

THIS INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Information Pack must be read in conjunction with the section headed “Warning” on the cover of this Information Pack.

REGULATION

The gaming industry in Macau is highly regulated. Gaming registrations, licenses and approvals, once obtained, can be suspended or revoked for a variety of reasons. We cannot assure you that we will obtain all required registrations, licenses and approvals on a timely basis or at all, or that, once obtained, the registrations, findings of suitability, licenses and approvals will not be suspended, conditioned, limited or revoked. If we ever are prohibited from operating our gaming facilities through our subsidiaries, we would, to the extent permitted by law, seek to recover our investment by selling the property affected, but we cannot assure you that we would recover its full value.

GENERAL

We are a holding company focused exclusively on Macau. WRM, which will be our wholly owned subsidiary at the time of the completion of the Reorganization, is a concessionaire that owns and operates the Wynn Macau casino resort in Macau. Both we and WRM are subject to regulation by the Macau government. The Macau government has adopted various laws and administrative regulations governing the operation of casinos in Macau.

Prior to 2002, gaming in Macau was permitted as a government-sanctioned monopoly concession awarded to a single concessionaire. The Macau government liberalized the gaming industry in 2002 by granting concessions to operate casinos to three concessionaires, Galaxy, SJM and WRM, through a public tender process and based on certain government mandated suitability criteria. Each concessionaire was required to enter into a concession agreement with the Macau government that, together with the applicable laws and administrative regulations, form the framework for the regulation of the concessionaire’s activities. The three original concessionaires were in turn permitted, subject to the approval of the Macau government, to each enter into one subconcession agreement with other gaming operators. Only concessionaires or subconcessionaires are permitted to own and operate casinos. For a detailed description of WRM’s concession, granted effective 27 June 2002, see “WRM’s Concession.”

LAWS AND ADMINISTRATIVE REGULATIONS GOVERNING THE OPERATION OF CASINOS IN MACAU

Macau law prohibits (1) all forms of operation of, promotion of or assistance to gaming outside of the premises and areas authorized by the Macau government, (2) any illicit form of gaming in the authorized areas and premises, and (3) unlicensed granting of loans or gaming credits to gaming patrons.

A number of laws and administrative regulations have been enacted by the Macau government to regulate the gaming industry, which include the following principal laws and regulations:

Gaming Law and Related Regulations

Law No. 16/2001 (Legal Framework for the Operations of Games of Fortune) (the “Gaming Law”) became effective on 25 September 2001. The Gaming Law establishes the legal framework for the regulation of casinos and principal rules for operating games of fortune in casinos in Macau. Its stated purpose is to ensure, among other things, (1) the adequate management and operation of games of fortune in casinos, (2) that the persons involved in the inspection, management and operation of games of fortune are suitable to carry out these functions, and (3) that the management and operation of games of fortune in casinos is conducted in a fair and honest manner, free from any criminal influence. In addition to defining the types of permitted games and specifying the locations and periods for operating games of fortune, the Gaming Law contains provisions dealing with Macau’s concession system and laid the foundation for the Macau government’s grant of the three current 20-year concessions through a public tender process.

Administrative Regulation No. 26/2001 (the “Gaming Tender Regulation”) became effective on 30 October 2001. The Gaming Tender Regulation supplements the Gaming Law and sets forth the terms of the public tender

THIS INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Information Pack must be read in conjunction with the section headed “Warning” on the cover of this Information Pack.

REGULATION

process through which the casino concessions were awarded. It also established the eligibility criteria for bidders as well as the financial requirements that the bidders for concessions and subconcessionaires had to satisfy. It was subsequently amended and supplemented several times. The Tender Committee for the Concession of Gaming Operation officially started the public tender process on 2 November 2001. The results were announced on 8 February 2002, and casino concessions were awarded to Galaxy, SJM and WRM.

After the adoption of the Gaming Law, the Macau government has also approved or renewed the detailed procedures and rules for certain casino games, including wheel of fortune, baccarat, blackjack, fish-prawn-crab, roulette, various forms of poker and other games.

Extension of Credit for Gaming

Law No. 5/2004 (Legal Framework for the Extension of Credit for Gaming and Betting in Games of Fortune) (the “Gaming Credit Law”) became effective on 1 July 2004. The Gaming Credit Law regulates the extension of gaming credit in Macau and authorizes concessionaires, subconcessionaires and gaming promoters who enter into a contract with a concessionaire or subconcessionaire to carry out credit granting activities in connection with gaming and betting in casinos in Macau. The Gaming Credit Law specifies that the extension of gaming credit is limited to the following three types of creditors: (1) a concessionaire or subconcessionaire (as creditor) may grant gaming credit to a gaming patron (as borrower); (2) an authorized gaming promoter (as creditor) may extend gaming credit to a gaming patron (as borrower); and (3) a concessionaire or subconcessionaire (as creditor) may extend gaming credit to an authorized gaming promoter (as borrower). Pursuant to the Gaming Credit Law, concessionaires, subconcessionaires and authorized gaming promoters may not carry out their credit granting activities through a third party or entity. The Gaming Credit Law thus effectively prohibits the assignment or transfer of the permit to extend gaming credit. It also stipulates the creditors’ obligations towards DICJ and details the scope of DICJ’s supervision of credit granting activities. Other restrictions and conditions imposed by the Gaming Credit Law on creditors include requirements of persons extending credit to:

- Act with prudence and integrity and in accordance with the laws, regulations and professional codes in conducting the business (Article 9);
- Keep confidential and refrain from exploiting any information obtained in connection with the extension of gaming credit with certain exceptions set forth in Article 11 (Article 10); and
- Assist DICJ in its supervision of gaming credit activities, when necessary, and the law enforcement in crime prevention and investigations, when requested.

Under the Gaming Credit Law, the credit extended pursuant to the Gaming Credit Law is legally enforceable — specifically, enforceable as a civil debt pursuant to Article 4 of the Gaming Credit Administrative Regulation. For a discussion of enforcement risks that may be encountered outside of Macau, see “Risk Factors — Risks Relating to Our Business — We are exposed to credit risk on credit extended to our clients and commissions advanced to our gaming promoters.”

Role and Responsibilities of DICJ

DICJ is the principal regulatory and supervisory authority in charge of Macau’s gaming industry. Pursuant to Administrative Regulation No. 34/2003, DICJ’s role is to provide guidance and assistance to the Chief Executive of Macau on the definition and execution of the economic policies for, among other things, the operation of games of fortune.

Administrative Regulation No. 34/2003 further specifies that DICJ’s primary responsibilities are to:

- Collaborate in the definition, coordination and execution of economic policies for the operations of games of fortune or other gaming activities offered to the public;

THIS INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Information Pack must be read in conjunction with the section headed “Warning” on the cover of this Information Pack.

REGULATION

- Examine, supervise and monitor the activities of the concessionaires and subconcessionaires, especially on their compliance with legal, statutory and contractual obligations;
- Examine, supervise and monitor the eligibility and financial capability of the concessionaires, subconcessionaires or other parties stipulated by the law;
- Collaborate with the Macau government in the process of authorization and classification of locations and places as “casinos” for the operation of games of fortune or other gaming activities;
- Authorize and certify all equipment and utensils used by the concessionaires and subconcessionaires in connection with their operations authorized under the respective concessions;
- Issue licenses to gaming promoters;
- Examine, supervise and monitor the activities of gaming promoters, especially their compliance with legal, statutory and contractual obligations, and other responsibilities stipulated in the applicable legislation;
- Examine, supervise and monitor the eligibility of gaming promoters, their partners and principal employees;
- Investigate and penalize any administrative violations in accordance with the applicable substantive and procedural laws;
- Ensure that the relationship of the concessionaires and subconcessionaires with the Macau government and with the public complies with the applicable regulations and is in the best interest of Macau; and
- Perform any other duties as may be determined by the Chief Executive of Macau or as may be required by applicable laws.

DICJ also plays an important role in fulfilling the stated objectives of the Gaming Law. In particular, it supervises and monitors the operations of the concessionaires and subconcessionaires to ensure compliance with their obligations imposed by the applicable gaming laws and administrative regulations and as set forth in their respective concession agreements. Concessionaires and subconcessionaires are required to make all significant documentation and periodic reports regarding their business and operations available to DICJ for record and/or inspection, and must submit to DICJ all matters requiring approval or authorization from the Macau government, including requests for changes in their shareholder structure, changes in directorship, key employees and gaming equipment, changes in control or some other changes and other matters related to the operation of games of fortune.

In addition, DICJ (1) assesses the taxes and other amounts payable by the concessionaires and subconcessionaires to the Macau government, (2) monitors the daily operations of concessionaires and subconcessionaires as well as gaming promoters, their directors, key employees and qualifying shareholders, and (3) conducts the licensing process for gaming promoters.

Responsibility of the Gaming Commission

The Gaming Commission was created pursuant to Executive Ruling No. 120/2000, dated as at 4 July 2000 and as amended by Executive Ruling No. 194/2003. The Gaming Commission is a specialized commission directly reporting to and presided over by the Chief Executive of Macau. Its responsibility is to formulate policies concerning and facilitate the development of Macau’s gaming operations and relevant regulatory framework.

Regulation of Concessionaires and Subconcessionaires

Under the laws and administrative regulations governing the operation of casinos in Macau, concessionaires and subconcessionaires, their officers, directors and key employees, and direct holders of 5% or more of a concessionaire’s or subconcessionaire’s equity securities are subject to suitability requirements relating to

THIS INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Information Pack must be read in conjunction with the section headed “Warning” on the cover of this Information Pack.

REGULATION

background, associations and reputation. As part of its efforts to monitor the suitability of WRM as a concessionaire, the Macau government requires the board of directors, executive officers and certain key employees to apply for and be subject to a suitability confirmation and an ongoing assessment. In addition, the Macau government may also exercise its general supervisory powers to inquire as to the suitability of any other person who has an interest in us. The Macau government may investigate the relevant individuals at any time and may deny the application for, or a finding of, suitability for any cause it deems reasonable. The suitability requirements also apply to any entity engaged by a concessionaire or subconcessionaire to manage casino operations.

Concessionaires and subconcessionaires must satisfy minimum capitalization requirements, demonstrate and maintain adequate financial capacity to operate the concession or subconcession and submit to continuous monitoring of their casino operations by the Macau government. Concessionaires and subconcessionaires are also subject to periodic financial reporting obligations and reporting obligations with respect to, among other things, certain contracts, financing activities and transactions with directors, financiers and key employees. Moreover, transfers or the encumbering of interests in concessionaires and subconcessionaires must be reported to the Macau government and are ineffective without government approval. We consulted with the Macau government regarding the Reorganization and, as required under the terms of WRM’s concession agreement, we obtained the approval of the Macau government for the Reorganization, including the acquisition of an indirect ownership interest in WRM by WM Cayman Holdings Limited I, WM Cayman Holdings Limited II and the Company.

Each concessionaire and subconcessionaire is required to engage an executive director who must be a permanent resident of Macau and who must hold at least 10% of the share capital of the concessionaire or subconcessionaire, as the case may be. The appointment of the executive director and of any successor is ineffective without the approval of the Macau government. Mr. Wong Chi Seng, an executive director of WRM, currently meets the aforementioned requirements. Mr. Wong Chi Seng’s economic interest in WRM is limited to MOP1.00.

Concessionaires and subconcessionaires are generally subject to a special gaming tax of 35% of gross gaming revenues and must also make an annual contribution of up to 4% of gross gaming revenues to the Macau government for urban development, business promotion and social security in Macau. SJM is subject to a total gaming tax of 35% and annual contribution in the amount of 3% as SJM has made a commitment to be jointly responsible with an affiliate for Macau’s navigation channel dredging service with the support of the corresponding consideration costs. Concessionaires and subconcessionaires are also obligated to withhold an amount determined in accordance with the tax rate then applicable to gaming promoters from any commissions paid to gaming promoters.

The Macau government may assume temporary custody and control over the operation of a concession or subconcession in certain circumstances. During any such period, the costs of operations must be borne by the concessionaire or subconcessionaire. The Macau government also may redeem a concession or subconcession starting at an established date after the entering into effect of a concession or subconcession. The Macau government also may terminate a concession or subconcession for cause, including, without limitation, failure of the concessionaire or subconcessionaire to fulfill its obligations under the law or the concession or subconcession contract.

Regulation of Gaming Promoters

Administrative Regulation No. 6/2002 (the “Gaming Promoters Regulation”) became effective on 1 April 2002. The Gaming Promoters Regulation is the main law applicable to gaming promoters in Macau. It provides that gaming promoters must be licensed by the Macau government in order to do business with and receive compensation from concessionaires and subconcessionaires. For a license to be obtained, direct and indirect owners of 5% or more of a gaming promoter (regardless of its corporate form or sole proprietor status), its

THIS INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Information Pack must be read in conjunction with the section headed “Warning” on the cover of this Information Pack.

REGULATION

directors and its key employees must be found suitable by the government, and the gaming promoter must be sponsored by a concessionaire or subconcessionaire. Applicants are required to pay the cost of license investigations and to maintain suitability standards during the period of licensure. The term of a gaming promoter’s license is one calendar year, and licenses can be renewed for additional periods upon the submission of renewal applications. Natural person gaming promoter licensees are subject to a suitability verification process every three years, and business entity licensees are subject to the same process every six years. A gaming promoter may be suspended from business or have its license terminated if (i) the Macau government determines that the gaming promoter fails to meet certain official suitability standards and does not renew the gaming promoter’s license, or (ii) the gaming promoter’s sponsoring concessionaire or subconcessionaire terminates business relations with such gaming promoter in accordance with the terms of such gaming promoter’s contract. Further regulatory procedures for the suspension, termination or assessment of fines against gaming promoters are set forth in further detail in Administrative Regulation no. 27/2009 titled “Amendment to Administrative Regulation no. 6/2002 with respect to the payment of commissions or other kind of remuneration paid to gaming promoters.” For further details on our gaming promoter contracts, see “Our Business — Advertising and Marketing — Gaming Promoters.”

Pursuant to the Gaming Promoters Regulation, licensed gaming promoters must identify collaborators who assist them in their promotion activities. These collaborators are subject to approval of the Macau government. Changes in the management structure of gaming promoter licensees must be reported to the Macau government, and any transfer or encumbering of interests in such licensees is ineffective without prior government approval. To conduct gaming promotion activities, licensees must be registered with one or more concessionaires or subconcessionaires and must have written contracts with such concessionaires or subconcessionaires, copies of which must be submitted to the Macau government.

The Gaming Promoters Regulation further provides that concessionaires and subconcessionaires are jointly responsible with their gaming promoters for the activities of such promoters’ representatives and their directors and contractors in the concessionaires’ and subconcessionaires’ casinos, and for their compliance with applicable laws and regulations. Concessionaires and subconcessionaires must submit annual lists of their gaming promoters for the following year. The Macau government may designate a maximum number of gaming promoters and specify the number of gaming promoters a concessionaire or a subconcessionaire is permitted to engage. Concessionaires and subconcessionaires are subject to periodic reporting requirements with respect to commissions paid to their gaming promoters’ representatives, and are required to oversee their activities and report instances of unlawfulness.

Anti-Money Laundering and Anti-Terrorism Financing Regulations

We are required to comply with various laws and regulations in Macau with respect to identifying, reporting and preventing money laundering and terrorism financing crimes at casinos owned and operated by WRM. Under these laws and regulations, WRM is required to, among other things,

- Identify any client or transaction where there is a suspicion of money laundering or terrorism financing, or which involves significant sums of money in the context of the transaction, even if any suspicion of money laundering is absent;
- Refuse to deal with any client who fails to provide any information requested by us to make the above determination;
- Keep records following the identification of a client for a period of five years;
- Notify the Macau Financial Information Bureau if there is any suspicion of money laundering or terrorism financing; and
- Cooperate with the Macau government by providing all information and documentation requested in relation to fighting money laundering and terrorism financing.

THIS INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Information Pack must be read in conjunction with the section headed “Warning” on the cover of this Information Pack.

REGULATION

Under Administrative Regulation No. 7/2006, effective 12 November 2006, and DICJ Instruction No. 2/2006, effective 13 November 2006, WRM is also required to track and report cash transactions and granting of credit involving MOP500,000 (HK\$485,437) or more. Pursuant to the legal requirements above, if a client provides all required information, and after submitting the reports, WRM may continue to deal with such client whom it reported to DICJ and, in case of suspicious transactions, to the Financial Information Bureau.

Labor Quotas

All businesses in Macau must apply to the Macau Labor Affairs Bureau for labor quotas to import non-skilled workers from China and other countries. Businesses are free to employ Macau residents in any position without any type of quota, as by definition all Macau residents have the right to work in Macau. As a concessionaire that owns and operates the Wynn Macau casino resort, WRM has two main labor quotas, one to import non-skilled workers from China and the other to import non-skilled workers from all other countries. Our non-China labor quota is valid through 15 July 2010 and allows us to employ 386 non-skilled employees. Our China labor quota is valid through 30 April 2010 and allows us, through our affiliate SH, to employ 606 non-skilled employees from China. We are required by law to employ only Macau citizens as dealers and gaming supervisors. We employ a full time team within our human resources department, including a legal advisor who specializes in Macau labor and immigration law, to apply for and maintain our quotas.

Pursuant to Macau laws and regulations, Macau employers must register their employees under the mandatory Social Security Fund and make social security contributions for each of its employees. In the particular case of gaming concessionaires and subconcessionaires, there is also a general obligation to make annual contributions to urban development, tourism promotion and social security pursuant to the Gaming Law.

Potential Regulatory Changes

In April 2008, the Macau government announced that it would undertake a series of reforms aimed at the gaming market. While such reforms have yet to result in new regulations or orders promulgated through executive dispatches, the Macau government, through DICJ, is exploring various measures, including maintaining the existing number of gaming concessions and subconcessions and limiting the number of tables in the overall market. In July 2008, the Macau government decided to implement a cap on commissions paid to junket operators and published Administrative Regulation No. 27/2009, which allowed the setting of an unspecified upper limit on commissions paid to junket operators; however, formal implementation of the cap has not yet occurred and a cap figure has not yet been established.

Regulatory Compliance

WRM senior management continuously monitors the operations at Wynn Macau and meets regularly with management and employees with a view to ensuring compliance with all applicable laws and regulations. WRM employs various measures, including the hiring of professional managers and experts to monitor compliance with local laws, regulations and permits and licensing requirements and to maintain constant communication between management and employees for the carrying out of relevant compliance measures. WRM employs rules and procedures designed to ensure that it has all necessary licenses for the non-casino parts of its business operations; for its casino operations, WRM has adopted a manual on internal control requirements which governs all gaming activities at Wynn Macau and which has been approved by and filed with DICJ.

As at the date of this document, WRM has materially complied with all relevant Macau regulatory requirements and holds all relevant permits and licenses for all current operations and the construction of Encore at Wynn Macau. WRM will seek certain additional licenses, consents, authorizations, approvals, orders, certificates and permits in connection with the continued construction and ultimate operation of Encore at Wynn Macau. For further discussion of these compliance procedures, see “Our Business — Quality Assurance, Internal Controls and Government Oversight — Credit Management.”