



The man credited with turning Las Vegas around has set his sights on Asia.

CEO Interview

Betting to Wynn in Macau and Vegas

Stephen Wynn, Wynn Resorts

Stephen Wynn, casino magnate, is on a roll—again. Wynn, who resembles Dustin Hoffman in one of his pushier roles, is largely responsible for transforming Las Vegas from a seedy playground to a glitzy attraction. These days he's focused on Macau, China's up-and-coming waterfront haven for gamblers. Strong gains both there and at

his Las Vegas properties have sent shares in Wynn Resorts soaring, with \$4 billion added to the company's market value this year alone. Revenue in the first half of the year more than doubled from the prior year, and earnings are also on a roll. Wynn, whose stake in Wynn Resorts is valued at \$3.4 billion, keeps pressing on, a man on a long winning streak, unwilling to walk away from the table.

At 65, his climb to the top is as long as the odds at his casinos. His father died at 47 in 1963, leaving 21-year-old Steve with the family's Maryland bingo business and \$200,000 in debt. From that rocky start, Wynn used his knack for deal making, creative flair and sheer will to turn the bingo parlors profitable. He moved to Las Vegas in 1967, doubled his money by buying land from Howard Hughes and selling it to Caesars, and took over the Golden Nugget in the 1970s. By 1989 Wynn had created The Mirage, and soon added properties such as Treasure Island, with its sinking pirate ship and theatrical, Disney-like architecture, and the upscale Bellagio, with its high-end restaurants and designer shops, faux Tuscan architecture and, of course, its famous fountains.

Wynn sold his entire company, Mirage Resorts, to MGM Grand in 2000 and started over with Wynn Resorts in 2002, opening the shimmering Wynn Las Vegas in 2005 and Wynn Macau in 2006. Paul Hodgson, senior research associate at The Corporate Library, says Wynn gets a poor grade for myriad related-party transactions, excessive executive pay and a nominally independent board. But Wall Street is focused on the bottom line. "Governance issues are not a concern," says analyst Bill Lerner of Deutsche Bank, "because Wynn operates aboveboard and continues to overdeliver."

Wynn's office, hidden in the Wynn Las Vegas, is a sumptuous inner sanctum of cream and chocolate brown that's oddly

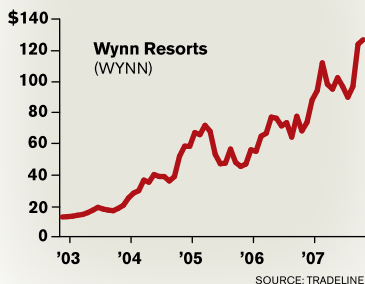
quiet for being steps away from the casino. On the wall is *Le Rêve* by Picasso, a painting he was planning to sell in 2006 but damaged when he accidentally stuck his elbow through it. (He had it patched.) When he sat down with senior writer **Dyan Machan**, Wynn wouldn't discuss his record in corporate governance—going as far as threatening to end the interview at the first question, regarding how he's paying for a yacht he's building in Holland. (He's paying for it with his own—not corporate—funds.) But he was more than willing to describe business in Macau, how he wants to be remembered and how he hates mushy pizza.

Warren Buffett calls gaming a tax on the ignorant and says that addictions—like gambling—invariably lead to crime.

If Warren says that, he's not paying attention. The issue is compulsive behavior. The compulsive person will find an outlet

A "WYNNING" STREAK

Thanks to gains in Las Vegas and Macau, Wynn Resorts' stock has been flying.



no matter what. If you outlaw gambling, they'll bet on a lottery. Trying to legislate morality or whatever you call morality doesn't work.

Now that the Las Vegas Sands has opened its 3,000-room Venetian hotel in Macau, are you worried about overcapacity?

It's interesting. We all have empty tables during the week. Now the Venetian opens in Macau, with a sports arena, convention center and casinos that are three times as

big as anything in Las Vegas. This *could* create a critical mass that will lift the overall market. If so, it will be a wonderful season thanks to Sheldon [Adelson, chairman of Las Vegas Sands]. The new place grows the market, as we saw with the Bellagio.

Any reason why the new Venetian might not lift the Macau market?

Yes. In Las Vegas you have a fresh stream of new customers. Macau gets nearly the

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same number of visitors, but it's a highly repetitive group. Most of your customers will visit in the first 90 days, right when a hotel is ironing out its problems. This is not a good time to see a new hotel.

What do you expect will happen?

I'm watching the market change every month. It's the damndest thing. The outcome? I can't tell.

I notice that your "hold" figures—the amount of money you keep from gambling after paying for wins—are up. It's at 28 percent in the first quarter, which is high.

How much of your success is luck?

It would be luck if it lasted just a quarter. We've averaged 25 percent the past year.

What's the most important figure you watch?

Noncasino revenue. I look at hotel occupancy—how much is complimentary and how much is paid. If people are paying more for their rooms and the comps are smaller, it's a happy moment. Room rates have gone to \$311 in the first six months from \$293 in the first six months of last year.

What are your plans for the future?

I'm buying 54 acres on the Cotai Strip [the casino and tourism district of Macau]. I won't reveal my plans for that yet. I'll make an announcement before Christmas.

What do you worry about?

Isolation. That I don't know what's going on, that I've lost my feel for the place. If I see something neglected, I think, *Oh my god, how much more is there?*

Like what?

I was talking to our chef about having great pizza, and someone in my group said our room-service pizza was good. Oh, yeah? So I ordered it this morning and had

it delivered to security so they wouldn't know it was me.

And?

Not good. The pizza's been taken off the menu. It was mushy. God's in the details.

You don't want to be remembered for bad pizza. What do you want to be remembered for?

I am most proud of my ideas. This hotel represents some enlightenment. I've learned you can have intimacy even on a grand scale. But bigger isn't better. Better is better.

How can you be the best when people aren't free to speak their mind to you?

I have no patience for people who are intimidated. Forget shy people; it's their problem. They gotta get it out! I am not sympathetic to them. Poor shy people. Screw it! Speak up or get out. We're working here!

But you didn't let me ask what I wanted to ask.

Well, I thought it was a great interview. I got to talk about Macau, the market and my vision.

How have you changed as an executive over the years?

I hope I've become more patient. But I fear not enough.

You got that right.