steve and Maurice, and Kim, that golf course surrounded by all those meeting rooms and that water is once more a chance to reinvent Las Vegas, period. I mean, what I just said, reinvent Las Vegas, is 117,000 people a day have to have a place to go and thing to do. Las Vegas has everything except beaches, it doesn't have an ocean, it doesn't have white sand beaches. So we decided to do it. And we said about to use our latent asset, the golf course, which throws off \$4.5 million a year, which pays for the property taxes for the whole place. Oh, incidentally, about two years or three years ago, [ph] Matt (1:28:17) we changed the property line to separate the hotel Wynn and Encore from the golf course right behind the [ph] supports (1:28:25) that I'm going to show you in a minute. I'm going to open the curtains in a minute because I've got something to show you. Incidentally, I want to stop it.

When we finish the Las Vegas portion, we're going to take you all across the streets, so you can walk in these spaces, and then it's very important, we have some surprises and fun for you tonight. Dinner is got to be – you got to show up at 6:15 in the Chairman's Apartment, the Chairman's Room there right down the hall by the Wing Lei Restaurant. So please everybody be on time because we've gone through some trouble to put a smile on your face.

So anyway, we decided that we would figure out what to do. And so we – then we found out about a guy named Fernando Fischmann from Chile who was a biochemist and a real estate developer of all the odd combinations, sort of a Latin – Latino LeFrak. I said that because Richie LeFrak, who's my buddy, is using Fernando Fischmann's brilliant company right now in Miami for what I'm about to show you on a smaller scale, partners with the [indiscernible] (1:29:38). They're going to build apartments on the lagoon. This guy Fischmann, real estate developer in Chile, born in Santiago, wanted to build a big resort – successful developer – on the ocean. But like Cabo San Lucas, the undertow in Chile is so severe that a woman one day walking with her children, one of the kids tripped and fell in the water and the mother went after him, all three of them drowned. The undertow in Chile – you cannot swim, you can't do it in Cabo San Lucas either, the riptide.

So he was disappointed, but he wanted to have white sand lagoon. So he built a 20 acre lagoon, spent a lot of money, and three weeks after he opened it, it turned green, and he was crestfallen. And that – but he had been a biochemist as a young man. He decided to go on a journey and solve this problem [ph] and to kill them (1:30:33). It took him two years and he invented and figured out technology involving ultrasound and a special use of chemicals at a fraction of what a swimming pool needs. You know the way you clean a swimming pool is you turn the water over, you filter it, you run it in and out. What, you try and do that on 20 acres, 40 acres on a lake-size property, you'd go broke. He figured out a way not to rotate the water, but to clean it constantly so it'll be crystal clear, drinking quality. And if you kept it between 8 feet and 12 feet, it turned turquoise lagoon. And he built it in his place in Chile and built condos and a resort, it became the most successful thing in South America. And then he began to move out and let other people use the technology, which was patented and copyrighted and everything else. There are 80 of them in the world. They're called Crystal Lagoons.

I want – well, turn down the lights, [ph] Joe (1:31:32). I want to give you an idea, this is the one in Chile. There is one in Cabo San Lucas. There are 80 of them in the world. This company is eight years old. And we signed last week an exclusive agreement with him and last night we had dinner together, Andrea and I and Fernando Fischmann, who is a remarkable guy, lives in Miami now, his home is in different parts of the world, very strange combination, a biochemist, of really towering intellect, and a real estate developer, one of the most successful in Latin America. We turned down the lights. I want to give you 60 seconds of what it looks like and then I'm going to continue to stimulate your imagination by showing you a model. Can you run that for us?

[Video Presentation] (1:32:16-1:33:25)

That's the first 68 seconds of – you can go on the Internet, crystal-lagoons.com or whatever and see the whole explanation as we did years ago, but led us to realizing that we could have white sand beaches, water skiing, paddle boarding, parasailing, people and beaches. A boardwalk surrounding the 38 acres, and it may be even little bigger before we are done, that was almost a mile long. And off that boardwalk, overlooking it, rooms with terraces, meeting rooms and ballrooms with terraces, restaurants, night clubs like Nikki's Beach [indiscernible] (1:34:06) St. Barths or St. Tropez that we could bring beach life to Las Vegas.

And besides all the interactive things that we could do, with the hotel and the meeting rooms, and the bars, and the retail on the boardwalk, we could put water ski show in the afternoon, and we could – at night we could have a great show like they have at Disneyland, only bigger. And we can have fireworks every night and fire five-inch shells that would cover the whole 40 acres as an umbrella, and do fireworks every night. And we could charge admission to come into Paradise Park, which is what it's going to be called I hope. And we could get 10,000 people

a day, \$25 to \$30 a day, bang, like spitting and hitting the floor. Because 117,000 people a day coming here want something to do, not to mention the ones who [ph] are in the hotel, which were (1:35:06) already on the premises. And we could charge for it. Not just charge for all the stuff that's surrounded, we could charge to come in. Who gives a damn about a \$25 or a \$20 bill today? When a show in this town cost \$110, we could stay under \$50 and be the greatest bargain in the whole strip. 43 million people this year in Las Vegas. And I figured out with my colleagues that we could dish up the irresistible attraction for families, kids, everybody, not just our hotel guests. And it would raise the occupancy and rates in our existing rooms, allow us to build an extra thousand, to have some more meeting rooms. We didn't need exhibit space because there's 5 million odd square feet [indiscernible] (1:35:55). What we want is the cost plus profitable business that goes with the ballrooms and the meeting rooms, these things make all the money, not the exhibit space, they sell that at \$0.25 to \$0.30 a foot. The money is made in the convention meeting space, the breakout rooms, the banquets, all that stuff. Our meeting rooms in this hotel look on the pool or they look on this golf course. And we get as much as a \$0.50 premium over any of our other competitors, with one exception, Bellagio. I build the Monet Room on the corner with a terrace. And guys used to say to my Vice President of Convention Sales, Chris Flatt, that they wouldn't rent and have their convention in Bellagio unless we could guarantee them the Monet Room, which is a little bigger than this one, but like this one, it had a terrace looking at the pool. The leverage of the terrace meeting room was stunning, so here we made them all that way, and we've gotten that premium, it's about 50% more than our competitors per foot. And that rattles through the food and beverage prices and the catering that we get.

So we decided why not make the whole damn place an entertainment attraction. We figured out that we've done the numbers on what we've designed that you are going to see in a minute. But we have not finished doing the cost of construction analysis, and we are hoping to have that whole package finished by the July board meeting for our directors. So we'll know that Cotai is safe and finished, and the board will take up the subject of Paradise Park and Paradise Lagoon. But in the middle of this lagoon, which is 1,300 feet or 1,400 feet across in every direction really, there is an island that's about 120 feet.

But in the middle is 100 feet that's recessed by 4 feet or 5 feet and in that 100 feet is the launching place for the fireworks every night, just like Disney, with the music. And then we have launching positions around the perimeter as well and they – and then there is a two-acre or three-acre lake with a canal that is the back of the house for all the barges and the other attractions that come out for the evening show at 9:30 or 10 o'clock. But the afternoon show is barefoot and jumping and water-skiing and tricks with Sea-Doos and all that.

And except for when that 30-minute or 45-minute show is on in the afternoon, the lake's available for paddle boarding, we'll have waterskiing, you can learn to water ski out there, you can go water-skiing on our water ski boats. You can windsurf, you can paddle boat, or you can parasail. All of that's coming to Las Vegas if we get this project completely wrapped up, and I hope to do that and I have it as a going project by the end of the second quarter, beginning of the third quarter, and then we'll go at it hard and fast.

We're going to show you the model and DeRuyter Butler, my design partner is here. Let's open the curtains because we thought we'd show it to you right where the water comes within 35-feet of the railing here, 40-feet. And there is a boardwalk that goes all around. And we have a model. So let's – first of all, I'll get up and look at the model and De Butler who designed it with me, is going to talk you through it, and then secondly we're going to take you over to walk-in to the Macau spaces, and please everybody be on time for dinner at the Chairman's Room at 6:15 tonight. And I promise you, you'll have smiles on your face.

Okay, let's go outside and take a look at this.

[Video Presentation] (1:39:56-1:41:38)



**DeRuyter O. Butler***Executive Vice President-Architecture, Wynn Design & Development LLC*

Hello? Okay. Sorry. [audio gap] (1:41:43) our current development project [ph] in the Orient View (1:41:47), we have Desert Inn here, which is to the north; Paradise Road, which is to the east; Sands Avenue, which is to the south; and that's Las Vegas Boulevard there directly across from the Fashion Show Mall. So you're facing east. So, your – the same orientation of the model is the golf course what you see outside. So Las Vegas Boulevard is behind us and Paradise Road is across the golf course east. So, you can see Wynn Las Vegas, the first Tower we've built; the Encore Tower, which is the expansion, which left us with the entire golf course to the east of the project. And you can see, right now we're – where is [ph] Joe (1:42:28)? How you turn it on? Thank you. Okay, thanks. Okay.

Okay. So we're standing right here. This is the Lafleur Meeting Room facing east. And these are the Fairway Villas also facing east, which currently look out at the golf course. This is the existing convention center, that's the Lafite Ballroom. There is the Wynn Resort Pool and that's the Sunset Pool at the south end. Over here is the Encore Tower. The Encore Casino is there, there is the Resort Pool and there is the Nightclub Pool, [ph] excess (1:43:12), there you go.

There is the Encore parking garage, there is the Wynn parking garage, entrance of Las Vegas Boulevard. There is the South Tower Suites entrance over there. And you can see the mountain facing Las Vegas Boulevard. So, we are confronted with this huge site here. Yes, sir?

**Stephen Alan Wynn***Chairman & Chief Executive Officer*

While you're – before you go to golf course, would you show [ph] where Wynn Plaza the new shops (1:43:30)?

**DeRuyter O. Butler***Executive Vice President-Architecture, Wynn Design & Development LLC*

Oh, okay. All right. I'm going to point and you can see that building right there where the laser is pointing, that currently right there is the existing Ferrari dealership, which we're about to demolish. And this front area is just a drop-off area, now currently used by the Beach Club, there is the Beach Club right there.

So this area here is vacant land on Las Vegas Boulevard and we've converted that into 70,000 feet of two-story rentable space. The great little structures, you see on the roof are skylight, this is just a massing model. So don't get too excited about the lack of detail, but this was done in about four weeks, five weeks. So anyway, that's the Wynn Plaza expansion, which we didn't show you yet, are we going to show that? We have images of it.

**Unidentified Participant**

Maybe we could cut the short – the slide show.

**DeRuyter O. Butler***Executive Vice President-Architecture, Wynn Design & Development LLC*

Okay, if we have time, we may go back to that. Anyway, so that's Wynn Plaza and that starts construction about the end of May and should open about September of 2017, October of 2017. So this is the existing road. This is what we call Wynn Boulevard, the parallel's Desert Inn, Desert Inn underpass comes up right here. And what we're going to do is, we're going to extend Wynn Boulevard as a two-laned each direction with a medium

landscaped boulevard that basically encloses the entire site, it runs around the entire site and it has access points here which is called Sierra Vista, right here, which is Hughes Parkway, and right here which is Manhattan. That's [ph] Culver (1:45:03) right there. And there you can see – if you've noticed our employee bridge that connects to our employee garage, it was just off site and that's where the employees park for Wynn and they come in and enter the building over there.

So everything east of that is new construction, and you can see here, we have a porte cochère driveway that takes you to this tower here. This is a 1,000 rooms. All of the rooms on this side of the building face south. It's basically Encore room with a bedroom and a living room, except we've added a balcony to the outside and retracting glass doors, so all this opens to the south, looking at the lake. That's 1,000 rooms there. It has a small casino in it. It has a lot of retail.

At the lower level of this building is a boardwalk, and you can see it here in brown, it sort of wraps around the lake and goes completely round, it's about seven-eighths of a mile is the entire travel. This is around – there's the island in the middle that Steve mentioned. And in the center of that, which isn't shown on the model, is the launch platform for the firework show.

The hotel itself has a resort hotel pool. It has a beach club pool here and behind that is a night club. All of these little awnings that you see on this terrace are all balconies for meeting rooms and ballrooms that look out. We have about 135,000 feet of rentable meeting rooms on the second floor of this building and along the lower level, which isn't drawn very well, is all retail shops and restaurants and bars and ice cream and things like that, the things that you would normally expect on a boardwalk.

This building right here is the existing Country Club restaurant, which we're going to about double in size because of its premier location and prime view of looking at all the activities that's going to happen on the lake. At the south end, this connects in right out, just to behind that wall that you see – to the south is a connection point from the Lafite Ballroom that connects out and this is about 150,000 foot of rentable convention meeting space as well.

Basically, all the meeting rooms are down at the lower level, and the grand ballroom is up here on the second floor. It includes a porte cochère drop-off, which is accessed off of Sands Avenue. And let's see. Steve mentioned the Performance Lake support and that's this building and this little canal back here. And this is a venue for where things restored that come out onto the lake during the show sequence. This little piece of boardwalk here rotates to allow two-way traffic in and out, so barges and floats.

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## Stephen Alan Wynn

*Chairman & Chief Executive Officer*

Excuse me, that Performance support thing of two acres, Epcot is 20 acres, and the support lake with a canal is 1 acre, and my Disney buddies tell me that's too small, because they're always staging new ideas for the show. So, we started off by saying, we'll make it 2 acres and instead of 20 acres, we're going to have 38 acres, because we wanted to have a 500-foot margin, which the law requires when you're using fireworks, so from our island to any point, there's a 500-foot margin.

Fernando Fischmann said to me last night, Steve, you made a mistake. He looked at the model. He said, the shoreline is [ph] worse (1:48:15), is solid gold, don't put the 2 acres there. Make it 5 acres or 6 acres, run it off the east end and then you'll have another hotel site on the east, one on the south, and on this, because we have 66 acres of undeveloped property, its nine holes of the golf course left here. We have 66 acres with 1,300 feet of waterfront boardwalk that comes after this project, that's free and clear, worth at least \$10 million an acre.



That residual real estate becomes solid gold. So Fischmann said to me, Steve, take the 2 acres you're using for the show back up, put the canal going off the end of the lake towards Paradise and make it 6 acres, and you'll have a hotel site on this, on the south, on the north and on the east and he was right, so I'm going to change that. But we're going to have this enormous – he says, the waterfront, he's learned in the 80 projects. The waterfront property is virtually priceless with the white sand, everybody goes bananas for that.

So we're going to make a little adjustment in the model, but I didn't have time to change it for today. But you get the point. The leverage here, all of you professionally are trained to understand this city and this industry. Think of what we're saying, how is this not a total [indiscernible] (1:49:43), somebody take the other side, tell me what's wrong with this idea, because we are all – we have all drunk the Kool-Aid in this outfit. We can't stand it. We end up with 66 acres of waterfront property, that's free and clear after the rest of this thing, makes \$300 million or \$400 million.

We got the EBITDA off the hotel and the restaurants, just the stuff we know it at \$200 million, which means \$1.5 billion is easy to justify, but we're talking – the entertainment, the 10,000 people or it could be 15,000 people a day, I did the numbers of \$20 a head. You understand you could take it to \$30, \$40, it wouldn't mean anything to people, a \$50 build is bupkis in this town, and we're the only one who could do it because we got the water right and the land in the middle of the meeting rooms.

This is the [indiscernible] (1:50:47) project in my 45 years. I love this. We are having such a ball. We've been at this rate [indiscernible] (1:50:53), and we're getting all the other guys. We're getting all our colleagues. We make Maurice Wooden sit in on the meetings and Matt so they could struggle through the pros and cons of every different decision, because I want all of them to be up to hearing this. We're having a ball with this. We just can't wait. But we want to get all the numbers just right before we take it to the board and launch it as official project, which I hope to have done by September, October.

We got the income right, and only thing we know is of all the things we've ever done, there's no top on the non-casino revenue. I can spend \$75,000 to \$100,000 a day on the afternoon and evening show. And if I get 10,000 people a day, it's \$0.25 million a day in the admissions before they buy a drink or ice cream, cone, or have lunch or dinner or whatever the hell they're going to do there or rent a surfboard or windsurfer or take a water ski lesson or paddle around, a lot of fun.

This place was a placeholder. Look at it. It was a placeholder from day one. I remember when I bought it in 2000, Dick Nunis, is my buddy, who was the Chairman of all themed entertainment of Walt Disney. He built Walt Disney World. When Walt died, Dick is the one that assembled the land. He built Walt Disney World. He built Tokyo, Paris all of it. He had just retired.

So we were up on the top of one of the desert and buildings where he has lived, having lunch on a little terrace. And we're looking out at the old desert in golf course. He says how big is that? I said [indiscernible] (1:52:35) that's another 130 acres. After I take these buildings, he says, Steve, you could do anything you want here. I said I know, Dickey, but the first thing I got to do is build the hotel that can pay for it, which was the Wynn and then maybe there'll be room for a second hotel on the Strip. But I said, that is going to be the future.

We could be developing this property we could use – I could build nothing except the lake, which cost maybe \$30 million or \$40 million. I could do nothing but build the lake and get joint ventures and I have to put a dime of our own money for all that real estate around there. That's how easy this is. And what's next door, 5.5 million feet of exhibit space and 150,000 rooms and 800,000 people a week, money burning a hole in their pockets wanting to do something exciting.

And it's because of this that we decided four months ago, three months ago to have an Investor Day, because we've never had this kind of a moment. This really does reinvent Las Vegas. And I'm not a guy that does developer speak very often. I want our projects talk for themselves. I wanted to expose this idea right away, and I want everybody to shoot at it if you can. [indiscernible] (1:54:02) tell me why we're wrong.

## QUESTION AND ANSWER SECTION

Q

What is the cost actually?

A

Stephen Alan Wynn  
*Chairman & Chief Executive Officer*

Well, we know what it costs for 1,000 rooms, about \$500 a foot decorated. We know what it costs for [indiscernible] (1:54:20) – for exhibit and meeting space, which is a little less. So, we could do a quick calculation of the meeting space we're building, which is I think in the north and south end about a 0.25 million feet.

A

Yeah, it runs [indiscernible] (1:54:32)

A

Stephen Alan Wynn  
*Chairman & Chief Executive Officer*

And 1,000 rooms and we can – the boardwalk buildings that we've got identified.

We have to do – here's the first thing that's going to happen. I'll close the golf course maybe in the fall in September instead of over-seating, and we're using half the golf course. This whole thing, as you can see, it's halfway to [ph] Fleming (1:54:52), there's 1,000 feet from the end of all this to Paradise Road. So, there's another nine holes that are still there. I don't know [indiscernible] (1:55:00), but there'll be a nine-hole golf course.

But what I'm saying is that we have to, first of all, take all the trees, box them and put them in a nursery. Then we have to remove the pipe that's in the ground, the sprinkler pipes. Then we come in and quickly grade and excavate about – it's going to be 8 feet. We'll probably excavate 12 feet.

The level of the water will be roughly – you're standing – your feet now, they're at elevation 2,086 feet above sea level. Forget the 2,000 feet. You're at 86 feet. This whole hotel floor is 86 feet. We're going to put the water at 70 feet and the boardwalk at 72 feet. So basically, the boardwalk is 14 feet below where we are. And that's pretty much – can you see the cart path across the away? Can you see the trees on the other side of the 18th hole? No, you can't. It's blocked. I would say that the water level is – from where we are is about 10 feet or 11 feet below us and it's out about 40 feet from here, the sand – the boardwalk is about 30 feet away and the boardwalk is 20 feet wide. And then comes the beach and the water. And the beach is 50 feet to 100 feet wide and this looks right at it. The lake, the lagoon is 1,300 feet or 1,400 feet long. And this is called the [ph] Lafleur (01:56:28) Room because next door is [ph] Mutton (1:56:30), right, D?

A

No, [ph] Mutton (01:56:33)...

Stephen Alan Wynn  
*Chairman & Chief Executive Officer*

A

Behind me? Oh, we're the end. [ph] Lafleur (1:56:35) is the last room.

A

Yeah.

Stephen Alan Wynn  
*Chairman & Chief Executive Officer*

A

Okay, on the other side of that wall is the emergency exit from the Grand Concourse in front of the ballrooms. That Grand Concourse is just going to continue straight ahead with the new – and then you're going to go up 10 feet to the new ballroom and down 10 feet or 11 feet to the meeting rooms. So the lake is going to end about 40 feet from here and it goes way past the Country Club restaurant. So we're really almost at the corner, the southwest corner. D showed you where we are in that model. Has everybody got a sniff of this? You get the layout? We're going to tweak it. We'll fool with it for the next couple of months, but that's the notion of it.

Q

[Inaudible] (1:57:26)

Stephen Alan Wynn  
*Chairman & Chief Executive Officer*

A

Pardon me.

Q

[Inaudible] (1:57:29)

Stephen Alan Wynn  
*Chairman & Chief Executive Officer*

A

We can make it bigger.

Q

[Inaudible] (1:57:32)

Stephen Alan Wynn  
*Chairman & Chief Executive Officer*

A

What Fischmann...?

---

Q

[Inaudible] (1:57:36-1:57:42)

---

Stephen Alan Wynn

*Chairman & Chief Executive Officer*

A

That's what he said. Steve, you ought to take the lagoon into that 66 acres. 1,000 feet is too far away from Paradise. You ought to get the water closer. So we're thinking of taking six acres or eight acres and extending it at the end of this so that we can have water going towards paradise. And we had the exclusive with these people even though we're the only ones who could do it, nobody else can with Crystal Lagoons, with Fischmann's company. So I'm going to reconsider the east end of the – now that I've got the margin for the fireworks show, everything is easy beyond that.

---

Q

That's 500 feet from the island to any adjacent boardwalk [indiscernible] (1:58:19:23)

---

Stephen Alan Wynn

*Chairman & Chief Executive Officer*

A

We want to use shells. An inch of diameter of a pyro shell, an aerial explosive, you need 100 feet of unobstructed – no humans and that's a hard thing. There's no variance on that.

So we did that. Five-inch shell goes up about 400 feet, which is about the top of the hotels and a 5-inch shell will make an umbrella that covers almost the entire lake. Imagine standing under that kind of fireworks with full audio.

Grucci has been involved with me. And Eric Tucker who runs all the pyro for Disney is my consultant on this job and has for 20 years. So all the Disney guys sort of moonlight with me in a lot of things like the Lake of Dreams and stuff like that. And everybody is so excited about the evening show. Now, they're opening in Animal Kingdom as part of Walt Disney World, they started the practicing this past week.

Michael Curry, who did all the stuff for Lion King, Michael has worked with me forever and he did the Lake of Dreams with me and stuff in China, the tree and all that. Michael is my partner in designing the show along with two or three other guys that I've mentioned, our little show production team or show creative group. Michael just finished working with Disney and they're just opening it this month at Animal Kingdom, which is a daytime part of it at Walt Disney World. They wanted a night show. And the new technology is so fabulous, they got these barges that have lights and sculptural and stuff on them.

And these barges work off a GPS and small electric motors that are rechargeable and they position themselves within 4 inches. Nothing, you don't have to tow them. They have electric little motors that move them, that are rotate and they can go anywhere and they position themselves. And there's a whole show at Animal Kingdom, which is going to be a new gimmick at Disney that everybody is going to love. It's all done with his new technology. And when Eric and Michael, and all the other guys got a whiff of this in the last three months, they decide themselves, they can't wait to get into it with us.

And that's going to be the hook, because once this lake is the attraction, this lagoon, paradise lake or paradise lagoon, this thing is called paradise park in my mind, because it is paradisiacal and because it's on Paradise, we call this Wynn Paradise Park. So that's basically where we're going.

Q

Steve, what gives you confidence of \$1 billion plus into the Vegas market right now, given the growth [inaudible] (2:01:20)

Stephen Alan Wynn

*Chairman & Chief Executive Officer*

A

Because what is working at full tilt here is the non-casino revenue, our room rates, the restaurants, all that stuff is as healthy as it can be. What you see that's rickety is how much Chinese businesses is coming to play Baccarat. You see some of the competitive impact of Blackjack for example. There is a game with three to two on Blackjack, you've got no chance to make it a living with three to two being paid on Blackjack in given comps and free rooms with today's cost to of doing business. That's why most of our Blackjack out here six to five. The same thing with Craps, with triple and quadruple lots. It used to be easy to give stuff away and give a room, give a free meal, take this, but the cost of business, the extravagance of non-casino expenditures and non-casino income requires today a re-evaluation of promotional allowances. So then, the upside here is the non-casino part of Las Vegas.

Now, when you load up the place with lots of humans, they fall into the slot machines, they fall into the games and casino revenue goes up. And that's why we win more money than anybody in the history of the State of Nevada in this building. Last year, this year, the year before, the year before that, the year before that, since 1989. Downtown and Freemont Street, we made more money than all of the other establishments on Freemont Street combined with The Golden Nugget. Of course, we had more rooms, we had more capital invested, but it's the non-casino stuff that brings them.

This is another reason to come to Las Vegas, or if you're one of those 117,000 people a day, it's something that you just got to see. So, answer your question directly. You have to ask this question, which is what my board ask itself. Do you believe, and here is the bottom line, do you believe that Las Vegas will remain for the next 15 years or 20 years a world-class destination resort? I think it's an easy question to answer. The infrastructure, the amount of rooms, the amount of meeting rooms and bedrooms is already paid for. Sure, the low end of the market, because of the competitive squeeze, they go broke. Remember that for every year, I've been around for 45 years, 25% of this market's been in bankruptcy. In deep times, remember the Dunes where Bellagio is, I bought the Dunes for \$400,000 an acre when Caesars Palace and Mirage were cooking full speed, there was no recession. But it's the place that brings the people. So if you believe that Las Vegas is going to be a safe destination resort and I'm saying that in spite of it being a place where 40 million, 50 million people come a year, there will always be places going broke.

So what happens to places go broke, whether it's the Sahara, or Tropicana or a place like that. The place goes into bankruptcy, one group moves out, it gets resold at \$0.50 on a dollar, now the new group comes in. One thing remains true, whoever owns it will always fill the rooms even if they have to give them away for nothing. There'll always be that 40 odd million people here.

And what I'm saying is, I want to give them something to do. That's why I feel comfortable about potentially investing a \$1 billion or a \$1.5 billion or a \$1.6 billion in a thing like this. Is that a fair answer?

The people are going to be here. I don't give a damn if they put it nickel in a slot machine. I want them to pay my admission, I want them to stay in my rooms, I want them to drink my booze and eat our food, incidentally. The arch measurement in this town of quality is the concierge association, that's all the guys at the concierge – men and women who run the concierge operations at our competitors. They have a very big organization.

And every year, they announce their awards, and what they think is best. It's a secret ballot so no one can get fired by picking the competitor. And they told this, five days ago, Mike Weaver?

Michael Weaver

Senior Vice President-Marketing and Communications, Wynn Resorts Ltd.

Yes, sir.

Stephen Alan Wynn

Chairman & Chief Executive Officer

Would you tell them what the Concierge Association told us about our food.

[indiscernible] (2:05:54-2:05:58)

Stephen Alan Wynn

Chairman & Chief Executive Officer

Hello.

[indiscernible] (2:06:00)

Stephen Alan Wynn

Chairman & Chief Executive Officer

Who – [ph] Steve (2:06:02), are you here?

I am.

Stephen Alan Wynn

Chairman & Chief Executive Officer

Come over here by me. Tell them what you told me two days ago.

So we were awarded Best Steakhouse, SW; Best Italian, Sinatra; Best Brunch, Country Club; Best Buffet, Best Seafood Costa di Mare, and Best Chef, Mark LoRusso, six wins which is a record for them.

Stephen Alan Wynn  
*Chairman & Chief Executive Officer*

A

Fortune Magazine published the 12 best hospitality companies in the world. We were number three. The whole universe of Marriot including Ritz-Carlton was at first, and they used – Hilton was second, we were third, gaming companies were down the road.

We was third, and they used three criteria, worldwide distribution, but we're only in two cities, capital structure, and product quality and service. In the product quality and service, we were first in the world.

This is the ninth consecutive year that we were the most admired by Fortune, and it is I think our fifth – our sixth year in a row that we're the best hotel with Condé Nast Travel magazine in Las Vegas and we've been notified by Forbes magazine that we're the largest single receiver of five star awards in the Forbes system.

I say all that, because this notion and those are all non-casino things guys. None of that's got to do with slot machines. That's the trick, because everybody wants to stay in the nicest place. It's aspiration and [ph] hell (2:07:46), look big number in this town is still cheap by any other city, what \$300 average room rate, I mean. Boston is with a little 250, 350 spare rooms is more money. So that's why I love this idea, because I can't make \$6.3 million of gaming revenue on the strip go to \$10 million. I can't do it. I mean it's a function of how many people are here in town, how much money they've got.

There's no dynamic move in gaming revenue. Unless you want to use credit, which is a stupid thing to do, or you [ph] over-comp (2:08:18), which will break you. There's no way to be dynamic in a casino except for service. Ambiance, it's the place to bring them. So, I can't and Maurice Wooden, come on, Maurice, it's your turn, we can't get dynamic. We can't get dynamic in the casino. The casino is a result, we get dynamic with the non-casino. Talk about your view of this place, Maurice.

Maurice Wooden  
*President, Wynn Las Vegas, Wynn Resorts Ltd.*

A

I remember with first I talking about to Steve, and it really – I'm on mic, oh, and we really started with the conversation of how do we power up what we already have here. And we have such a great team of people, 12,000 here at this resort. They really understand how to service and provide the highest level of guest quality and experience. But we have this untapped real estate back here that really is at our disposal to go out and take advantage of. What do we do? And so we talked about it in great length with a lot of people. And the one thing that we said is, it has to be complementary, but also has to stay in our zone. It has to be its own destination and it has to be able to ring its own registers and make its own money.

And so, with that, we said, we don't just want to be another hotel or an extension of what we're doing with an Encore. It needs to be something unique and something that everybody must see when they come to Las Vegas. So sitting in the room with Steve and DeRuyter and Matt and everybody else and watching them go through iterations and iterations and change of drawings every single day, every hour of every day. And getting to the place, where, we're able to present and show you what Steve showed you today is, for us, it's a game changer. We believe in it, we identify with it, we understand it. Like Steve said, with the non-gaming revenue and what it means to our contribution or our bottom line, we're excited that not only is it going to power up itself, it's going to power up Wynn and Encore, because the overflow is going to come back into this building. And we have the people here that understand how the service and make sure that they don't come one time, they come time and time again. So, we're thrilled.



Stephen Alan Wynn  
*Chairman & Chief Executive Officer*

A

So let's go back, so everybody had a chance to look at this? Let's go back in for the finish and then you can go kind of cross street.

Q

Hi. It's [indiscernible] (2:10:45). Thanks for having today this...

Stephen Alan Wynn  
*Chairman & Chief Executive Officer*

A

Interesting, [ph] Joe (2:10:47). We're playing our hand of cards – cards up. This is our...

Q

I was kind of excited the most [inaudible] (2:10:54) people staying in the hotel get priority over walk-in?

Stephen Alan Wynn  
*Chairman & Chief Executive Officer*

A

Good question, how do you that. That's right.

Q

It is a premium [inaudible] (2:11:05)

Stephen Alan Wynn  
*Chairman & Chief Executive Officer*

A

Well, the people that are staying in the room is going to play a new service charge, they will get paid \$20 more. People that come here will pay \$25 or \$30. So it will be included in your room [inaudible] (2:11:15-2:11:27).

Stephen Alan Wynn  
*Chairman & Chief Executive Officer*

Okay everybody. Can everybody hear me, all right? Oh, I think it's on. Okay, we're going to take you across the street, you're just going to walk down the hall. We got the buses ready. We're just going to go across the street. And you're going to see Macau. And the model room you can see the suite for Boston. You're going to see the hallways in Macau. You're going to see the suite in Macau. The regular Salon Suite. And then you can come back, you've got the rest of the time. And we're going to all meet together in the Chairman's room by Wynn Lei at 6:15 – 6:20 and we'll have cocktails and we'll sit down for a dinner at 6:30. And I think you'll be amused because we want to keep this at the same level. And we've got some stuff planned for you. So please show up. And all of you now – we always think there is a soundtrack to whatever we do. So do we have any music queued up here?

Unverified Participant

Yes, we have.

Stephen Alan Wynn

*Chairman & Chief Executive Officer*

Did we?

Unverified Participant

Yes, sir.

Stephen Alan Wynn

*Chairman & Chief Executive Officer*

So we always think of music, it sort of tells our story as you guys gather up your stuff. You can think about this.

[Music Playing] (2:12:33-2:13:09)

Unverified Participant

Please make your way out to the hallway, everyone. We do have greeters and human arrows that will show you where to go. Thank you.

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